

## Finance Q1 2021/22 – appendix C

### 1 The National Picture – key financial events during Quarter 1 2021/22

The main issues affecting the Council in the first quarter of 2021/22 were:

- COVID-19 Funding 2021-22 - MHCLG published 30 March, Boston awarded £403,855
- Local Authority Test & Trace Contain Outbreak Management Fund Grant – Boston awarded £104,220
- Bank base rate remained at 0.1% (since 19 March 2020)

### 2 Revenue Budget

**Table 1 – Net spend for the year against budget by Service Area:**

Service Area	Net Budget 2021/22 £000	Projected Outturn 2021/22 £000	Variance (under spend)/ overspend £000	Summary of Main Variances
Chief Exec & Leadership	524	524	-	
Organisation & Corporate	1,899	1,899	-	
Support & Partnerships	1,492	1,868	376	Leisure, Rent Allowances
Housing & Wellbeing	1,093	1,062	(31)	Domestic Abuse funding
Regulation	867	920	53	Building Control
Operations	1,492	1,428	(64)	Vehicle Holding A/c, Refuse, & Commercial Waste
Economic Growth	317	357	40	Markets, Mayfair
Towns Fund	-	-	-	
Assets	(1,179)	(764)	415	Parking, Bereavement
Planning	194	206	12	Planning fees
BTAC	716	713	(3)	
<b>Net Service Expenditure</b>	<b>7,415</b>	<b>8,213</b>	<b>798</b>	
Drainage Board Precepts	2,009	2,009	-	
Direct Revenue				
Financing of Capital	1,088	1,340	252	Note 7
Minimum Revenue Provision	15	15	-	
Investment Income	(39)	(21)	18	Note 6
Income Receivable from Property Funds	(977)	(893)	84	Note 6
Interest Payable	494	494	-	Note 6
Net Transfer from Earmarked Reserves	(770)	(944)	(174)	Note 5
<b>Total Expenditure</b>	<b>9,235</b>	<b>10,213</b>	<b>978</b>	
<b>Financing</b>				
Council Tax	(4,583)	(4,583)	-	
Business Rates	(1,169)	(1,169)	-	
Renewable Energy	(158)	(158)	-	
Non Ring Fenced Government Grant	(3,325)	(3,325)	-	
Covid-19 Support Grant	-	(546)	(546)	
Sales, F&Cgs Claim Est	-	(200)	(200)	
<b>Net Over/(Under) spend</b>	<b>-</b>	<b>232</b>	<b>232</b>	

**Table 2 – Net spend for the year against budget by Portfolio Holder Area:**

<b>Portfolio Holder Area</b>	<b>Net Budget 2021/22</b>	<b>Projected Outturn 2021/22</b>	<b>Variance (under spend)/ overspend</b>	<b>Summary of Main Variances</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Housing & Communities	1,371	1,340	(31)	Domestic Abuse funding
Heritage	(275)	(154)	121	Bereavement services
Town Centre	780	807	27	Markets, BTAC
Environmental	2,069	2,323	254	Leisure, Vehicle Holding A/c
Finance & Commercial	639	1,001	362	Parking, Rent Allowances
Leader	1,611	1,611	-	
Economic Development & Planning	1,220	1,285	65	Building Control
BTAC included in Town Centre	-	-	-	
<b>Net Service Expenditure</b>	<b>7,415</b>	<b>8,213</b>	<b>798</b>	
Drainage Board Precepts	2,009	2,009	-	
Direct Revenue Financing of Capital	1,088	1,340	252	Note 7
Minimum Revenue Provision	15	15	-	
Investment Income	(39)	(21)	18	Note 6
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<b>Financing</b>				
Council Tax	(4,583)	(4,583)	-	
Business Rates	(1,169)	(1,169)	-	
Renewable Energy	(158)	(158)	-	
Non Ring Fenced Government Grant	(3,325)	(3,325)	-	
Covid-19 Support Grant	-	(546)	(546)	Note 3
Sales, F&Cgs Claim Est	-	(200)	(200)	
<b>Net Overspend</b>	<b>-</b>	<b>232</b>	<b>232</b>	

