

HARBOROUGH DISTRICT COUNCIL

REPORT TO THE CABINET MEETING OF 6th SEPTEMBER 2021

PUBLIC REPORT: Yes

EXEMPT REPORT: No

Report Title	Financial Performance Report: 2021/22 Quarter 1 (April to June) - including commentary on the results of Tranche 2 and 3 of the Business Challenge 2025 process.					
KEY DECISION	No					
Report Author	Carolyn Bland, Financial Services Manager					
Purpose of Report	For Cabinet to consider and comment on the 2021/22 Quarter 1 Financial Performance					
Reason for Decision	Good financial governance requires the Cabinet to consider and comment on the forecast financial outturn for 2021/22. Such commentary demonstrates to customers, partners, and stakeholders that the Council is actively considering the financial environment within which the Council is operating.					
Portfolio (holder)	Councillor James Hallam; Finance					
Corporate Priorities	<table border="1" style="width: 100%;"> <tr> <td colspan="2" style="background-color: #d9d9d9;">YOUR COUNCIL: creative, proactive, and efficient</td> </tr> <tr> <td style="background-color: #f4b084;">CO 08</td> <td style="background-color: #f4b084;">Deliver financial sustainability for the future</td> </tr> </table>		YOUR COUNCIL: creative, proactive, and efficient		CO 08	Deliver financial sustainability for the future
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Financial Implications	The report gives a forecast outturn position for the Council's 2021/22 revenue and capital budgets.					
Risk Management Implications	It is important to monitor the position against budget regularly in order to ensure any issues can be addressed appropriately and in a timely manner.					
Environmental Implications	None					
Legal Implications	The Council is legally required to set and manage a balanced budget.					
Equality Implications	None					
Data Protection Implications	None					
Consultation	Consultation has been undertaken with the Portfolio Holder.					
Background Papers	None					
Appendices	<p>Appendix 1: Summary Revenue Budgets and Capital Programme for 2021/22 Budget and MTFS (2022/23 to 2024/25).</p> <p>Appendix 2: Budget Challenge 2025-Tranche 2: Principal Service Transformation Findings and Star Chamber Recommendations and Net Estimate Budget Adjustments</p> <p>Appendix 3: 2021/22 Revenue Forecast Outturn and Variance Analysis by Portfolio & Director Service Categorisation.</p> <p>Appendix 4: Commentary on 2021/22 Budget Variances Greater than £25,000, by Director Service Categorisation.</p>					

	Appendix 5: 2021/22 Capital Forecast Outturn and Variance Analysis.
Recommendation	That Cabinet considers the financial performance report and comments on the Forecast Outturn (31 st March 2022) as detailed within the report and associated appendices.

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the financial forecast for Quarter 1, based on information at the end of June, for revenue and capital.
- 1.2 Based on the financial position as at 30 June 2021, the forecast outturn as at the 31st March 2022, based on known income and expenditure commitments and working assumptions, the forecast:
- i. Revenue service outturn is forecasting an overspend of £182k; a variance of 1.4% to the approved budget.
 - ii. Capital outturn is forecasting an underspend of £176k; a variance of 3% to the approved budget.

2. BACKGROUND

2.1 The Council approved the 2021/22 Budget and Medium-Term Financial Strategy (2022/23 to 2024/25) (MTFS); which included the Capital Programme in February 2021. This is summarised in **Appendix 1**.

2.2 In respect of:

- the **Revenue budget**, the 2021/22 net service expenditure is £12.2m and after capital financing (£857k), the net expenditure for the delivery of services is £13.1m; over the MTFS period, this increases to £13.5m.
- the **Capital Programme**, the 2021/22 programme totals £3.4m and is financed by £2.4m of external grants and capital receipts, £311k of direct revenue funding and £723k of unsupported borrowing (minimum revenue provision). Over the MTFS period the capital programme decreases to £1.1m.
- **Reserves**, Council approved a net contribution to reserves of £742k; this was made-up of a contribution to reserves of £2.7m and a draw-down from reserves of £1.9m – the latter being the Councils “budget gap”.

2.3 Since the 2021/22 Revenue Budget and MTFs was approved in February, Council has approved additional revenue expenditure of £245k for 2021/22 and £572k over the MTFs period for additional support to the Councils Leisure service; this is summarised in **Table 1** below (excluding BC25 and virements etc).

Council Approved Additional Revenue Expenditure (April to June 2021): Approved 2021/22 Budget & MTFs (2022/23 to 2024/25)		Table 1			
		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Original Net Expenditure		13,098	13,023	13,036	13,500
Increase in service expenditure: - Leisure: Contractor Costs	Minute No.				
	26.04.21	245	120	207	0
Updated Net Expenditure		13,343	13,143	13,243	13,500
- additional use of Reserves		(245)	(120)	(207)	0
Updated Contributions to/(from) Reserves		497	(3,021)	(3,449)	(2,630)
Budget Requirement		13,840	10,122	9,794	10,870
Total Grants		(7,551)	(3,579)	(2,960)	(3,702)
Council Tax Requirement		6,289	6,543	6,834	7,168
NB. The Leisure Contractor costs for future years are still being negotiated. When the MTFs is updated during 2022/23 budget setting the MTFs will then be updated for the confirmed figures.					

