



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

## Finance, Economic Development and Corporate Services Overview and Scrutiny Committee

20 July 2021

**Report of:** Councillor Adam Stokes

Cabinet Member for Finance and  
Resources



## Finance Update Report: April – May 2021

To inform Finance, Economic Development and Corporate Services Overview and Scrutiny Committee of the Council's 2021/22 financial position as at the end of May 2021. The report covers the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Budget
- Capital Programmes – General Fund and Housing Revenue Account

### Report Author

Claire Morgan, Senior Accountant

Tel: 01476 406051

Email: [Claire.morgan@southkesteven.gov.uk](mailto:Claire.morgan@southkesteven.gov.uk)

Corporate Priority:	Decision type:	Wards:
Administrative	Administrative	All Wards

<b>Reviewed by:</b>	Alison Hall-Wright, Head of Finance	8 July 2021
<b>Approved by:</b>	Richard Wyles, Interim Director of Finance	8 July 2021
<b>Signed off by:</b>	Councillor Adam Stokes, Cabinet Member for Finance and Resources	9 July 2021

### Recommendation (s) to the decision maker (s)

1. The Finance Economic Development and Corporate Services Overview and Scrutiny Committee is asked to:
  - Review and note the actual 2021/22 position for the General Fund and HRA Revenue and Capital budgets as at the end of May 2021 and identify any areas that require further action or investigation.

## 1 The Background to the Report

- 1.1 During the current financial year, the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee will be provided with regular finance reports that will be monitoring and assessing the current economic conditions for the Council.

## 2 Revenue Budget 2021/22 – General Fund

- 2.1 The budget set by Council on 1 March 2021 was £17.351m. At the time of compiling this report Cabinet is yet to consider the proposed budget carry forwards but the table below is presented on the assumption that the carry forwards will be approved and therefore the General Fund net cost of service budget is increased to £19.198m:

**Table 1 – General Fund Revenue Budget Amendments**

Date of Approval	Revenue Budget amendment	£'000
March 2021	Net Approved Budget	17,351
July 2021	2020/21 Budget Carry Forwards	1,847
<b>Total</b>		<b>19,198</b>

- 2.2 Table 2 shows the actual position as at 31 May 2021.

**Table 2 – General Fund Actual Position**

Description	2021/22 Original Budget	2021/22 Current Budget (including approved Budget C/F's)	2021/22 Actual spend
	£'000	£'000	£'000
Commercial & Operations	7,667	8,083	739
Corporate	7,053	7,366	1,897
Growth & Culture	5,211	5,572	769
Housing & Property	179	936	(302)
HRA Recharge	(2,759)	(2,759)	(459)
<b>Net Cost of Service</b>	<b>17,351</b>	<b>19,198</b>	<b>2,644</b>
Interest Payable and Receivable	(100)	(100)	
Minimum Revenue Provision	296	296	
Revenue Contribution to Capital	186	186	
Drainage Rates	746	746	
Depreciation	(4,586)	(4,586)	
<b>Net Budget Requirement</b>	<b>13,893</b>	<b>15,740</b>	
<b>Total Funding</b>	<b>(14,348)</b>	<b>(14,348)</b>	
Transfers to/(from) earmarked reserves	455	(1,392)	

<b>Net Budget Deficit</b>	<b>0</b>	<b>0</b>
---------------------------	----------	----------

- 2.3 The co-payment losses scheme contribution has continued into 2021/22 and will cover income losses for the period 1 April - 30 June 2021. The provisional claim for April and May based on the actual net income losses declared in accordance with the Government scheme criteria is £134k and will be utilised to cover specific income shortfalls as defined by the scheme.

**Table 3 - General Fund Significant Income Streams**

	<b>Significant Income (in order of Current Budget)</b>	<b>Current Budget £'000</b>	<b>Current YTD Budget £'000</b>	<b>Actual Income £'000</b>	<b>Variance YTD £'000</b>	<b>Variance YTD %</b>
1	Green Waste Collection	(1,329)	(1,213)	(1,278)	(65)	(5%)
2	Development Management	(1,187)	(298)	(385)	(87)	(7%)
3	Stamford Car Parks	(976)	(163)	(83)	80	8%
4	Stamford Arts Centre	(749)	(136)	(40)	96	13%
5	Commercial Waste	(624)	(94)	(61)	33	5%
6	Grantham Car Parks	(499)	(83)	(25)	59	12%
7	Investment Property	(330)	(19)	(12)	7	2%
8	Guildhall Arts Centre	(319)	(56)	(50)	6	2%
9	Licensing	(291)	(188)	(176)	12	4%
10	Land Charges	(233)	(39)	(43)	(4)	(2%)
11	Stamford Market	(162)	(27)	(19)	12	4%
12	Grantham Market	(46)	(8)	(6)	8	5%
13	Miscellaneous Property	(39)	(10)	(9)	1	3%
14	Bourne Market	(19)	(3)	(2)	1	4%
	<b>TOTAL</b>	<b>(6,805)</b>	<b>(2,345)</b>	<b>(2,189)</b>	<b>146</b>	<b>2%</b>