**Table 3 – Net spend for the year against budget by Corporate Priority:**

<b>Priority</b>	<b>Net Budget 2021/22 £000</b>	<b>Projected Outturn 2021/22 £000</b>	<b>Variance (under)/ overspend £000</b>	<b>Summary of Main Variances</b>
Prosperity	808	1,168	360	Leisure, Planning, Markets
People	1,541	1,578	37	Rent Allowances, Homelessness Support
Place	1,520	1,509	(11)	Vehicle Holding a/c, Building Control, Refuse collection
Public Service	2,830	3,245	415	Parking, Bereavement
BTAC	716	713	(3)	
<b>Net Service Expenditure</b>	<b>7,415</b>	<b>8,213</b>	<b>798</b>	
Drainage Board Precepts	2,009	2,009	-	
Direct Revenue				
Financing of Capital	1,088	1,340	252	Note 7
Minimum Revenue Provision	15	15	-	
Investment Income	(39)	(21)	18	Note 6
Income Receivable from Property Funds	(977)	(893)	84	Note 6
Interest Payable	494	494	-	Note 6
Net Transfer from Earmarked Reserves	(770)	(944)	(174)	Note 5
<b>Total Expenditure</b>	<b>9,235</b>	<b>10,213</b>	<b>978</b>	
<b>Financing</b>				
Council Tax	(4,583)	(4,583)	-	
Business Rates	(1,169)	(1,169)	-	
Renewable Energy	(158)	(158)	-	
Non Ring Fenced Government Grant	(3,325)	(3,325)	-	
Covid-19 Support Grant	-	(546)	(546)	Note 3
Sales, F&Cgs Claim Est	-	(200)	(200)	
<b>Net Overspend</b>	<b>-</b>	<b>232</b>	<b>232</b>	

### 3. Variations to budget

	Budget 2021/22 £'000	Variance 2021/22 £'000	Projected Outturn 2021/22 £'000	Comments
<b>Total Service Expenditure</b>	<b>7,415</b>			
<b>Additional Costs</b>				
Homelessness Support		224		Rough Sleeper initiative from Reserves – see Additional income off-set
Housing Benefits		52		From COVID-19 Support LCC
Housing Benefits		12		From VEPS Income
Mayfair		10		Event - External company run
Environmental Protection		100		From COVID-19 Support LCC
Bereavement		15		Insurance claim
		<b>413</b>		
<b>Reduced Costs</b>				
Vehicle Holding A/c		(50)		Maintenance costs savings
Commercial Waste		(11)		Purple bins – reduced disposal costs
Planning		(84)		
Building Control		(12)		
Leisure		(60)		
		<b>(217)</b>		
<b>Additional Income</b>				
Homelessness Support		(224)		Rough Sleeper initiative from Reserves – see Additional costs off-set
Homelessness Support		(31)		Domestic Abuse support to victims 2021-22
Housing Benefits		(52)		COVID-19 Support LCC
Housing Benefits		(12)		DWP – Verify Earnings & Pension income
Refuse Collection		(17)		Increase in pricing
Environmental Protection		(100)		COVID-19 Support LCC
		<b>(436)</b>		

<b>Reduced Income</b>				
Building Control		65		
Parking		294		
Leisure Pool		368		
Bereavement Services		106		
Markets		30		
Planning		96		
Commercial Waste		14		
Rent Allowances		68		
		<b>1,041</b>		
BTAC		<b>(3)</b>		
<b>NET SERVICE EXPENDITURE</b>			<b>8,213</b>	
<b>Other Operating Income and Expenditure</b>	<b>2,590</b>			
Direct Revenue Financing of Capital		252		Note 7.
Income Receivable from Property Funds		84		
Investment Income		18		
			<b>2,944</b>	
Net Transfer (From)/To Earmarked Reserves	<b>(770)</b>	(174)	<b>(944)</b>	Includes (£556k) Tfr from COVID-19 Reserve
<b>TOTAL EXPENDITURE</b>	<b>9,235</b>	<b>978</b>	<b>10,213</b>	
<b>Financing</b>	<b>(9,235)</b>			
Business Rates		-		
Non Ring Fenced Government Grant		-		
Covid-19 Support Grant to 30 June		(546)		
Sales, Fees & Charges Claim Est.		(200)		
			<b>(9,981)</b>	
<b>Net Overspend</b>	-	<b>232</b>	<b>232</b>	

