

Rother District Council

Report to: Overview and Scrutiny Committee

Date: 14 March 2022

Title: Revenue Budget and Capital Programme Monitoring Quarter 3 - 2021/22

Report of: Antony Baden – Chief Finance Officer

Ward(s): All

Purpose of Report: To note the estimated financial out turn for 2021/22 based on expenditure and income to the end of Quarter 3, 31 December 2021.

To recommend approval of the continuation of two Service Level Agreements (SLA) in respect of Rother District Citizen's Advice and Bexhill Museum, and agree to the extension of funding of £85,000 for Rother Citizens Advice and £8,500 for Bexhill Museum for a further one-year period with a report to Cabinet later this year.

Officer

Recommendation(s): It be **RESOLVED**: That

- 1) the report be noted; and
- 2) Cabinet be requested to approve the continuation of two Service Level Agreements in respect of Rother District Citizen's Advice and Bexhill Museum, and agree to the extension of funding of £85,000 for Rother Citizens Advice and £8,500 for Bexhill Museum for a further one-year period.

Introduction

1. This report updates Members on the Council's finances as of 31 December 2021 and projects a provisional outturn for 2021/22. The Revenue Budget and Capital Programme positions are summarised in Appendices A and B, respectively. The impact of the forecast on the Council's reserves is summarised in Appendix C. The report also includes a brief update on the Collection Fund performance.
2. There have been two reportable virements since the last financial update to Members. The first relates to the Audio-Visual system maintenance (£13,000), which has been transferred from the Corporate Core budget to the Acquisitions, Transformation and Regeneration budget. The second is the transfer of a property from Acquisitions, Transformation and Regeneration that is no longer used as a commercial let, but is instead used as storage space by Housing, Community and Neighbourhood Services.

Revenue Budget

3. The Revenue Budget forecast as of 31 December 2021 indicates a surplus of £128,000 against the approved budget drawdown from Reserves of £2.7m. This represents an improvement of £222,000 since the Quarter 2 forecast. The position is summarised in Appendix A and material variances that have been identified since the last forecast are explained in paragraphs 4 to 15.

Corporate Core – Deficit £24,000

4. There have been no changes since the last forecast.

Environmental Services – Surplus £100,000

5. The surplus has increased by £13,000 since the last forecast and no significant changes have been identified.

Strategy and Planning – Deficit £677,000

6. The forecast deficit has decreased by £60,000 mainly due to a predicted reduction of £54,000 in the cost of support from Capita Business Services to clear the planning applications backlog.
7. There was also a reduction in the costs of judicial reviews forecast (£17,000) and additional income from the administration of Community Infrastructure Levy receipts (£38,000), although this was largely offset by a predicted downturn in Planning fee income of £47,000.

Acquisitions, Transformation and Regeneration – Surplus £41,000

8. No significant changes have been identified since the last forecast.

Housing, Community and Neighbourhood Services – Surplus £32,000

9. The forecast surplus has improved by £25,000 since the previous quarter. The biggest change relates to the Housing Needs and Rough Sleeping Initiative budgets. In the previous report an overspend of £81,000 was predicted, but these budgets are now anticipated to achieve a 'break even' position. Also, car parking income is expected to exceed the budget by a further £32,000.
10. However, the changes in paragraph 9 have been partially offset by additional car parking running costs (£40,000), a modest increase in the cost of Waste Collection (£28,000) and essential maintenance costs at Bexhill Leisure Centre and Bexhill Leisure Pool (£25,000).

Resources – Deficit £354,000

11. The forecast deficit has increased by £138,000 since the previous quarter, of which £65,000 is attributable to additional salary costs and £31,000 is due to a small net increase in the cost of Housing Benefit claims. Additional costs of £27,000 in relation to IT systems operations have also been forecasted and several other smaller variances totalling £15,000 have increased the predicted overspend.

Net Financing Costs – Surplus £823,000

12. There have been no changes since the last forecast, although the Council took advantage of the low interest rates and obtained further Public Works Loan Board borrowing in December 2021. However, the first repayments are not due until June 2023 therefore there will be no impact on the 2021/22 revenue budget.
13. The impact of the new borrowing has been built into the Council's Medium-Term Financial Plan forecast reported to Members during the budget setting process.

Financial Stability Programme (FSP) – Deficit £474,000

14. There have been no changes since the last forecast.

Income – Surplus £662,000

15. Further Central Government grants of £270,000 have been received since the last forecast. These are predominantly in relation to the extra costs incurred by the Council in administering COVID-19 grant payments to businesses and individuals.

