

Rother District Council

Report to:	Overview and Scrutiny Committee.
Date:	18 July 2022
Title:	Revenue Budget and Capital Programme Monitoring draft 2021/22 out turn
Report of:	Antony Baden – Chief Finance Officer
Ward(s):	All
Purpose of Report:	To note the draft financial out turn for 2021/22 based on expenditure and income to the 31 March 2022
Officer	
Recommendation(s):	It be RESOLVED : That the report be noted.

Introduction

1. This report updates Members on the Council's finances as at 31 March 2022. 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. Members will note that all numbers in this report are subject to external audit and potential change.
2. There has been one reportable virement since the last financial update to Members. Car Parking fees paid by card attract a commission charge from the card provider. The budget of £5,000 was held by the Resources department but this should be charged to the Housing & Community Services department as they receive the income.

Revenue Budget

3. The Revenue Budget draft out turn as of 31 March 2022 indicates a surplus of £1.256m against the approved budget drawdown from reserves of £2.7m. This represents an improvement of £1.128m since the Quarter 3 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 12.

Corporate Core – Surplus £47,000

4. The draft out turn position has improved by £71,000 since the Quarter 3 forecast due to a further underspend in Election expenses (£53,000) and reduction in the running costs of Administrative offices.

Environmental Services – Surplus £158,000

5. The draft underspend shows an increase of £58,000 since the last forecast as a result of salary savings from staff who were redeployed to work on Covid safety work, which was funded by grants.

Strategy and Planning – Deficit £463,000

6. The forecast deficit has decreased by £214,000 since Quarter 3 mainly due to a £56,000 reduction in the cost of appeals and an underspend of £111,000 on the Local Development Framework costs, which have been delayed until 2022/23. Also, additional income of £52,000 was generated in relation to the administration of Developer receipts and Government grants.

Acquisitions, Transformation and Regeneration – Surplus £65,000

7. There have been no significant changes since the last forecast.

Housing, Community and Neighbourhood Services – Surplus £564,000

8. The draft out turn shows a major improvement of £532,000 since the Quarter 3 forecast. The main reasons are outlined below:
 - a. Additional Car Parking income - £65,000.
 - b. Refund of business rates on public conveniences - £15,000.
 - c. Underspend on leisure facilities operated by Freedom Leisure due to the receipt of the National Leisure Relief Fund grant - £185,000.
 - d. Additional income from filming and savings on utilities at Camber and Bexhill beaches - £50,000.
 - e. Various savings on Grounds Maintenance & repairs in Parks- £94,000.
 - f. Additional income from garden and bulky waste collections - £88,000.
 - g. Other smaller favourable variances - £35,000.

Resources – Deficit £292,000

9. The deficit reported in the last quarter has reduced by £64,000 due to the receipt of a central government grant in respect of council tax discounts for family annexes.

Net Financing Costs – Surplus £820,000

10. There have been no significant changes since the last forecast.

Financial Stability Programme (FSP) – Deficit £436,000

11. There have been no significant changes since the last forecast. The savings identified relate mainly to staff costs recharged to capital programme schemes.

Income – Surplus £793,000

12. Further central government grants of £132,000 have been received since the last forecast, the largest of which was £97,000 in relation to Homelessness Prevention. The Council also received other smaller grants to help offset the cost of administering COVID-19 grant payments to businesses and individuals.

Capital Programme

13. The Capital Programme draft out turn as at 31 March 2022 is £12.3m, which is £66.2m lower than the revised budget and £3m lower than the Quarter 3 forecast. The main variances are outlined in paragraph 16 and the overall position is summarised in Appendix B.
14. Main variances between the revised budget and draft out turn are as follows:
 - a. Barnhorn Road development (£3.2m) – the scheme has been delayed due to extensive design work being carried out in conjunction with key third parties. Project costs are now being reviewed, including inflationary pressures, to assess options on the next steps.
 - b. Blackfriars Housing (Infrastructure) development (£8.1m) – the scheme experienced some delays in 2021/22 but is still progressing.
 - c. Temporary Accommodation purchases (£6.3m) – the pandemic restricted the Council's ability to identify suitable property purchases, but this situation has already improved in 2022/23.
 - d. Mount View Street Development (£2.5m) – costs were not as high as originally anticipated but the intention remains that the Sussex NHS Partnership Trust will exercise their option to purchase a portion of the land for the development of a new mental health hospital. This will create a capital receipt for the Council, which will offset these costs.
 - e. Housing Company (£25.0m) – it is anticipated that the Council will significantly increase its borrowing to the Housing Company once the Blackfriars Infrastructure development has been completed in 2022/23.
 - f. Site redevelopment in Beeching Road/Wainwright Road (£15m) - Cabinet approved this sum to be added to the capital programme on 7 February 2022 for the site redevelopment. Cash flow timings cannot be determined at this stage, but they will be reported to Members through the quarterly monitoring updates.
15. 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 draft out turn on Reserves