## 4 Trading Income

The Council has a number of demand led budget areas, which are reliant on receiving income for services provided. The COVID-19 pandemic, however has had a significant impact on the sales, fees and charges income, most notably Parking, Leisure, Bereavement and Planning. These areas are included in the following table:

**Table 4 – Trading Income:**

Income Area	Budget £000	Projected Outturn £000	Variance £000
Building Control	(170)	(105)	(65)
Planning	(566)	(470)	(96)
Land Charges	(78)	(78)	-
Licensing	(131)	(131)	-
Garden Waste	(574)	(574)	-
Bereavement	(896)	(790)	(106)
Commercial Waste	(314)	(300)	(14)
Parking	(1,019)	(725)	(294)
Markets	(80)	(50)	(30)
Leisure	(918)	(550)	(368)
<b>Total</b>	<b>(4,746)</b>	<b>(3,773)</b>	<b>(973)</b>

## 5 Earmarked Reserves

The following table shows the level of earmarked reserves held at the beginning of the year, movements in the year, and the projected position at 31 March 2022:

**Table 5 – Earmarked Reserves**

Reserve	Balance 1 April 2021 £000	Previously Approved Movement £000	Proposed Movement £000	Projected Balance 31 March 2022 £000
Capital Funding	5,339	581	(249)	5,671
Transformation Reserve	1,745	1	-	1,746
Repairs and Renewals	725	27	-	752
ICT Reserve	276	(47)	(3)	226
Housing Reserve	1,247	(678)	-	569
Controlling Migration	14	-	-	14
Insurance Reserve	274	-	-	274
Property Funds Returns				
Mitigation Reserve	1,116	-	-	1,116
Funding Volatility Reserve	6,607	(20)		6,587
COVID-19 Reserve	1,256	-	(556)	700
<b>Total</b>	<b>18,599</b>	<b>(136)</b>	<b>(808)</b>	<b>17,655</b>

### Notes

- **Capital Funding Reserve** – the proposed movement in reserve reflects changes to in-year financing requirements associated with the revised capital programme, as set out in section 8.
- **COVID-19 Reserve** – Q1 Report includes the (£556k) transfer to Services, leaving an available balance of £700k.

**Recommendation:**

**F1 To approve the reserve movements detailed in Table 5.**

## **6 Treasury Management**

At 30 June 2021, the Council held £23.715m in cash investments (£17.690m at 31 March) and £20.118m in property funds (£19.492m at 31 March). The reduction in Property Fund values has occurred due to the Covid-19 pandemic.

The Council budgeted to receive £1,016,000 in gross investment income in 2021/22 comprising £977,000 from Property Funds (including £215,000 of management fees), and £39,000 from cash investments.

At 30 June 2021, total gross investment income for the year is estimated to be £914,000 comprising £893,000 gross from Property Funds and £21,000 from cash investments. Property fund management fees for 2020/21 are estimated at £215,000.

In 2021/22 quarter 1, the Council achieved an average gross revenue return (before deduction of management fees) of 4.44% from the Property Fund purchases (3.37% after fees)

Treasury (cash) Investments achieved an average rate of 0.10%.

**Table 6 - Property Funds as at 30 June 2021**

<b>Property Fund</b>	<b>Sum Invested</b>	<b>Fair Value 31 March 2021</b>	<b>Fair Value 30 June 2021</b>	<b>Gain /(Loss) in Q1 2021-22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Black Rock	4,500	4,403	4,491	88
Schroders	4,250	4,255	4,351	96
Threadneedle	4,239	3,830	3,947	117
M&G	4,000	3,478	3,605	127
AEW	4,000	3,526	3,724	198
<b>TOTAL</b>	<b>20,989</b>	<b>19,492</b>	<b>20,118</b>	<b>626</b>

### **External Borrowing**

At the start of the 2020/21 financial year, the Council's total long-term borrowing was £16.449m. Total annual interest payable on external borrowing is estimated at £494,000.

No additional borrowing was undertaken during the quarter ended 30 June 2021.

