

REPORT OF Finance Manager and S.151 Officer

To: Internal Overview & Scrutiny

Subject: QBR 4

Date: 14 June 2022

Reference:

PURPOSE OF REPORT:

To update members on the surplus for the financial year 2021/22

1. INTRODUCTION

The draft surplus for the financial year 2021/22 is £1,772k, the surplus previously reported to members for Quarter 3 was £1,171k, an increase of £601k.

Members of Community and Resources had previously allocated the projected surplus as at Quarter 3 as detailed below.

- Transition in Funding Reserve £600k
- Succession Planning £153k
- Apprentices £100k
- Contribution to Capital £160k
- Economic Regeneration £65k
- One off support to various voluntary groups £57k
- Household Support Scheme £36k

2. REPORT

The main contributory factors towards the surplus in 2021/22 are detailed in the QBR, for information they are summarised in the table overleaf:



Key significant adverse variances	
A projected overspend of £162k is anticipated with regards to Housing Benefit subsidy. This is due to increased expenditure for temporary accommodation for which the Council is only partly reimbursed from Housing Benefit subsidy. The problem has been compounded by the lack of sustainable tenancies to move people into from temporary accommodation.	£162k
The Council has a projected overspend on software arising from a variety of reasons, increased investment in Cyber Security, new Software relating to the new website and social media. Also the majority of software licenses have annual increases linked to inflation, which has risen significantly with inflation.	£139k
The projected Covid "over spend" of £73k includes £57k pertaining to North Devon Plus administering discretionary business support grants on behalf of the Council. However the Council is forecasting receiving New Burdens Grant funding of £380k to meet costs associated with administration of business support grants	61k
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 to £67k	£67k
Premises related costs are overspending partly as a result of increased utility costs	£60k
Key Favourable Variances	
Planning Income continues to be at historically high levels as was the case in the financial year 2020/21	£669k
Central Government is projected to provide the Council with circa £380k New Burden's Grant funding for administering Restart Business Support grants, Discretionary Business Support Grants and Omicron grants. The costs of administering Business Grants has been largely absorbed by existing staff members (there has been some modest overtime and usage of agency staff). However the discretionary business support grants are more complex to administer and colleagues from North Devon Plus will process these at a projected cost to the Council of circa £57k	£488k
Staffing vacancies - over and above the vacancy target of £300k partly reflect difficulties the Council has experienced in recruiting	£218k
The period of charging for vehicular access to the Burrows has been extended by one month for 2021/22; allied to the increase in stayactions has seen a dramatic increase in income; this has been partly offset by increased staffing costs of £27k.	£180k
In addition to receiving grant monies for the administration of business support grants, the Council has also received some other "Covid" and non Covid related grants income; e.g. for administering track and trace payments to individuals forced to isolate as a result of contracting Covid.	£165k
Collection Fund Related Surpluses, e.g. additional monies received from the Devon Business Rate Pool, increased business rate income from renewable energy schemes	£109
The Council received £84k for the sale of an Easement relating to South St Torrington	£84k

At the time of writing this report no decision has been made with regards to the utilisation of the increased surplus generated in Quarter 4. Areas of consideration are:

- The MTFs assumed a 2% pay award over the life of the MTFs, the consensus amongst local authority employers is that this will be somewhere in excess of 4%.
- It is anticipated that the minimum wage/living wage will be uplifted by inflation which will have an impact upon the Council's grading structure if local authority pay awards are below inflation.
- The Council continues to experience significant construction price inflation, which will impact upon the affordability of its Capital program.

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

The Council is facing significant cost pressures, the prudent use of surpluses generated in 2021/22 is necessary in order to alleviate some of the pressures currently being faced.

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

The allocation of the additional surplus for 2021/22 will be determined by C&R once more information is available e.g. Employers' pay offer for 2022/23 and beyond.

5. RECOMMENDATIONS

That Members note the contents of this report.