Capital Programme

16. The Capital Programme forecast spend as at the 31 December 2021 is £15.348m, which is £47.345m lower than the revised budget approved by Cabinet on 7 February 2022 as part of the Capital Strategy report. As previously reported, this is mainly due to the continued impact of the pandemic. The position is summarised in Appendix B.
17. The main change since the Quarter 2 forecast relates to the purchase of the Mount View site, which is shown in line 9 of Appendix B. The Sussex NHS Partnership Trust have an option to purchase a portion of the land for the development of a new mental health hospital. The option fee covers the costs incurred by the Council by any borrowing related to the site acquisition. The purchase price will effectively be offset by a capital receipt once the site is sold and thus will not increase the scale of the approved capital programme.
18. Where schemes are forecast to underspend, it is still expected that they will be completed in future years. A revised programme was approved by Cabinet on 7 February 2022 as part of the Council's Capital Strategy and future cashflows will continue to be monitored and reported until scheme completion.

Impact of the revenue and capital forecasts on Reserves

19. The forecast impact on Reserves is a drawdown of £3.118m against the planned use of £3.319m. This is a decrease of £277,000 from the previous forecast.

Collection Fund

20. The council tax collection rate at the end of Quarter 3 was 84.51% of the collectable debit and 87.14% of the budgeted yield. Both figures are higher than

the corresponding figures for 2020/21 by 1.35% and 1.20% respectively. Collection performance is shown below:

	2021/2022	Equivalent Period 2020/2021
Collectable Debit	£82,228,343	£77,678,592
Income Received	£69,495,059	£64,596,241
Income Received as a % of collectable debit	84.51%	83.16%
Budgeted yield (at 98.3% collection)	£79,751,695	£75,164,936
Income Received as a % of budgeted yield	87.14%	85.94%

21. The Business Rates collection rate at the end of Quarter 3 was 77.72% of the collectable debit, which is 0.49% higher than the corresponding figure in 2020/21. This represents a considerable improvement from the previous quarter when the collection rate was 6.30% down on the 2020/21 figure. Collection performance is shown below.

	2021/2022	Equivalent Period 2020/2021
Collectable debit	£14,692,455	£8,317,100
Income Received	£11,419,620	£6,423,247
Income Received as a % of collectable debit	77.72%	77.23%
Amount outstanding for year	£3,272,835	£1,893,852

22. The Council currently provides funding of £85,00 per annum to Rother District Citizens Advice. This was agreed from 1 April 2020 for a four-year period with a review after two years. Officers have been discussing a number of issues with Rother District Citizens Advice following the COVID-19 pandemic and it would be appropriate to continue the funding for a further one-year period while the arrangement and service levels are reviewed.
23. The Council also provides funding of £8,500 per annum to Bexhill Museum, which was also agreed for a four-year period from 1 April 2020, with a review after two years. Members will be aware that there are on-going discussions with Bexhill Town Council over services they may wish to provide, and it is felt appropriate to continue with the funding for a further one-year period to allow those discussions to develop.

Conclusion

24. The revenue forecast for Quarter 3 shows a deficit of £2.571m, which is £128,000 lower than the approved planned use of Reserves. The Chief Finance Officer will continue to work closely with Heads of Services and Members to reduce further the planned drawdown from Reserves.
25. The Council's Capital Programme is forecast to underspend by £47.345m in 2021/22, but this is due to timing differences and the approved five-year programme is still on target to be delivered.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

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Appendices:	Appendix A	Revenue Budget Forecast	
	Appendix B	Capital Programme Forecast	
	Appendix C	Impact on Reserves	
Relevant Previous Minutes:	None		
Background Papers:	None		
Reference Documents:	None		

Revenue Budget 2021/22 Forecast as at the 31 December 2021

Line	Rother District Council General Fund Summary	Draft 2020/21 Actual £ (000)	Original 2021/22 Budget £ (000)	Revised 2021/22 Budget £ (000)	2021/22 Estimated Outturn £ (000)	2021/22 Quarter 3 Variance £ (000)	Change in Previous Quarter Variance £ (000)
1	Corporate Core	2,117	2,034	1,985	2,009	24	0
2	Environmental Services	507	658	609	509	(100)	(13)
3	Strategy and Planning	1,030	1,090	1,043	1,720	677	(60)
4	Acquisitions, Transformation and Regeneration	(392)	(297)	(319)	(360)	(41)	8
5	Housing, Community & Neighbourhood Services	9,539	8,739	8,675	8,643	(32)	(25)
6	Resources	4,256	3,350	3,293	3,647	354	138
7	Total Cost of Services	17,057	15,574	15,286	16,168	882	48
8	Net Financing Costs	118	1,101	1,101	278	(823)	0
9	Salaries turnover	0	(288)	0	0	0	0
10	Financial Stability Programme - savings/cost reductions	0	(632)	(632)	(158)	474	0
11	Net Cost of Services	17,175	15,755	15,755	16,288	533	48
	Income						
12	Special Expenses	(687)	(692)	(692)	(692)	(0)	0
13	Net Business Rates & Section 31 Grants	(4,142)	(3,747)	(3,747)	(3,747)	0	0
14	Non-Specific Revenue Grants	(3,194)	(1,653)	(1,653)	(2,315)	(662)	(270)
15	Council Tax Requirement (Rother only)	(7,019)	(7,097)	(7,097)	(7,097)	(0)	0
	Other Financing						
16	Collection Fund (Surplus)/Deficit	(849)	134	134	134	(0)	0
17	Total Income	(15,891)	(13,054)	(13,054)	(13,717)	(662)	(270)
18	Contribution from Reserves/Funding Gap	1,284	2,700	2,700	2,571	(128)	(222)

