

## Appendix 1

### Budget Monitoring & Reporting 2020/2021

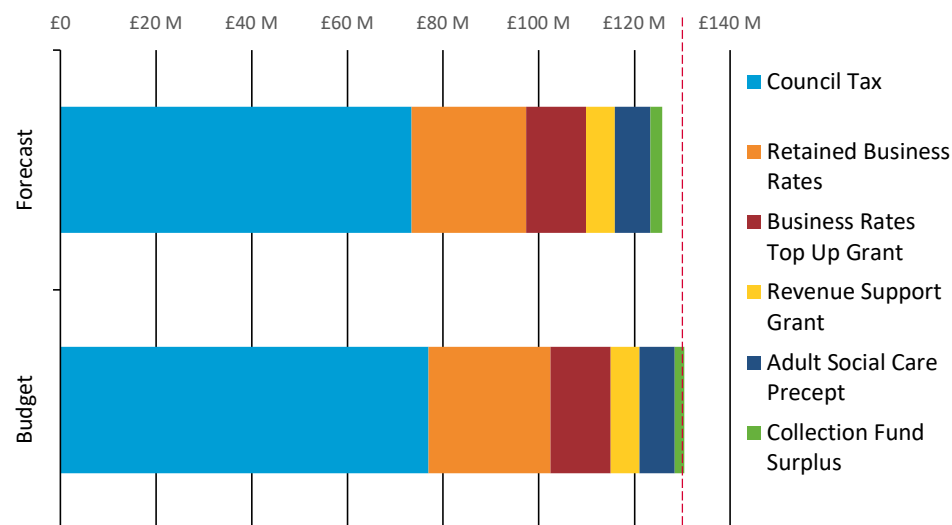
#### Period 4 - July 2020 Revenue Budget Performance



## Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Leader: Housing, ICT, Revenues & Benefits	17.384	19.121	1.737
0.000	Deputy Leader: Assets, Highways and Transport	4.699	7.763	3.064
0.000	Business, Culture and Tourism	5.025	6.042	1.017
0.000	Children and Learning	30.693	35.228	4.535
0.000	Community Safety and Customer Contact	4.188	4.284	0.096
0.000	Environment and Planning	18.416	19.899	1.483
0.000	Health and Adult Social Care	39.097	43.143	4.046
<b>0.000</b>		<b>119.502</b>	<b>135.480</b>	<b>15.978</b>
0.000	Corporate Budgets	25.644	26.044	0.400
<b>0.000</b>		<b>145.146</b>	<b>161.524</b>	<b>16.378</b>
0.000	Contribution to / (from) earmarked reserves	(8.473)	(8.473)	0.000
0.000	Revenue Contribution to Capital	0.363	0.363	0.000
0.000	Non Service Specific Grants	(6.607)	(17.245)	(10.638)
<b>0.000</b>	<b>TOTAL</b>	<b>130.429</b>	<b>136.169</b>	<b>5.740</b>
0.000	Funding	(130.429)	(125.829)	4.600
<b>0.000</b>		<b>0.000</b>	<b>10.340</b>	<b>10.340</b>

Sources of funding (£s)



This is the first detailed financial performance report for 2020/21 and it summarises the forecast position as at the end of July 2020 (Period 4). All local authorities right across the country have been wrestling with the unprecedented circumstances and challenges caused by the impact of COVID-19 on both their operations and finances. All services have been directly or indirectly affected by the pandemic to a greater or lesser extent and at this relatively early stage in the year it is very difficult to attribute causes that have not in some way been influenced by COVID-19. Our understanding and confidence in predictions, spending patterns, income activity levels and behaviours is increasing each week/month as further data becomes available. The next performance report for Period 6 is scheduled for November 2020 and it is hoped that further details and guidance over the Government's two new initiatives to enable the spreading of Collection Fund deficits over three years and the income guarantee scheme will be available and both will have a positive financial impact in 2020/21.

