

Allerdale Borough Council

Executive – 13 October 2021

Finance Report for the period April to July 2021

Portfolio holder	Councillor Colin Sharpe PH Finance and Legal
Report from	Catherine Nicholson, Chief Officer - Assets telephone no: 01900-702503 email: catherine.nicholson@allerdale.gov.uk
Wards affected	All
Is this a key decision	No

1.0 The reason for the decision

- 1.1 This report informs members of the Council's financial performance against budget for the period April to July 2021 along with the forecast position to 31 March 2022.

2.0 Recommendations

- 2.1 That the contents of the report are noted.

3.0 Background and Introduction

- 3.1 The Council's Financial Regulations require the Section 151 Officer (Chief Officer - Assets) to report regularly, (at least quarterly) to Executive, the latest financial position against budget.
- 3.2 This report outlines for the Council's revenue budget (section 5) and capital budget (section 9):
- actual (net) expenditure during the period April to July 2021
 - the projected net expenditure (full year forecast/forecast outturn) against budget for the year to 31 March 2022 (section 5)
 - reasons for significant variances (+/- £30k) between the full year forecast actual expenditure and the approved estimates (budget) for 2021-22.

3.3 This report also provides:

- details of forecast expenditure on projects funded from earmarked reserves (section 7)
- a summary forecast income from business rates, council tax and non-specific (un-ringfenced) grants (section 8)
- a summary of the impact of the forecast outturn position on earmarked reserves and general fund balances (section 10)
- details of treasury management activity and confirmation of compliance with the Treasury and Prudential Indicators included in the Council's Treasury Management Strategy Statement (section 11)
- an overview of insurance activity during the period (section 12)
- performance information relating to sundry debtors income and write offs, payment of creditor invoices and the collection of council tax and business rates income (section 13).

4.0 Key Messages

4.1 The headline messages at the end of the first four months of 2021-22 are:

Revenue Budget

- (i) Expenditure from the revenue budget, excluding projects funded from earmarked reserves, is forecast to give a favourable variance of £5k.
- (ii) After taking into account the estimated amount of £64k to be received under the income guarantee scheme, the projected outturn position will result in a contribution to General Fund reserves of £69k.

Earmarked Reserves Budget

- (iii) Following publication of the 2020-21 outturn position, a review of reserves was carried out and the budgeted use of reserves in 2021-22 increased to reflect the re-profiling of expenditure across financial years.
- (iv) There is a favourable variance projected against this updated budget of £3k.

Capital Budget

- (v) Expenditure from the capital budget is forecast to underspend by £13.249m (before carry forwards); £5.722m net of anticipated budget carry forward requests (re-profiling adjustments)

Treasury Management

- (vi) Treasury management activities during the period were carried out in accordance with the Council's treasury management and investment strategies and within the limits established by the approved treasury and prudential indicators for 2021-22.
- (vii) No new external borrowing was undertaken during the four month period ending 31 July 2021.

5.0 Summary of Projected Revenue Outturn Position

5.1 Table 1 shows, as at the end of July 2021, the Council's overall projected 2021-22 revenue outturn position. It shows:

- net budgeted expenditure on services of £15.880 million
- projected outturn on services (including contributions to reserves) of £15.875 million
- a projected underspend on services for the year to March 2022 of £5k
- projected favourable variance against the earmarked reserves budget (updated to reflect the 2020-21 outturn position) of £3k.

Table 1 - Summary of Projected Outturn against Annual Budget

	Budget £'000	Projected Outturn £'000	Projected Variance £'000	Report Ref.
Net Expenditure on Services	13,313	13,308	(5)	
Parish Precepts	2,567	2,567	0	
Net Expenditure on Services	15,880	15,875	(5)	Section 6
Expenditure on Earmarked Priorities	2,668	2,665	(3)	
Total Net Expenditure	18,548	18,540	(8)	
Less: Planned use of earmarked balances	(2,668)	(2,665)	3	Section 7
Net Budget Requirement/ Outturn	15,880	15,875	(5)	
Funding:				
Taxation & Government Grants	15,420	15,484	64	Section 8
Contribution from/to General Fund	460	391	(69)	Section 10
Total Funding	15,880	15,875	(5)	

5.2 To balance the Council's budget, the projected underspend of £5k in addition to the additional government grant of £64k, under the income guarantee scheme, will result in a reduction of £69k required to be contributed from the Council's General Fund balances. The budgeted contribution from the Council's General Fund balances was £460k and is now projected to be £391k.

