

Report to Cabinet



Date of Meeting	31 st August 2021
Portfolio	Cabinet Member for Finance and Corporate and Corporate
Report Author	Samantha Smith
Public/Private Document	Public

Finance Update Report Quarter 1 2021/22

Executive Summary

1. To inform Cabinet and the Corporate Overview and Scrutiny Committee of the Council's forecast 2021/22 financial position as at the end of June 2021.

1.1 The Finance Update report contains details of the following:

- The forecast Revenue outturn position, which is a break even position. The General Fund pressure relating to Covid-19 is £14,346k, and is offset by the use of government funding and reserves.

There continues to be a pressure on the High Needs Block Dedicated Schools Grant (DSG). The forecast 2021/22 in-year pressure is £175k which will leave a closing 2021/22 deficit position on the DSG reserve of £5,254k, which is being addressed through the Recovery Plan. An update to the current Recovery Plan is due to be considered by Schools Forum in the autumn.

- Savings plans of £1,167k ongoing and £8k one off were included in the 2021/22 budget, as part of the 2021/22 Estimates process. These are currently forecast as achieved, on target or to be achieved through mitigating actions. In 2020/21 unachieved savings of £150k were reported which continue in 2021/22; these will be met through the use of Government Grants and through mitigating actions.
- An update on the Health & Social Care Pool Fund opening position. A detailed report is to be presented to ICB on 31st August 2021.
- Forecast Capital expenditure of £107,328k; this is net of:

- brought forward balances from previous financial years of £94,703k
 - re-phasing of £56,258k into future years, mainly relating to work that has been completed to review and re-profile the Capital Budget , and
 - Capital budget increases of £11,697k.
- The forecast 2021/22 Collection Fund position of a deficit of £6,062k, which will be mitigated by additional Government Section 31 grant of £9,498k, leaving a residual surplus of £3,436k.

Recommendations

- 2.1 Cabinet notes the forecast 2021/22 financial positions for Revenue, Capital, and the Collection Fund as at the end of June 2021, as detailed in section 4.
- 2.2 Cabinet notes the emergency delegated decision which has been made for the use of the Covid Local Support Grant of £882k to contribute to food vouchers for the Summer Break, as shown in section 4.1.2.
- 2.3 Cabinet approve the commencement of procurement for the Council’s long term contracts for insurance detailed in section 4.1.2.
- 2.4 Cabinet notes the Health & Social Care Pool Budget opening position as detailed in section 4.2.
- 2.5 Cabinet approves the Budget Pressure requests detailed in section 4.3.
- 2.6 Cabinet notes the forecast achieved Savings target in section 4.4.
- 2.7 Cabinet notes the net Capital budget changes of £11,697k, which includes the return of £400k of budget relating to Link4Life detailed in section 4.6.1.
- 2.8 Cabinet notes the Capital re-phasing of £56,258k into future years detailed in section 4.6.2.
- 2.9 Cabinet approves the requests to switch budgets within the Economy Service and Neighbourhoods Service as detailed in section 4.6.3.
- 2.10 Cabinet notes the switch between Resources and Neighbourhoods as detailed in section 4.6.3.

Reason for Recommendation

- 3. Cabinet 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.

This report focuses on the forecast 2021/22 financial position as at the end June 2021.

Key Points for Consideration

4. Revenue Budget 2021/22

4.1 The budget set by Budget Council on 3rd March 2021 was £235,984k:

Approved by	When	Reason for change	Amount (£'000)
Budget Council	Mar-21	Approved budget	235,984
		GRAND TOTAL	235,984

The Revenue Budget Table in 4.1.1 provides detail of budget allocations and the estimated 2021/22 financial position.

4.1.1 The forecast position as at the end of June 2021 is a General Fund breakeven position

- Non Covid-19 in-year forecast is a breakeven position.
- The pressure attributable to Covid-19 of £14,346k is covered by government Covid funding and use of reserves.

The table below provides detail by Directorate:

Directorate/Detail	Current Controllable Net Budget	Forecast Controllable Outturn Qtr1	Forecast In-Year Saving (Overspend)
	£'000	£'000	£'000
Adult Care	50,261	50,261	-
Children's	47,344	47,621	(277)
Economy	16,110	16,547	(437)
Neighbourhoods	52,238	52,307	(69)
Public Health	19,186	19,186	-
Resources	12,291	12,122	169
Total Services Spending	197,430	198,044	(614)
Contribution from Integrated Pool	106,000	106,000	-
Contribution to Integrated Pool Budget	(106,000)	(106,000)	-
Total Pooled Budgets		-	-
Finance Control Corporately Held	12,117	11,503	614
Finance Control Budget Pressures	1,469	1,469	-
Total Finance Control Spending	13,586	12,972	614
Net Expenditure	211,016	211,016	-
Uncontrollable Budget Spend	24,968	24,968	-
Total Budget	235,984	235,984	-

The variations to controllable Revenue budget, by service, which are not related to Covid-19 are detailed below, and further detail may be found in Appendix A:

Service	Narrative	Amount £'000
Adult Care	The core service provision is expected to break even with a pressure from commissioned placements being matched by in year savings, mainly from staff turnover and one off funding from Health.	0
Children's	<p>As at quarter 1 the overall position on the general fund element of the children's budget is a £277k overspend which is related to the pressure on SEND transport. This is a statutory duty which cannot be funded by the dedicated schools grant.</p> <p>DSG - There is also an overspend on the High Needs block Dedicated Schools Grant (DSG) of £175k which is related to continued growth within SEND. Additional national high Needs Funding and a 0.5% transfer from the schools block have helped to reduce the projected pressure, however the service are seeing a big increase in applications for Education Health and Care Plans and therefore this may be a delayed impact of Covid 19. The forecast cumulative deficit position is £5.254m.</p>	(277)
Economy	The Economy Directorate is reporting a potential in-year pressure of £437k, within the Property Growth Fund due to the budgeted savings requirement being based on forecast levels of investment to date; as potential investments depend upon market forces and the availability of suitable opportunities the Council's actual level of investment to date is lower than initially anticipated and therefore the savings requirement does not match operational activity. Future years approved budgets are being realigned to take into account current investment levels and so this is a non-recurrent pressure.	(437)

