

REPORT OF Finance Manager and S.151 Officer
To: Community & Resources Committee
Subject: QBR 2
Date: 6 December 2021

Reference:

PURPOSE OF REPORT:

For Members to receive to consider the recommendation from Internal Overview & Scrutiny regarding the utilisation of the projected surplus for 2021/22 of £853k as per the Quarterly Business Report (QBR) for the period ending 30th September 2021

1. INTRODUCTION

A report was presented to Internal Scrutiny Committee on the 16th November 2021 detailing the projected financial surplus for the financial year 2021/22 and outlining the utilisation thereof.

2. REPORT

QBR 2 2021/22 projected a surplus for the financial year 2021/22 of £853k. The detail of the projected surplus being contained within the QBR report presented at Internal Overview & Scrutiny. For information the key adverse and favourable variances are shown below.

Key significant adverse variances	
The project over spend of £139k relates to the impact of the final LGA pay offer for 2020/21. The previous pay offer was 0% for staff earning under £24k and £250 per annum for employees earning below £24k. Salary budgets for 2020/21 were set on this basis.	£139k
The Council in line with its financial procedures tendered for Tipping off charges relating to its recycling collections. The result of the tender exercise was increased costs of £67k	£67k
The projected "over spend" on Professional fees of £57k pertains to North Devon Plus administering discretionary business support grants on behalf of the Council. However the Council has received New Burdens Grant funding of £228k to meet costs associated with administration of business support grants	£57k
Key Favourable Variances	
Planning Income continues to be at historically high levels as was the case in the financial year 2021/22	£520k
Central Government has provided the Council with £228k New Burden's Grant funding for administering Restart Business Support grants and discretionary Business Support Grants. The costs of administering the Restart Grants will be largely absorbed by existing staff members (some small overtime). However the discretionary business support grants are more complex to administer and colleagues from North Devon Plus will process these at a cost to the Council of circa £57k	£228k
The period of charging for Car Access to the Burrows has been extended by one month for 2020/21; allied to the increase in stayactions has seen a dramatic increase in income; this has been partly offset by increased staffing costs of £27k.	£154k
The change in law pertaining to the operation of leisure centre and other businesses ceased on the 16th July 2021, with all restrictions being lifted. The Council had previously agreed to support its leisure operator 1610 through this period, and had set aside £150k for this purpose. However it is currently envisaged that the National Leisure Recovery Fund grants will be utilised to support 1610.	£150k
The Council received £86k for the sale of an Easement relating to South St Torrington	£86k



At the time of writing this report the impact of Central Government's spending review upon Torridge Council is not known; however there are several significant cost pressures which have arisen since the budget and MTFs (Medium Term Financial Strategy) was approved by Full Council in February 2021; namely:

- Increased financial support to Leisure
- Construction Price inflation
- Increased Employer's National Insurance contributions to meet additional costs of Social Care
- Impact of the 2021/22 local government pay award
- Increased employer pension contributions
- Inflation pressures, Fuel, Utilities etc

It is therefore recommended that the projected surplus of £853k is allocated as follows

- £100k to continue the Councils' support for Apprentices, allowing it to "grow its own"
- £153k funding for a Trainee and Graduate Planning reserve; the Council has a relatively aging workforce and to supplement the Council's apprentice scheme there will be occasions where it makes operational sense to train up new employees who will have already attained a higher levels of qualification skills to succession plan on occasion where there is still an incumbent in place.
- £600k to the Transition in Government Funding reserve. This reserve exists to manage the uncertainty in Government Funding, allowing to Council to set a balanced budget whilst corrective action is taken to bring the budgets back into balance.

3. IMPLICATIONS

Legal Implications

No specific legal implications

Financial Implications

Considered in the QBR and the report

Human Resources Implications

Previous commitments from the Council to support Apprentices

Sustainability/Biodiversity Implications

None

Equality/Diversity

Not applicable

Risk Management

Recruitment has been challenging for posts in some service areas for a number of years, which poses a clear risk to service delivery. Having in place both an apprentice and trainee / graduate schemes provides the Council the opportunity to better plan for current and future workforce planning.

Compliance with Policies and Strategies

This report is in compliance with the Council's Constitution

Data Protection (GDPR) Implications

Not applicable



Climate Change
Not applicable

4. CONCLUSIONS

Committee and Resources determines the utilisation of the projected financial surplus for 2021/22.

5. RECOMMENDATIONS

That Members approve the recommendation from Internal Overview & Scrutiny that the projected financial surplus for 2021/22 of £853k is utilised as detailed below:

- £100k to Apprentice Reserve
- £153k to Trainee and Graduate Succession Planning Reserve
- £600k to Transition in Government Funding Reserve