6.0 Analysis of Net Expenditure on Services against Budget

6.1 A summary of the projected favourable outturn variance of £5k by portfolio is shown in Table 2.

Table 2 - Summary of variance by Portfolio

	Annual Budget	Projected Outturn	Planned contribution to reserve	Projected Variance
	£'000	£'000	£'000	£'000
Economic Growth, Community Development & Placemaking	(1,439)	(1,489)	0	(50)
Finance & Legal	3,819	3,610	0	(209)
Environmental Services	2,041	2,016	25	0
Policy, Governance & People Resources	751	868	40	157
Leisure & Tourism	79	79	0	0
Customer Experience & Innovation	(19)	32	0	51
Salaries	8,081	8,127	0	46
Parish Precepts	2,567	2,567	0	0
Total	15,880	15,810	65	(5)

6.2 A breakdown and analysis of significant variances (i.e. full year forecast of +/- £30k) by portfolio area is set out in the following paragraphs.

Finance & Legal Portfolio

6.3 The forecast net variance against the Finance & Legal portfolio is £208,448 (favourable). Significant variances underlying the current forecast position are summarised in the following table:

Table 3 - Finance & Legal significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Banking & Interest	(62,932)	0	(62,932)
MRP & Finance Charges	(209,928)	0	(209,928)
Food & Occupational Health	41,093	0	41,093
Sub Total	(231,767)	0	(231,767)
Activity variances not exceeding +/- £30k	23,319	0	23,319
Total variance	(208,448)	0	(208,448)

Banking and Interest (favourable variance of £62,932)

6.4 The key element of this variance relates to a favourable variance on interest payable. The original interest payable budget for 2021-22 of £984,770 was predicted on the basis of drawing down additional PWLB borrowing in 2020-21 of up to £7.23m. This figure included £1.4m of borrowing in respect of unfinanced capital expenditure (i.e. amounts funded from borrowing) incurred in prior years. As reported in the 2020-21 capital outturn report, the actual amount of capital expenditure funded from borrowing in 2020-21 was £234k compared to the revised budget of £6,051k. A variance of £5,817k. Of this £5,276k was carried forward to

2021-22. The in-year expenditure of £234k was met from internal borrowing and no new external borrowing was undertaken in 2020-21. After adjusting for changes in forecast borrowing rates, the deferment of additional PWLB borrowing from 2020-21 to 2021-22 has resulted in a forecast reduction in the interest charge for 2021-22 of £65k.

Minimum Revenue Provision (MRP) – Financing Charges (favourable variance of £209,928)

- 6.5 The minimum revenue provision is an annual amount required to be set aside from the General Fund to meet the capital cost of expenditure funded by borrowing or credit arrangements. Pending confirmation of the 2020-21 capital outturn position, the MRP budget for 2021-22 was set based on the amount of capital expenditure, funded by borrowing, included in the 2020-21 revised capital budget. The actual amount of expenditure funded from borrowing in 2020-21 was £234k compared to a budgeted total of £6,051k. A favourable variance (underspend) of £5,817k. The impact of this underspend on capital expenditure funded from borrowing is a corresponding reduction in the 2021-22 MRP charge of £210k.

Food & Occupational Health (adverse variance of £41,093)

- 6.6 The council have been pursuing the recovery of costs incurred associated with an investigation carried out by the Food & Occupational Health service following a successful prosecution of the defendant. It is now evident that recovery of these costs will not be possible giving rise to this adverse variance.