Service	Narrative	Amount £'000
Neighbourhoods	<p>The Neighbourhoods Directorate is reporting a potential in-year pressure of £69k. £195k relates to projected shortfalls on income generated from solar energy and from bin sales due to the number provided free through the appeals process. Against this the Directorate is currently forecasting in-year savings of £126k, mainly from delayed filling of vacancies.</p> <p>There is a pressure relating to the Homelessness service area due to increased numbers of service users and accommodation costs, which can only be partially offset by Government Housing Benefit subsidy. Although budget provision has been made, further corporate funding of £500k has been earmarked to address the forecast pressure.</p> <p>A request is made for £60k recurrent budget pressure funding in 22/23 for additional costs which will be incurred as a result of bringing the CCTV service in house</p>	(69)
Finance Control	In-year saving relates to reduced borrowing costs (deferred and lower rates) plus slightly higher investment income received than originally projected.	614
Resources	The Resources Directorate is reporting a potential in-year saving of £169k. In addition to the previously reported pressures for the Legal Shared Service with Manchester City Council in 2020/21, there are further pressures as a result of software costs & work around the Council Tax Review within Revenues and Benefits. These pressures are mitigated from in-year employee savings from vacant posts, temporary arrangements and one off funding.	169
Total		0

4.1.2

- The use of Covid Local Support grant received of £882k, to provide food vouchers to support vulnerable households for the summer break, has been approved through the emergency delegated decision process. The overall cost of the initiative over the summer to support households living in poverty through food clubs, the food solutions network and other means, is £1,133k. Budgets have been identified to meet all costs apart from a £50k shortfall. A budget pressure request of £50k was approved as part of the delegated decision process, detailed in Section 4.3.

- Insurance Tender 2022/23; The Council's Long Term Contracts with current insurers are due to expire 31st May 2022. The Council usually tender on a three plus two year basis. The total premium spend for the 2021/22 renewals was just over £1.573m.

The last tender took place in 2017 and contained 13 separate lots / policies including associated claims handling services. In order to protect the Council financially, and comply with certain mandatory insurance requirements, it is recommended that insurance is procured to cover the 2022/23 – 2024/25 policy years, with the option to extend to 2026/27. Approval is sought to commence the tender process and approach the insurance market for quotations.

4.1.3 The variations to controllable Revenue budget, by service, due to Covid-19 are detailed below:

Expenditure	£'000s
Adult Social Care	3,838
Children's Social Care/Education	3,630
Public Health & Housing	8,526
Cultural & Related	1,678
Environmental & Regulatory Services	220
Finance & Corporate	2,615
Other services	1,414
Total forecast expenditure pressure	21,921
Less funding received for specific Covid-19 grants & CCG funding	(15,767)
Forecast net expenditure pressure	6,154
Income	£'000s
Sales, fees and charges	1,389
Commercial Income	6,803
Forecast reduction in income	8,192
Total forecast pressure	14,346
Use of 2021/22 unringfenced Government Emergency Funding, and Covid Reserve b/fwd from 2020/21	(12,346)
Forecast Government compensation re Sales, Fees & Charges Income, and use of reserves	(2,000)
Forecast 2021/22 net Covid pressure	0

The Government developed an income compensation scheme for lost sales, fees and charges for 2020/21 and the first quarter of 2021/22 as a result of the impact

of Covid 19. The Council will be submitting a claim for the quarter 1 pressure. The scheme does not compensate the Council for any commercial income losses.

Work continues to assess the financial impact and timeframe involved relating to Covid-19. The longer term implications are being considered to support the Council in its financial planning going forward.

As at 31st March 2021, £8,679k was held in an earmarked reserve to be used to offset the post 2020/21 impact of Covid 19, recognising that some of the forecast financial impact of the pandemic will not materialise until 2021/22 and future years. The reserve is to be used to offset demand led and economic pressures as the pressure materialises.

4.2 Health & Social Care Pool Budget

As at the end of June 2021 there is no gap forecast for 2021/22. The risk share agreement for 2021/22 makes each Partner responsible for their own pooled fund gap.

The full report for the Health & Social Care Pooled Fund will be presented to ICB on 31st August 2021.

2021/22 Expenditure Budgets	Opening 2021/22 Budget £000's
<u>Adults' Services</u>	
Management, Support and Commissioning	3,100
Adults, Older People and Physical Disability	48,300
Learning Disability / Mental Health	60,200
Acute Health Care	116,500
Primary Care - Prescribing	32,200
Other Services	9,900
Adult Public Health	7,700
Total Adult Pooled Services	277,900
<u>Children's Services</u>	
Management, Support and Commissioning	2,800

2021/22 Expenditure Budgets	Opening 2021/22 Budget £000's
Children's Early Intervention	7,200
Health Community Services	13,800
Learning Disability / Mental Health	8,000
Special Educational Needs	4,200
Acute Health Care	22,900
Children 0-19 Public Health	5,500
Cared for Children and Safeguarding	28,600
Primary Care - Prescribing	8,600
Other Services	1,800
Total Children's Pooled Services	103,400
Total Health and Social Care Pooled Budgets	381,300
<u>Contribution from Partners</u>	
CCG	(275,300)
LA	(106,000)
Total Contributions	(381,300)
Budget Gap	-

4.3 Budget Pressures

The Budget Pressure Fund for 2021/22 is £2,429k; this includes brought forward ongoing budget of £500k and one off funding of £928.6k. The following table details requests received for the 1st Quarter to 30th June 2021, and requests approved from previous financial years:

Service	Ongoing £000s	One-off £000's	Total £000s	Narrative
Balance Brought Forward	500.5	928.6	1,429.1	

Service	Ongoing £000s	One-off £000's	Total £000s	Narrative
Base Budget 2021/22	1,000		1,000	Increased allocation
Total Previous Years Allocations	429.6	451	880.6	
Opening Balance for 2021/22	1,070.9	447.6	1,548.5	The balance brought forward is net of previously approved allocations
Quarter 1 Requests:				
Children's		50		Top-up funding has been approved in the delegated report for Food Vouchers to be provided to families throughout the Summer break
Economy	108.4			Building Control request 3 year funding for 3 posts to develop, and address sustainability of the service: Trainee Technical Admin Officer, Trainee Building Control officer & Building Control
Neighbourhoods		92.1		To fund additional staff, marketing, and events expenditure relating to the Climate Change Emergency agenda. Future years funding will be sought through the budget setting
Funding Remaining 2021/22	962.5	335.5	1,298	
Future Year Allocations 2022/23				
Neighbourhoods	60			Budget pressure request for CCTV to ensure service continuity.

