

Section One - General Fund Revenue Outturn as at 31st March 2020

A summary of the revenue outturn position for the main service accounts of the Authority is set out in the table below.

	2019/20			Remove Reserve Funded Variances	Variance from Working Budget	Appendix 1 Note
	Original Budget	Working Budget	Actual			
Expenditure:	£000	£000	£000	£000	£000	
Central Services	270	575	615	(3)	(43)	
Communities & Environment	9,733	10,027	9,503	(431)	93	1
Economic Growth & Regeneration	6,223	6,383	6,323	(152)	(92)	2
Corporate Services	4,845	4,821	6,042	(77)	(1,298)	3
Other Corporate Income & Expenditure Items	(5,134)	(5,869)	(5,878)	663	672	4
NET REVENUE EXPENDITURE	15,937	15,937	16,605	-	(668)	

Note 1 Communities & Environment

Employee Costs (£147K underspend)

See also 'Provision for Staff Turnover' in the 'Corporate Services' section below. The directorate undertook a restructure at management level within the previous financial year and achieved the £151K savings target which was included in the base budget and subsequently contributed £147K to the corporate staff turnover target, once redundancy costs, supplementary agency workers plus income not achieved through turnover relating to externally funded initiatives had been accounted for.

Salt Ayre Repairs & Maintenance (£103K cost, no overall variance)

Repairs to poolside columns paid directly from SALC but utilising budgets held within Economic Growth & Regeneration (Property Services) where a corresponding underspend can be seen. All future R&M spend for the centre has now been mapped out, including a fully funded asset management plan, and is controllable within the budget framework.

Disabled Facilities Grant Income (£90K additional income)

The core capital DFG has been increasing year on year and for 2019/20 was £1.89M. Grants are allocated, and an 18% admin fee is levied on completion. More money has meant an increased number of grant allocations and streamlined procedures have increased the number of completed jobs hence the subsequent rise in admin fee income.

Nurseries (£51K overspend)

Long term absence of a key staff member and also the pandemic led to income targets not being achieved (from contract work and the retail outlet). In the short term this also meant plants last summer were bought in at a higher cost and not grown in-house, which increased costs. A plan for future delivery has been developed (grassland management plan) and will provide a streamlined, more cost-effective service.

Note 2 Economic Growth & Regeneration

Works in Default (£75K overspend)

Mainly relates to emergency works required to a dangerous building in Carnforth which is subject to a land charge. Action will be taken to recover the costs but it is not known at this juncture as to when this will happen.

Planning Fee Income and Local Plan (£319K shortfall)

Uncertainty ahead of local plan adoption deterring developers and impact of pandemic lockdown in the final quarter led to the delay in the submission of other applications leading to a £277K shortfall in fee income. Evidence gathering and examination costs for local plan slipped from the previous financial year at a cost of £42K.

Property, Investment and Regeneration Services (£320K underspend)

As the Building Condition Works Programme draws to a close, and a lot of the essential upgrade works completed to the Council's buildings, the amount spent on one off repairs has reduced again by £86K across the service and this has been utilised to fund the repairs at SALC together with net savings of £21K on building cleaning across the municipal buildings. The drive to increase rental income also resulted in an additional £139K rental income for the year, including new property purchased at 17-21 Penny Street and the Bus Station. Additional staff time charged to the Caton Road FRMS project also resulted in a saving of £41K.

Note 3 Corporate Services

Provision for Staff Turnover (£518K reversal, £380K shortfall)

Each year the Council sets a target to be included within the budget to meet turnover relating to employee costs which therefore benefits the budgets and enables the support of other funding decisions. The target set was based on historic performance in this area.

Previously, the target was apportioned across services but starting this financial year, the turnover target of £518K was held centrally resulting in staffing variances being directly attributable to the appropriate directorate and not net of their turnover target. Performance on employee costs once restructuring costs, supplementary agency workers, locums and consultants plus income not achieved through turnover relating to externally funded initiatives had been accounted for, is shown in the table below :-

	£000
Communities & Environment	147
Economic Growth & Regeneration	45
Corporate Services	(20)
Central Services	(34)
Total	138

The employee savings of £138K achieved therefore result in a shortfall of £380K against the corporate turnover target of £518K. However, it should be noted that throughout the year, capacity was identified to deliver on corporate objectives which caused some higher one off costs in key areas, for instance specialist staff/consultants.

Bad Debt Provision (£155K increase)

Following the review of historic information and the levels of collectability regarding debt, the annual contribution was deemed insufficient and increased in-line with current income projections.

Legal Services (£165K overspend)

Due to long delays in the recruitment of replacement and new Lawyers the Legal Services needed to employ several Legal Agency Locums during the year (£69K) and engage more external professional advice (£51K). The service for 2020/21 is now fully staffed. There was also a fall in the number of Search Fees of £35K.

Housing Benefit Overpayments (£218K shortfall)

There was a reduction in 2019/20 in Housing Benefit Overpayment Recoveries of £540K as the number of claimants and overpayments reduced as more people move across to Universal Credit leaving a net cost of £218K after net spend on benefits awarded and in year overpayments are taken into account.