Environmental Services Portfolio

- 6.7 The forecast net variance against the Environmental Services portfolio budget is £284 (favourable). Significant variances underlying the current forecast position are summarised in the following table:

Table 4 - Environmental Services significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Trade Waste	(60,483)	0	(60,483)
Recycling	(338,082)	0	(338,082)
Off-street – Owned Car Parks	56,681	0	56,681
Multi-storey Car Park	262,814	0	262,814
Sub Total	(79,070)	0	(79,070)
Activity variances not exceeding +/- £30k	78,786	0	78,786
Total variance	(284)	0	(284)

Trade Waste (favourable variance of £60,483)

- 6.8 The favourable variance is a result of forecast income from the sale of recycled materials. This can be a volatile market. The forecasts are based on current prices in the marketplace (which have significantly increased since January 2021) and

volumes experienced in 2020-21 for the remainder of the financial year. Any variation to each of these elements will impact on the projected outturn.

- 6.9 Within the overall forecast it is projected that there will be an adverse variance of £54k in relation to income from Trade Waste refuse collections, however, this has been offset in full by a reduction in the associated disposal costs.

Recycling (favourable variance of £338,082)

- 6.10 The favourable variance is underpinned by the following:

- A favourable variance of £357.5k due to the forecast income from the sale of recycled materials. As noted in paragraph 6.8, this is a volatile market and prices are currently high in the marketplace. This forecast is based on those prices holding for the remainder of the financial year and the tonnages experienced in 2020-21 for the remainder of the financial year. Variations to either of these elements will influence the current projected outturn.
- A £30k favourable variance is forecast from recycling credits income, payable by Cumbria County Council, due to the collection of higher tonnages of recycled materials than budgeted.
- A forecast adverse variance of £17.5k in relation to cleansing costs associated with the increase in recycling materials collected.
- A forecast adverse variance of £32k income as a result of not implementing charges for replacement bins.

Off-street – Owned Car Parks (adverse variance of £56,681)

- 6.11 This variance is underpinned by the following:

- A shortfall on budgeted income by £15.5k. This adverse variance is primarily linked to the forecast in income from the sale of Season Tickets. This is a difficult area to forecast following the pandemic and still appears to be being affected by the number of people working from home.
- An adverse variance of £3.5k relates to business rates charges over and above the budget.
- Investments have been required to some of the car park sites. Unexpected costs of line markings and to a lesser extent, signage, has been incurred. Five machines have also been purchased from a local outlet which have been deployed at our busiest sites. Logic SIMS have also been installed to improve signals at the machines and reduce waiting times to pay by our preferred cashless method. A commitment has also been made to purchase new router modems to be installed in our busiest machines, which based on a trial this summer, enhances even further the logic SIMS, enabling faster connections. These costs have contributed to an adverse variance of £31k within this cost centre.
- The shift from cash to card payments has increased the expenditure being borne on card payment charges. This is forecast to be £6.5k above the budget.

Multi-storey Car Park (adverse variance of £262,814)

- 6.12 The multi-storey car park is experiencing significantly lower usage than forecast at the time of setting the budget. This is likely to be a result of people still working from home and changes to people's shopping habits initiated by the pandemic. In addition, a new car park has recently become available within close proximity of the multi-storey car park; motorists may be using the alternative and lower costs parking provision.

Policy, Governance & People Resources Portfolio

- 6.13 The forecast net variance against the Policy, Governance & People Resources portfolio is £157,692 (adverse). Significant variances underlying the current forecast position are summarised in the following table:

Table 5 - Policy, Governance & People Resources significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Head of Governance	50,000	0	50,000
Strategy, Policy & Performance	77,196	0	77,196
Sub Total	127,196	0	127,196
Activity variances not exceeding +/- £30k	30,496	0	30,496
Total variance	157,692	0	157,692

Head of Governance (adverse variance of £50,000)

- 6.14 The £50k adverse variance is linked to a savings target originally built into the base budget to be met from restructure savings. The considered restructure has now been subsumed by a wider, full authority restructure, and this budget provision will be considered in the light of the revised budget and the impact of the full staff restructure.