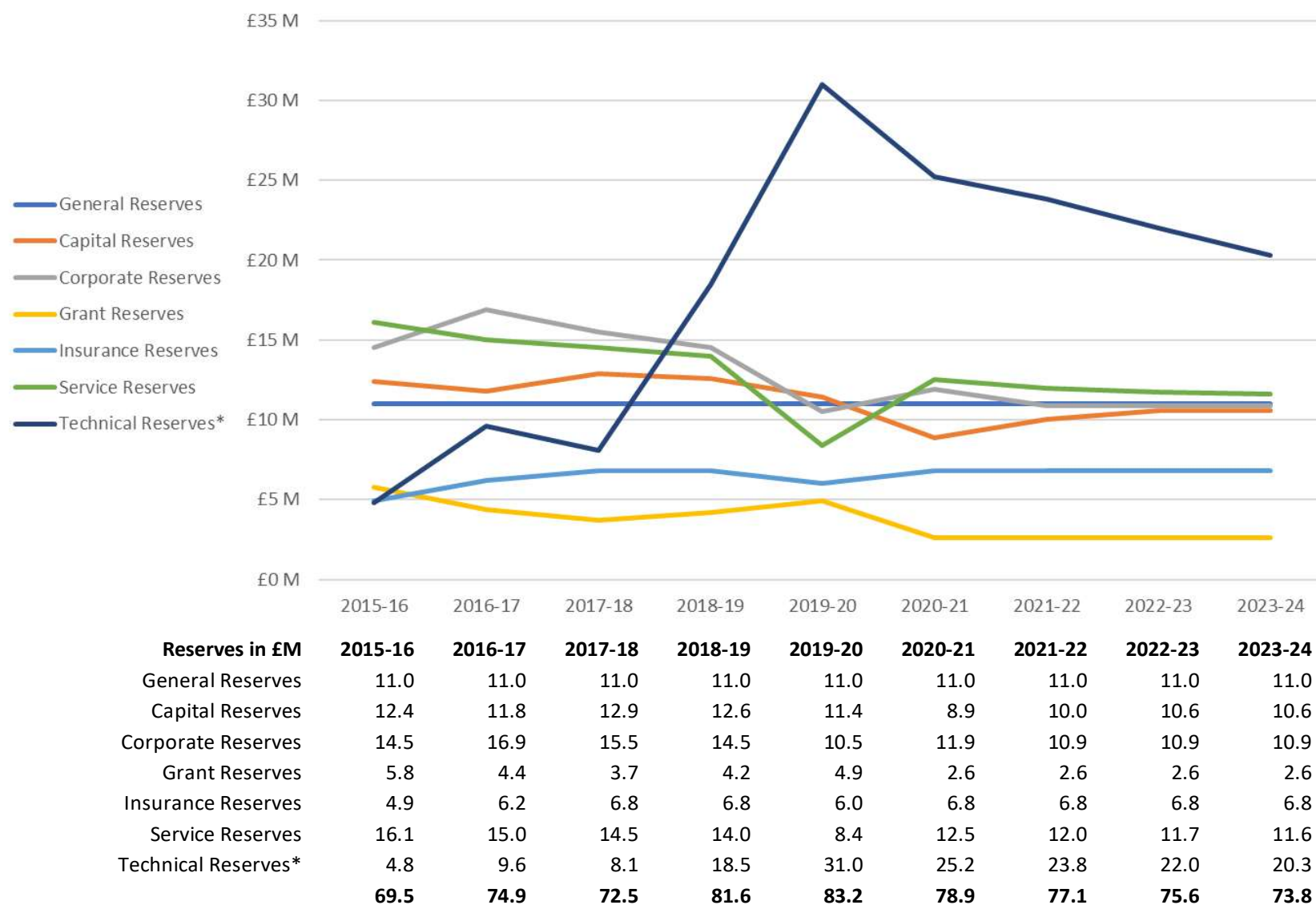
Corporate budget variance £0.400M highlights the forecast loss in investments caused directly by COVID-19. Non service specific grants positive variance of (£10.638M) is the remaining amount of unapplied COVID-19 emergency grant that we have received and the funding line variance £4.600M highlights the net negative impact on our Collection Fund for Business Rates and Council Tax.

In conclusion, and despite the effects of COVID-19 and the corresponding financial impact, the Council remains in a relatively strong position compared to many other upper tier authorities across the country. This is because of its level of sensible reserves, financial resilience, and ability to cope with unexpected challenges.