If the requests are approved the balance remaining for budget pressures in 2021/22 is £1,298k; £962.5k ongoing and £335.5k one off.

4.4 **Savings**

The overall savings target for Services for 2021/22 is £1,175k (£1,167k recurrent, and £8k one-off), as approved as part of the 2021/22 estimates process.

Within the final 2020/21 outturn report there were unachieved savings of £150k. These savings continue to be a pressure in 2021/22 and will be achieved through the use of Government grant or through mitigating actions within the Service in 2021/22.

The table below shows the savings for 2021/22, as agreed in the 2021/22 estimates process, which are all forecast to be achieved, on target or achieved through mitigating actions.

Service	Nature of Saving	Savings Target - Ongoing	Savings Target - One Off	Total Balance to Address
		£'000	£'000	£'000
Adult Care	Staffing reduction in Adult Social Care in areas not covered by other savings proposals	40		-
Adult Care	Changes to Adult Care charging policy	80		-
Adult Care	Staffing realignment Prevention / Recovery and Reablement Teams*	119		-
Economy	Increased Planning Income from Pre Application Charges/Planning Performance Agreements	30		-
Economy	Project Manager Capitalisation (NB)	20		-
Economy	Re-letting for health and social care		8	-
Economy	Admin support review	10		-
Resources	Treasury management review	300		-
Resources	Insurance reserve review	300		-
Resources	Revenues and Benefits Service Review	50		-
Resources	Artificial Intelligence - Revenues and Benefits	30		-
Corporate	Leadership and Senior Management Review	188		-
	Total Savings and Balance to Address	1,167	8	-

4.5 Transformation Fund

The following schemes have been allocated Transformation funding for 2021/22. There are no savings targets attached to these budgets. A brief description of funding allocated is listed below:

- **Economy**

Strategic Planning Core Budget: - The transformation funding of £106k has been used to supplement the core budget for the Strategic Planning team. This has allowed the team to continue to focus on work to support the Greater Manchester Spatial Framework which is an integral part of the growth plans for Rochdale and the Covid-19 recovery plan.

One Public Estate (OPE) - Integration Manager & Support Officer: - Funding provided of £67k for additional staff to enable participation in partnership working around the OPE programme. The benefits of which include: asset rationalisation across the public estate, rental income, capital receipts and access to sources of funding.

- **Resources**

Council property title and marketing project funding of £19k (Creation of 2 Full Time Equivalent (FTE) Post for 24 months (year 1):-Council property title and marketing project (Creation of 2 FTE Post for 24 months (year 2):- Having a dedicated resource has enabled matters to be completed much quicker which has resulted in increased capital receipts and associated legal fees.

Stepping up approach to transformation: - Funding of £45k (2021/22) for a 2 year Transformation & Reform Lead Role. Whilst currently vacant, the role is expected to be advertised in the near future and therefore the remaining budget is expected to be spent.

Artificial Intelligence Project: - Funding of £61k (2021/22) for Two Proof of Concept projects which are currently being undertaken within Revenues & Benefits. The projects are expected to utilise the full budget funding made available through the Transformation Fund.

4.6 Capital Budget 2021/22

The forecast position for the 2021/22 Capital Budget is £107,328k, with spend to date of £8,032k (7% of budget). The table below shows a summary of the budget movements to the end of June 2021:

	2021/22	2022/23	2023/24
	£'000s	£'000s	£'000s
BUDGET COUNCIL MARCH 2021	57,186	32,468	46,760
Rephasing b/f (from previous years)	105,820	20,850	12,355
Capital Budget Changes	11,697	(831)	
Rephasing c/f (from previous years)	(11,117)		
Rephasing requested Qtr 1	(56,258)	51,258	5,000
BUDGET AS AT END OF JUNE 2021	107,328	103,745	64,115

4.6.1 Capital Budget Changes

Details of the increases to capital budgets are shown in the table below:

Service	Narrative	Funding Method	Capital Budget Increases (Reductions) £000's
Children's	Adjust Devolved Formula Capital budget to reconcile with final allocation	External Funding	9
Children's	Adjust Schools Capital Condition budget to reconcile with final allocation	External Funding	1,143
Neighbourhoods	Local Transport Plan Funding reduction adjustment	External Funding	(1,357)
Neighbourhoods	Integrated transport block grant	External Funding	1,068
Neighbourhoods	S106 use of grants	External Funding	48
Neighbourhoods	Decarbonisation scheme adjustment to the Capital Programme as grant was not confirmed in time for Budget Council.	External Funding	11,062
Neighbourhoods	Middleton Arena Refund	RCCO	124

Service	Narrative	Funding Method	Capital Budget Increases (Reductions) £000's
Public Health	Link4Life Capital Projects, Removal of the £0.4m budget for the Rochdale Leisure Centre Gym Expansion which will no longer be going ahead.	Borrowing	(400)
Total Capital Budget Changes			11,697

4.6.2 As part of the financial monitoring and analysis of ongoing pressures being placed on the Council following the Covid 19 pandemic, a review of the Capital Programme has been undertaken to reduce the future debt repayment burden on the Council as part of the Medium Term Financial Strategy and to understand spend in the current year and the impact on the Council's cash flow.

There has been a review of 2021/22 capital budgets across the Council to consider whether schemes could be re-prioritised, and rephased into future years or reduced. The review has categorised projects within these budgets under several categories to assist with prioritisation and understanding of the link to revenue costs over and above repayment and risk.

Capital Re-phasing requests to the end of June 2021, which have been approved by the Chief Finance Officer, are shown in Appendix B (2).

The estimated revenue savings to be achieved through the rephasing of schemes above funded via prudential borrowing have been accounted for in the quarter 1 Revenue monitoring, and will be included in the 2022/23 Estimates process.