Strategy, Policy & Performance Pay Group (adverse variance of £77,196)

- 6.15 Similarly to the variance reported in paragraph 6.14, this adverse variance is based on a savings target of £80k, originally built into the base budget to be achieved through restructure savings. This has now been subsumed by a full authority restructure and this variance will be reviewed during the revised budget process and considered against the impact of the full staff restructure.

Customer Experience & Innovation Portfolio

- 6.16 The forecast net variance against the Customer Experience & Innovation portfolio budget is £50,775 (adverse). Significant variances underlying the current forecast position are summarised in the following table.

Table 6 - Customer Experience & Innovation significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Arcus system	40,554	0	40,554
Sub Total	40,554	0	40,554
Activity variances not exceeding +/- £30k	10,221	0	10,221
Total variance	50,775	0	50,775

Arcus system (adverse variance of £40,554)

- 6.17 An adverse variance of £40.5k is forecast in relation to the development and implementation of the Arcus system. Due to delays in the project, there has been a requirement to continue use of the legacy systems which the Arcus system replaces. Costs associated with the extended use of the legacy systems has contributed to the forecast variance in addition to a number of add-ons to the project that were not identified at the outset.

Salaries

- 6.18 The council has been in consultation with staff and unions regarding the implementation of a new staffing structure to be effective from 1 October 2021. Salary forecasts have been prepared on this basis, and after taking into account anticipated inflationary pay increases, an adverse variance of £46k is currently projected.

Other portfolios

- 6.19 At the end of quarter 1, there were no significant variances (i.e., variances of +/- £30k) to report within the following portfolios:
- Economic Growth, Community Development & Placemaking
 - Leisure and Tourism

7.0 Projects funded from Earmarked Reserves

- 7.1 At 1 April 2021, the balance held in earmarked reserve was £10,460k, and comprised:
- £2,883k held for service expenditure
 - £7,577k held for accounting purposes or as contingency against specified risks.
- 7.2 Against the balance of £2,883k (reserves held for service expenditure) the profiled spend identified for 2021-22 is £2,668k. The remaining balance is profiled to be spent in subsequent financial years.
- 7.3 The current projected outturn for 2021-22 is £2,665k, projecting an underspend of £3k.

Table 7 - Summary of projected expenditure from earmarked reserves

Reserve Funded projects	Reserve Balance 1-4-2021 £'000	Profiled Budget 2021-22 £'000	Projected outturn £'000	Variance £'000
Economic Growth, Community Development & Placemaking	674	436	434	(2)
Finance & Legal	1,315	1,125	1,125	0
Environmental Services	284	334	333	(1)
Policy, Governance & People Resources	341	295	295	0
Leisure & Tourism	98	92	92	0
Customer Experience & Innovation	171	386	386	0
Total held for service expenditure	2,883	2,668	2,665	(3)
Accounting/Contingency reserves	7,577	6,160	6,160	0
Total Reserves	10,460	8,828	8,825	(3)

8.0 Taxation and Non-specific grant income

8.1 Details of the Council's taxation and non-specific grant income and expenditure for the year compared with budget, are shown in the following table. This includes income received from:

- Non-ring fenced government grants, such as Revenue Support Grant and New Homes Bonus
- Council tax and Non Domestic Rates (NNDR).

Table 8 - Taxation and Non-specific grant income

	Original Budget £'000	Projected Outturn £'000	Variance £'000
Revenue support grant	200	200	0
Rural Services Delivery Grant	342	342	0
New Homes Bonus	261	261	0
Other Gov. grants (Lower Tier Services Grant)	156	156	0
Other Gov. grants (Covid expenditure pressures grant)	565	565	0
Other government grants - LCTS	151	151	0
NNDR funding	11,762	11,762	0
Collection fund surplus/(deficit) - NNDR	(6,140)	(6,140)	0
Council tax – excluding parish element	5,552	5,552	0
Council tax – parish element	2,567	2,567	0
Collection fund surplus/(deficit) - Council Tax	4	4	0
Other – Covid-19 income guarantee	0	64	64
	15,420	15,484	64