2.4 Reflecting on last year, because of Covid-19, the Council did see significant impacts on service and corporate income streams. Some were entirely predictable, such as car parking income; but others, such as planning income was due to developers submitting plans later than liaison meetings had expected. For 2021/22, Finance have been working closely with services, acting as critical friend to value check their forecast outturns; however, it must be remembered that the forecast outturns are the responsibility of respective services. Further, the Director; Finance, ICT and Assets has advised services that they must provide fair and balanced forecast outturns. The reason for this guidance was to stress that the Council relies on this information to inform future resource planning and the achievement of corporate priorities. Therefore, the onus is on managers to ensure that their estimates are “realistic”, based on prevailing knowledge and known market conditions i.e. not to be overly cautious or optimistic.

3. BUDGET CHALLENGE 2025

3.1 Members will recall that since early Autumn of last year the Council has been reviewing its budget via the Budget Challenge 2025 programme. The programme reviewed all services in three tranches and the total identified

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annual savings by 2024/25 (the last year of the MTFs) is £3.2m; the break down by tranche is as follows:

- Tranche 1, £1.3m, reported to Star Chamber December 2021 and included in the 2021/22 Budget and MTFs.
- Tranche 2, £0.9m, reported to Star Chamber April 2021.
- Tranche 3, £0.9m, reported to Star Chamber June 2021.

3.2 In respect of Tranche 2 and 3, the savings are broken down between those that are “firm” (i.e. achievable now) and those where “more work is needed”. A detailed analysis is shown in **Appendix 2** and summarised in **Table 2** below.

Budget Challenge 2025: Tranche 2 & 3 - Summary of Savings										Table 2			
Service	Firm Savings				More Work Needed Savings				Total Savings Identified				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	
Finance	(129)	(359)	(461)	(461)	0	0	0	0	(129)	(359)	(461)	(461)	
Planning, Environment & Waste	(132)	(219)	(219)	(219)	(1)	(200)	(199)	(225)	(133)	(419)	(418)	(444)	
Wellbeing & Communities	216	54	(46)	(86)	0	0	0	0	216	54	(46)	(86)	
Strategy (aka Planning & Regeneration)	310	(248)	(185)	(156)	(4)	(26)	(34)	(42)	307	(274)	(219)	(198)	
Corporate & Regulatory Services	(277)	(394)	(408)	(419)	0	(151)	(167)	(182)	(277)	(545)	(575)	(601)	
Total Savings	Per Annum	(12)	(1,166)	(1,319)	(1,341)	(5)	(377)	(400)	(449)	(17)	(1,543)	(1,719)	(1,790)
	Over MTFs	(3,838)				(1,229)				(5,067)			

3.3 In respect of recognising savings:

- Members will recall that in the budget report approved by Council in February, that it was anticipated that Tranche 2 and 3 would generate net savings and therefore, as per Financial Regulations, that as this would be a net reduction in resources that it would not be necessary to report to Council.
- At this time, it is prudent to only recognise those savings that are “firm”. For 2021/22 this represents £22k but does increase to £1.3m by 2024/25. These savings have now been included within the Councils 2021/22 budget and MTFs; giving an updated net service expenditure of £13m; compared to £13.1m.

4. FINANCIAL PERFORMANCE - Revenue

- 4.1 Providing an accurate forecast outturn based on the financial performance at Quarter 1 can be challenging as many things can occur between the end of June and the end of the financial year; as the impact of the Coronavirus Pandemic over the past year has clearly shown.
- 4.2 It is fair to say that at the time of drafting this report, the impacts of the pandemic are still being felt, directly and indirectly by the Council and of course by both our residents and businesses. Such impacts are starting to emerge with the Council committing to provide additional resources to support its Leisure service (2.3).

Revenue Headlines

- 4.3 The forecast outturn for the current financial year and the impact over the MTFS is summarised in paragraphs 4.4 to 4.9 below. It should be noted that the following “service” forecast outturns are net of Covid 19 expenditure/lost income that is to be financed from the CV19 Internal Recovery Earmarked Reserve. If there is residual Covid 19 expenditure/lost income, this is considered “business as usual” as it will be financed from the General Fund.
- 4.4 **2021/22**; in respect of the Updated Net Expenditure budget of £13.3m, the forecast outturn is £13.5m, which represents an overspend of the budget by £172k. A “financial” variance analysis based on both Portfolio and Director service categorisation, and an accompanying Reserve analysis is shown at **Appendix 3** and summarised in **Table 3** below. The reasons for variances greater than £25k is shown in **Appendix 4**.

Summary of 2021/22 Revenue Budget Variances, by Director Service Categorisation				Table 3
Service	Updated Budget £000	Forecast Outturn £000	Variance £000	Commentary
Chief Executive	223	221	(2)	
Deputy Chief Executive	1,545	1,586	41	Cumulative variances less than £25k
Governance	823	835	12	
Finance & Assets	2,895	3,087	192	Provision for pay increase £165k
Communities	6,147	6,052	(95)	Cumulative variances less than £25k
Planning	886	910	24	
Net Direct Cost of Services	12,519	12,691	172	
Finance & Assets: Capital Financing (*)	857	857	0	
Net Expenditure	13,376	13,548	172	
NB. * Finance & Assets are allocated to this item, but this item (Minimum Revenue Provision) is dependent on other services actioning the capital programme.				