## Reserves

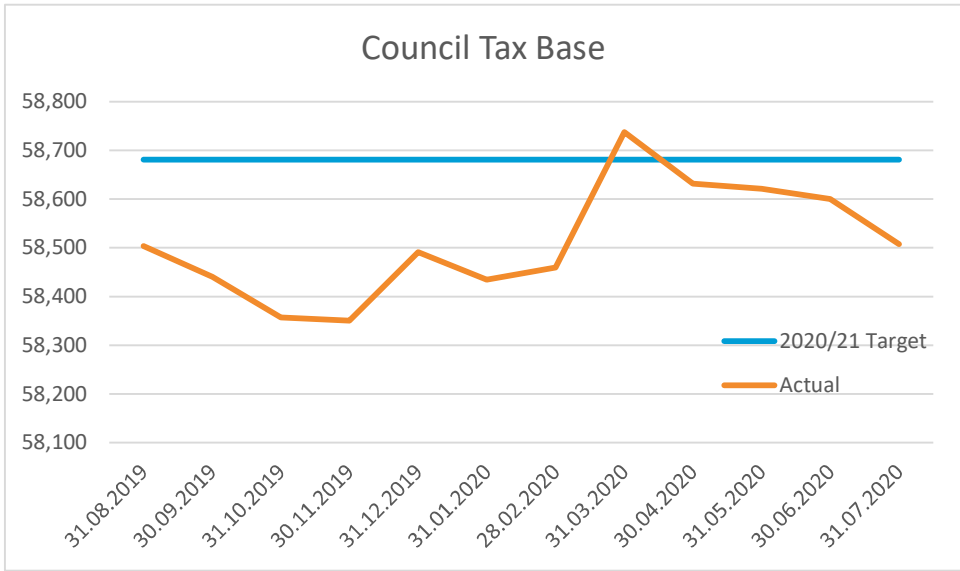
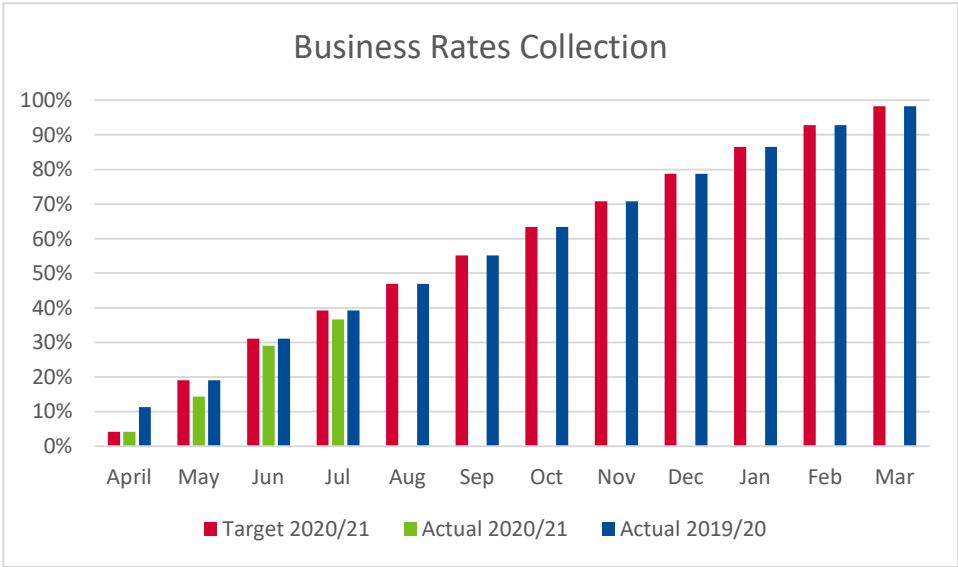
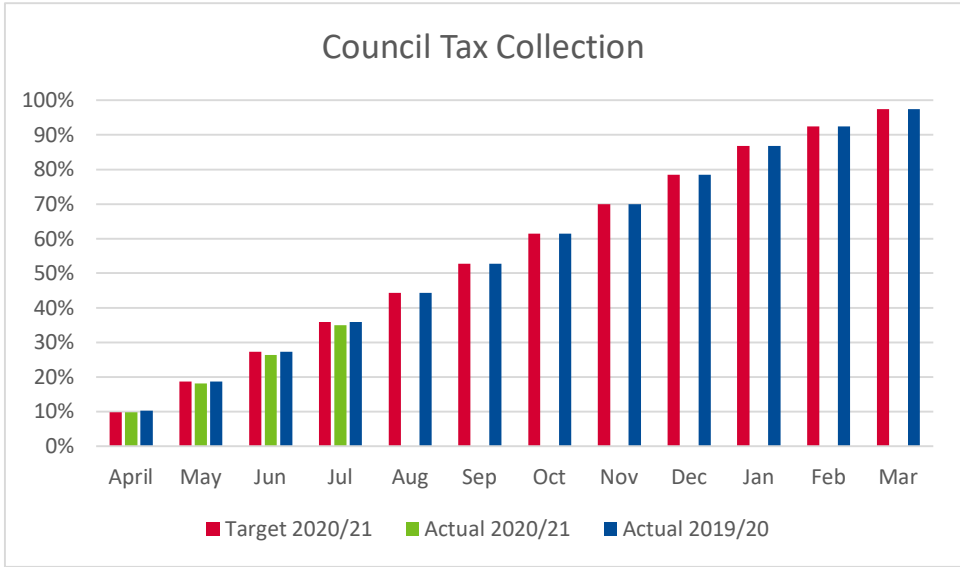
The Council maintains General Fund reserves at £11.0M in line with the Medium Term Financial Forecast. This provides a working cashflow balance and allows a degree of financial security in the case of unexpected events or emergencies.