NNDR Funding (business rates)

- 8.2 The amount of NNDR income available to the general fund, and taken into account when setting the budget each year, is based on the figures contained in the government return - NNDR1.
- 8.3 Although the NNDR1 form fixes a significant portion of NNDR income available to the Council's general fund for the financial year, it does not fix:
- the levy the Council pays to the Cumbria business rates pool
 - the retained levy that the Council receives back from the pool or
 - the grant it receives from central government to compensate for certain business rate reliefs (section 31 grant)
 - the balance of amount payable or receivable in respect of the preceding years disregarded income (renewable energy reconciliation adjustment).
- 8.4 Amounts relating to levy payments and section 31 grant are based on the Collection Fund outturn position, rather than on the estimates included in the NNDR 1 return. The retained levy also takes into account the Collection Fund outturn positions of other pool members. As a consequence, the amount of income the Council receives and pays in relation to these items, is subject to change over the course of the financial year. The renewable energy reconciliation adjustment is based on the previous year's outturn position.
- 8.5 The composition of funding available from business rates in 2021-22, including related s31 grants is summarised in table 9.

Table 9 - NNDR (business rates) funding 2021-22

Funding element	Approved Budget £'000	Projected Outturn £'000	Variance £'000
Fixed Elements:			
Allerdale Share of NNDR Income	11,679	11,679	0
Renewable Energy 'disregard' retained by billing authority	519	519	0
Net tariff payable to Central Government	(7,418)	(7,418)	0
Share of estimated collection fund deficit	(6,140)	(6,140)	0
'Fixed' element of NNDR income	(1,360)	(1,360)	0
Variable Elements:			
Reconciliation adjustment (prior years disregarded income)	(35)	(36)	(1)
Section 31 grant	1,983	5,070	3,087
Levy payable (net of reduction under pool arrangements)	(472)	(460)	12
Variable element of NNDR income	1,476	4,574	3,098
Total Fixed & Variable Elements	116	3,214	3,098
Transfer from Earmarked Reserve - 2020-21 s31 grant	6,160	6,160	0
Transfer to Earmarked Reserve - 2021-22 retained levy	(654)	(636)	18
Transfer to Earmarked Reserve - 2021-22 s31 grant	0	(3,116)	(3,116)
Net Credit to the General Fund	5,622	5,622	0

- 8.6 During 2020-21 the government introduced a number of additional and extended business rates reliefs. This included the increased and expanded retail discount scheme that provided 100% relief for Retail, Hospitality & Leisure and the Nursery discount scheme. At Budget 2021 (3 March 2021), the government announced these reliefs would be extended into the first quarter of 2021-22 and would then continue at a reduced level of 66% (with the 66% scheme subject to a cap on the amount of relief that could be claimed per business). When compared with 2021-22 NNDR 1 estimates, this extension of the retail and nursery discount schemes has resulted in a significant reduction in the amount of business rates expected to be collected from ratepayers in 2021-22.
- 8.7 The Authority is compensated for this loss in business rates income by way of additional section 31 grant, payable in 2021-22. However, because the demand on the Collection Fund in respect of business rates is fixed prior to the start of the financial year this creates:
- a favourable variance on the General Fund in 2021-22 (reflecting receipt of both the s31 grant and the Authority's share of the estimated business rates income)
 - a deficit on the Collection Fund in 2021-22 that will need to be disbursed in 2022-23 in accordance with statutory provisions.
- 8.8 To offset the fall in business rates income, generated by the requirement for the Authority to repay its share of the Collection Fund deficit when setting its 2022-23 revenue budget, the additional s31 grant received in 2021-22 will be transferred to an earmarked reserve and released in 2022-23 to offset the reduction in business rates income.