Collection Fund Court Cost Recovery (£167K shortfall)

There was a reduction in Court Costs income of £167K. Difficult to budget for Council Tax/NNDR Court Cost income as numbers of court cases can vary quite significantly year on year and estimates are based on previous years' numbers. 2019/20 was based on a large number of cases which didn't materialise. Reductions may be required in 2020/21.

Note 4 Other Corporate Income & Expenditure

Green Energy Disregard (£2.081M credit)

The Council have benefitted from Renewable Energy payments due, largely from Walney Sub-Station which weren't included in estimates throughout the year. Further amounts due will be included in future income projections.

Business Rates Appeals (£1.449M provision)

An assessment of potential future appeals relating to business rates was undertaken and in particular the Power Station was scrutinised for planned maintenance programmes and possible outages, which inevitably could lead to lower income levels receivable. On this basis and following external advice, further provision was made which demonstrates prudence and should the provision not be required, it can be brought back into general fund and utilised differently at that point.

Section Two - Quarter 3 Monitoring Position versus Provisional Outturn

As part of the revenue closedown process an exercise to understand the differences between the quarter 3 monitoring position and provisional outturn was undertaken. The table below summarises the differences at directorate level and the notes below provide a detailed explanation for each movement in variance. Any differences between the amount listed in the table and the sum of the explanations below are attributable to notional or minor variances.

	Variance from Q3 Monitoring £000	Variance from Provisional Outturn £000	Movement £000	Appendix 1 Note
Expenditure:				
Central Services	69	(43)	(112)	a
Communities & Environment	386	93	(293)	b
Economic Growth & Regeneration	(386)	(92)	294	c
Corporate Services	(298)	(1,298)	(1,000)	d
Other Corporate Income & Expenditure Items	(91)	672	763	e
NET REVENUE EXPENDITURE	(320)	(668)	(348)	

Note a Central Services (£112K adverse)

Assistant Chief Executive Position (£99K)

Reserve contribution provided for Assistant Chief Executive not required in 2019/20 as post

remained vacant. Alterations to monitoring processes will prevent this type of variance from occurring again.

Note b Communities & Environment (£293K adverse)

Nurseries (£51K)

As detailed in section one, the long term absence of a key member of staff resulted in plants not being grown in-house which had a detrimental impact on stock levels which alongside loss of income were not appreciated until during the closedown process.

Car Parking Income (£59K)

The pandemic hit in mid-March and a combination of lockdown and decision not to charge locally for the use of our off-street car parks was taken resulting in less income received in the final two weeks of the financial year.

Williamson Park Utilities (£29K)

During the final quarter it came to light that wastewater charges at the park had increased following a re-assessment of status by WaterPlus. This increase is currently under challenge by Officers and any refund gained will be accounted for in the 2020/21 financial year.

SALC Pool Pillar Repairs (£103K)

As detailed in section one, this variance is offset by a corresponding variance in the 'Economic Growth & Regeneration' section below, resulting in no variance overall.

Note c Economic Growth & Regeneration (£294K favourable)

Planning Fee Income (£248K)

No variance reported at quarter 3 monitoring. Uncertainty ahead of local plan adoption deterring developers and impact of COVID-19 lockdown in quarter 4 delaying submission of other applications into 2020/21.

Community Housing Lune Valley/Halton £199K

Grant payments reported as a £199K cost in quarter 3 monitoring were realistically a nil cost due to it being reserve funded. Alterations to monitoring processes will result in this type of variance from not occurring again.

Additional Property Rent £139K

Rental Income for new property purchased at 17-21 Penny Street of £58K not budgeted for at the time and additional recharges for Bus Station of £66K not included together with other minor variances.

Staff Time Chargeable to Capital £41K

Higher levels of staff time charged for the Caton Road FRMS project (and in particular charged within quarter 4) not previously included in the budget or reported at quarter 3 monitoring.

SALC Pool Pillar Repairs £103K

See above explanation in Communities & Environment section.

Note d Corporate Services (£1,000K adverse)

Staff Turnover (£518K)

Positive staffing variances were included in the quarter 3 monitoring position but an oversight was made not to reverse the staff turnover target to compensate and demonstrate the true position. This has been addressed within the quarter 1 monitoring report for 2020/21.

Revenues & Benefits (£212K)

As the number of claimants reduce and transfer across to Universal Credit the number of overpayments and therefore Housing Benefit overpayment recoveries has reduced by £140K more than anticipated. The amount of Legal Fees recovered from summonses in 2019/20 also reduced by a further £40K more than estimated. Both of these areas are difficult to predict during the year.

Bad Debt Provision (£155K)

The review of the bad debt provision did not take place until the closedown process.

Note e Other Corporate Income & Expenditure Items

Green Energy Disregard (£2.081M)

Whilst the monies were received during quarter 3, officers were unsure of its financial treatment and it was confirmed later in the year that it was to be classified as income.

Business Rates Appeals (£1.449M)

The review of the business rates appeals did not take place until the closedown process. It is hoped that in the future, collection fund monitoring information is included within the normal monitoring arrangements.