16. The impact on reserves is a total draft drawdown of £2.121m against the planned use of £3.319m, which means the Council has used £1.198m less from its reserves to fund the revenue budget and some capital schemes.

Collection Fund

17. The council tax collection rate at the end of Quarter 4 was 98.01% of the collectable debit and 100.98% of the budgeted yield. Both figures are higher than the corresponding figures for 2020/21 by 1.25% and 4.38% respectively. In the case of the budgeted yield, the Council budgeted for a collection rate of 98.3% therefore whilst it did not collect every single penny of council tax owed, it did exceed its target. Collection performance is shown below:

	2021/2022	Equivalent Period 2020/2021
Income Received	£82,171,920.61	£77,503,276.12
Income Received as a % of collectable debit	98.01%	96.75%
Budgeted yield (at 98.3% collection)	£79,751,694.59	£77,625,639.38
Income Received as a % of budgeted yield	100.98%	96.60%

18. The business rates collection rate at the end of Quarter 4 was 96.99% of the collectable debit, which is 2.98% higher than the corresponding figure in 2020/21. The improvement is possibly as a result of the lifting of lockdown restrictions. Collection performance is shown below.

	2021/2022	Equivalent Period 2020/2021
Collectable debit	£13,511,807.25	£8,220,438.35
Income Received	£13,105,659.63	£7,727,892.59
Income Received as a % of collectable debit	96.99%	94.01%
Amount outstanding for year	£406,147.62	£492,545.76

Conclusion

19. The draft revenue out turn for 2021/22 shows an overall deficit of £1.444m, which is £1.256m lower than the approved planned use of reserves. However, whilst this is clearly a positive outcome for the Council, budget pressures are expected to continue into 2022/23 and budget monitoring will play a crucial role in helping the Council achieve its Financial Stability objective laid out in the Corporate Plan.
20. The draft Capital Programme out turn indicates an underspend of £66.156m against the revised budget. However, this is largely due to the pace of the programme continuing to be slowed by the impact of the pandemic. Any scheme slippage will be carried forward into 2022/23 but will also be subject to review by the Finance department and Heads of Service.

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 Draft Out Turn as at 31 March 2022

Line	Rother District Council General Fund Summary	Draft 2020/21 Actual £ (000)	Original 2021/22 Budget £ (000)	Revised 2021/22 Budget £ (000)	2021/22 Draft Outturn £ (000)	2021/22 Draft Variance £ (000)	Change in Previous Quarter Variance £ (000)
1	Corporate Core	2,117	2,034	1,985	1,938	(47)	(71)
2	Environmental Services	507	658	609	451	(158)	(58)
3	Strategy and Planning	1,030	1,090	1,043	1,506	463	(214)
4	Acquisitions, Transformation and Regeneration	(392)	(297)	(319)	(384)	(65)	(24)
5	Housing, Community & Neighbourhood Services	9,539	8,739	8,680	8,116	(564)	(532)
6	Resources	4,256	3,350	3,288	3,580	292	(62)
7	Total Cost of Services	17,057	15,574	15,286	15,208	(78)	(960)
8	Net Financing Costs	118	1,101	1,101	281	(820)	3
9	Salaries turnover	0	(288)	0	0	0	0
10	Financial Stability Programme - savings/cost reductions	0	(632)	(632)	(196)	436	(38)
11	Net Cost of Services	17,175	15,755	15,755	15,292	(462)	(996)
	Income						
12	Special Expenses	(687)	(692)	(692)	(692)	0	0
13	Net Business Rates & Section 31 Grants	(4,142)	(3,747)	(3,747)	(3,745)	2	2
14	Non-Specific Revenue Grants	(3,194)	(1,653)	(1,653)	(2,436)	(783)	(121)
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	120	(14)	(14)
17	Total Income	(15,891)	(13,054)	(13,054)	(13,849)	(793)	(132)
18	Contribution from Reserves/Funding Gap	1,284	2,700	2,700	1,444	(1,256)	(1,128)

