

Report To:	CABINET
Date:	29 MARCH 2022
Heading:	2021/22 FORECAST OUTTURN FOR GENERAL FUND, HOUSING REVENUE ACCOUNT (HRA) AND CAPITAL PROGRAMME AS AT JANUARY 2022
Portfolio Holder:	PORTFOLIO HOLDER FOR FINANCE, REVENUES AND BENEFITS – CLLR DAVID MARTIN
Ward/s:	ALL
Key Decision:	YES
Subject to Call-In:	YES

Purpose of Report

To summarise the Council's forecast financial outturn position to 31 March 2022 compared to the latest approved budgets for the General Fund, Housing Revenue Account (HRA) and the Capital Programme. The forecast financial outturn is based on the actual financial activity to the 31 January 2022 and forecast costs and income from 1 February 2022 to 31 March 2022.

Recommendation(s)

Cabinet is requested:

- (1) To note the current forecast outturn for the General Fund, Housing Revenue Account (HRA) and Capital Programme for 2021/22.
- (2) To approve the budget adjustments outlined in section 3.1, Table 3.

Reasons for Recommendation(s)

In accordance with the Council's Financial Regulations to report to those charged with Governance the financial position.

Alternative Options Considered

None

Detailed Information

- 1.1 Table 1 below shows the current revised budget, based on the original budget approved by Council on the 4th March 2021 and Council approved budget adjustments to 31st January 2022. It sets out the 2021/22 net revenue forecast outturn position based on actual income and expenditure to 31st January 2022 and forecast income and expenditure for the remainder of the year to 31 March 2022.
- 1.2 The current General Fund forecast is a £667k underspend compared to revised budget, including the in-year Covid-19 grant received to date. An increase of £9k underspend since the previous budget monitoring reported to Cabinet as at 31st September 2021.

Table 1 - Net Revenue Forecast to 31 March 2022 by Directorate

General Fund	Revised Budget	Forecast	Current Forecast Variance	Previous Forecast Variance	Change
	£'000	£'000	£'000	£'000	£'000
Directorate					
Chief Executive Officer	562	561	(1)	14	(15)
Legal and Governance	1,787	1,791	4	(27)	31
Resources and Business Transformation	319	(67)	(386)	(441)	55
Place and Communities	9,905	9,618	(287)	(183)	(104)
Housing and Assets	2,151	2,066	(85)	19	(104)
Total Net Directorate Expenditure	14,724	13,970	(754)	(618)	(136)
Net Recharges	(2,744)	(2,699)	44	39	5
Capital Financing	2,549	2,368	(181)	(181)	0
Net Interest Payable /(Receivable)	8	3	(5)	(5)	0
Net Revenue Expenditure	14,537	13,641	(896)	(765)	(131)
Funding	(13,369)	(13,377)	(8)	0	(8)
Net Revenue Expenditure before transfer to(from) earmarked reserve	1,168	264	(904)	(765)	(139)
Transfer to(from) earmarked reserve	(1,302)	(1,065)	237	107	130
Net Revenue Expenditure after transfer to(from) earmarked reserve	(134)	(801)	(667)	(658)	(9)

- 1.3 Appendix 1 provides details of the variances for each Directorate, Corporate Costs and Funding.

1.4 The main changes since the previously reported position are:

- The current forecasts for all directorates have been updated to include 1.75% for the 2021/22 pay award.
- Legal and Governance - pay award reflected and pay vacancy factor not being achieved in some service areas due to the need to temporarily engage more costly agency staff.
- Resources and Business Transformation – Increase to the forecast loss on Housing Benefit overpayments.
- Place and Communities - Increase in income for planning fees and sales of vehicles.
- Housing and Assets – Employee costs savings due to vacancies.

1.5 Appendix 2 provides details of the approved and forecast earmarked reserves movements as at 31st January 2022.

2. Covid-19 Grant

2.1 The Council has received Covid funding of £817k in 2021/22 to date. Table 2 below shows the utilisation of the funding to 31st January 2022 of £774k. This position is reflected in the forecast outturn position in Table 1, the overall forecast outturn of £801k includes £43k unutilised in year Covid funding.