4.5 It should be noted that included within the 2021/22 forecast estimate is a corporate increase in respect of employees pay. The Council was notified on in July that the national employers have proposed a pay increase of 1.75% for all staff. Members will recall that as part of the budget they approved the following employee pay indices for 2021/22 and for each year of the MTFS, totalling £658k:

- 2021/22: 0%
- 2021/22: 1%
- 2022/23: 1.5%
- 2023/24: 2%

4.6 If a 1.75% increase is finally agreed for local government, then the additional cost in 2021/22 is £165k - this is the majority of the 2021/22 overspend of £182k (1.2). Over the MTFS this increases the pay budget by £675k.

4.7 Regarding **Reserves**; inevitably as the Council progresses through any year its use of reserves will flex depending on:

- the macro and micro economic climate that the Council finds itself, and
- along with its need to meet its corporate priorities and statutory obligations.

4.8 As required by the Reserves Strategy, considering the 2021/22 overspend of the revenue budget, Cabinet is asked to note that through the active management of reserves that the General Fund (Unallocated) Reserve is maintained at 20%, the approved minimum level of reserves.

4.9 Further, in respect of the budget gap for 2021/22, members will recall that when the budget was set in February, the Council was forecasting a budget gap of £1.9m (2.2). With the various budget changes noted within this report, the “Updated Budget” gap has increased to £2.2m (**Appendix 3**). With the expected additional pay award, residual CV19 costs and corporate funding reductions, the 2021/22 gap is £2.7m.

Implications over the MTFS

4.10 As well as reflecting on the current year’s financial performance, services are now asked to also reflect on future years implications for their services so members can consider the potential impact for future decision-making and the achievement of its ambition to deliver financially sustainable services over the medium-term. At this time, as shown in **Table 4** below, that ambition

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is not achieved within the current MTFS period because, by the end of 2024/25, the Council is still required to draw down from reserves to achieve a balanced budget (i.e. the budget gap by 2024/25, based on “firm” BC25 savings is £1.3m).

Updated Medium-Term Financial Strategy (2021/22 to 2024/25)		Table 4			
BC25 Tranche 2 & 3 "Firm" Savings		2021/22 Forecast Outturn £000	2022/23 £000	2023/24 £000	2024/25 £000
Change in Service Spend	Net Direct Cost of Services	12,691	12,111	12,067	12,332
	Capital Financing	857	912	969	1,168
	Net Expenditure	13,548	13,023	13,036	13,500
	2022/23 to 2024/25				
	- BC25 - Tranche 2		(646)	(583)	(554)
	- BC25 - Tranche 3		(520)	(736)	(787)
	Updated Net Expenditure	13,548	11,857	11,717	12,159
	Contributions to/(from) Reserves				
	- General Reserves	(2,758)	(2,559)	(2,739)	(2,630)
	- Earmarked Reserves	2,820	824	816	1,341
Total Reserve Contributions	62	(1,735)	(1,923)	(1,289)	
Budget Requirement	13,610	10,122	9,794	10,870	
Total Grants	(7,321)	(3,579)	(2,960)	(3,702)	
Council Tax Requirement	6,289	6,543	6,834	7,168	
NB. Future years MTFS budgets have not been adjusted for the pay award as this award has not yet been agreed.					

5. FINANCIAL PERFORMANCE – Capital

5.1 The Capital Programme for **2021/22** totals £3.4m, of which £2.5m was brought forward from previous years, £0.9m is in respect of new initiatives for 2021/22. The forecast outturn is £5.7m, which represents an underspend of the budget by £176k. A summary variance analysis is shown in **Table 5**, with a detail analysis, with associated commentary, is shown in **Appendix 5**.

Summary of 2021/22 Capital Budget Variance Greater than £25,000					Table 5
Service	Updated Budget	Forecast Outturn	Variance		Commentary
	£000	£000	£000	%	
Capital Projects Approved in previous years	4,507	4,317	(190)	-4%	£190k on housing developments
New Capital Proposals	1,389	1,403	14	1%	
Net Capital Programme	5,896	5,720	(176)	-3%	

6. Impact of the Covid-19 Pandemic

Expenditure to be financed by the Council

- 6.1 Members will recall that when they approved the 2021/22 Budget that the government was awarding the Council several CV19 related grants, which the Council has agreed to use to set-off expected corporate income losses.
- 6.2 As noted in 3.4, the net service expenditure has been netted down for the CV19 expenditure that is to be financed using the CV19 Internal Recovery Earmarked Reserve. To enable members to see the full impact of current year CV-19 expenditure or lost income, this is shown in **Table 6** along with whether the item is being financed from within service expenditure or the earmarked reserve. In summary the expenditure/income to be financed from the CV19 Internal Recovery Earmarked Reserve totals £270k.

