



Report to Cabinet

Date:	10 November 2020
Title:	Quarter 2 Budget Monitoring Report
Relevant councillor(s):	Cllr Katrina Wood
Author and/or contact officer:	Matt Strevens, Head of Corporate Finance, ext. 3181
Ward(s) affected:	None specifically
Recommendations:	Cabinet are asked to note the current forecast outturn for the financial year 2020/21 and the latest estimates of impacts and funding related to Covid-19.
Reason for decision:	To understand the current financial position of the Council.

1. Executive summary

- 1.1 This report sets out the Revenue and Capital outturn position for Buckinghamshire Council for the financial year 2020/21.
- 1.2 A full analysis of the forecast outturn for each of the Council's six Directorates is contained within the appendices to this report. As well as narrative information, the financial performance against their associated targets is shown.
- 1.3 Forecast Revenue outturn is an overspend of **£4.9m**, which has reduced from the £6.0m reported for Quarter 1 through additional funding and active management of overspends.
- 1.4 The forecast Capital outturn is **£174.7m**, representing slippage of **£15.7m**. This is an increase of £10.5m from the £5.2m reported at Quarter 1.
- 1.5 Mitigating actions to address the in-year forecast revenue overspend include continued lobbying of government for the full recovery of all additional expenditure and lost income in relation to Covid-19, action within Directorates to identify additional mitigations, as well as the review of commitments against earmarked

reserves and corporate contingencies included within the budget. Actions already identified have contributed to the reduction in the forecast overspend.

2. Content of report

2.1 Revenue Budget Outturn

The forecast revenue budget outturn is summarised in Table 1 below. The key Directorate variances are explained in Appendix 1. The outturn forecasts represent the anticipated year end position reflecting knowledge and understanding about the outcome of events and management actions within the remainder of 2020/21, and variances are split between Business as Usual and those relating to the Covid-19 response. Clearly circumstances are continuing to change and consequently the forecast outturn position will continue to be monitored closely.

Nationally many Councils find themselves in difficult financial positions, both as a result of existing pressures, and exacerbated by the impact of Covid-19. Whilst Buckinghamshire Council is clearly experiencing pressures both in Business as Usual budgets and as a result of Covid-19, we currently hold circa £47m of General Fund Reserves, whilst a significant number of Local Authorities have depleted their reserves in managing pressures over previous years. Relative to the sector we are in a significantly healthier position to address these issues this year and into future years.

All directorates are forecasting to overspend this year, a major driver behind this being the loss of income and increased costs in relation to the Council's response to Covid-19. Overall Directorate budgets are forecast to overspend **by £47.4m**, compared to £44.4m reported at Quarter 1. **£41.8m** of the current overspend is due to additional costs and lost income as a result of Covid-19, an increase of £2.8m from Quarter 1 and **£5.6m** being on Business as Usual activities, an increase of 0.3m from Quarter 1.

The most significant movements in Directorate Business as Usual budgets are within Adults & Health, where the overspend of £1.8m reported at Quarter 1 is now an underspend of **£0.3m**. This change is due to an emerging underspend in Older People linked to the impact of Covid-19 on existing client numbers, funding arrangements with the NHS and a reduction in the normal anticipated growth levels. In Children's Services the forecast overspend has increased by £3.6m to **£5.3m**. £2.4m of this increase is from significantly lower levels of income being received for Home to School Transport, and £1.2m relates to increased numbers of high cost placements being made.

Corporate & Funding are forecast to underspend by **£42.5m**, due to an estimated £39.6m of additional un-ringfenced grant income from central government in response to Covid-19. At Quarter 1 this was expected to be £38.4m, however further funding announcements to support the ongoing costs of Covid-19 have been made during the second quarter. This comprises **£29.1m** of un-ringfenced grants to cover expenditure pressures in 2020/21 and an estimate of **£10.5m** of grant income from the Sales, Fees and Charges lost income compensation scheme. In addition, **£2.9m** of corporate contingencies are not currently forecast as committed.

Appendix 1 provides further detail on the revenue forecast outturn by Directorate.

Appendix 2 presents a breakdown of pressures arising from Covid-19. The 2020/21 pressure resulting from Covid-19 differs from the total pressure as approximately £0.4m of costs and lost income were absorbed within 2019/20, and £0.5m of grant was applied to cover other Covid-19 costs within 2019/20.