Table 2 – Covid-19 costs and loss of income

Directorate	Description	Amount £'000
<u>Costs</u>		
Resources and Business Transformation	Publicity - vaccine hesitancy campaign	2
	Increase in motor insurance costs (increased number of vehicles for social distancing)	14
	Cost on re-assignment of Grangemouth investment property	76
Communities and Place	Environmental Maintenance - Additional Vehicles	5
	Waste Collection - Additional Vehicles	6
	Community Protection - Additional Vehicles	1
	Waste - Agency Costs	14
	Other costs – PPE	1
Total Additional Costs		119
<u>Income</u>		
Resources and Business Transformation	Loss on hotel investment income	308
	Loss of investment income on re-assignment of Grangemouth investment property	139
	Loss on Housing Benefit overpayments	150
Housing and Assets	Community Centre loss of income	18
	Car parking income losses	40
Total Income Losses		655
Total Costs and Losses		774

3. General Fund Budget Adjustments

- 3.1 Approval is requested for the following budget adjustments to recognise additional grant income received since the previous monitoring report and to create the corresponding expenditure budgets.

Table 3 – Budget Adjustments 2021/22

Description	£'000
New burdens funding associated with the delivery of the Covid-19 business support grant schemes	(143)
New burdens expenditure budget associated with the delivery of the Covid-19 business support grant schemes	143
New burdens funding associated with Revenue service delivery	(18)
New burdens expenditure budget associated with Revenue service delivery	18
Protect and Vaccinate funding - Rough Sleeping Response to new variant	(23)
Protect and Vaccinate expenditure budget funding	23
Syrian Vulnerable Persons Resettlement Scheme (SVPRS) Cohort 1 -5 Government Grants	(137)
Syrian Vulnerable Persons Resettlement Scheme (SVPRS) Cohort 1 -5 Support Payments	137
Household Support initiative - NCC contribution to admin costs	(26)
Household Support initiative expenditure budget	26
Sutton Safer Streets Expenditure	341
Sutton Safer Streets Grants	(317)
Sutton Safer Streets Contributions	(24)
Community Safety Partnership Expenditure - GREAT Project	25
Community Safety Partnership PCC Contribution - GREAT Project	(25)
Active Ashfield Expenditure	13
Active Ashfield Contributions	(13)
Food Programme/Coordinator Expenditure	40
Food Programme/Coordinator Contributions	(40)

4. General Fund Savings/Efficiencies Monitoring 2021/22

- 4.1 The 2021/22 budget included the proposed savings and efficiencies as detailed in Table 4 below. The forecast achievement of these savings is identified, on the following basis:
- saving has been achieved (green),
 - saving forecast to be achieved but actions are still required to secure the saving (amber),
 - saving will not be achieved (red).

Table 4 - General Fund Savings/Efficiencies Monitoring 2021/22

Saving / Efficiency	Detail	£'000
Markets Review	Rationalisation of markets to reduce costs allow focus on successful higher take up trading days within each Town.	35
Depot Canteen	The canteen was trading at a loss and the proposed future trading model (post pandemic) is self-service. This makes this service cost neutral.	10
Courier Service	Cessation of Courier service between Ashfield and Mansfield largely due to more documents being transferred electronically.	5
Communications	Reduced cost of Ashfield Matters – graphics design work to be undertaken in-house.	8
DST	Movement to a hosted telephony solution (£37k), reduced paypoint costs as more customers transacting on-line (£5k) and mobile telephony contract savings (£5k)	47
Member Allowances	Reduced Member Allowances in line with Independent Remuneration Panel recommendations.	23
Place & Communities Management	Management Structure savings	13
Investment Property	Net annual income from Investment Property acquired in early April 2020.	117
Taxi Licensing	Apportionment of relevant share of taxi license income to support the MOT's of Taxis at the depot.	48
Office Accommodation	Additional income from the Police for their increasing share of the offices at Urban Road. (Annual rent income now £38k.)	3
TOTAL		309

4.2 As previously reported, the position outlined above shows £257k of the £309k savings have been achieved, and £52k are anticipated to be achieved but actions are currently being reviewed to ensure they are fully achieved by the end of the year.