2021/22 - CV19 Related Expenditure and Lost Income				Table 6	
Service	CV19 Expenditure	CV19 Lost Income	Financing		
	Commentary	Commentary	CV19 Internal Recovery Earmarked Reserve	General Fund	
	£000	£000	£000	£000	
Chief Executive	0	0	0	0	
Deputy Chief Executive	6 Market Hall	55 Market Hall - income down due to restrictions in space in the hall and a reduced footfall, partly mitigated by Government funding	61	0	
Governance	0	115 Car Parking - income down for both car parks and permits, partly mitigated by Government funding	115	0	
Finance & Assets	17 Corporate	66 Interest and Investment Income down because of the continued reduction in interest rates and dividends	83	0	
Communities	11 Homelessness	0	11	0	
Planning	0	0	0	0	
Total	34	236	270	0	

Government Grants Awarded to the Councils Community

6.3 Members will recall that since the start of the pandemic the Council has been acting as agent for the Government and awarding a varied range of grants to both its business and residential community. From the 1st April 2021 the government still required the Council to deliver a number of grants; a summary analysis is shown below in **Table 7**.

ANALYSIS OF GRANTS SINCE 1ST APRIL 2021		TABLE 7
TYPE OF GRANT	Grants from 1/4/2021 PAYMENTS £	Grants from 1/4/2021 NO OF GRANTS No.
National Lockdown Grant & Closed Lockdown Payment . These grants will be combined and paid as a single payment.	238,512	29
National Lockdown Grant	234,187	89
Local Restrictions Support Grant	51,175	60
Additional Restrictions Grant - discretionary grant	591,133	324
Test and trace self isolation payments	23,500	47
Restart Grant	4,016,042	540
TOTAL	5,154,549	1,089

Summary Revenue Budgets and Capital Programme for 2021/22 Budget and MTFs (2022/23 to 2024/25)

REVENUE				
Approved 2021/22 Budget & Medium-Term Financial Strategy (2022/23 to 2024/25)				
	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Net Direct Cost of Services	12,241	12,111	12,067	12,332
Capital Financing	857	912	969	1,168
Net Expenditure	13,098	13,023	13,036	13,500
Contributions to/(from) Reserves				
- General Reserves	(1,935)	(2,559)	(2,739)	(2,630)
- Earmarked Reserves	2,677	(342)	(503)	0
	742	(2,901)	(3,242)	(2,630)
Budget Requirement	13,840	10,122	9,794	10,870
Total Grants	(7,551)	(3,579)	(2,960)	(3,702)
Council Tax Requirement	6,289	6,543	6,834	7,168

CAPITAL PROGRAMME				
Approved 2021/22 Budget & Medium-Term Financial Strategy (2022/23 to 2024/25)				
	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Capital Projects Approved in previous years (either commenced or to start)	2,512	7,057	1,835	1,065
New Capital Proposals				
ICT & Transformation	280	150	100	0
Lifeline	40	0	0	0
Environmental	59	0	0	0
Lutterworth Town Centre Heritage Action Zone	530	0	0	0
Total	3,421	7,207	1,935	1,065
Sources of Finance				
External Funding & Grants	1,571	720	720	720
Capital Receipts	816	3,650	450	50
Service Charges	61	6	6	17
Direct Revenue Financing	250	150	100	0
Unsupported Borrowing (MRP)	723	2,681	659	278
Total	3,421	7,207	1,935	1,065
Net Cost of Capital Programme	0	0	0	0

Tranche 3															
Service	Principal BC5 Service Findings and Star Chamber Recommendations		Firm Savings				More Work Needed Savings				Total Savings Identified				
			2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	
Finance, ICT & Assets - Total			(52)	(242)	(344)	(344)	0	0	0	0	0	(52)	(242)	(344)	(344)
1 Finance	Service Redesign	Establishment changes following finance system review.	0	(78)	(78)	(78)	0	0	0	0	0	0	(78)	(78)	(78)
		Small procedural changes.	(3)	(12)	(12)	(12)	0	0	0	0	0	(3)	(12)	(12)	(12)
		Completion of new "Purchase to Pay" system and review of staff establishment.	0	(40)	(40)	(40)	0	0	0	0	0	0	(40)	(40)	(40)
		Insurance & banking retender (nil savings identified as yet).	0	0	0	0	0	0	0	0	0	0	0	0	0
	Income Generation	Increase fees for accountancy/payroll support to third parties.	0	(2)	(2)	(2)	0	0	0	0	0	0	(2)	(2)	(2)
	Outsourcing	Review of the Quick Response Team, with potential outsource to FCC.	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total		(3)	(132)	(132)	(132)	0	0	0	0	0	(3)	(132)	(132)	(132)
2 Assets	Service Redesign	Savings from Establishment Review	0	(125)	(125)	(125)	0	0	0	0	0	0	(125)	(125)	(125)
		Review of software packages to support asset management and finance intergration.	0	0	0	0	0	0	0	0	0	0	0	0	0
		Saving Set-Aside; earmarking to reserves as a:													
		- One-off contribution towards the purchase of a Combined Asset & Finance software packages.	0	50	0	0	0	0	0	0	0	0	50	0	0
		- Annual contribution towards a Property Development Fund.	0	50	50	50	0	0	0	0	0	0	50	50	50
		- Annual contribution towards software licence for Combined Asset & Finance software package.	0	0	10	10	0	0	0	0	0	0	0	10	10
	Sub-Total		0	(25)	(65)	(65)	0	0	0	0	0	0	(25)	(65)	(65)
3 ICT	Service Redesign	Enterprise Architecture Re-Design	(31)	(31)	(91)	(91)	0	0	0	0	0	(31)	(31)	(91)	(91)
		Application Refresh	(18)	(36)	(36)	(36)	0	0	0	0	0	(18)	(36)	(36)	(36)
		Team Restructure	0	(18)	(20)	(20)	0	0	0	0	0	0	(18)	(20)	(20)
	Sub-Total		(49)	(85)	(147)	(147)	0	0	0	0	0	(49)	(85)	(147)	(147)
4 Leicestershire Revenues & Benefits Partnership		Numerous recommendations, but as none can be agreed without the Partnership agreeing, no savings included.	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total		0	0	0	0	0	0	0	0	0	0	0	0	0
Wellbeing, Communities & Housing - Total			216	54	(46)	(86)	0	0	0	0	0	216	54	(46)	(86)
1 Health & Well-Being	Income Generation	Income from outreach classes and contactless payments.	(37)	(21)	(21)	(21)	0	0	0	0	0	(37)	(21)	(21)	(21)
	Partnerships	Review partnership working with other Leicestershire local authorities.	0	(25)	(25)	(25)	0	0	0	0	0	0	(25)	(25)	(25)
	Outsourcing	Leisure services contract	253	100	0	0	0	0	0	0	0	253	100	0	0
		Outsourcing health and wellbeing to leisure service provider.	0	0	0	(40)	0	0	0	0	0	0	0	0	(40)
	Sub-Total		216	54	(46)	(86)	0	0	0	0	0	216	54	(46)	(86)
Strategy (aka Planning & Regeneration) - Total			(5)	(5)	(5)	(5)	0	0	0	0	0	(5)	(5)	(5)	(5)
1 Communications	Service Redesign	Reduction in supplies and services budget	(5)	(5)	(5)	(5)	0	0	0	0	0	(5)	(5)	(5)	(5)
	Sub-Total		(5)	(5)	(5)	(5)	0	0	0	0	0	(5)	(5)	(5)	(5)

