



Councillor Cliff Lunn - Executive Member for Finance and Resources

Report to Council on 28 September 2021

Executive 9 September 2021

Q1 Results and Budget Exceptions

Covid-19 continues to have an impact on this financial year - the MHCLG return submitted for June indicates an overall estimated gross impact on Council finances of £2,730k across both the General Fund and HRA when compared to pandemic budget levels.

At the end of Q1, surpluses of (£60k) for the GF and (£155k) for the HRA were estimated.

General Fund planned savings were forecasted at (£184k), but the £195k saving in the Housing Revenue Account for the housing system will not be achieved this year as it is predicated on the implementation of phase 2 of the housing system which will now not happen until later in the year.

The capital programme was underspent by (£1,422k) at the end of quarter 1. Of this, (£363k) is forecast to be underspent at the year end, which is all in the General Fund.

A similar trend is emerging on the Programme for Growth - spend was £412k in quarter 1, £239k of which was staffing costs with the majority of the remainder on visitor economy, transforming cities fund and towns master planning.

The report also recommended virements from the additional resource contingency to planning to support the team to operate at full capacity and reduce the backlog of applications along with some additional, exceptional demand pressures.

Treasury Management – Quarterly Update Q1 2021/22

This report reviewed the Council's borrowing and investment activity (Treasury Management) for the period 1st April to 30th June 2021 (Q1).

The Prudential Indicators have been updated following approval of a revised Medium-Term Financial Strategy and Capital Programmes and removal of planned borrowing on the housing delivery programme.

On average the Council's investments totalled £74.7m over the quarter at a rate of 0.18% and earned interest of £34k which is £5k above the year-to-date budget. Interest rates remain low and as older investments with higher rates are maturing, they are being replaced by new investments at the depressed rates.

In addition to investments held in the pool, the Council has £4.77m invested in property funds as at 30 June 2021. The funds achieved 3.81% revenue return and 2.50% capital gain. Whilst it is encouraging to see capital improvement following more recent falls, these funds are long term investments and changes in capital values are realised when the units in the funds are sold.

Long-term borrowing totalled £52.833m at 30th June 2021 with interest payments of £1.912m forecasted for 2021/22 – a small saving on the budget as a result of original planned borrowing not required.

The Council had no short-term borrowing in place as at 31 June 2021 and its affordable limits for borrowing were not breached during this period.

Business Grants

Over 500 businesses forced to close in the November and January national lockdowns received grant payments totalling £5.9 million. Public houses also received an additional £150,232 in grants in separate schemes.

The Restart Grant which was announced in the Budget from 1 April onwards has now closed for applications. A total of £4,098,032 has been paid to 535 businesses in individual grants ranging from £2,667 to £18,000. The amount of grant was determined by the sector the business is in, e.g., retail, leisure, and the rateable value of the property.

The discretionary Additional Restrictions Grant (ARG) scheme has been paid to businesses from the November lockdown onwards in phases to support them through ongoing restrictions, 373 businesses received grants totalling £2,637,506. As all the original funding allocation of £2.6 million was distributed within the required timescale from central government, we secured a further funding pot to continue providing assistance and an amount of £673,000 was received.

A third phase of funding was considered for those businesses that could evidence that the delay of the recovery roadmap and continuing restrictions had caused them reduced trade and they still had fixed costs of the business to maintain. This phase has now closed with 73 businesses receiving a further £470,073 in grant support payments. The remaining £170,000 in the fund can be used for wider business support until March 2022.

Test and Trace support payments

Since September 2020 the Benefits & Taxation Section has been administering the £500 payments on behalf of the Department for Health & Social Care, the scheme has now been extended with no definitive end date. Payments totalling £244,500 have been made to residents to help them during self-isolation. The main scheme is fully funded by central government, the discretionary funding is limited, however payments issued have not yet exceeded the funding provided.

Increase in National Insurance Contributions

I am sure colleagues will have seen the Government's plans to increase national insurance contributions by 1.25% for employers and employees which will provide additional funds to address the backlog in the NHS, and beyond that, to help fund the costs of Adult Social Care. Specific detail is awaited but it is understood that public sector employers will be compensated for the increase in employer contributions and new burdens from the impact on contractual costs will be considered through the spending review.

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