

REPORT OF **Finance Manager and Section 151 Officer**

To: **Community & Resources**

Subject: **Setting aside monies to support the Capital Program**

Date: **07th December 2020**

PURPOSE OF REPORT:

For Members to consider the recommendation of Internal Overview and Scrutiny from the 10th November 2020 .

1. Introduction

- 1.1. A presentation was made to Internal Overview and Scrutiny on the 10th November 2020, pertaining to the projected financial surplus of £642k for the financial year 2020/21.
- 1.2. This report briefly details the key drivers behind the projection and the rationale behind the recommendation from Internal Overview & Scrutiny.

2. Overview of the projected financial surplus for 2020/21

- 2.1. The Covid-19 pandemic has resulted in a great deal of financial uncertainty for local authorities, with increased expenditure pressures and sharp reductions to their income from fees and charges. Consequently central government has recognised the need to offer financial support to the local authority sector. Throughout the financial year there has been frequent announcements of additional central government Covid-19 related grant funding.
- 2.2. The report presented to members of Internal O&S analysed the forecast surplus into amounts pertaining to the Covid-19 pandemic and those arising from non Covid-19 related budget variances.
- 2.3. The forecast surplus attributable to Covid-19 being £502k and £140k arising from non Covid-19 budget variances. The tables below detail the main variances

	£'000 - Favourable	£'000 - (Adverse)	£'000 - NET Favourable
Central Government Covid Support Grants (tranches 1 - 4)	1,187		
Other Covid-19 " new burdens" fundings - administration of business support grants etc	218		
Compensation for lost fees and charges	342		
Staff Training	44		
Transport Related - members & staff related	20		
Parking Income		(517)	
Reduced income from treasury deposits		(89)	
Hostel Income (reduced capacity & delayed renovation)		(42)	
Court costs in respect of unpaid council tax		(82)	
Contractual Pressures		(181)	
Other Covid-19 expenditure		(62)	
Reduced Council Tax & Business Rates		(336)	
Subtotal Covid-19 related	1,811	(1,309)	502

	£'000 - Favourable	£'000 - (Adverse)	£'000 - NET Favourable
Staff Vacancies - above £150k target	207		****
Planning Income	216		
Cost Share - Recycling Income	73		
Transport Related (Fuel, Repairs etc)	62		
Garden Waste Collections	33		***
Housing Benefit Subsidy		(98)	**
Repairs to Torrington Pool Roof		(65)	
Legal Professional fees		(100)	
Transfer to Reserves - Property Maintenance		(110)	
Transfer to Reserves - Apprentices		(51)	
Other variances		(27)	
Subtotal - Non Covid variances	591	(451)	140

**** Staff Vacancies - circa £70k pertains to management restructure

*** Garden Waste Collections - Some of the additional take up of the service could be explained by residents not being able to visit recycling centres at the start of the national lockdown

** Housing Benefit a proportion of the Housing Benefit subsidy shortfall will be Covid19 related as the local authority was given additional homelessness responsibilities at the start of lockdown
A detailed exercise on an individual case by case would be required to determine the value
A rough estimate would be circa £20k (based on the B&B costs coded against Covid-19)

- 2.4. It is acknowledged that Torridge has been exceptionally fortunate in that the level of Government funding allocated to it has so far exceeded the additional expenditure pressures it has had to meet. Although, it must also be recognised that this cash benefit only refers to 2020-21 and we forecast that our financial resources be will adversely affected further in 2021-22, for which no Government funding has yet been announced.
- 2.5. In addition to Government Funding, Torridge had seen a bounce back in income from fees and charges since the first national lockdown, with Planning income being particularly strong.

3. Funding Shortfall on the Council's Capital Programme:

- 3.1. The funding shortfall on the capital programme of circa £5m was highlighted to members of Internal Overview and Scrutiny. More in depth details these funding pressures are detailed in a separate report to Community and Resources.
- 3.2. In light of the scale of the funding shortfall on the capital programme, members of Internal Overview and Scrutiny voted unanimously to recommend to Community and Resources that the projected surplus of £642k be earmarked to contribute towards the capital programme.

Implications

Legal Implications

The Council is required to set a balance annual budget

Financial Implications

These are contained in the report

Sustainability Implications

These will form part of detail budget considerations

Compliance with Policies and Strategies

Forms part of the strategy process

Lead Member Views

Councillor Claire Hodson

The Council faces a very significant challenge in funding its extensive capital programme. It is vitally important that members appreciate the scale of this challenge.

The Council has been fortunate, in a testing financial year, to be forecasting a surplus of £642k. Given the scale of the funding shortfall on the Capital programme, it would be prudent to set aside this surplus as a contribution towards bridging this gap.

Recommendation

That the £642K forecast surplus from 20/21 be utilised by the Capital Programme, as per recommendation from Internal Overview and Scrutiny on the 10th November 2020.

SUPPORTING INFORMATION

Consultations: Date of Consultation – 24th November 2020

Officers Consulted

- Steve Hearse Chief Executive,
- Staci Dorey Head of Legal & Governance and Monitoring Officer
- Sean Kearney Head of Communities and Place

Contact Officer: David Heyes – Finance Manager and Section 151 Officer