- Green Waste (line 1) - 28,963 households have renewed their subscription for 2021/22 and 642 new households joined the service. 95.9% of these households made their payment online with 74.0% paying by direct debit.
- Development Management (line 2) – A large major application fee has been received in May together with a small increase on minor applications received during the same period in 2019/20.
- Stamford Car Parks (line 3) – Current income levels are 80% of income compared to 2019/20- if this level continues throughout 2021/22 then there is likely to be an outturn shortfall of £254k.
- Arts Centres (lines 4 & 8) – The venues continue to have strict restrictions on opening and capacity numbers. A second tranche of Culture Recovery Grant has been received for £100k which will offset the live programme income for quarter 1 and the Arts Around Town programme presented in this period. There are limited programmes for workshops, room hire and cinema admissions, partially mitigated by a reduction in expenditure where appropriate. With limited activity forecast during the first half of 2021/22 there is likely to be an outturn shortfall of £300k.
- Commercial Waste (line 5) – Current restrictions effecting level of income partially mitigated by a reduction in disposal fees.

- Grantham Car Parks (line 6) - Current income levels are 60% of income compared to 2019/20- if this level continues throughout 2021/22 then there is likely to be an outturn shortfall of £156k.
- Markets (lines 11,12 & 14) – Trade is continuing under current restrictions and shows a combined shortfall of £21k across the three locations.

### 3 General Fund Capital Programme 2021/22

The budget set by Council on 1 March 2021 for the 2021/22 General Fund Capital programme is £4.085m. Table 4 shows the summary of movements:

**Table 4 – General Fund Capital Programme Budget Adjustments**

Date of Approval	GF Budget amendment	£'000
		<b>4,085</b>
November 2020	Strategic Land acquisition	3,063
March 2021	Decarbonisation Scheme	950
May 2021	Additional Disabled Facilities Grant 2021/22	115
July 2021	2020/21 Budget Carry Forwards	436
<b>Total</b>		<b>8,649</b>

3.1 Table 5 summarises the General Fund Capital position as at 31 May 2021.

**Table 5 – General Fund Capital Actual Position**

Capital Scheme	2021/22 Original Budget £'000	2021/22 Current Budget (including approved Budget C/F's) £'000	2021/22 Actual spend £'000
Commercial & Operations	2,362	6,712	3,027
Corporate	50	50	0
Growth & Culture	1,673	1,407	0
Housing & Property	0	480	70
<b>Total Expenditure</b>	<b>4,085</b>	<b>8,649</b>	<b>3,097</b>
<b>Financed By:</b>			
Capital Grant and Contributions	(1,685)	(2,750)	
Capital Reserve	(100)	(122)	
Internal Borrowing	0	(3,063)	
Revenue Reserve Funding	(1,044)	(1,413)	
Useable Capital Receipts	(1,256)	(1,301)	
<b>Total Financing</b>	<b>(4,085)</b>	<b>(8,649)</b>	

## 4 Revenue Budget 2021/22 – Housing Revenue Account

The budget set by Council on 1 March 2021 for the 2021/22 HRA Revenue Budget is £5.435m. The budgeted surplus is fully utilised to fund future investment in stock growth and property maintenance. Table 6 shows the summary of movements:

**Table 6 – HRA Revenue Budget Adjustments**

<b>Date of Approval</b>	<b>HRA Budget amendment</b>	<b>£'000</b>
March 2021	Net Approved Budget	<b>(5,435)</b>
July 2021	2020/21 Budget carry forwards	1,720
<b>Total</b>		<b>(3,715)</b>

4.1 Table 7 shows the HRA position for 2021/22 as at 31 May 2021.

**Table 7 – HRA Revenue Actual Position**

<b>Description</b>	<b>2021/22 Original Budget £'000</b>	<b>2021/22 Current Budget (including approved Budget C/F's) £'000</b>	<b>2021/22 Actual spend £'000</b>
Income	(25,734)	(25,734)	(3,209)
Expenditure	18,018	19,738	2,012
<b>Net Cost of HRA Services</b>	<b>(7,716)</b>	<b>(5,996)</b>	<b>(1,197)</b>
Interest Payable and Similar Charges	2,433	2,433	
Interest and Investment Income	(152)	(152)	
<b>Surplus for the year</b>	<b>(5,435)</b>	<b>(3,715)</b>	