5. Summary for Housing Revenue Account (HRA)

5.1 Table 5 sets out the 2021/22 HRA forecast outturn position based on actual income and expenditure to 31 January 2022 and forecast income and expenditure from February 2022 to March 2022, compared to the revised budget.

5.2 Details of any significant variances incorporated within the forecast outturn are detailed in the commentaries below the table.

Table 5 – Housing Revenue Account Forecast to 31 March 2022 by Directorate

Description	2021/22 Revised Budget	2021/22 Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£'000	£'000	£'000	£'000	£'000
Income					
Rents, Charges and Contributions	(24,772)	(24,748)	24	21	3
Interest and investment income	(16)	(6)	10	10	0
Total Income	-24,788	-24,754	34	31	3
Expenditure					
Repairs and Maintenance	7,858	7,754	(104)	0	(104)
Supervision and Management	4,462	4,284	(178)	(161)	(17)
Interest payable and similar charges	3,548	3,548	0	0	0
Rents, Rates, Taxes and other charges	196	151	(45)	(45)	0
Depreciation and impairments of fixed assets	3,884	3,884	0	0	0
Debt Management Costs	44	44	0	0	0
Contribution to the Bad Debt Provision	200	200	0	0	0
Transfer to Major Repairs Reserve	0	0	0	0	0
Capital expenditure funded by the HRA	4,690	4,690	0	0	0
Total Expenditure	24,882	24,555	(327)	(206)	(121)
Net Cost of HRA Services	94	(199)	(293)	(175)	(118)

5.3

Rents, Charges and Contributions

Community Centres closed under the Covid 19 restrictions until August. Bookings are lower after reopening with loss of income currently forecast at £24k.

5.4 Interest and Investment Income

Reduced Interest rates in the banking sector will reduce the average annual interest rate on the HRA balances. Currently forecasting a reduction of £10k but this is open to fluctuation dependant on the economy.

5.5 Repairs and Maintenance

Vacancy savings across several posts and reduced level of material usage expected by the financial year end.

5.6 Supervision and Management

Forecast savings from Housing Services vacating the Brook Street Office. Vacancy savings across the housing management teams. Increase in gas prices from October have impacted on some of the main housing court complexes. Remaining variance made up of several other budget headings.

5.7 Rents, Rates, Taxes and Other Charges

Forecast savings of £60k are from Housing Services vacating the Brook Street Office. This is partially offset by £15k additional costs forecast due to the changes in Council Tax empty property charges.

6. **HRA Savings/Efficiencies Monitoring 2021/22**

6.1 The 2021/22 HRA budget included the proposed savings and efficiencies as detailed in Table below. The forecast achievement of these savings is identified, on the following basis:

- saving has been achieved (green),
- saving forecast to be achieved but actions are still required to secure the saving (amber),
- saving will not be achieved (red).

Table 6 - HRA Savings/Efficiencies Monitoring 2021/22

Saving/Efficiency	£'000
Housing Repairs Review - staffing efficiency	46
Dynamic Resource Scheduler efficiency - less use of subcontractors	90
TOTAL	136

6.2 As previously reported, the position outlined above shows the HRA savings are fully achieved.

7. **Capital Programme Summary 2021/22**

7.1 The most recent revised 2021/22 Capital Programme budget was considered at Cabinet on 22nd February 2022 and approved by Full Council on 3rd March 2022. Table 7 below shows the actuals and commitments as at January 2022 compared to the approved revised budgets.

Table 7 – Capital Programme 2021/22 as at 31st January 2022

	Actual + Commitments £000s	February 2022 Proposed Capital Programme £000s	Variance to February 2022 Proposed Capital Programme £000s
Housing Revenue Account			
<i>Decent Homes Schemes</i>			
Management Fee	0	579	579
Catch Up and Future Major Works	587	2,712	2,125
Service Improvements	1	185	184
Contingent Major Repairs	1	75	74
Exceptional Extensive Works	200	224	24
Kirkby & Rural	-80	0	80
Disabled adaptations - Major adaptations	3	3	0
Disabled adaptations - Minor adaptations	271	420	149
Sub Total	983	4,198	3,215

