

Budget Management Update 2020/21

Cabinet

Date: 21st October 2020

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Corporate Director of Finance and Assets

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the 2020/21 revenue budget forecast out-turn.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 Responsible budget management helps ensure that the Council consistently makes the best use of all available resources as well as providing focus for the Council's improvement programmes.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the 2020/21 revenue budget forecast out-turn for each service area set out in Table 1 and Appendix 1;
- 2.2 Note that the Corporate Management Team will continue to mitigate the current forecast overspend;
- 2.3 Note the update on the financial outlook for future years;
- 2.4 Approve the virements set out in Appendix 2; and
- 2.5 Approve the allocation of section 106 funding as set out in paragraph 3.16

3. Detail

Forecast Out-turn for 2020/21

General Fund

- 3.1 The position at the end of August is that the General Fund is forecast to be overspent by £4.7m. This represents an improvement of £0.9m since the last report.
- 3.2 The current forecast is after the application of the COVID-19 emergency funding from the Government of £13m, but does not reflect future funding from the Government's scheme to support income losses due to COVID-19.

Further information on the subject of this report can be obtained from Mick Bowden, on direct dial 07392 109917 or email mbowden@swindon.gov.uk.

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- 3.3 The significant improvements since the last report are:
- 3.3.1 A reduction in the corporately held bad debt provision to reflect the assessment of specific income risks (£630k);
 - 3.3.2 A reduction in the forecast pressure associated with the discharge to assess hospital scheme following confirmation by the Department of Health that the scheme would be extended (£695k);
 - 3.3.3 Demand management of services for older people has resulted in a reduction in the forecast costs (£243k);
 - 3.3.4 Transport costs, including concessionary travel, are forecast to be lower in line with current demand (£286k); and
 - 3.3.5 Income forecasts for car parking and bus lane enforcement have been revised to reflect the increased use of car parking since the relaxation of lockdown restrictions (£494k).
- 3.4 The above improvements have mitigated a number of significant new pressures:-
- 3.4.1 A pressure arising from supplier relief payments (£350k);
 - 3.4.2 Increased costs to facilitate flexible working and return to the workplace (£152k);
 - 3.4.3 Increased legal costs in Children Services due to an increase in demand for expert assessments for cases in pre-proceedings and in court (£122k);
 - 3.4.4 An increase in the forecast costs of homelessness accommodation, primarily due to the pandemic. This is due to difference between the cost of accommodation and the amount that can be recovered through the housing benefit subsidy (£500k); and
 - 3.4.5 Shortfall in income across planning services (£185k).
- 3.5 Work is underway to submit the first of the claims to the Government for the reimbursement of lost income. The claim will capture eligible income losses for the period April to July and is due to be reimbursed during October. These claims will reduce the current forecast pressure.

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- 3.6 The budget and out-turn by Department is set out in Table 1 below and the full details are contained in Appendix One. There is a minor change to reallocate a budget to match the realignment of managerial responsibility. This is set out as a virement in Appendix Two.

Department	Budget 2020/21	Forecast	Variance	Movement since last report
	£'000	£'000	£'000	£'000
Adults	66,965	69,913	2,948	(955)
Children Services	46,827	50,972	4,145	160
Communities & Housing	24,500	32,951	8,451	(300)
Resources & Economy	10,782	12,988	2,206	154
Sub-Total	149,074	166,824	17,750	(941)
COVID-19 Grant Funding		(13,005)	(13,005)	0
Total General Fund	149,074	153,819	4,745	(941)

Dedicated Schools Grant (DSG)

- 3.7 The DSG is forecasting an overspend of £2m which is an increase of £353k since the last report.
- 3.8 The main changes are:-
- 3.8.1 A pressure relating to sustainability payments to Early Years providers due to the impact of the pandemic and the need to support provision (£146k);
- 3.8.2 Further pressures relating to an increase in requirements through the High Needs block (£221k).
- 3.9 This pressure increases the cumulative deficit on the DSG to £3.66m.