## 5 HRA Capital Programme 2021/22

The budget set by Council on 1 March 2021 for the 2021/22 HRA Capital programme is £22.716m. Table 8 shows the summary of movements:

**Table 8 – HRA Capital Programme Budget Adjustments**

<b>Date of Approval</b>	<b>GF Budget amendment</b>	<b>£'000</b>
March 2021	Approved Budget	<b>22,716</b>
May 2021	Heating & Ventilation – Green Homes Grant	926
July 2021	2020/21 Budget Carry Forwards	174
<b>Total</b>		<b>23,816</b>

5.1 Table 9 summarises the HRA Capital position as at 31 May 2021.

**Table 9 – HRA Capital Actual Position**

Capital Scheme	2021/22 Original Budget	2021/22 Current Budget (including approved Budget C/F's)	2021/22 Actual spend
	£'000	£'000	£'000
Energy Efficiency Initiatives	4,340	5,266	123
ICT	720	720	0
Repairs Vehicles	248	248	0
New Build Programme	11,165	11,165	120
Refurbishment and Improvement	6,243	6,417	291
<b>Total Expenditure</b>	<b>22,716</b>	<b>23,816</b>	<b>534</b>
<b>Financed By:</b>			
Homes England Grant	(1,844)	(1,844)	
Green Homes Grant	0	(926)	
HRA Capital Receipts Reserve	(3,350)	(3,350)	
HRA Improvement Reserve	(690)	(690)	
Major Repairs Reserve	(10,831)	(11,005)	
Property Development Reserve	(5,531)	(5,531)	
S106	(470)	(470)	
<b>Total Financing</b>	<b>(22,716)</b>	<b>(23,816)</b>	

## 6 Cash Flow Modelling

6.1 Cash flow management remains an important area of focus given the unpredictability in the Council's income streams, particularly Council Tax and Business Rates, whilst the Council has legal obligations to continue to pay precepts and contractual payments. However, cash flow management remains a key focus and is reviewed on a daily basis. The cash flow model has been updated and is shown at Appendix A. A positive cash flow position is shown, and collection rates are performing strongly in the current climate. The benchmarking of collection rates is undertaken on a monthly basis with Lincolnshire partners and there is a consistent profile with respect to overall performance:

**Table 10 – Collection Rates**

Target Information	Council Tax	Business Rates	Rents
<b>Annual collection rate</b>	Target 98.68%	Target range 99.16%	Target 98.50%
<b>Target Collection rate to end of May 2021</b>	19.00%	21.73%	15.38%
<b>Actual collection rate to end of May 2021</b>	19.91%	24.87%	16.23%

## 7 Consultation and Feedback Received, Including Overview and Scrutiny

7.1 The Committee requested that regular reports be presented at each Overview and Scrutiny Committee (OSC) meeting to ensure members were kept fully updated on the changing situation.

## 8 Reasons for the Recommendation (s)

- 8.1 Committee Members should be kept updated on the financial position of the Authority, as effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities. Monitoring enables the early identification of variations against the plan and facilitates timely corrective action.
- 8.2 This report provides an overview of the actual 2021/22 financial position for the Council and focuses on the position as at the end of May 2021.

## 9 Financial Implications

- 9.1 These are included in the report and supporting appendices.

**Financial Implications reviewed by: Richard Wyles, Interim Director of Finance**

## 10 Legal and Governance Implications

- 10.1 As part of good governance, it is important members are kept updated in respect of the financial position of the Council expenditure during the year. This is particularly important during the current crisis.

**Legal Implications reviewed by: Mandy Braithwaite, Legal Executive**

## 11 Equality and Safeguarding Implications

- 11.1 There are no equality or safeguarding implications arising as a result of this report.

## 12 Risk and Mitigation

- 12.1 A risk register is attached at Appendix B and shows that all known current risks are recognised and associated mitigating actions are in place.

## 13 Community Safety Implications

- 13.1 There are no community safety implications arising as a result of this report.

## 14 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 14.1 The report has a neutral carbon impact.

## 15 Background Papers

- 15.1 Determination of Budget 2021/22 and indicative budgets to 23/24 – General Fund, Revenue Account and associated Capital Programmes Report

<http://moderngov.southkesteven.gov.uk/documents/s29198/Budget%20Proposals%20for%20202122%20and%20indicative%20budgets%20for%20202223%20and%20202324.pdf>

- 15.2 Provisional Outturn Position 2020/21 report

<http://moderngov.southkesteven.gov.uk/documents/s30264/Outturn%20Position%20report%20202021.pdf>

## 16 Appendices

- 16.1 Appendix A – 2021/22 Cash Flow Forecast
- 16.2 Appendix B – 2021/22 Finance Risk Register

<b>Report Timeline:</b>	Date of Publication on Forward Plan (if required)	Not required
	Final Decision date	Not applicable