In addition, Earmarked Reserves are set aside to fund future projects and to mitigate specific risk. The level of these reserves will fluctuate as grants are received, risk is realised and projects progress.



\* Technical Reserves are held to even out the Council's finances and reduce in year volatility

# Collection Rates



Collection rates for the current financial year are below the monthly target on both Council Tax (0.9% below target) and Business Rates (2.7% below target). This reduction in performance and impact on the collection fund is directly due to COVID-19.

The Council Tax Baseline reflects a decrease of 173.95 properties, due primarily to increased eligibility and take-up of the Local Council Tax Support Scheme. The Council Tax Relief element is now 335 properties higher than the budgeted band D equivalent.

The NDR Baseline is reflecting a decrease of £11.6m, however this is covered by the increased S31 grant that is payable as a result of the increased retail relief due to COVID-19.

## Leader: Housing, ICT, Revenues & Benefits

**28.43%**

of Total Gross Revenue  
Service Budget

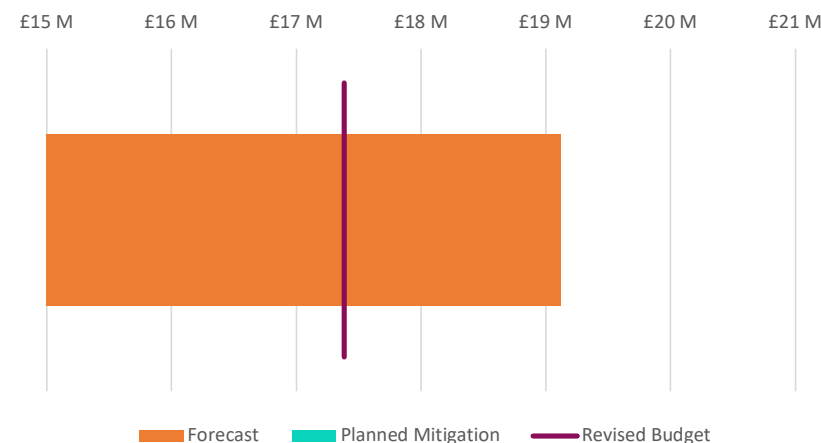
**£1.7M**

Forecast Adverse Variance

**0.56%**

Variance as % of Total Gross  
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Housing	3.422	3.849	0.427
0.000	ICT	3.271	3.621	0.350
0.000	Legal and Democratic Services	2.929	2.854	(0.075)
0.000	Other Services	4.611	4.721	0.110
0.000	Revenues and Benefits	1.141	2.082	0.941
0.000	Strategic Planning and Policy	2.011	1.995	(0.016)
<b>0.000</b>		<b>17.385</b>	<b>19.122</b>	<b>1.737</b>
0.000	Gross Expenditure	88.355	89.537	1.182
0.000	Gross Income	(70.970)	(70.415)	0.555
<b>0.000</b>		<b>17.385</b>	<b>19.122</b>	<b>1.737</b>



All rough sleepers were placed in temporary accommodation during the period of the COVID-19 lockdown. This has resulted in a pressure on Bed and Breakfast spend. The team are moving clients on to permanent accommodation wherever possible but there is a risk that some remain in temporary accommodation beyond the emergency period.

The pressure on temporary accommodation is being slightly offset by an underspend in the Private Sector Housing team due to vacancies. There is a planned recruitment drive to try to fill these vacant posts, together with the potential of engaging agency cover to clear the current backlog of work.

The approved ICT restructure has required a significant recruitment drive to attract the necessary skills, expertise, and experience to the Council and this has resulted in a one-off cost to engage with the specialist market effectively. To ensure robust network connectivity during the extended period of working remotely there has also been additional one-off costs to bring equipment and support arrangements up to date.

