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Title of meeting: Communities and Central Services Decision Meeting

Subject: Monitoring of the Second Quarter 2021/22 Revenue Cash Limits

Date of meeting: Thursday 16th December 2021

Report by: Director of Finance and Resources

Wards affected: ALL

1. Requested by

The Cabinet Member for the Communities and Central Services Portfolio.

2. Purpose

2.1 To inform the Cabinet Member and Opposition Spokespersons of the forecast revenue expenditure for the year compared with the cash limited budget.

3. Information Requested

3.1 Forecast outturn 2021/22

	£000	% of Budget
Controllable Cash limit 2021/22	20,831	
Total Forecast Expenditure 2021/22	<u>22,456</u>	
Variance -(Under)/Overspend	1,625	
Less		
Covid-19 related costs met from contingency	639	
Windfall costs met from contingency	<u>1,068</u>	
Net portfolio (under)/overspend	(82)	-.4%

Analysis of this portfolio's variations from the revenue cash limit is attached at Appendix A.

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4. Revenue Expenditure

4.1 The Revenue Budget Monitoring 2021/22 report presented to Cabinet on 30th November 2021 set out the forecast revenue budget position of the Council as at the end of the second quarter 2021/22. This report noted that the budget approved by the City Council in February 2021 included a provision within the Council's Corporate Contingency to meet estimated Covid 19 related costs and lost income. It was also noted that any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency.

4.2 The overall net position for this portfolio (set out in para 3.1) is a net underspend of £81,700 after excluding windfall items (£1,068,500) and Covid-19 related expenditure (£639,000).

The windfall items within the portfolio are Rent Allowances, Rent Rebates, Land Charges and District Audit Fees (within Corporate Management).

Information on the main variances set out in paras 4.3 to 4.12 should be read in conjunction with Appendix A

4.3 Item 2 Audit, Risk & Insurance - overspend £52,000

This is overspent due to an agreed Covid-19 related post to manage increased workload of the Audit Department.

4.4 Item 5 Customer Services - underspend £45,200

The overall underspend with Customer Services relates to the following:

- In 2020/21 a 12-month market research post to assist with Covid-19 related work was approved with an impact in 21/22 of £38k.
- Due to the reduced footfall in the civic office's reception, £23k of software costs are not currently required, including queue management software.
- There is a non-Covid underspend of £60k primarily around staffing. A post is being held vacant in advance of savings, there are also several maternities within the service and overall staff turnover has been unusually high

4.5 Item 7 Financial Services - underspend £82,800

Within Financial Services £139k relates to underspends in relation to vacant posts. There has also been Covid related additional costs of £6k for the Additional

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Restrictions Grant work and £50k Client Affairs and Appointeeship additional staffing resource.

4.6 Item 8 Information Services - overspend £225,200

The Information Technology overspend is a result of several factors:

- A delay in the implementation of Office365. The anticipated saving as a result of this work will only be part realised in 21/22.
- The service has some increased costs for staffing which is due to the difficulty in recruiting to high level posts with the necessary skills.
- A one-off specialist subscription to validate and provide assurance re delivery of transformational activities given the scale of change and level of technical debt to be overcome

IT are carrying out a rigorous review of current expenditure to mitigate the effects of this overspend.

4.7 Item 9 Procurement - underspend £95,900

The underspend in procurement is due to 2 factors:

- A post within the team has been vacant since April 2021 to be filled from January 2022 at the earliest
- Recharged income is higher than in previous years due to a significant amount of catch up work relating to capital schemes that had been suspended last year as a result of covid, as well as the procuring of new income streams.

4.8 Item 11 & 12 Housing Benefits - Rent Allowance & Rebates - overspend £1,068,500

Forecast overspending relating to non COVID-19 activity is primarily as a result of the introduction of Universal Credit for new clients from September 2018 which has resulted in a fall in the level of rent allowances and rent rebates upon which the Council receives subsidy. As a consequence, there is a reduction in the level of net subsidy received by the Council relating to Housing Benefit overpayments. This is a windfall cost and will be met from Corporate Contingency.

4.9 Item 13 Local Taxation - overspend £449,200

The overspend in Local Taxation is due to Covid-19, £31,200 for additional staff to support the extra workload on grant payments. Plus, reduced court cost income

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of £418,000. This is due to the courts being closed, managing a back log of cases and dealing with priority cases first.

4.10 Item 16 Democratic Representation & Management - overspend £24,800

The overspend in Democratic Representation & Management relates to additional security and cleaning COVID costs required for every council meeting held in the Guildhall (£5K) and venue hire for meetings held at the auditorium (£25K).

There is also an underspend within Members Support relating to a vacant post for a couple of months.

4.11 Item 18 Coroners - underspend £25,000

The service transferred to Hampshire County Council in January 2020. A reduction in cost to PCC is anticipated in 2021/22 as a result of this centralisation of the service.

4.12 Item 20 Legal Services - overspend £38,000

The overspend in Legal Services relates to a 6-month Litigation post to assist with additional childcare work that has increased due to COVID (£20k).

In addition, Legal have engaged a temporary locum to cover a work backlog (£18k).

5 Summary

5.1 The overall net forecast outturn position on the portfolio after taking account of Covid 19 related costs and windfall items funded from Corporate Contingency, is a net underspend of £81,700 which is equivalent to -0.4% of the budget. Within this net position there are also various other less significant under and overspending as shown in Appendix A.

5.6 Since 2013/14 portfolio underspends have been retained in a portfolio specific earmarked reserve. This reserve is to be used initially to cover future year end overspendings, budget pressures, and contingent items and spend to save schemes. Once these instances have been satisfied, the reserve may be used for other developments or initiatives. The portfolio holder is responsible for approving any releases from the earmarked reserve in consultation with the Director of Finance and Information Services & S151 Officer.

5.7 The current uncommitted balance on the reserve is £139,400

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Signed Director of Finance and Information Services

Appendices:

A Forecast Revenue Outturn Statement

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Service Budget Monitoring files	CRS Accountancy team