Covid-19 funding - income guarantee scheme

- 8.9 The government have extended their income guarantee scheme into the first three months of 2021-22. The scheme was introduced in 2020-21 in response to the financial impact of the Covid-19 pandemic on council's sales, fees and charges income. They have confirmed that the scheme will operate on the same basis as the 2020-21 scheme. This means that local authorities will continue to absorb the first 5% of all relevant, irrecoverable income losses compared to budgets, on a pro rata basis, with the government compensating councils for 75 pence in every pound of loss thereafter.
- 8.10 The 2020-21 budgets are to be used as a baseline for measuring losses and in order to better reflect the seasonality of income, have given local authorities discretion over how to report losses against budgeted income for the April to June quarter.
- 8.11 At the end of June, the expected amount of compensation receivable under the scheme, is £64k.

9.0 Capital budget

9.1 The current capital budget is £21.86m, comprising:

- £13.33m approved budget for 2021-22 (approved March 2021)
- £8.53m budget carried forward from 2020-21.

9.2 The projected Capital Outturn position for 2021-22 is summarised in table 10. This shows:

- a projected outturn position of £8.611m
- an underspend compared to budget of £13.249m
- expected budget carry forward requests (re-profiling adjustments) of £7.527m
- an overall favourable variance (net of carry forward requests) of £5.722m.

Table 10 - Capital Programme – Projected Outturn by Portfolio

	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Projected budget carry forward £'000	Variance £'000
Capital Expenditure					
Econ. Growth, Community Development & Placemaking	18,796	6,322	(12,474)	6,722	(5,752)
Finance & Legal	0	0	0	0	0
Policy, Governance & People Resources	2,140	1,278	(862)	805	(57)
Environmental Services	595	660	65	0	65
Leisure & Tourism	244	266	22	0	22
Customer Experience & Innovation	85	85	0	0	0
Total - Capital Expenditure	21,860	8,611	(13,249)	7,527	(5,722)
Capital Financing					
Capital Grants	15,271	6,804	(8,467)	2,918	(5,549)
Capital Receipts	565	440	(125)	80	(45)
Earmarked Reserves	0	0	0	0	0
General Fund Balances	5	5	0	0	0
Borrowing	6,019	1,362	(4,657)	4,529	(128)
Total - Capital Funding	21,860	8,611	(13,249)	7,527	(5,722)

Key variances

9.3 Details of key variances are set out in Appendix B.

10.0 Impact on General Fund and Earmarked Reserve Balances

10.1 The impact of current budget forecasts on the Council's general fund and earmarked general fund balances (earmarked reserves) is summarised in the following table:

Table 11 - Movement in Balances

	Current Budget		Projected Outturn	
	General Fund £'000	Earmarked Reserves £'000	General Fund £'000	Earmarked Reserves £'000
Opening Balances April 2021	3,168	10,460	3,168	10,460
Transfers to/(from) Reserves:				
Release of E/M to GF	0	0	0	0
Use for capital programme	(5)	0	(5)	0
Use to support Revenue Budget	(460)	(2,733)	(391)	(2,730)
Planned to Earmarked Reserves	0	65	0	65
Requested to Earmarked Reserves	0	0	0	0
Transfer from Earmarked Reserve – 2020-21 s31 grant	0	(6,160)	0	(6,160)
Transfer to Earmarked Reserve – 2021-22 retained levy	0	654	0	636
Transfer to Earmarked Reserve – 2021-22 s31 grant	0	0	0	3,116
Increase/(Decrease) in Balance	(465)	(8,174)	(396)	(5,073)
Balance at 31 March 2021	2,703	2,286	2,772	5,387
Retained - Minimum Balance	(2,700)	-	(2,700)	-
Available for Use	3	2,286	72	5,387

Impact on General Fund Balances

10.2 This reserve plays an important part in managing unforeseen risk and cash flow management of the Authority. At the end of the first four months of 2021-22, the projected revenue and capital outturn positions for the year to March 2022, will result in a net reduction in the Council's general fund balance of £396k, compared to the reduction of £465k included in the current budget.