Capital Programme 2021/22 Draft Out Turn as at 31 March 2022

Line		2021/22 Actuals to Month 12 £ (000)	2021/22 Revised Budget £ (000)	2021/22 Draft Outturn £ (000)	2021/22 Draft Variance £ (000)
	Acquisitions, Transformation and Regeneration				
	Other Schemes				
1	Community Grants	117	130	117	13
2	Cemetery Entrance	64	172	64	108
3	Rother Transformation ICT Investment	233	384	233	151
4	Corporate Document Image Processing System	15	435	15	420
5	1066 Pathways	68	66	68	(2)
6	Ravenside Roundabout	0	200	0	200
7	Development of Town Hall Bexhill	303	460	303	157
	Property Investment Strategy				
8	Office Development NE Bexhill	0	0	0	0
9	Mount View Street Development - Public commercial	0	964	0	964
10	PIS - Beeching Road/Wainwright Road	4	963	4	959
11	PIS - Barnhorn Road	246	3,402	246	3,156
12	PIS - Beeching Road 18-40 (Creative Workspace)	582	582	582	(0)
13	PIS - 35 Beeching Road	0	0	0	0
14	PIS - 64 Ninfield Road	19	19	19	0
15	PIS - Buckhurst Place	0	0	0	0
16	PIS - Beeching Road/Wainwright Road development	0	15,000	0	15,000
	Housing Development Schemes				
17	Community Led Housing Schemes	0	600	0	600
18	Mount View Street Development - Housing	4,490	6,940	4,490	2,450
19	Blackfriars Housing Development - infrastructure only	2,613	10,728	2,613	8,115
20	Rother DC Housing Company Ltd	105	25,000	105	24,933
21	RDC Housing Investment	0	101	0	101
	Housing and Community Services				
22	De La Warr Pavilion - Capital Grant	56	54	56	(2)
23	Sidley Sports and Recreation	615	811	615	196
24	Land Swap re Former High School Site	0	1,085	0	1,085
25	Bexhill Leisure Centre - site development	0	0	0	0
26	Bexhill Leisure Centre - refurbishment	0	140	0	140
27	Disabled Facilities Grant	1,347	1,625	1,347	278
28	New bins	181	125	181	(56)
29	Bexhill Promenade - Outflow pipe	9	100	9	91
30	Bexhill Promenade - Protective Barriers	45	47	45	2
31	Bexhill Promenade - Shelter 1	16	0	16	(16)
32	Bexhill Promenade Water feature	0	0	0	0
33	Fairlight Coastal Protection	9	0	9	(9)
34	Housing (purchases - temp accommodation)	938	7,281	938	6,343
	Strategy & Planning				
35	Payments to Parishes - CIL	40	88	40	48
	Executive Directors & Corporate Core				
36	Accommodation Strategy	0	0	0	0
	Resources				
37	ICT Infrastructure – Ongoing Upgrade Programme	2	0	2	(2)
38	ICT Infrastructure Replacement Programme	111	123	111	12
37	Invest To Save initiatives (Financial Stability Programme)	29	750	29	721
	Total Capital Programme	12,257	78,375	12,257	66,156

		2021/22 Actuals to Month 12 £ (000)	2021/22 Revised Budget £ (000)	2021/22 Outturn £ (000)	2021/22 YTD Variance £ (000)
	Funded By:				
	Capital Receipts	0	1,085	0	1,085
	Grants and contributions	3,749	14,346	3,749	9,189
	CIL	233	88	233	48
	Borrowing	7,492	37,532	7,492	30,750
	Capital Expenditure Charged to Revenue	678	324	678	151
	Borrowing - Alliance Homes (Rother) Ltd	105	25,000	105	24,933
	Total Funding	12,257	78,375	12,257	66,156

Reserves

	Draft 2020/21 Actual £ (000)	Original 2021/22 Budget £ (000)	Revised 2021/22 Budget £ (000)	2021/22 Draft Outturn £ (000)	2021/22 Draft 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	678	59
Use of Reserves to Balance Budget incl deficit	1,284	2,700	2,700	1,444	(1,257)
Balance 31/3/20	(13,209)	(9,890)	(9,890)	(11,088)	(1,198)