Tranche 3																
Service	Principal BC5 Service Findings and Star Chamber Recommendations			Firm Savings				More Work Needed Savings				Total Savings Identified				
				2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	
Corporate & Regulatory Services - Total				(210)	(327)	(341)	(352)	0	(98)	(114)	(129)	(210)	(425)	(455)	(481)	
1 Regulatory	Service Redesign	Change to work rostering	(2)	(3)	(3)	(3)	0	0	0	0	0	(2)	(3)	(3)	(3)	
		Staff Restructure	(2)	(3)	(3)	(3)	0	0	0	0	0	(2)	(3)	(3)	(3)	
		Review of air quality monitoring processes (does not reduce air quality monitoring_	(4)	(4)	(4)	(4)	0	0	0	0	0	(4)	(4)	(4)	(4)	
	Income Generation	Review of enforcement to include financial penalties.	0	(2)	(2)	(2)	0	0	0	0	0	0	(2)	(2)	(2)	
	Outsourcing	Capitalisation of Lightbulb budget	(15)	(15)	(15)	(15)	0	0	0	0	0	(15)	(15)	(15)	(15)	
	Sub-Total		(23)	(27)	(27)	(27)	0	0	0	0	0	(23)	(27)	(27)	(27)	
2 Enforcement (cross-cutting)	Service Redesign	Application of Netcall and App development to introduce "self-service" approach.	0	0	0	0	0	(35)	(35)	(35)	(35)	0	(35)	(35)	(35)	
	Partnerships	Development of service catalogue to devolve to parish councils.	0	0	0	0	0	(40)	(40)	(40)	(40)	0	(40)	(40)	(40)	
	Sub-Total		0	0	0	0	0	(75)	(75)	(75)	(75)	0	(75)	(75)	(75)	
3 Corporate Services	Incremental Budget Savings	Establishment change reflecting flexible retirement.	(31)	(41)	(41)	(41)	0	0	0	0	0	(31)	(41)	(41)	(41)	
	Service Redesign	Electoral Registration, various reductions in budgets.	(15)	(15)	(15)	(15)	0	0	0	0	0	(15)	(15)	(15)	(15)	
		Electoral Registration, reduction in establishment.	0	(18)	(18)	(18)	0	0	0	0	0	0	(18)	(18)	(18)	
		CMT Support, reduction in establishment.	(16)	(66)	(66)	(66)	0	0	0	0	0	(16)	(66)	(66)	(66)	
		Reduction in corporate printing and stationery.	(15)	(15)	(15)	(15)	0	0	0	0	0	(15)	(15)	(15)	(15)	
		Reduction in Multi-Functional Devices (printers)	0	0	(5)	(5)	0	0	0	0	0	0	0	(5)	(5)	
		Information Governance, reduction in establishment.	(13)	(25)	(25)	(25)	0	0	0	0	0	(13)	(25)	(25)	(25)	
	Income Generation	Land Charges, increase in income budget (current income > budget)	(40)	(40)	(40)	(40)	0	0	0	0	0	(40)	(40)	(40)	(40)	
	Sub-Total		(130)	(220)	(225)	(225)	0	0	0	0	0	(130)	(220)	(225)	(225)	
4 Lifeline & Commissioning	Service Redesign	Lifeline Operations Review; including potential digitalisation.	0	(5)	(5)	(10)	0	0	0	0	0	0	(5)	(5)	(10)	
		CCTV; maintenane review.	(15)	(26)	(26)	(26)	0	0	0	0	0	(15)	(26)	(26)	(26)	
	Income Generation	Lifeline marketing review.	(22)	(32)	(38)	(44)	0	0	0	0	0	(22)	(32)	(38)	(44)	
		Lifeline full cost recovery.	0	(2)	(2)	(2)	0	0	0	0	0	0	(2)	(2)	(2)	
	Sub-Total		(37)	(65)	(71)	(82)	0	0	0	0	0	(37)	(65)	(71)	(82)	
5 Human Resources	Incremental Budget Savings	Establishment change reflecting flexible retirement.	(20)	(20)	(20)	(20)	0	0	0	0	0	(20)	(20)	(20)	(20)	
	Service Redesign	Establishment changes.	0	0	0	0	0	0	(16)	(31)	(31)	0	0	(16)	(31)	
	Invest to Save	iTrent HR Case Management; Self-service.	0	2	1	1	0	0	0	0	0	0	2	1	1	
	Sub-Total		(20)	(18)	(19)	(19)	0	0	(16)	(31)	(31)	(20)	(18)	(35)	(50)	
6 Human Resources (cross-cutting)	Service Redesign	Working from Home; impact of new ways of working.	0	0	0	0	0	(10)	(10)	(10)	(10)	0	(10)	(10)	(10)	
		Subscriptions & Professional Fees; review of all such fees.	0	0	0	0	0	(8)	(8)	(8)	(8)	0	(8)	(8)	(8)	
		Annual Allowances; car expenses.	0	0	0	0	0	(5)	(5)	(5)	(5)	0	(5)	(5)	(5)	
	Invest to Save	Social Media Training.	0	3	1	1	0	0	0	0	0	0	3	1	1	
	Sub-Total		0	3	1	1	0	(23)	(23)	(23)	(23)	0	(20)	(22)	(22)	
Total Savings - Tranche 3				(51)	(520)	(736)	(787)	0	(98)	(114)	(129)	(51)	(618)	(850)	(916)	
					(2,094)				(340)				(2,434)			
					86.0%				14.0%				100.0%			
Total Savings for BC25 Programme																
Tranche 1				(751)	(1,033)	(1,305)	(1,305)						(751)	(1,033)	(1,305)	(1,305)
Tranche 2				39	(646)	(583)	(554)	(5)	(279)	(286)	(320)	35	(925)	(869)	(874)	
Tranche 3				(51)	(520)	(736)	(787)	0	(98)	(114)	(129)	(51)	(618)	(850)	(916)	
				(12)	(1,166)	(1,319)	(1,341)	(5)	(377)	(400)	(449)	(17)	(1,543)	(1,719)	(1,790)	
					(3,838)				(1,229)				(5,067)			
Total Savings				(763)	(2,199)	(2,624)	(2,646)	(5)	(377)	(400)	(449)	(768)	(2,576)	(3,024)	(3,095)	
Over MTFS					(8,232)				(1,229)				(9,461)			