## 7 Capital

The following table shows the approved capital programme for 2021/22 as reported to Full Council on 1 March 2021 and subsequently slippage from 2020/21 as presented in the outturn report in June 2021, plus other known in-year changes together with actual spend to the end of quarter 1:

**Table 7 –Capital Programme for 2021/22**

<b>Scheme</b>	<b>2021/22 Approved Program. Feb. 2021 £'000</b>	<b>2021/22 Program. with slippage £'000</b>	<b>In Year Changes £'000</b>	<b>Revised Program. £'000</b>	<b>Actuals to 30 June 2021 £'000</b>
<b>Scheme</b>					
Disabled Facilities Grants*	280	669	-	949	15
Housing Strategy	56	-	-	56	-
Resurfacing and Footpath Improvements	48	34	-	82	-
Noise Monitoring Equipment	10	-	-	10	-
Town Centre Heritage Scheme (PSICA 2)	1,189	208	-	1,397	62
Multi Use Games Area (CMF)	-	23	-	23	-
Information Technology Refresh	197	3	-	200	10
Vehicle Replacement					
Ransomes Mower	20	-	-	20	-
Ford Transit tipper van x 2	-	22	-	22	-
Ford Vans x 2 Supervisors	-	8	15	23	-
Refuse Vehicle	-	-	170	170	-
Recycling Bin Purchase	24	-	-	24	-
PE21 Boston Town Deal-Accelerated Funding**	-	400	-	400	122
ICT Finance Upgrade	634	-	-	634	619
	<b>2,458</b>	<b>1,367</b>	<b>185</b>	<b>4,010</b>	<b>828</b>

<b>Capital Financing</b>	<b>2021/22 Approved Program. Feb. 2021 £'000</b>	<b>2021/22 Program. with slippage £'000</b>	<b>In Year Changes £'000</b>	<b>Revised Program. £'000</b>	<b>Actuals to 30 June 2021 £'000</b>
External Grants and Contributions	1,370	1,300	-	2,670	199
Capital Reserve	766	64	185	1,015	619
I.T. Reserve	197	3	-	200	10
Repairs and Renewals Reserve	69	-	-	69	-
Housing Reserve	56	-	-	56	-
Funding Volatility Reserve	-	-	-	-	-
	<b>2,458</b>	<b>1,367</b>	<b>185</b>	<b>4,010</b>	<b>828</b>



### **\*Disabled Facility Grants**

Total resources for Disabled Facility Grants, including approved Better Care Funding of £0.633m for 2021/22, is £0.949m.

At Quarter 1, the Council has commitments of £0.237m. There are a further 106 cases at various stages of progression, totaling £0.745m. Housing services are constantly seeking opportunities to increase the pace of spend/delivery to benefit clients and will be recruiting a Housing Grants Officer to assist with capacity provided by the Better Care Funding.

### **\*\*PE21 Boston Town Deal – Accelerated Funding**

£400k carry forward from 2020-21. £122k represents the contribution to a 3G pitch at Boston Witham Academies Foundation.

#### **Recommendation:**

**F2 To approve the updated capital programme as detailed in Table 7**

## **8 Debt Collection**

A review of debts is undertaken every month and monitoring is reported against targets. Debts approved for write off by the Chief Finance Officer under the approved delegation, after all appropriate and proportionate recovery actions had been undertaken, were £9,985 for Council Tax and £15,966 for Housing Benefit Overpayments.

An analysis of the Council's Sundry Debts held at 30 June 2021 is shown in the following table:

**Table 8 – Sundry Debt analysis**

<b>Quarter 1</b>	<b>Not yet due</b>	<b>0-30 days</b>	<b>31-91 days</b>	<b>92-365 days</b>	<b>Over 365 days</b>	<b>Total</b>
Amount £	258,005	152,102	102,712	225,360	129,519	867,698

## **9 Supplementary Estimates**

Supplementary estimates reflect instances where the Council has received additional income in the quarter, notified since the formal budget was set and its use is for a specific purpose.