Due to COVID-19 there has been an embargo on the issuing of any summons for unpaid council tax and business rates debts. As a result of this reduction in court appearances there has been less income received by SBC from court fees. There is also an unfunded gap between the subsidy received from central government and the value of benefits paid to claimants. Unfortunately, the impact of COVID-19 has seen an increase in working age benefit claimants and this highlighted pressure may remain or could get even worse by the end of the year. Welfare reform changes over the past few years have been managed via our reserves. There will now be a requirement for a permanent increase in the Council's revenue base to deal with the net expenditure that remains after applying the benefits subsidy received from the Government.

## Deputy Leader: Assets, Highways and Transport

**6.21%**

of Total Gross Revenue  
Service Budget

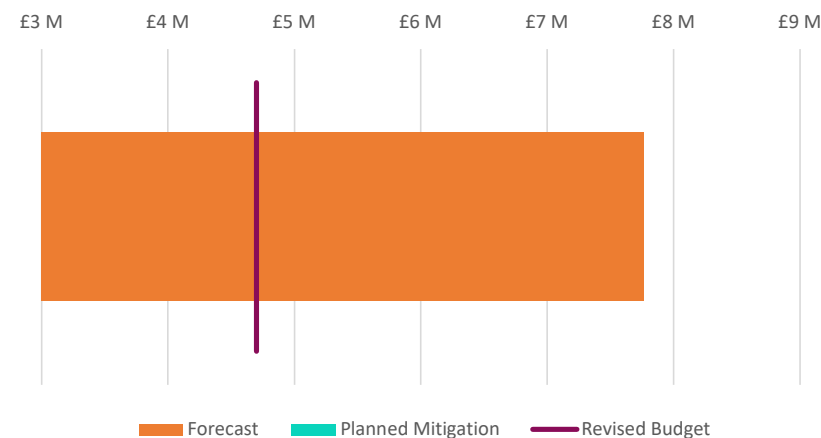
**£3.1M**

Forecast Adverse Variance

**0.99%**

Variance as % of Total Gross  
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Asset and Facilities Management	(0.472)	(0.482)	(0.010)
0.000	Financial Services	3.717	3.647	(0.070)
0.000	Highways and Transport	1.454	4.598	3.144
<b>0.000</b>		<b>4.699</b>	<b>7.763</b>	<b>3.064</b>
0.000	Gross Expenditure	19.313	19.470	0.157
0.000	Gross Income	(14.614)	(11.707)	2.907
<b>0.000</b>		<b>4.699</b>	<b>7.763</b>	<b>3.064</b>



COVID-19 and the associated lockdown and social restrictions have placed an enormous strain on the parking income of the authority during one of the busiest times of the year for the town. A reduction in travel has resulted in a reduction in both pay and display income and enforcement activity.

There continues to be increased costs associated with the security and cleaning in the Travel Centre. Street lighting columns are replaced when damaged and although there is a continued increase in insurance claims to recover monies where possible there remains a financial pressure in the service overall.

Fixed term resources have been deployed to deliver on a range of policies and strategies within parking and transport. Once these policies are in place the recently approved highways and transport staffing structure will be delivered and the temporary staffing pressures should subside.

## Business, Culture and Tourism

**2.39%**

of Total Gross Revenue  
Service Budget

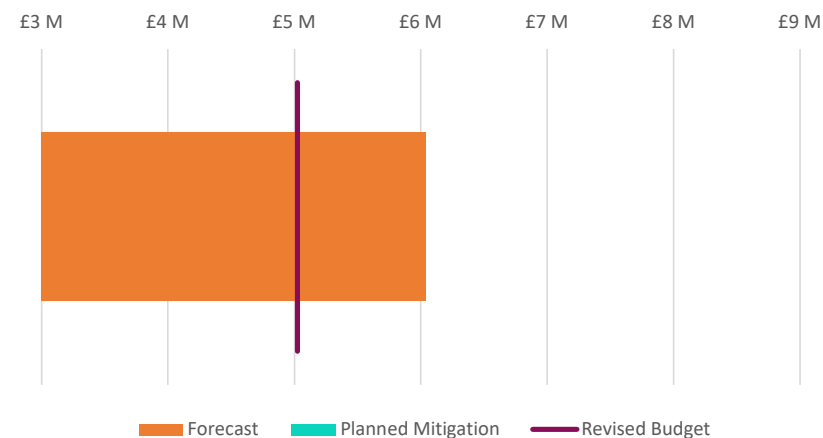
**£1.0M**

Forecast Adverse Variance

**0.33%**

Variance as % of Total Gross  
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Culture	3.643	3.979	0.336
0.000	Economic Development and Regeneration	0.627	0.617	(0.010)
0.000	Tourism	0.755	1.446	0.691
<b>0.000</b>		<b>5.025</b>	<b>6.042</b>	<b>1.017</b>
0.000	Gross Expenditure	7.435	7.335	(0.100)
0.000	Gross Income	(2.410)	(1.293)	1.117
<b>0.000</b>		<b>5.025</b>	<b>6.042</b>	<b>1.017</b>