2021/22 Revenue Forecast Outturn and Variance Analysis by Portfolio & Director Service

Categorisation

Appendix 3

2020/21 Outturn	Service Analysis - BY PORTFOLIO	Original Budget	BC25: Tranche 2 "Firm Savings"	BC25: Tranche 3 "Firm Savings"	Approved Budget Increases	Virements & Reserve Movements	Updated Budget	Forecast Actual Quarter 1	CV19 Spend	Forecast Outturn	Variance	
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
3,289	Finance	2,730	327	(48)	0	3	3,012	3,049	(66)	2,983	(29)	-1%
5,376	Planning, Environment & Waste	5,342	(199)	0	0	(3)	5,140	5,160	0	5,160	20	0.4%
1,159	Wellbeing, Communities & Housing	1,134	0	(48)	245	10	1,341	1,286	(11)	1,275	(66)	-4.9%
399	Strategy (aka Planning & Regeneration)	723	(23)	(5)	0	246	941	1,006	(78)	928	(13)	-1.4%
3,372	Corporate & Regulatory Services	2,366	(66)	(195)	0	34	2,139	2,342	(115)	2,227	88	4.1%
0	Contingency (including Pay/Services/FCC Inflation)	(54)		0	0	0	(54)	118	0	118	172	-318.5%
13,595	Net Direct Cost of Services	12,241	39	(296)	245	290	12,519	12,961	(270)	12,691	172	1.4%
820	Capital Financing	857	0	0	0	0	857	857	0	857	0	0.0%
14,415	Net Expenditure	13,098	39	(296)	245	290	13,376	13,818	(270)	13,548	172	1.3%