4.6.3 The following budget switches are requested to fund expenditure:

Service	Scheme	Budget Switches £000s
Neighbourhoods	Kirkholt Investment - Scheme underspend is requested to be transferred to Balderstone Park	(6)
Neighbourhoods	Additional Highways Funding Scheme underspend is requested to be transferred to Balderstone Park	(78)
Neighbourhoods	Section 106 - Environmental Management - £84k requested to be transferred to the Balderstone Park scheme from the Additional Highways scheme and the Kirkholt Investment scheme.	84
Neighbourhoods	Coroners Service accommodation - request to switch budget underspend to CCTV project	(87)
Neighbourhoods	CCTV Upgrade - Budget from Coroners Service Accommodation and current budget is requested to	87

Service	Scheme	Budget Switches £000s
	rephase to 2022/23 as project will span multiple years	
Economy	Asset Development Fund - Chamber House Solar Farm £2,205k to be switched to Property Growth Fund to provide match funding to allow the scheme to progress.	(2,205)
Economy	Property Growth Fund - Chamber House Solar Farm £2,205k to be switched from Asset Development Fund.	2,205
Economy	Rochdale Market - £36k to be switched to fund expenditure on Town Centre Residential Strategy in 21/22	(36)
Economy	Town Centre Residential Strategy: (£36k) to be switched from Rochdale Market to fund expenditure in 2021/22	36
Economy	Hopwood Old Hall - Feasibility: £50k to be switched to Hopwood Hall Refurbishment to form a combined Hopwood Hall budget.	(50)
Economy	Middleton Town Centre Phase 3: Hopwood Hall Emergency Works budget to be switched to Hopwood Hall Refurbishment to form a combined Hopwood Hall budget.	(2)
Economy	Hopwood Hall Refurbishment: Budget to be switched from Hopwood Hall Emergency Works (£2k) and Hopwood Hall Feasibility (£50k) to form a combined Hopwood Hall budget.	52
Economy	Milkstone Road Master Plan: To be switched to Rail Corridor Strategy scheme - railway schemes are being merged into one code for monitoring purposes	(2,248)
Economy	East Lancs Railway Castleton Masterplan: £1,230k to be switched to form a merged Rail Corridor Strategy in 2021/22.	(1,230)
Economy	Smithybridge Railway Station: £400k to be switched to form a merged Rail Corridor Strategy in 21/22.	(400)
Economy	Railway Strategy Park & Ride: £233k to be switched to form a merged Rail Corridor Strategy in 21/22.	(233)
Economy	Rail Corridor Strategy: Several schemes totalling (£4,111k) to be merged to form the Railway Corridor Strategy. £1,000k to be rephased to 2022/23. Awaiting the purchase of land at various sites.	4,111
	TOTAL	0

A switch of £2,000k in 2021/22 and £500k in 2022/23 from the Investment Fund to the Highways Maintenance in-house service has been approved, using the delegated authority of the Chief Finance Officer, Leader and Portfolio Holder. This is to allow the project to progress, enabling necessary equipment to be purchased in advance of the undertaking planned from 1st April 2022.

4.6.4 Capital Receipts

Capital receipts are received on the sale of various assets including land, buildings and vehicles. The forecast movements in the Capital Receipts Reserve during 2021/22, and provisionally for 2022/23 to 2024/25 are included in the table below.

Description	2021/22	2022/23	2023/24	2024/25
	£000s	£000s	£000s	£000s
Capital Receipts balance as at 1st April 2021	10,867	2,338	2,347	2,847
Use of Capital Receipts to fund 2021/22 Capital Programme, including prior year schemes rephased into 2021/22	(8,329)	-	-	-
Use of Capital Receipts to fund provisional 2022/23 and 2023/24 Capital Programmes, and 2021/22 rephasing into future years	-	(44)	-	-
Earmarked use of receipts to fund other future commitments	(2,916)	(1,588)	(109)	-
Capital Receipts income	2,717	1,641	609	400
Forecast uncommitted Capital Receipts balance as at 31st March 2022	2,338	2,347	2,847	3,247

The forecast uncommitted Capital Receipts Reserve balance as at the end of 2024/25 is £3,247k.

4.7 Collection Fund

4.7.1 The forecast Collection Fund outturn position for 2021/22 is a deficit of £6,062k, comprising:

- £7,105k deficit relating to Business Rates. However Section 31 grant of £9,498k is forecast to be received to offset Extended Retail Relief discount given; this will leave a forecast net residual surplus of £2,393k.
- £1,043k surplus relating to Council Tax.

The recovery of the Collection Fund from the impact of the pandemic is uncertain; it continues to be affected by the impact of Covid-19 and Government initiatives on businesses and Council Tax payers.

4.7.2 Table 1 shows the forecast 2021/22 Collection Fund position, and the allocation between precepting authorities.

Table 1 – 2021/22 Collection Fund forecast outturn

	Business Rates	Council Tax	Total
	£'000	£'000	£'000
Forecast 2021/22 Collection Fund (surplus)/ deficit	7,105	(1,043)	6,062
Preceptors' share of forecast 2021/22 outturn			
Rochdale BC	7,034	(885)	6,149
GMCA Mayoral Police & Crime Commissioner	-	(112)	(112)
GMCA Mayoral General (including Fire Services)	71	(46)	25
Forecast Outturn (surplus)/ deficit	7,105	(1,043)	6,062
S31 income - Extended Retail Relief	(9,498)	-	(9,498)
Forecast net surplus	(2,393)	(1,043)	(3,436)

The Council's share of the forecast Collection Fund deficit is £6,149k, which will be wholly offset by Government Section 31 grant funding of £9,403k, leaving a net surplus position of £3,254k. This surplus position is a positive position for the first quarter and will be subject to on-going review throughout the financial year.