Impact on Earmarked Reserves

10.3 The profiled spend (budget) from earmarked reserves for 2021-22 has been updated from £6,372k (approved March 2021) to £8,893k. The increase of £2,521k reflects:

- £2,179k profiled spend out of the carry forwards agreed as part of the 2020-21 outturn report, plus
- the net impact of re-profiling expenditure between financial years of £342k

10.4 The projected outturn at the end of July 2021 is £2,730k, resulting in a forecast £3k underspend.

11.0 Treasury Management

Treasury Management Activity

- 11.1 A summary of treasury management activity during the four months to 31 July 2021, including details of investment and borrowing transactions and information about the Council's investment and loans portfolios, is contained in Appendix C. During the period ending 31 July 2021:
- treasury management activities were carried out in accordance with the Council's treasury management and investment strategies
 - no new external borrowing was undertaken

Treasury and Prudential Indicators

- 11.2 The Local Government Act 2003 requires the Council to determine and keep under review, limits on how much money it can afford to borrow by way of loans and other forms of credit. The processes the Council must follow in setting these limits (the 'Authorised Limit for External Debt') is set out in the Prudential Code for Capital Finance in Local Authorities to which the Council is required to 'have regard to' under provisions contained in the 2003 Act. In addition to the Authorised Limit, CIPFA's Prudential and Treasury Management Codes and accompanying sector guidance, include a number of other key treasury management indicators designed to support and record local decision making in connection with capital and treasury activities.
- 11.3 The Council's Authorised Borrowing Limit (the statutory limit on borrowing under the Local Government Act 2003), Operational Boundary (the limit beyond which external debt is not expected to exceed) and other indicators and limits required by CIPFA's Prudential and Treasury Management Codes, were set out in the Council's Treasury Management Strategy Statement and Investment Strategy for 2021-22. This was approved by Full Council on 3 March 2021.
- 11.4 During the period April to July 2021, the Council has operated within the limits established by the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement 2021-22.

12.0. Insurance

- 12.1 A summary of claims lodged and closed between 1 April 2021 and 31 July 2021 is set out in the table below:

Table 12 - Insurance claims from 1 April 2021 to 31 July 2021

	No. Claims b/f	No. Closed to date	No. Lodged to date	No. Claims Outstanding
Public Liability	4	1	5	8
Employers Liability	0	0	0	0
Other	0	0	0	0
Property Damage and Motor	1	1	0	0
Municipal Mutual (1974 to 1993)	1	0	0	1
	6	2	5	9

- 12.2 The number of claims outstanding at the end of July 2021 was 9. This compares to a total of 6 outstanding claims at the end of March 2021. Two claims have been closed or settled during the first four months of 2021-22.
- 12.3 The cost of settling outstanding claims is currently estimated at £39,437. Of this amount, the estimated cost to be borne by the Authority (the insurance excess) is £25,457.
- 12.4 At 1 April 2021, the Authority brought forward a provision for insurance liabilities of £77,424. Excluding the potential cost of existing claims, this leaves a balance of £51,967 currently unallocated. This remaining balance is considered sufficient to meet liabilities arising from additional claims that may be received in relation to incidents incurred but not yet reported.

13.0 Working Capital Management

Sundry Debtors and Write-offs

- 13.1 The outstanding sundry debt (including Trade Refuse) at 30 June 2021, was £966,889.11, which is detailed in the following table:

Table 13 - Outstanding Debtors at 30 June 2021

	Total debt outstanding £	Not past due £	30 Days past due £	60 Days past due £	>90 Days past due £
At 30 June 2020	895,988	347,735	289,033	8,007	251,213
% debt	100%	39%	32%	1%	28%
At 30 September 2020	1,614,489	1,300,834	58,466	13,966	241,223
% debt	100%	80%	4%	1%	15%
At 31 December 2020	1,233,618	840,048	55,680	39,563	298,327
% debt	100%	68%	5%	3%	24%
At 31 March 2021	1,431,581	992,761	53,734	122,907	262,179
% debt	100%	69%	4%	9%	18%
At 30 June 2021	966,889	579,168	117,314	7,430	262,977
% debt	100%	60%	12%	1%	27%

- 13.2 £262,977 (27% of the outstanding debt) is over 90 days old. Of this, £59k is subject to a payment plan or is secured through charging orders. The remaining £204k is subject to ongoing recovery action. A provision of £97k is available to off-set the impact of non-recoverable debt balances.
- 13.3 Between April and June 2021, 40 sundry debtor/trade waste invoices were written off.

