

**CABINET
23 JUNE 2020**

PART 1 – PUBLIC DOCUMENT

**5b ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 15 JUNE 2020
– REVENUE BUDGET OUTTURN 2019/20**

The Service Director – Resources presented the report entitled Revenue Budget Outturn 2019/20.

Members were directed to Table 3 on page 56 within the report and advised that the table detailed major variances above £25,000. The Service Director – Resources drew Members' attention to the following variances:

- Careline were purchasing and installing digital alarms when an alarm required replacement. The digital alarm costed twice as much as the analogue product previously installed but could be used up to three times;
- Council Tax Court Summons Income was lower than budgeted as a result of the closure of the Court until at least 30 June 2020, in response to the COVID-19 pandemic; and
- The shortfall in parking income was indicative of the impact of the response from the government and public to the COVID-19 pandemic. Income recorded for March of £107k was significantly lower than the £164k recorded for March 2019.

The Service Director – Resources concluded that from looking at the estimated overall impact on 2020/21, it was hoped that there would not be any ongoing impact that would require the Council to make additional long-term savings.

The Service Director – Resources drew Member's attention to the following:

- Paragraph 8.12 on page 62 within the report and advised that the previous trend of reductions in eligibility for Council tax reductions had stabilised and the impact of Covid-19 was resulting in an increase in eligibility. This creates a deficit on the Council Tax Collection Fund;
- There was an update provided in relation to Paragraph 8.15 on page 63 within the report. It had now been confirmed that there was a £917,000 gain which would increase the general fund balance end of 2019/20 up to £9.4million;
- Table 6 at paragraph 8.17 summarised the impact on the General Fund balance of the outturn position detailed in the report;
- The Council's total business rates income had been above its baseline for several years, meaning pooling gains and Section 31 grants were able to be transferred into a business rate reserve. This provides protection against potential fluctuations in Business Rates income, timing differences inherent in collection fund accounting and the potential impact of a Business Rates reset; and

- the MHCLG Grants Reserve (as shown in Table 8 on page 65) would be reviewed as it was possibly now too high. The 2020/21 budget had committed to releasing £368,000 from this reserve relating to the 2018/19 pooling gain. The balance as of 31 March 2020 of MHCLG Grants Reserve was £3.7million.

The following Members asked questions:

- Councillor Sam Collins;
- Councillor Kate Aspinwall; and
- Councillor Steve Deakin-Davies.

In response to questions raised, the Service Director – Resources responded as follows:

- The impact of lost income from parking, as a result of COVID-19, would be kept under review particularly in relation to changes as lockdown is eased.
- The Council is currently forecasting a £1.4million loss in parking income for the year which was the most significant hit on the Council's income. This is based on a gradual recovery during the year;
- There had been a reduction in Penalty Charge Notices being issued. There would be a move back towards issuing PCNs, which had only been focused on safety issues;
- A number of businesses were receiving a mandatory business rate relief, providing the Council with some protection and guaranteed some level of income;
- There could be a longer term impact of business rates if some businesses were to close post lockdown;
- Alongside the Medium-Term Strategy, there would be a report providing a forecast of the impact of Covid-19; and
- Careline did not make a profit.

RECOMMENDED TO CABINET:

- (1) That the report be noted;
- (2) That a decrease of £129k in the 2019/20 net General Fund expenditure, as identified in table 3 and paragraph 8.1, to a total of £14.692 million be approved;
- (3) That the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a total £344k increase in net expenditure, be approved;
- (4) That the transfer, as referred to in paragraph 8.3, of £59k from the underspend on the General Fund to the strategic Priority fund to enable the Leadership Team to undertake invest to save and/or continuous improvement projects be approved.

That Cabinet recommend to Council:

- (1) The net transfer to earmarked reserves of £2.161million be approved.

REASONS FOR DECISIONS:

- (1) Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.
- (2) Changes to the Council's balances are monitored and approved.

(Take with Item 13)