The financial pressures faced within culture and tourism are entirely due to COVID-19. Our leisure provider has been fully supported during the pandemic and as a result no management fee will be received by SBC in 2020/21. The tourism sector was badly affected at the beginning of the pandemic but is now starting to show signs of recovery. As a result of the pier being closed for the first quarter of the year and a reduced and socially distanced train service being in operation thereafter, there will be a significant reduction in admission income collected on this key tourist attraction.

## Children and Learning

**28.90%**

of Total Gross Revenue  
Service Budget

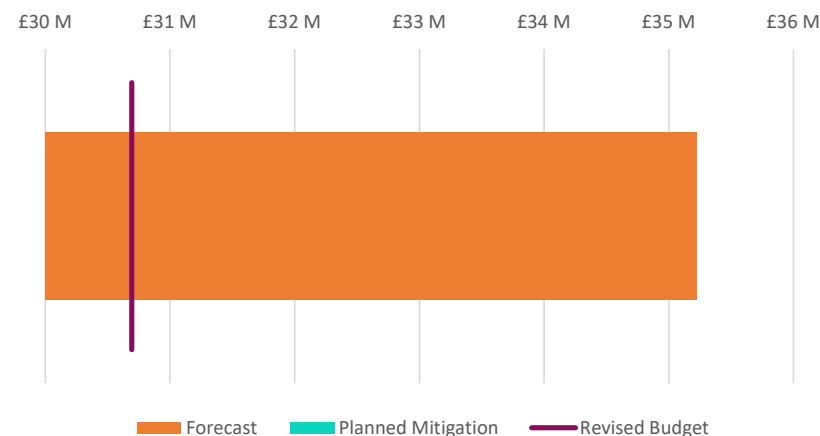
**£4.5M**

Forecast Adverse Variance

**1.46%**

Variance as % of Total Gross  
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Childrens Social Care	22.988	27.518	4.530
0.000	Education and Schools	4.951	4.955	0.004
0.000	Maintained Schools Delegated	0.000	0.000	0.000
0.000	Youth and Family Support	2.754	2.754	0.000
<b>0.000</b>		<b>30.693</b>	<b>35.227</b>	<b>4.534</b>
0.000	Gross Expenditure	89.827	94.421	4.594
0.000	Gross Income	(59.134)	(59.194)	(0.060)
<b>0.000</b>		<b>30.693</b>	<b>35.227</b>	<b>4.534</b>



As expected, Children Services remains a significant pressure area forecasting a £4.5M overspend, excluding the one off £3M put aside to support the service as part of the approved 2020/21 budget. Looked After Children (LAC) numbers have currently reduced from their peak in 2019/20, following three consecutive years of increases. This reduction has not yet been experienced on our LAC external care placements though. This is the most expensive provision and there are currently 90 ongoing care packages compared to an average of 81 in 2019/20. External care placements remain the most significant cause of the cost pressures but there is also continued spending pressures on the leaving care and unaccompanied asylum seeker care placements too. Pressures on social work staffing (although reduced from 2019/20) and independent professional assessment fees are also having an impact. Like nearly every service area there are also increased costs related to COVID-19 resulting from both placement extensions and additional staffing to respond to the crisis.

It is positive for the financial position that the LAC numbers have reduced, and this is benefiting the inhouse care provision and will be assisting to mitigate previous in-house fostering capacity issues. The service has also reduced reliance on agency staff which is again having some positive impact within the forecasts.

The intention to continue to build capacity within the inhouse foster care provision remains as a key priority. This will not only benefit the outcomes of the child, but also help to alleviate external care spend pressures moving forward. There is always a risk to these forecasts that one or two extra residential or additional secured placements can have a significant cost impact and would increase the current predicted level of spending forecasts considerably.