2020/21 Outturn	Service Analysis - BY DIRECTOR	Original Budget	BC25: Tranche 2	BC25: Tranche 3	Approved Budget Increases	Virements & Reserve Movements	Updated Budget	Forecast Actual Quarter 1	CV19 Spend	Forecast Outturn	Variance	
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
293	Chief Executive	301	0	0	0	(78)	223	221	0	221	(2)	-1%
1,561	Deputy Chief Executive	1,197	315	(130)	0	163	1,545	1,647	(61)	1,586	41	2.7%
2,011	Governance	975	(66)	(80)	0	(6)	823	950	(115)	835	12	1.5%
2,637	Finance & Assets	2,845	(77)	(48)	0	175	2,895	3,170	(83)	3,087	192	6.6%
6,028	Communities	5,930	0	(38)	245	10	6,147	6,063	(11)	6,052	(95)	-1.5%
1,065	Planning	993	(133)	0	0	26	886	910	0	910	24	2.7%
13,595	Net Direct Cost of Services	12,241	39	(296)	245	290	12,519	12,961	(270)	12,691	172	1.4%
820	Capital Financing	857	0	0	0	0	857	857	0	857	0	0.0%
14,415	Net Expenditure	13,098	39	(296)	245	290	13,376	13,818	(270)	13,548	172	1.3%

2020/21 Outturn	Reconciliation to Council Tax Requirement	Original Budget	BC25: Tranche 2	BC25: Tranche 3	Approved Budget Increases	Virements & Reserve Movements	Updated Budget	Forecast Actual Quarter 1	CV19 Spend	Forecast Outturn	Variance	
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
14,415	Net Expenditure	13,098	39	(296)	245	290	13,376	13,818	(270)	13,548	172	1.3%
	Contributions to/(from) Reserves											
(854)	- General Reserves	(1,935)	(39)	296	(245)	(327)	(2,250)	(2,906)	0	(2,758)	(508)	22.6%
(137)	- Earmarked Reserves	2,550	0	0	0	0	2,550	2,698	0	2,550	0	0.0%
0	- Earmarked Reserves - CV19	127	0	0	0	0	127	0	270	270	143	112.6%
(991)		742	(39)	296	(245)	(327)	427	(208)	270	62	(365)	-85.5%
13,424	Budget Requirement	13,840	0	0	0	(37)	13,803	13,610	0	13,610	(193)	-1.4%
(7,356)	Corporate Funding & Grants	(7,551)				37	(7,514)	(7,321)	0	(7,321)	193	-2.6%
6,068	Council Tax Requirement	6,289				0	6,289	6,289	0	6,289	0	0.0%

REPORT 1

2021/22 Reserve Movements		Appendix 3 (continued)				
	Original Budget £000		Updated Budget £000		CV19 Spend £000	Forecast Outturn £000
> General Fund (Unallocated) Reserve						
b/f	2,882		2,882			2,882
Cont from/(to) Services	(1,935)		(2,250)			(2,758)
Cont from/(to) Budget Surplus Reserve	1,673		2,043			2,532
c/f	2,620		2,675			2,656
Min Level Reserves						
Net Expenditure	13,098		13,098		Net Exp less CV19 cont.	13,278
Gen Fund Minimum @ 20%	2,620		2,675			2,656
Are Reserves maintained at 20% of Net Expenditure	Yes		Yes			Yes
> Earmarked Reserves						
Budget Surplus Reserve						
b/f	0		0			0
Cont from/(to) General Fund	(1,673)		(2,043)			(2,532)
Cont from/(to) Earmarked Reserves	1,673		2,043			2,532
c/f	0		0			0
CV19 Internal Recovery Reserve						
b/f	947		947			947
Cont from/(to) Services	(220)		(220)		(270)	(270)
Cont from/(to) Corp Funding & Grants	347		347		0	347
Cont from/(to) Earmarked Reserves	0		0			0
c/f	1,074		1,074			1,024
Projects, Risk & Smoothing Reserve						
b/f	316		316			316
Cont from/(to) Corp Funding & Grants	1,005		1,005			1,005
Cont from/(to) Budget Surplus Earmarked Reserve	(402)		(402)			(402)
c/f	919		919			919
Capital & Contract Reserve						
b/f	403		403			403
Cont from/(to) Budget Surplus Earmarked Reserve	0		0			0
c/f	403		403			403
Transformation Reserve						
b/f	2,000		2,000			2,000
Cont from/(to) Budget Surplus Earmarked Reserve	0		0			0
c/f	2,000		2,000			2,000
Community, Economic & Infrastructure Reserve						
b/f	2,411		2,411			2,411
Cont from/(to) Corp Funding & Grants	308		308			308
Cont from/(to) Budget Surplus Earmarked Reserve	(1,271)		(1,271)			(1,271)
c/f	1,448		1,448			1,448
Commercial Investment Reserve						
b/f	1,890		1,890			1,890
Cont from/(to) Services	(88)		(88)			(88)
Cont from/(to) Corp Funding & Grants	1,325		1,325			1,325
Cont from/(to) Budget Surplus Earmarked Reserve	0		(370)			(859)
c/f	3,127		2,757			2,268

NB 1 - Closing Balances 2020/21

The B/f numbers in the “forecast actual Qtr 1” column represent the closing actual balances from the 31/03/2021 final accounts, translated into the newly approved earmarked reserve categories.

NB 2 - Covid Reliefs

Business rates income was significantly reduced due to covid reliefs during 2020/21 and therefore HDC received an additional £5.8m in S.31 grants to help cover this loss of business rates income. This additional grant has been transferred to earmarked reserves in 2020/21 to mitigate the increased deficit for 2020/21, that will fall within in 21/22. This £5.8m is shown within the opening balance of the Projects, Risk and Smoothing Reserve and is “not useable” other than to meet the expected NDR loss.