Housing Revenue Account (HRA)

- 3.10 HRA Budget Managers are currently forecasting a net overspend of £150k, which is in line with the previous forecast to Cabinet.

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Outlook for 2021/22 onwards

- 3.11 The medium term plan in February 2020 set out the anticipated financial outlook for the period to March 2024.
- 3.12 The plan anticipated significant challenges and identified the following strands of work in response:
 - 3.12.1 Continued delivery of service improvement plans in both Children's services and Communities and Housing
 - 3.12.2 Cross-cutting demand management work on social care transitions, strength based and place-based working
 - 3.12.3 Continuing to develop the Council to ensure it operates in the most modern, effect and effective way
- 3.13 The impact of COVID-19 will significantly affect a number of the key assumptions set out in that report, in particular:
 - 3.13.1 Collection Fund – levels of council tax and business rates income,
 - 3.13.2 Projections for other key income streams, such as car parking,
 - 3.13.3 Demand pressures in adult and children's social care and the impact of COVID-19 on the care provider market, and
 - 3.13.4 Public Health costs in addressing outbreaks at a local level.
- 3.14 As set out earlier in the report the Council has been allocated additional general funding of £13m in the current financial year. It has also received a number of service specific grants, including the infection control grant, the hardship and emergency assistance funds and the test and trace grant.
- 3.15 It is anticipated that any funding announcements beyond this financial year will be considered as part of the spending review. The Council has engaged with other Councils in the South West region to make representations about the pressures faced in future years and officers have worked through professional associations and held direct talks with government officials to provide information to inform HM Treasury's work.

Section 106 Funding

- 3.16 The following uses of section 106 funding are proposed to support the development of and long-term sustainability of leisure facilities at Council owned properties:
 - 3.16.1 The introduction of a soft play area at the Link Centre funded by £171k of s106 from Ridgeway Farm.

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3.16.2 A substantially refurbished centre at Dorcan with improved swimming, fitness and community offer using £320k of s106 from Tadpole Farm.

3.16.3 Improvements to the changing rooms, reception and circulation areas and the sports hall at the Haydon Centre, funded by £65k of s106 from Tadpole Farm.

3.16.4 A fob entry system at Croft, using £18k from the Tadpole Farm s106.

4. Alternative Options

- 4.1 Cabinet could choose not to approve the virements set out in Appendix Two and for which authorisation is sought in paragraph 2.4. However, not proceeding with this change could impede the Council's effective budget management. Cabinet could also choose not to approve the allocation of s106 funding and seek alternative uses. No alternatives were considered where the information is for Cabinet to note.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The projected overspend on the General Fund for the current financial year is £4.7m. It is anticipated that the government's COVID-19 income support will mitigate some of this pressure. Alongside this, Corporate Management Team will continue to work with senior management teams to mitigate this overspend. Should there be a residual overspend, this would be a call on the Council's reserves.
- 5.1 The forecast deficit on the DSG is £3.66m. Schools Forum have agreed a timetable to consult on a deficit recovery plan which commences in September. A report on the outcomes of this consultation will be submitted to SEND Strategic Board and Schools Forum in January.
- 5.2 The HRA is currently forecasting an overspend of £150k. The HRA is ring-fenced and therefore any variances at year end will be managed within the HRA.

Legal and Human Rights Implications

- 5.3 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Climate Change Impact

- 5.4 This report does not include any proposals to make changes to service delivery and therefore there are no implications arising from the report on the Council's carbon footprint.

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All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.5 There are no such direct implications.

Diversity Impact Assessment

- 5.6 A Diversity Impact Assessment (DIA) has not been done as this report is reporting performance in the financial year and does not make any recommendations to reprioritise the future funding of services.

Risk Management

- 5.7 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Forecast Out-turn by Department 2020/21

- 8.2 Appendix 2 – Proposed Budget Virements

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 This is not a Key Decision and is included in the Cabinet Work Programme and Forward Plan for October 2020.