The following table provides the explanation of variances relating to Business Rates:

Explanation of variance	Variation to budget, £'000
Forecast decreased net Business Rates income mainly due to the government decision to give Extended Retail Relief for 2021/22, linked to the Covid19 pandemic; Section 31 grant to offset the discount given is received in the Council's General Fund.	9,548
Actual deficit brought forward from 2020/21 is £2,443k lower than had been forecast as part of the 2021/22 Budget process.	(2,443)
Forecast 2021/22 Outturn deficit	7,105
S31 income - Extended Retail Relief	(9,498)
Net forecast 2021/22 Outturn surplus, after S31 relief	(2,393)

The following table provides an explanation of variances relating to Council Tax:

Explanation of variance	Variation to budget, £'000
Forecast reduced level of Local Council Tax Support discount given due to reduced numbers of Working age claimants; however there is uncertainty regarding the impact on individuals of the ending of the Covid19 furlough scheme and issues relating to the economy	(400)
Forecast reduced charge relating to the bad debt provision, although there is uncertainty relating to the on-going impact of Covid 19 on debt collection.	(300)
Actual deficit brought forward from 2020/21 was £3,133k; £3,476k deficit was forecast as part of the 2021/22 Budget process.	(343)
Forecast 2021/22 Outturn surplus	(1,043)

There will be a longer term impact on Collection Fund income which is dependent on the recovery of businesses and households. This will impact on the Council's core funding for services. Work is ongoing to assess the longer term impact on the Council's financial position.

4.9 **Alternatives considered**

- 4.9.1 Not reporting on financial performance puts at risk the achievement of the Council's Medium Term Financial Plan. 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.

Costs and Budget Summary

5. **Financial Implications**

The main body of the report provides a detailed analysis of the forecast 2021/22 Finance Outturn position.

Risk and Policy Implications

6. There are no significant legal implications arising as a result of this report to the Cabinet and the Corporate Overview and Scrutiny Committee, but it should be noted that debts, which are recoverable, can be enforced by Court action in accordance with the Court Procedure Rules.

The impact of Covid-19 pressures relating to additional expenditure and lost income is forecast to continue to have an impact on the Council's financial

position both in 2021/22 and in the medium term. The 2021/22 budget and Medium Term Financial Plan include forecast lower income levels for Business Rates and Council Tax due to the pandemic, which is being offset through the use of both one off government funding and reserves in the short term. However, this cannot be sustained in the longer term. Recovery from the pandemic is being closely monitored.

Unresolved appeals against the revaluation assessments for 2010 and 2017 cause uncertainty and financial risk for the Business Rates income retained by the Council. The situation is monitored on a monthly basis to ensure that any changes in the trend for successful appeals are recognised due to the future impact on Business Rates income and the impact for the provision for any backdated elements.

The Valuation Office Agency (VOA) alters rating assessments if new information comes to light indicating that the valuation is inaccurate. These could relate to a demolition, new property builds or other physical changes to a property. The number of alterations, financial impact and timing of the revaluations are not within the control of the Council. There is an on-going risk that issues decided nationally by the VOA could potentially impact on Rochdale BC's Business Rates income.

The future level of collection of Corporate Debt (including Commercial Income), Business Rates and Council Tax debt is a potential financial risk, particularly with the on-going impact of the Covid-19 pandemic. Collection performance is monitored on a monthly basis to ensure that debt is recovered as efficiently and effectively as possible, whilst making adjustments to reflect the current circumstances, and so that any trends may be highlighted and action taken as necessary, at the appropriate time. Debt collection is likely to continue to be affected by the impact of Covid-19 in this financial year. Provisions have been increased to reflect the increased risk of non-collection.

Consultation

7. All services engage with the production of the directorate based financial information within this report. The Leadership Team, the Leader, Cabinet Member for Finance and Corporate, and Opposition Portfolio holder for Finance have been informed of the forecast 2021/22 financial position of the Council and its implications for future years. The report will be presented to the Corporate Overview and Scrutiny Committee on 14th September 2021.

Background Papers	Place of Inspection
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| 8. For further information about this report or access to any background papers contact Samantha Smith | No1 Riverside Floor 2 |
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For Further Information Contact:	Samantha Smith, Samantha.Smith@rochdale.gov.uk Tel : 01706 924198
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Appendix A – Revenue Budget ‘Variations to budget’ narrative – Quarter 1 to 30th June 2021

Service	Narrative	Budget £'000s	Forecast Spend	Variance
Adult Care	Neighbourhoods:- Increase in placement costs offset by one off additional income received from Health towards placements	44,986	44,887	99
	Boroughwide Services:- Pressures from higher costs commissioned places for service users	3,821	4,033	(212)
	In House Provider Services:-In year saving in staffing costs due to staff turnover of £113k	1,304	1,191	113
	Adult Care Variation to Budget	50,111	50,111	0
Children's	Cared for Children: - Small underspend on placements.	24,774	24,750	24
	Early Help/Sure Start: - Staff vacancies to date.	4,998	4,948	50
	School Support: - Overachievement of income on personnel and governors.	1,377	1,296	81
	Special Educational Needs and Disability (SEND):- Pressure on SEND transport due to continued growth in this area, this is a statutory duty. Work is ongoing to address this pressure through the Budget process.	6,477	6,934	(457)
	Youth Service: - Staff vacancies to date.	9	(16)	25
	High Needs Block - Additional High Needs Block funding for 2021/22 has reduced the pressure from prior year, however the service are seeing increased applications for Education Health Care Plan's, this may be a delayed impact of covid. This position may increase once the growth in the new school year (September) comes through.	(175)	(175)	0
	Children's Services Variation to Budget	37,635	37,737	(277)

Service	Narrative	Budget £'000s	Forecast Spend	Variance
Economy	Property Growth Fund: - The overall Property Growth Fund Investment Portfolio is forecast to deliver the 1.5% budgeted return on investments completed to date. The reported pressure of £0.437m is due to the budgeted savings requirement being based on forecast levels of investment to date; as potential investments depend upon market forces and the availability of suitable opportunities the Council's actual level of investment to date is lower than initially anticipated and therefore the savings requirement does not match operational activity. Future years approved budgets have been realigned to take into account current investment levels and so this is a non-recurrent pressure.	(1,729)	(1,292)	(437)
	Economy Services Variation to Budget	(1,729)	(1,292)	(437)
Finance Control/ Tax & Treasury	In-year saving relates to reduced borrowing costs (deferred and lower rates) plus slightly higher investment income received than originally projected.	13,586	12,972	614
	Finance Control Variation to Budget	13,586	12,972	614
Neighbourhoods	Environmental Management: - The income target relating to sale of bins is not expected to be achieved in full due to a higher than anticipated number provided for free through the appeals process (£169k). This pressure is being partially offset by £126k of savings arising from delayed filling of vacancies and small savings on fuel and equipment budgets	11,501	11,544	(43)
	Strategic Housing: - There is a pressure relating to the Homelessness service area due to increased numbers of service users and accommodation costs, which can only be partially offset by government Housing Benefit subsidy. Although budget provision has been made,	2,200	2,200	0