## Community Safety and Customer Contact

**1.73%**

of Total Gross Revenue  
Service Budget

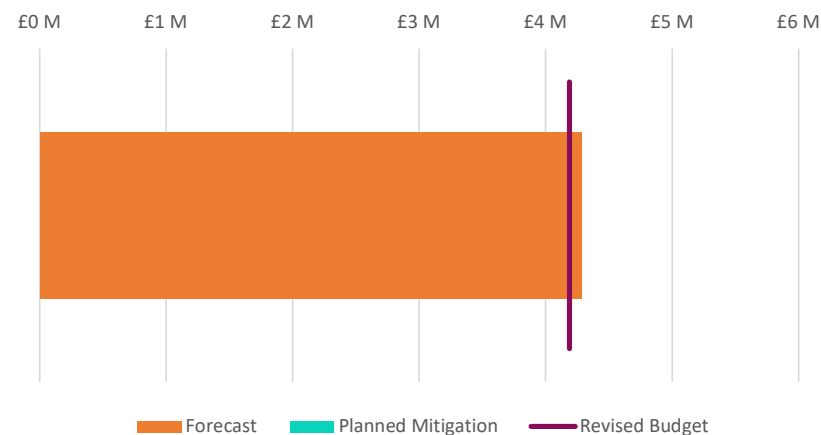
**£0.1M**

Forecast Adverse Variance

**0.00%**

Variance as % of Total Gross  
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Community Safety	1.168	1.199	0.031
0.000	Customer Services	1.901	1.986	0.085
0.000	Regulatory Services	1.119	1.098	(0.021)
<b>0.000</b>		<b>4.188</b>	<b>4.283</b>	<b>0.095</b>
0.000	Gross Expenditure	5.385	5.395	0.010
0.000	Gross Income	(1.197)	(1.112)	0.085
<b>0.000</b>		<b>4.188</b>	<b>4.283</b>	<b>0.095</b>



Due to the restrictions on wedding services there has been a significant reduction in the use of our wedding venues in 2020/21. A number of these services have been rescheduled for future years but the opportunity to generate revenue from these venues has now passed resulting in a loss of income. The forecast adverse variance is completely due to the impact of COVID-19.

## Environment and Planning

**7.73%**

of Total Gross Revenue  
Service Budget

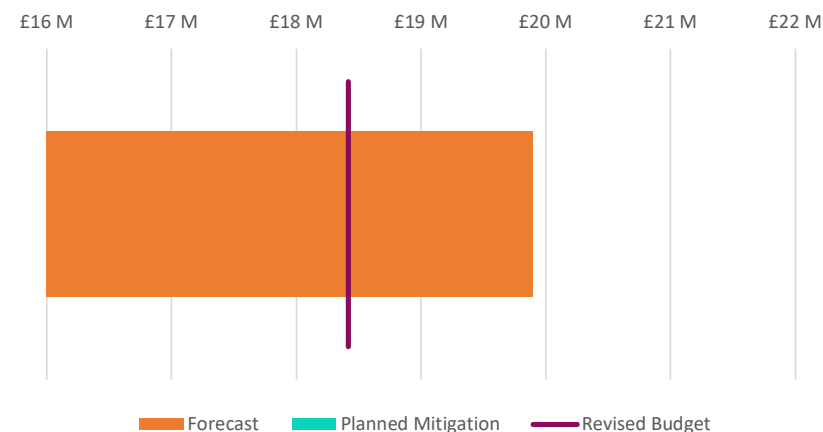
**£1.5M**

Forecast Adverse Variance

**0.31%**

Variance as % of Total Gross  
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Cemeteries and Crematorium	(1.615)	(1.582)	0.033
0.000	Energy	0.106	0.106	0.000
0.000	Flooding	0.401	0.666	0.265
0.000	Parks and Open Spaces	4.510	4.616	0.106
0.000	Planning	1.108	1.237	0.129
0.000	Waste and Street Scene	13.907	14.856	0.949
<b>0.000</b>		<b>18.417</b>	<b>19.899</b>	<b>1.482</b>
0.000	Gross Expenditure	24.027	25.306	1.279
0.000	Gross Income	(5.610)	(5.407)	0.203
<b>0.000</b>		<b>18.417</b>	<b>19.899</b>	<b>1.482</b>



Storms early in 2020 have resulted in damage along our shoreline, both immediately and via increased repairs and maintenance identified during inspections of the coastline. This running list of repairs across one of our most valuable assets continues to result in a budget pressure for the service.

Due to COVID-19 and the restrictions in place regarding organised outdoors sports there has been a reduction in the income received from sports pitches for the first 4 months of the year. There was also a reduction in the number of planning and building applications in the first two months of the year resulting in a further reduction of income for the authority.

As a result of the measures implemented to reduce the spread of COVID-19, residents have remained at home for a substantial period. Many people are working from home now and will continue to do so for the foreseeable future. One by-product of this change in how people are currently living their lives is that there has been a significant increase in the volume of household waste which is being collected and disposed of. As a waste disposal authority, the financial implication of this is borne by SBC.