<i>Other Housing Revenue Account Schemes</i>			
Affordable Housing Developments Sutton In Ashfield	1,077	1,199	122
Investment in New or Existing Dwellings	894	1,367	473
Green Homes Grant (HRA)	114	454	340
Green Homes Grant (HRA) (2)	0	334	334
Hucknall Infill Sites	1,484	2,288	804
Housing Vehicles	662	662	0
Maun View Sutton-in-Ashfield	16	100	84
Officers` IT for Agile Working (HRA)	13	66	53
Other Housing Revenue Account Schemes (less than £100k)	24	74	50
Sub Total	4,284	6,544	2,260
Total	5,267	10,742	5,475
General Fund			
Depot Roof Repairs	184	950	766
Fox Street pop-up food court and car park	67	102	35
Green Homes Grant (GF)	152	492	340
Green Homes Grant (GF) (2)	0	456	456
Health and Safety works for Kirkby Offices	0	216	216
Hucknall Leisure Centre - Fixtures, Fittings and E	1,569	1,775	206
Hucknall Leisure Centre - New Pool	370	625	255
Improvement Grants 1996 Act Disabled Facility Grant	904	1,122	218
Kings Mill Reservoir (The King and Miller to Kingfisher)	289	435	146
Kings Mill Reservoir Car Park Expansion	0	0	0
Kirkby Leisure Centre	6,030	8,900	2,870
Lammas Leisure Centre - Fixtures, Fittings and Equip't	1,991	2,971	980
Low Street vacant units	497	2,176	1,679
Play Areas	95	106	11
Purchase of Vehicles	350	353	3
Rurals and Open Space	0	120	120
Sutton Academy Community Theatre/Cinema	56	612	556
Sutton Maker Space and Business Hub	1,089	2,105	1,016
Titchfield Park Brook	180	231	51
Towns Fund Projects	1,245	4,635	3,390
Other General Fund Schemes (less than £100k)	434	949	515
Total	15,502	29,331	13,829
Grand Total	20,769	40,073	19,304

7.2 The explanations for where spend is significantly less than the approved budgets are:

- Decent Homes Schemes - Issues with material supplies and Western Power Isolators
- Hucknall Infill Sites – Costs expected to be on budget by end of the year
- Kirkby Leisure Centre and Lammas Leisure Centre – Costs expected to be on budget by end of the year
- Towns Fund - Property purchases have been protracted due to ensuring sufficient due diligence was completed to protect the Council investment.
- Sutton Maker Space and Business Hub - the delay in the purchase of the property on High Pavement has consequently delayed the redevelopment work of the building.

Implications

Corporate Plan:

The revenue and capital budgets included within this report support delivery of the priorities in the Corporate Plan.

Legal:

This report ensures compliance with the Council's approved Financial Regulations. [RLD 17/03/2022]

Finance: [PH 16/03/22].

Budget Area	Implication
General Fund – Revenue Budget	As set out in the detailed information section of the report.
General Fund – Capital Programme	As set out in the detailed information section of the report.
Housing Revenue Account – Revenue Budget	As set out in the detailed information section of the report.
Housing Revenue Account – Capital Programme	As set out in the detailed information section of the report.

Risk:

Risk	Mitigation
Failure to spend within approved budgets could impact on the financial sustainability of the Council.	Financial monitoring reports to CLT and Cabinet. Financial Regulations. Financial Management training of Budget Holders and Managers.

Human Resources:

No implications

Environmental/Sustainability

No implications

Equalities:

No implications

Background Papers

Annual Budget and Council Tax 2021/22 and Medium-Term Financial Strategy Update to Council
4th March 2021

Draft Outturn Report 2020/21 to Cabinet 19 July 2021

2021/22 Forecast Outturn for General Fund, Housing Revenue Account (HRA) and Capital
Programme as at July 2021 to Cabinet 20th September 2021

2021/22 Forecast Outturn for General Fund, Housing Revenue Account (HRA) and Capital
Programme as at September 2021 to Cabinet 7th December 2021

Annual Budget and Council Tax 2022/23 and Medium-Term Financial Strategy Update to Council
3rd March 2022

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