Service	Narrative	Budget £'000s	Forecast Spend	Variance
	further corporate funding of £500k has been earmarked to address the forecast pressure.			
Neighbourhoods	Properties: - Pressure in respect of income generated from solar energy.	229	255	(26)
	Neighbourhoods Service Variation to Budget	13,930	13,999	(69)
Resources	Finance Services: - In-year savings due to staffing.	1,759	1,752	7
	Other Managed Budgets: - In-year savings as a result of vacant posts at Finance Manager level.	2,350	2,151	199
	Revenues and Benefits: - In-year savings due to staffing are partially mitigating a pressure relating to software and work around the Council Tax Discount review.	1,799	1,834	(35)
	Legal Services: - Pressure within the Shared Legal Service with Manchester City Council.	1,805	1,938	(133)
	Human Resources: - In-year savings due to staffing.	1,877	1,812	66
	Governance: - In-year savings due to staffing.	2,074	2,009	65
	Resources Service Variation to Budget	11,664	11,496	169
	Total Variation to Revenue Budget - 2020/21			-

Appendix B – Capital Forecast Spend by Scheme as at Quarter 1, June 2021

Service	Scheme	2021/22 budget, £k	2021/22 Forecast Outturn, £k	Variation, £k	2022/23 budget, £k	2023/24 budget, £k	Total budget, £k
Adult Care	Better Care Fund	380	380	-	-	-	380
Adult Care	Disabled Facilities Grant	3,829	2,829	1,000	2,633	2,633	9,095
Adult Care		4,209	3,325	1,000	2,633	2,633	9,475
Children's	Aiming High For Disabled Child	42	42	-	-	-	42
Children's	Devolved Formula Capital	915	915	-	461	461	1,837
Children's	Early Years Capital Grant	19	19	-	-	-	19
Children's	New Place Planning	27,833	7,833	20,000	5,200	5,200	38,233
Children's	Schools Cap Condition Programme	5,321	4,821	500	1,808	1,808	8,937
Children's	Special Provision Capital Fund	593	-	593	-	-	593
Children's	CWD Residential Home	1,114	1,114	-	-	-	1,114
Children's		35,837	14,744	21,093	7,469	7,469	50,775
Economy	Definitive ROW Improvement Programme	54	54	-	-	-	54
Economy	River Roch Flood Storage	1,096	1,010	86	1,250	4,500	6,846
Economy	Rochdale Gateways Environmental Programme	17	17	-	-	-	17
Economy	Stakehill Industrial Estate	46	26	20	-	-	46
Economy	Asset Development Fund	5,288	1,568	3,720	-	-	5,288
Economy	Property Growth Fund	23,610	3,815	19,795	20,000	20,000	63,610
Economy	Milnrow TC Butterworth Hall Flood Risk Mgt	100	-	100	-	-	100
Economy	Turf Hill Flood Risk Mgt	500	500	-	-	-	500

Service	Scheme	2021/22 budget, £k	2021/22 Forecast Outturn, £k	Variation, £k
Economy	East Lancashire Railway	326	100	226
Economy	Lower Falinge	4	4	-
Economy	Heywood South/Junction 19	2,721	300	2,421
Economy	Railway Strategy Park & Ride	233	-	233
Economy	Northern Gateway Feasibility & Study	359	359	-
Economy	Pennine Holl Lake Feasibility	23	23	-
Economy	Metrolink Feasibility	50	50	-
Economy	Birch Fountain & Horse Trough-Middleton	22	22	-
Economy	East Lancashire Railway - Castleton Mast	1,230	-	1,230
Economy	Rail Corridor Strategy	-	3,111	- 3,111
Economy	SmithyBridge Railway Station	400	-	400
Economy	Michael Faraday Avenue	3,109	3,109	-
Economy	Middleton Town Centre Phase 3	2	-	2
Economy	Town Centre East Feasibility	393	58	335
Economy	Town Hall Adaptation and Restoration	2,619	2,619	-
Economy	Rochdale Market	37	1	36
Economy	Town Hall Square PH2	647	647	-
Economy	Drake Street Phase 2	1,055	955	100
Economy	Town Centre Schemes 2016/17	958	958	-
Economy	Rochdale Town Centre 3 Year Strategy	702	352	350
Economy	Hopwood Hall Refurbishment	45	97	- 52

2022/23 budget, £k	2023/24 budget, £k	Total budget, £k
-	-	326
-	-	4
-	-	2,721
-	-	233
-	-	359
-	-	23
-	-	50
-	-	22
-	-	1,230
-	-	-
-	-	400
-	-	3,109
-	-	2
-	-	393
3,500	4,831	10,950
-	-	37
2,200	4,700	7,547
100	-	1,155
-	-	958
-	-	702
-	-	45

Service	Scheme	2021/22 budget, £k	2021/22 Forecast Outturn, £k	Variation, £k
Economy	Town Centre Residential Strategy	2,261	2,297	- 36
Economy	Rochdale Riverside Phase 2	2,875	2,875	-
Economy	Milkstone Road Master Plan	2,248	-	2,248
Economy	Hey/Midd/Litt Town Centre Masterplans	121	121	-
Economy	Hopwood Old Hall Feasibility	50	-	50
Economy	Town Centre Masterplan	50	50	-
Economy		53,251	25,098	28,153
Neighbourhoods	ICT Infrastructure Refresh Programme	566	566	-
Neighbourhoods	ICT Programmes (Staff)	554	554	-
Neighbourhoods	Office 365	450	225	225
Neighbourhoods	Townships Capital Programme	437	437	-
Neighbourhoods	Housing Standards Fund	835	835	-
Neighbourhoods	Kirkholt Investment	6	-	6
Neighbourhoods	New Cemetery Sites	1,640	807	833
Neighbourhoods	Replacement Parks/Street Machinery	124	124	-
Neighbourhoods	Rights Of Way	127	127	-
Neighbourhoods	Rochdale Cemetery Lodge Repair	94	94	-
Neighbourhoods	Section 106 - Environmental Management	1,846	1,888	- 42
Neighbourhoods	Townships Capital - Environmental Management	179	179	-
Neighbourhoods	Upgrade Play Equipment	231	231	-
Neighbourhoods	Vehicle Replacement Programme	2,261	1,242	1,019