Capital Programme 2021/22 Forecast as at the 31 December 2021

Line		2021/22 Actual to Quarter 3 £ (000)	2021/22 Revised Budget £ (000)	2021/22 Estimated Outturn £ (000)	2021/22 Quarter 3 Variance £ (000)
	Acquisitions, Transformation and Regeneration				
	Other Schemes				
1	Community Grants	81	130	110	20
2	Cemetery Entrance	64	172	89	83
3	Rother Transformation ICT Investment	231	384	231	153
4	Corporate Document Image Processing System	0	435	36	399
5	1066 Pathways	65	66	65	1
6	Ravenside Roundabout	0	200	0	200
7	Development of Town Hall Bexhill	175	460	445	15
	Property Investment Strategy				
9	Mount View Street Development - Public/Commercial	0	964	2,975	(2,011)
10	PIS - Beeching Road/Wainwright Road	4	963	373	590
11	PIS - Barnhorn Road	192	3,402	577	2,825
12	PIS - Beeching Road 18-40 (Creative Workspace)	477	501	595	(94)
14	PIS - 64 Ninfield Road	18	100	0	100
	Housing Development Schemes				
15	Community Led Housing Schemes	106	600	434	166
16	Blackfriars Housing Development - infrastructure only	2,213	10,728	2,900	7,828
17	Mount View Street Development - Housing	3,657	6,940		6,940
18	Alliance Homes (Rother) Ltd	151	25,000	1,508	23,492
19	Alliance Homes share capital	0	100	101	(1)
	Housing and Community Services				
20	De La Warr Pavilion - Capital Grant	56	54	56	(2)
21	Sidley Sports and Recreation	143	811	710	101
22	Land Swap re Former High School Site	0	1,085	185	900
24	Bexhill Leisure Centre - refurbishment	0	140	50	90
25	Disabled Facilities Grant	888	1,625	1,250	375
26	New bins	112	125	114	11
27	Bexhill Promenade - Outflow pipe	2	100	20	80
28	Bexhill Promenade - Protective Barriers	45	47	46	1
29	Bexhill Promenade - Shelter 1	5	0	5	(5)
30	Fairlight Coastal Protection	4	0	19	(19)
31	Housing (purchases - temp accomodation)	301	7,300	2,255	5,045
	Strategy & Planning				
32	Payments to Parishes - CIL	40	88	40	48
	Resources				
34	ICT Infrastructure – Ongoing Upgrade Programme	108	123	109	14
35	Invest To Save initiatives (Financial Stability Programme)	29	50	50	0
	Total Capital Programme	9,167	62,693	15,348	47,345

Line		2021/22 Revised Budget £ (000)	2021/22 Estimated Outturn £ (000)
	Funded By:		
	Capital Receipts	1,085	185
	Grants and contributions	13,893	6,143
	CIL	431	238
	Borrowing	20,846	6,727
	Capital Expenditure Charged to Revenue	1,438	547
	Borrowing - Alliance Homes (Rother) Ltd	25,000	1,508
	Total Funding	62,693	15,348

Reserves

	Draft 2020/21 Actual £ (000)	Original 2021/22 Budget £ (000)	Revised 2021/22 Budget £ (000)	2021/22 Estimated Outturn £ (000)	2021/22 Quarter 3 Variance £ (000)
Revenue Reserves and General Fund - Opening Balance	(14,970)	(13,209)	(13,209)	(13,209)	0
Use of Reserves to Fund Capital Expenditure	477	619	619	547	(72)
Use of Reserves to Balance Budget incl deficit	1,284	2,700	2,700	2,571	(129)
Balance 31/3/20	(13,209)	(9,890)	(9,890)	(10,091)	(201)