Table 1 – Summary of Council Revenue budget outturn

		Budget	Forecast	Variance		Variance:	
		£m	£m	£m	%	COVID	BAU
		£m	£m	£m	%	£m	£m
	Expenditure	207.6	242.1	34.5	17%	29.2	5.3
	Income	(58.4)	(83.7)	(25.3)	43%	(19.8)	(5.6)
	Adults & Health	149.2	158.4	9.2	6%	9.4	(0.3)
	Expenditure	600.1	592.9	(7.2)	(1%)	3.0	(10.2)
	Income	(496.0)	(480.4)	15.6	(3%)	0.1	15.5
	Children's Services	104.1	112.5	8.4	8%	3.1	5.3
	Expenditure	90.9	95.7	4.8	5%	5.9	(1.1)
	Income	(33.0)	(20.0)	13.0	(39%)	11.9	1.1
	Communities	57.9	75.7	17.8	31%	17.8	-
	Expenditure	25.0	29.5	4.5	18%	1.1	3.3
	Income	(2.5)	(6.0)	(3.5)	...	0.2	(3.7)
	Deputy Chief Executive	22.5	23.5	1.0	4%	1.3	(0.4)
	Expenditure	51.1	51.5	0.4	1%	5.3	(4.9)
	Income	(39.4)	(31.4)	8.0	(20%)	2.6	5.5
	Planning, Growth & Sustainab	11.7	20.1	8.4	72%	7.9	0.6
	Expenditure	171.5	163.0	(8.5)	(5%)	1.4	(9.8)
	Income	(131.0)	(119.9)	11.1	(8%)	0.9	10.2
	Resources	40.5	43.1	2.6	6%	2.3	0.4
Directorates		385.9	433.3	47.4	12%	41.8	5.6
	Corporate	53.5	50.6	(2.9)	(5%)	-	(2.9)
	Funding	(439.4)	(479.0)	(39.6)	9%	(39.6)	-
Corporate & Funding		(385.9)	(428.4)	(42.5)	11%	(39.6)	(2.9)
Total		-	4.9	4.9	...	2.2	2.7

Actions to mitigate Business as Usual pressures are being considered within each Directorate.

Mitigating actions to address the in-year Covid-19 overspend include continued lobbying of government for the full recovery of all additional expenditure and lost income, Directorate action to identify additional mitigations within their budget, as well as the release of uncommitted earmarked reserves and corporate contingencies included within the budget.

2.2 Capital Budget Outturn

The capital programme forecast outturn position reflects underspend/slippage of £15.7m (8.2% of total budget) and is summarised in Table 2 below. This represents an increase of £10.5m from Quarter 1. Slippage may increase further if Covid-19 restrictions continue to impact on delivery of the capital programme.

Significant slippage / underspends are reported in Children's Services (£5.6m), Communities (£3.5m) and Planning, Growth & Sustainability (£6.3m). Children's Services slippage relates to the School Places programme, where restricted site access has delayed progress. Planning, Growth and Sustainability slippage comprises £7.3m on Economic Growth & Regeneration projects, £1.5m of Property projects, offset by accelerated progress on Housing projects of £2.8m.

Detail of the projects this relates to can be found in **Appendix 1**.

Table 2 – Summary of Council Capital budget outturn

Directorate	Actuals to Date £000	Released Budget £000's	Unreleased Budget £000's	Total Budget £000's	Forecast Outturn Released £000's	Forecast Unreleased £000's	Forecast Outturn £000's	Forecast Variance £000's
Adults & Health	55	491	0	491	300	0	300	-191
Children's Services	6,954	33,570	4,287	37,857	30,496	1,800	32,296	-5,560
Communities Directorate	30,098	70,445	14,255	84,700	74,486	6,681	81,167	-3,533
Planning Growth & Sustainability	14,770	46,674	12,452	59,126	46,770	6,085	52,856	-6,270
Resources Directorate	946	5,643	2,561	8,204	5,608	2,500	8,108	-96
Grand Total	52,824	156,822	33,555	190,377	157,660	17,066	174,726	-15,651

3. Other options considered

3.1 None arising directly from this report.

4. Legal and financial implications

4.1 This is a Finance report and all the financial implications are included in the report.

4.2 There are no legal implications arising from the report.

5. Corporate implications

5.1 Actions resulting from consideration of this report may influence future expenditure in areas of concern / interest.

6. Consultation and communication

6.1 N/A

7. Next steps and review

A further paper will be brought to Cabinet outlining the forecast outturn for the financial year 2020/21 following the conclusion of Q3.

8. Background papers

Appendix 1 – Directorate level summaries.

Appendix 2 – Covid-19 impacts.

9. Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk].