2022/23 budget, £k	2023/24 budget, £k	Total budget, £k
-	-	2,261
-	-	2,875
-	-	2,248
-	-	121
-	-	50
-	-	50
27,050	34,031	114,332
444	444	1,454
500	500	1,554
-	-	450
400	400	1,237
800	800	2,435
-	-	6
-	-	1,640
120	120	364
80	80	287
-	-	94
-	-	1,846
-	-	179
75	75	381
1,839	1,777	5,877

Service	Scheme	2021/22 budget, £k	2021/22 Forecast Outturn, £k	Variation, £k	2022/23 budget, £k	2023/24 budget, £k	Total budget, £k
Neighbourhoods	Waste Bin Replacement Programme	288	288	-	293	298	879
Neighbourhoods	Asset Management Group	2,997	2,997	-	1,750	1,750	6,497
Neighbourhoods	Local Transport Plan	2,798	2,798	-	2,714	2,714	8,226
Neighbourhoods	Townships Capital - Highways	600	600	-	-	-	600
Neighbourhoods	Burglary Reduction Scheme	100	100	-	100	100	300
Neighbourhoods	N1R Revolving Doors	120	120	-	-	-	120
Neighbourhoods	Decarbonisation Scheme	11,062	11,062	-	-	-	11,062
Neighbourhoods	Coroners Service accommodation	92	5	87	-	-	92
Neighbourhoods	Additional Highways Funding	79	1	78	-	-	79
Neighbourhoods	J19 Feasibility	23,792	23,792	-	-	-	23,792
Neighbourhoods	TFGM Grants	-	-	-	-	-	-
Neighbourhoods	Developer Contributions	83	83	-	-	-	83
Neighbourhoods	Beelines Award	-	-	-	-	-	-
Neighbourhoods	GM Full Fibre Programme	926	926	-	-	-	926
Neighbourhoods	Service Desk System Replacement	110	60	50	50	-	160
Neighbourhoods	Compulsory Purchase Order Programme	1,628	1,628	-	1,430	2,419	5,477
Neighbourhoods	Travellers Authorised Stopping Site	46	46	-	-	-	46
Neighbourhoods	Climate Emergency	1,019	500	519	1,000	1,000	3,019
Neighbourhoods	Car Parking Machines	9	9	-	-	-	9
Neighbourhoods	Allotments 2017-18 Manifesto Funding	167	167	-	-	-	167
Neighbourhoods	Accelerated Housing	1,561	1,561	-	650	1,705	3,916
Neighbourhoods	Affordable Housing	2,325	2,325	-	-	-	2,325

Service	Scheme	2021/22 budget, £k	2021/22 Forecast Outturn, £k	Variation, £k
Neighbourhoods	Customer Transformation Programme	929	800	129
Neighbourhoods	CCTV Upgrade	522	450	72
Neighbourhoods	Library Self Service	20	20	-
Neighbourhoods	Extended Library Hours	150	150	-
Neighbourhoods	N1R Utilisation	70	70	-
Neighbourhoods	Highway Investment Programme	1,333	1,333	-
Neighbourhoods	Bowlee Free School	1,280	1,280	-
Neighbourhoods		63,456	60,480	2,976
Public Health	Link4Life Capital Project	4,733	1,297	3,436
Public Health		4,733	1,297	3,436
Resources	Investment Fund	2,500	2,500	-
Resources		2,500	2,500	-
Total Capital Forecast Position at June 2021				
		163,986	107,328	56,658

2022/23 budget, £k	2023/24 budget, £k	Total budget, £k
-	-	929
-	-	522
-	-	20
-	-	150
-	-	70
1,320	-	2,653
-	-	1,280
13,565	14,182	91,203
1,770	800	7,303
1,770	800	7,303
-	-	2,500
-	-	2,500
52,487	59,115	275,588

Appendix B (2) – 2021/22 Capital budget rephasing

Service	Narrative	Rephasing Requested £000s	Funding Source
Adult's	Disabled Facilities Grant - Funding is for adaptations and building works. However implementation has been delayed due to Covid 19 and the inability to enter premises, resulting in reduced in year spend which will now be implemented in 2022/23. As Covid restrictions are being lifted this may change during the year.	1,000	External
Children's	Schools Capital Condition- The scheme at Elmwood Primary will continue into 2022/2023 due to delays in the tendering process.	500	External
Children's	Special Provision Capital Fund- Capital investments in the provision for pupils with Special Educational Needs and disabilities are ongoing this year, with work on the Autistic Secondary level at Falinge Park and will continue into 2022/23 with work on Castleton Primary, and Kingsway Park High school.	593	External
Children's	New Place Planning: - The Department for Education have delayed the opening dates of both new Free schools so the LA contributions will be unspent in 2021/22. We are liaising with the Inclusion Board to decide on a way forward for additional SEN places but it is unlikely that this will generate any significant spend in this financial year. The building scheme to increase the number of pupil places at Brownhill Learning Community ASC is due for completion in 2022/23; the schemes at Harwood Park, Castleton Primary school and to increase dining capacity at Falinge Park High school, are due to be completed in 2021/22 but this may need to be extended into the next financial year.	20,000	External