NB 3 - Leisure Support

In Appendix 2 shows, the net total for BC25, Tranche 3 is £61k; this includes a net cost increase for Leisure Support (the Leisure Support is included within the Health & Well-Being block).

In Appendix 3, for presentation purposes, the BC25 Tranche 3 “Firm Savings” amount has been reduced by the Leisure Support amount and shown under “Approved Budget Increases” as this amount (£245k) has been approved separately by Council.

NB 4 – Categorisation of Savings between Services

In Appendix 2, the savings are grouped by service reporting lines when the BC25 programme was commissioned.

In Appendix 3, the savings are grouped by respective Portfolio and Director.

Commentary on 2021/22 Budget Variances Greater than £25,000, by Director Service Categorisation		Appendix 4	
Service	Directorate Variance £000	Detailed Service Variance	
		£000	Commentary
Chief Executive Cumulative variances less than £25k	(2)	(2)	
Deputy Chief Executive Cumulative variances less than £25k	41	41	The project management costs relating to the Netcall implementation, current costed to DCE, are expected to be capitalised in due course. At this time it is difficult to estimate but as the year progresses it is expected that this variance will reduce
Governance Cumulative variances less than £25k	12	12	
Finance & Assets Revenues and Benefits Quick Response Team Corporate Savings Cumulative variances less than £25k	192	(30) 57 165 0	£18k saving on partnership budgets plus £12k expected saving on 20/21 partnership fee Loss of income following contracting out of service, there will be some reduced expenditure in the "customer" cost centres to partly mitigate Provision for 1.75% pay increase
Communities Cumulative variances less than £25k	(95)	(95)	
Planning Cumulative variances less than £25k	24	24	
Finance & Assets: Capital Financing Cumulative variances less than £25k	0	0	
Net Expenditure	172	172	

2021/22 Capital Forecast Outturn and Variance Analysis												Appendix 5	
Capital Projects	Original Budget	BC25: Tranche 2	Approved Budget Increases	Virements & Reserve Movements	Slippage to 2022/23	Updated Budget	Actual to Quarter 1	CV19 Spend	Revised Actual Quarter 1	Forecast Outturn	Variance	Commentary	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Capital Projects Approved in previous years (either commenced or to start)													
CCTV	20	0	55	0	0	75	10	0	10	75	0	0%	Orders starting to be placed
Harborough Innovation Centre	20	0	494	0	(416)	98	0	0	0	98	0	0%	PPM being assessed
Market Hall	138	0	58	0	0	196	0	0	0	196	0	0%	Smoke vent works commencing
Housing & Homelessness Schemes	400	0	275	0	0	675	272	0	272	485	(190)	-28%	Roman Way site purchased
Lightbulb (Disabled Facilities Grants) & Other Social Services	418	0	(17)	0	0	401	(61)	0	(61)	401	0	0%	Plan will fully deliver by year end.
Leisure, Open Spaces & Play	740	0	536	0	(391)	885	10	0	10	885	0	0%	Symmington Rec Pavilion works underway
Corporate Buildings	331	0	35	0	0	366	16	0	16	366	0	0%	Ventilation works progressing
Car Parks & Similar Facilities	0	0	522	0	(517)	5	1	0	1	5	0	0%	Coach Park scheme on hold
Capital Works-S.106	250	0	1,111	0	0	1,361	161	0	161	1,361	0	0%	First round of allocations underway
ICT & Transformation	195	0	250	0	0	445	25	0	25	445	0	0%	Netcall implementation ongoing
Total	2,512	0	3,319	0	(1,324)	4,507	434	0	434	4,317	(190)	-4%	
New Capital Proposals													
ICT & Transformation	280	0	0	0	0	280	0	0	0	280	0	0%	Scoping work ongoing
Lifeline	40	0	0	0	0	40	6	0	6	40	0	0%	Scheme on track
Environmental	59	0	0	0	0	59	2	0	2	73	14	24%	Finalising agreement and contractor ready to start onsite.
Lutterworth Town Centre Heritage Action Zone	530	0	0	0	0	530	0	0	0	530	0	0%	Purchase of car park underway
Housing & Homelessness Schemes	0	0	480	0	0	480	0	0	0	480	0	0%	Plowman's Yard being designed
Total	909	0	480	0	0	1,389	8	0	8	1,403	14	1%	
Total	3,421	0	3,799	0	(1,324)	5,896	442	0	442	5,720	(176)	-3%	
Sources of Finance													
External Funding & Grants	1,571	0	1,666	(17)	0	3,220	0	0	0	3,220	0	0%	
Capital Receipts	816	0	761	0	(708)	869	0	0	0	734	(135)	-16%	
Service Charges	61	0	0	0	0	61	0	0	0	61	0	0%	
Direct Revenue Financing	250	0	0	0	0	250	0	0	0	250	0	0%	
Unsupported Borrowing (MRP)	723	0	1,389	0	(616)	1,496	0	0	0	1,455	(41)	-3%	
Total	3,421	0	3,816	(17)	(1,324)	5,896	0	0	0	5,720	(176)	-3%	