## Health and Adult Social Care

**24.60%**

of Total Gross Revenue  
Service Budget

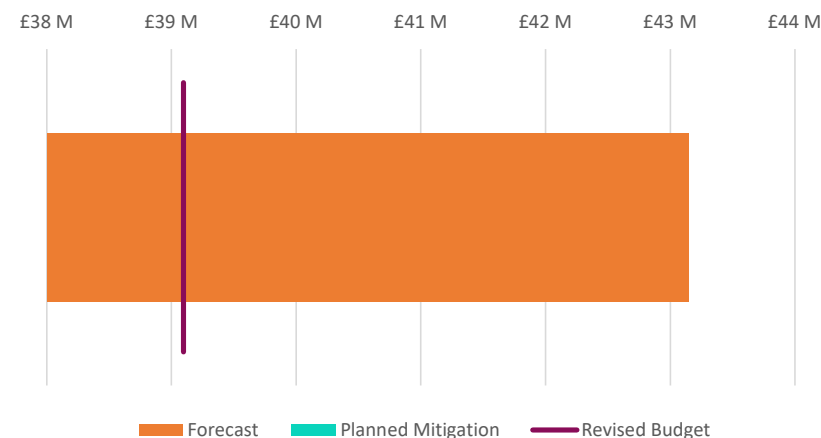
**£4.0M**

Forecast Adverse Variance

**1.30%**

Variance as % of Total Gross  
Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Adult Social Care	38.235	41.983	3.748
0.000	Health	0.161	0.464	0.303
0.000	Voluntary and Community Services	0.701	0.697	(0.004)
<b>0.000</b>		<b>39.097</b>	<b>43.144</b>	<b>4.047</b>
0.000	Gross Expenditure	76.446	80.050	3.604
0.000	Gross Income	(37.349)	(36.906)	0.443
<b>0.000</b>		<b>39.097</b>	<b>43.144</b>	<b>4.047</b>



There continues to be a pressure on Adult Social Care services, with £3.7M being the forecast year end variance as at period 4. Of this pressure, £1.7M is on Older People's interim residential placements, home care and reablement services. Extra investment was provided as part of setting the budget for 2020/21 but the impact of COVID-19 and the additional demands and response to the crisis has made it very difficult to fully implement previous recovery plans and develop new mitigation proposals. Extra investment has also been made into the provider market as part of our COVID-19 initial response. A further update will be provided at Period 6 in November 2020.

There is also a significant pressure on the Learning Disabilities (LD) service. In 2019/20 we saw an increasing demand on LD Supported Living placements, more than the usual transitions increase. We had more families where parents were older, and it was necessary for Social Care to support their loved ones to move to an environment that continued to provide the appropriate level of support but also maximised their independence. This pressure anticipates further demand increases in 2020/21 and this is being closely reviewed with the service. There is also a pressure on services provided to those with a social care need but have No Recourse to Public Funds.

In response to the COVID-19 emergency additional Personal Protective Equipment (PPE) has also been made available to care providers in the borough. This is resulting in a pressure in Public Health.

## Housing Revenue Account

**(£0.3M)**

Forecast Favourable Variance

**-1.3%**

Variance as % of Gross Operating  
Expenditure

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Gross Expenditure	23.335	23.335	0.000
0.000	Gross Income	(28.522)	(28.822)	(0.300)
<b>0.000</b>	<b>NET OPERATING EXPENDITURE</b>	<b>(5.186)</b>	<b>(5.486)</b>	<b>(0.300)</b>
0.000	Revenue Contribution to Capital	8.708	8.708	0.000
0.000	Contribution to / (from) Earmarked Reserves	(3.522)	(3.222)	0.300
<b>0.000</b>	<b>TOTAL</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

Despite the challenges of COVID-19 the current forecast for the Housing Revenue Account indicates that it will have a net surplus of (£300,000) in 2020/21, a positive variance of around (-1.3%) of gross operating expenditure. This position is predominantly due to increased levels of rental income received because of a lower level of voids within the housing stock. This demonstrates good housing management practice. It must be noted that there is a risk to the levels of rent arrears due to the impact of COVID-19 on tenants' income and their ability to pay, this situation will continue to be closely monitored.

It is currently anticipated that any surplus will be transferred to the HRA Capital Investment Reserve at the year-end for future planned investment into the housing stock. Potential to use some of the forecast surplus to fund additional revenue contributions to capital is also under consideration.