Table 14 - Write off of debtors

	2019-20 Apr – June 2019		2020-21 Apr – June 2020		2021-22 Apr – June 2021	
	No invoices	Total £	No invoices	Total £	No invoices	Total £
Sundry Debtors	12	2,044.59	21	2,011.12	5	630.96
Trade Waste	-	-	18	637.32	35	3,643.84
TOTAL	12	2,044.59	39	2,648.44	40	4,274.80

Payment of Creditor Invoices

- 13.4 The Authority has a target to pay 98% of invoices from suppliers located within the Allerdale postal area within 14 days of receipt, and 98% of non-Allerdale supplier invoices within 30 days of receipt.
- 13.5 During quarter 1 of 2021-22, 96% of Allerdale supplier invoices were paid within 14 days with 330 invoices being paid on time. This compares with 98% achieved in the corresponding period last year.
- 13.6 During quarter 1 of 2021-22, 96% of national supplier invoices were paid within 30 days with 1056 being paid on time. This compares with quarter 1 2020-21 when 96% was also achieved.
- 13.7 A summary of the reasons for delays in payment is set out below:

Table 15 - Reasons for delay in payment of supplier invoices (Q1 2021-22)

Reasons for delay	Number of invoices
Invoices received without a valid purchase order	13
Price discrepancy between invoice and purchase order requiring authorisation prior to payment	2
Purchase order was not goods received prior to receipt of invoice	11
Manual authorisation required (purchase order not required)	15
Invoices sent directly to department or individual instead of the Invoice Section	10
Other non-recurring issues	0
Total number subject to delayed payment	51

- 13.8 Performance will continue to be monitored. Where issues are identified, they will be addressed and reported in future monitoring reports.

Council Tax and NNDR – collection statistics

- 13.9 During the three months to 30 June 2021, the collection rates for Council tax and NNDR show an improvement on the corresponding period for 2020-21 and are broadly in line with 2019-20 levels achieved prior to the pandemic.

Table 16 - Council Tax and NNDR collection rates as at 30 June 2021

	Council Tax Collection %	NNDR Collection %	CTAX and NNDR as % of Full Year Collectable income
Q1 2021-22	29.52%	30.37%	29.70% - £23.9m (out of £80.6m)
Q1 2020-21	28.85%	29.47%	29.00% - £22.0m (out of £75.9m)
Q1 2019-20	29.67%	30.84%	30.01% - £26.2m (out of £87.3m)

14.0 Delivery arrangements

- 14.1 Not applicable to this decision/report.

15.0 Implications and Impact

Contribution to Council Strategy Priorities, Outputs and Outcomes

- 15.1 Sound financial management is essential to successful delivery of the Council's financial plans, achievement of value for money, financial sustainability and the stewardship and safeguarding of public money.

Finance/Resource implications

- 15.2 Financial issues and implications are included within the main body of this report.

Legal and governance implications

- 15.3 There are no legal or governance issues arising from this decision/report.

Risk analysis

- 15.4 Not applicable to this decision/report.

Increasing satisfaction and service

- 15.5 Not applicable to this decision/report.

Equality impacts

- 15.6 Not applicable to this decision/report.

Health and Safety impacts

- 15.7 Not applicable to this decision/report.

Health, wellbeing and community safety impacts

- 15.8 Not applicable to this decision/report.

Environmental/sustainability impacts

15.9 Not applicable to this decision/report.

Other significant implications

15.10 There are no other significant implications arising from report.

Appendices attached to this report

Appendix	Title of appendix
A	Projected revenue outturn by portfolio
B-1	Capital expenditure to date and forecast outturn
B-2	Summary of capital variances
C	Summary of Treasury Management Activity

Background documents available

Name of background document	Where it is available
None	N/A

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