**Table 9 – Supplementary Estimates**

<b>Supplementary Estimates requiring Cabinet approval</b>	<b>Amount £000</b>
<b>DCLG - Rough Sleeper Initiative</b>	224
To be added to in year budget	(224)
<b>DCLG – Rough Sleeper Initiative – additional funds</b>	24
To be added to in year budget – please see note below	(24)
<b>DWP – Verify Earnings &amp; Pension</b>	12
To be added to in year budget	(12)

We have received further funding from MHCLG to deliver rough sleeping services in Boston. As part of this, we would like to be able to support Centre Point (homelessness charity) by

increasing the value of their core grant from the Borough Council for the 21/22 financial year. Currently they are allocated £4,000 core grant funding.

## Price File – Fees and Charges

### Refuse

At the time the Budget was set, due to COVID-19 pressures the prices were not increased, however the following charges have been introduced, different to those quoted within the budget papers:

#### **Bulky collections (standard items)**

Collection of 1-2 standard items now £19 (£18 in the budget)

Collection of 3 standard items now £26 (£25 in the budget)

Collection of 4-5 standard items now £31 (£30 in the budget)

#### **Bulky collections (white items)**

1 large white item now £27 (£26.25 in the budget)

2 large white items now £38 (£36.75 in the budget)

### **Recommendation:**

**F3 That the supplementary estimates in respect of Rough Sleeper Initiative and Verify Earnings & Pension be approved, as set out in table 9. That the increases in Bulky waste collection prices above those approved in the Budget, be approved.**

## **10 Supplementary Estimates – COVID-19**

The impact of the pandemic on income from sales, fees and charges and additional costs has seen the Government introduce a compensation scheme for councils for these unforeseen losses that are irrecoverable. Table 12 sets out the funds received during the quarter.

**Table 10 – Supplementary Estimates – COVID-19 specific**

<b>Supplementary Estimates requiring Cabinet approval</b>	<b>Amount £000</b>
DCLG - Covid-19 Funding Allocation 2021-22	404
To support additional costs arising from the pandemic	(404)
DCLG - Covid-19 Contain Management Fund	104
To support additional costs arising from the pandemic	(104)
DCLG - Covid-19 – Lower Tier Services Grant	38
To support additional costs arising from the pandemic	(38)

### **Recommendation:**

**F4 That the supplementary estimates in respect of COVID-19 be approved, as set out in table 10.**

## 11 Insurance

The number of insurance claims against the Council are relatively small and are in line with years'. Not all claims result in the Council making a settlement payment.

A summary of the number of claims received, comparing them to 2020/21, is given below:

**Table 11 – Insurance claims received**

Cover	Q1
Public Liability	0 (0)
Employer's Liability	0 (0)
Motor	1 (1)
Property	0 (0)
<b>Total</b>	<b>1 (1)</b>

(Previous year comparison in brackets)

## 12 Procurement Exemptions

Under the Council's Contract and Procurement Procedure Rules (specifically sections 3.1.2 (1) and (2) in this instance), exemptions over £25,000 need to be approved by the Cabinet.

1) The award of grant funding under the Rough Sleepers Initiative requires an exemption for the commissioning of work:

£24,187 for the period 1<sup>st</sup> July 2021 to 31<sup>st</sup> March 2022 – to be funded from the Rough Sleeping Intervention Grant. The terms of this core grant funding would be to deliver community support to reduce homelessness and rough sleeping across Boston Borough.

2) Exemption for an externally funded £30k Arts Project for the Boston Townscape Heritage Project. The project is fully funded and this is not approval for additional funds, rather delegating the responsibility of management of the arts project. To facilitate this Transported Arts will require the £30,000 budget from the project to be delegated to them.

### Recommendations:

**F5 That the procurement exemptions in respect of the Rough Sleepers Initiative and the Arts Project for the Boston Town Heritage Project funding be approved.**

## 13 Other Financial Matters

### Audit and Governance Committee

A number of reports were presented to Audit and Governance Committee on 24 May 2021:

- Annual Audit Letter 19-20 – Mazars
- Audit Completion Report 19-20 – Follow up Letter – Mazars
- Internal Audit Annual Report 20-21
- Internal Audit Progress Report 20-21
- Transfer of Internal Audit Service
- Risk Report – Quarter 3 20-21
- Annual Fraud Performance Report 20-21
- Work Programme

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