Service	Narrative	Rephasing Requested £000s	Funding Source
Economy	River Roch Flood Storage: £1,000k is the agreed financial agreement with the Environment Agency plus an additional £10k capitalised salary for 2021/22 - the remaining £86k is to be rephased to 2022/23	86	Prudential Borrowing
Economy	Stakehill Industrial Estate: £20k to be rephased to 2022/23. This funding is to support the ongoing work for the Stakehill Business Improvement District.	20	Prudential Borrowing
Economy	Asset Development Fund - Bradferns Asset Development Fund £515k and Mossfield Asset Development Fund £1,000k to be rephased to 2022/23 - budgets rephased to match the anticipated timing of planned developments/ acquisitions.	1,515	Capital Receipts
Economy	Property Growth Fund - Direct development Fund £16,409k, Chamber House Farm Solar Project £3,925k (including switched (£2,205k) and Property Growth Fund £1,666k to be rephased to 2022/23 - budgets rephased to match the anticipated timing of planned developments/ acquisitions.	20,000 2,000	Invest to Save External Funding
Economy	Milnrow TC Butterworth Hall Flood Risk Mgt: £100k to be rephased to 2022/23 as work is not expected to take place in 2021/22 at this stage.	100	Prudential Borrowing
Economy	East Lancs Railway: £226k to be rephased to 2022/23. Awaiting the outcome of a Transport for Greater Manchester feasibility study to confirm the location of a platform at Heywood Station which affects other improvement works.	226	Prudential Borrowing
Economy	Heywood South/Junction 19: The budget will support further feasibility work on the delivery of the South Heywood link road. The construction phase will now follow completion of the South Heywood Link Rd which is programmed for completion summer 2022 and so £2,421k to be rephased to 2022/23.	2,421	Prudential Borrowing

Service	Narrative	Rephasing Requested £000s	Funding Source
Economy	Rail Corridor Strategy: Several schemes totalling (£4,111k) to be merged to form the Railway Corridor Strategy. £1,000k to be rephased to 2022/23. Awaiting the purchase of land at various sites.	1,000	Prudential Borrowing
Economy	Town Centre East Feasibility: £335k to be rephased to 2022/23 - to be rephased to fund any future spend on the Rochdale Riverside scheme as part of the capital review.	335	Prudential Borrowing
Economy	Drake Street Phase 2: £100k to be rephased to 2022/23 as part of the capital review	100	Prudential Borrowing
Economy	Rochdale Town Centre 3 Year Strategy : £350k to be rephased to 2022/23 as part of the capital review	350	Prudential Borrowing
Neighbourhoods	Office 365 - Request made to rephase to future year as project will span multiple years	225	Prudential Borrowing
Neighbourhoods	New Cemetery Sites - Request made to rephase £800k to 2022/23 to fund replacement cremators	800	Prudential Borrowing
Neighbourhoods	Section 106 - £42k requested to be rephased into 2022/23 to allow time to complete the scheme redesign at Robinson's Common following site investigations	42	External
Neighbourhoods	Vehicle Replacement Programme - In the current economic climate the time taken to purchase vehicles has extended beyond the normal timeframes. A request is therefore made to rephase budget required to replace refuse collection vehicles and sweepers into 2022/23	1,019	Prudential Borrowing
Neighbourhoods	Service Desk System Replacement - Request to rephase to 2022/23 as project will span multiple years	50	Prudential Borrowing
Neighbourhoods	Climate Emergency - Request to rephase to 2022/23 as project will span multiple years	519	Prudential Borrowing
Neighbourhoods	Customer Transformation Programme - Request to rephase to 2022/23 as project will span multiple years	129	Prudential Borrowing
Neighbourhoods	CCTV Upgrade - Request to rephase to 2022/23 as project will span multiple years	192	Prudential Borrowing

Service	Narrative	Rephasing Requested £000s	Funding Source
	Total Rephasing through Capital Savings process	53,222	
Public Health	Link4Life Capital Projects:- rephasing of £3,000k of budget from 2021/22 to 2022/23 in relation to the Replacement Water Activities Centre	3,036	Prudential Borrowing
	Grand Total of Rephasing	56,258	

Appendix C – Collection Fund

Business Rates

The 2021/22 forecast outturn position relating to Business Rates is a deficit of £7,105k.

Description	Budget	2021/22 Forecast Outturn	(Surplus)/ Deficit
	£'000	£'000	£'000
Gross income	(86,863)	(86,863)	-
Net Small Business Rate relief	8,110	8,110	-
Mandatory Charitable relief	4,229	4,229	-
Discretionary relief	608	10,156	9,548
Empties & Part Occupied relief	4,500	4,500	-
Net Income	(69,416)	(59,868)	9,548
Less:			
Charge re bad debt provision	3,000	3,000	-
Allowance for cost of collection	326	326	-
Provision for rateable value revaluations	3,911	3,911	-
Renewable energy schemes	583	583	-
Net yield	(61,596)	(52,048)	9,548
2021/22 payments to preceptors/billing authority	61,596	61,596	-
In year deficit	-	9,548	9,548
Deficit brought forward from 2020/21	24,265	21,822	(2,443)
Payments from preceptors/billing authority re 2020/21 deficit per 2021/22 Budget process	(21,794)	(21,794)	-
2021/22 Forecast deficit/(surplus)	2,471	9,576	7,105
2022/23 & 2023/24 Payments from preceptors re 2020/21 deficit as per 2021/22 Budget process	(2,471)	(2,471)	-
Net deficit	-	7,105	7,105

Council Tax

The 2021/22 forecast position relating to Council Tax is a surplus of £1,043k.

2021/22 Forecast Council Tax Income

Description	Budget £'000	2021/22 Forecast outturn £'000	(Surplus)/ Deficit £'000
INCOME			
Income from Council Tax	(151,783)	(151,783)	-
Income from premium on Empty Properties	(509)	(509)	-
Council Tax discounts	15,069	15,069	-
Local Council Tax Support Scheme (LCTSS)	22,303	21,903	(400)
Prior year adjustments	203	203	-
Total income	(114,717)	(115,117)	(400)
EXPENDITURE			
Charge re bad debt provision	3,442	3,142	(300)
Total expenditure	3,442	3,142	(300)
Net income to be raised for precept/ billing authority after LCTSS awarded	(111,275)	(111,975)	(700)
2021/22 payments to Preceptors	111,275	111,275	-
In year deficit/(surplus)	-	(700)	(700)
Deficit brought forward from 2020/21	3,476	3,133	(343)
2021/22 Payments from preceptors re 2020/21 deficit as per 2021/22 Budget process	(2,235)	(2,235)	-
2021/22 Forecast deficit/(surplus)	1,241	198	(1,043)
2022/23 & 2023/24 Payments from preceptors re 2020/21 deficit as per 2021/22 Budget process	(1,241)	(1,241)	-
Net surplus	-	(1,043)	(1,043)