

Allerdale Borough Council

Executive – 23 March 2022

Quarter 3 Finance Report April to December 2021

Portfolio holder	Councillor Colin Sharpe PH Finance and Legal
Report from	Catherine Nicholson, Chief Officer Assets & s151 Officer 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 December 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 & s151 Officer) 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 December 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 quarter 3 of 2021-22 are:

Revenue Budget

- (i) Expenditure from the revenue budget, excluding projects funded from earmarked reserves, is forecast to underspend by £4k
- (ii) The projected outturn position will result in a contribution to General Fund reserves of £4k

Earmarked Reserves Budget

- (iii) It is anticipated that £552k of the budgeted use of earmarked reserves will now be spent in future financial years and has therefore been reprofiled within the forecast spend of earmarked reserves in 2021-22
- (iv) After accounting for this reprofiling, a saving of £39k is expected

Capital Budget

- (v) The capital expenditure budget is forecast to be underspent by £3.929m (before carry forwards); £96k net of anticipated carry forward requests

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 three months ending 31 December 2021.

5.0. Summary of Projected Revenue Outturn Position

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

- net budgeted expenditure on services of £15.911m
- projected outturn on services (including contributions to reserves) of £15.907m
- a projected underspend on services for the year to 31 March 2022 of £4k
- projected favourable variance against the earmarked reserves budget (updated to reflect the 2020-21 outturn position) of £39k.

Table 1 - Summary of Projected Outturn against Annual Budget

	Budget £'000	Projected Outturn £'000	Projected Variance £'000	Report Ref.
Net Expenditure on Services	13,344	13,340	(4)	
Parish Precepts	2,567	2,567	0	
Net Expenditure on Services	15,911	15,907	(4)	Section 6
Expenditure on Earmarked Priorities	3,780	3,741	(39)	
Total Net Expenditure	19,691	19,648	(43)	
Less: Planned use of earmarked balances	(3,780)	(3,741)	39	Section 7
Net Budget Requirement/ Outturn	15,911	15,907	(4)	
Funding:				
Taxation & Government Grants	12,925	12,925	0	Section 8
Council Tax (Parish Precepts)	2,567	2,567	0	
Contribution from/to General Fund	419	415	(4)	Section 10
Total Funding	15,911	15,907	(4)	

5.2 The projected outturn will result in a contribution to the General Fund of £43k, after recognising the forecast underspend of £4k against expenditure on services and the forecast saving of £39k from expenditure on earmarked priorities.

6.0 Analysis of Net Expenditure on Services against Budget

6.1 A summary of the projected outturn variance (£4k) 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	10	27	0	17
Finance & Legal	5,216	5,010	0	(206)
Environmental Services	2,619	2,709	25	115
Policy, Governance & People Resources	2,904	2,898	0	(6)
Leisure & Tourism	359	352	0	(7)
Customer Experience & Innovation	2,236	2,319	0	83
Parish Precepts	2,567	2,567	0	0
Total	15,911	15,882	25	(4)

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.

Economic Growth, Community Development & Placemaking Portfolio

6.3 The forecast net variance against the Economic Growth, Community Development & Placemaking portfolio budget is £16,692 (adverse). Significant variances underlying the current forecast outturn position are summarised in the following table.

Table 3 - Economic Growth, Community Development & Placemaking significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Building Control	98,532	0	98,532
Planning & Development	(62,576)	0	(62,576)
Sub Total	35,956	0	35,956
Activity variances not exceeding +/- £30k	(19,264)	0	(19,264)
Total variance	16,692	0	16,692

Building Control: (adverse variance of £98,532)

6.4 The forecast adverse variance is underpinned by the following:

- £75k adverse variance on projected building control income. The Council are receiving a lower volume of applications than budgeted. The pandemic may have affected demand however the service is also subject to competition from the private sector. In addition, the income which can be recognised in the financial year, under financial standards, is based on the proportion of completed applications and not the cash value of applications received in the financial year. During the year, temporary arrangements to cover the Building Control Manager's vacant position have existed, reducing the overall resources and capacity within the team to complete applications. There are now plans for a shared arrangement with Carlisle City Council to begin in March 2022, to address the resource requirements of the service.
- £23k adverse variance in relation to consultant costs. Specialist advice has been required on a number of matters to ensure the Council fulfils its statutory duties in this service area.

Planning and Development: (favourable variance of £62,576)

6.5 The income from planning applications allowed to be recognised within the financial year under financial standards, is based on the value of applications determined in the year. Due to a number of major applications expected to be determined within the current financial year, income is forecast to exceed budget.

Finance & Legal Portfolio

6.6 The forecast net variance against the Finance & Legal portfolio is £206,455 (favourable). Significant variances underlying the current forecast position are summarised in the following table:

Table 4 - Finance & Legal significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
AIP Investment Returns	(219,621)	0	(219,621)
Sub Total	(219,621)	0	(219,621)
Activity variances not exceeding +/- £30k	13,166	0	13,166
Total variance	(206,455)	0	(206,455)

AIP Investment Returns (favourable variance of £219,621)

- 6.7 During the current financial year, the Authority has received a total of £825,000 in part repayment of principal and interest on its holding of Secured 12% Investor Loan Notes, issued by Allerdale Investment Partnership LLP (AIP loan notes). Following the variation made to the original AIP loan note agreement, which removed the requirement for the AIP to pay noteholders interest with effect from April 2017, and in recognition of the uncertainty over the timing of loan note repayments and realisation of interest accrued prior to April 2017, the 2021-22 revenue budget excludes any potential interest receipts from the Authority's AIP loan note holding.
- 6.8 Following the repayment of principal and interest of £825,000, the recognition of interest receipts of £204,574 along with the reversal of fair value losses of £15,047, therefore results in a forecast variance for the year to March 2022 of £219,621.

Environmental Services Portfolio

- 6.9 The forecast net variance against the Environmental Services portfolio budget is £114,654 (adverse). Significant variances underlying the current forecast position are summarised in the following table:

Table 5 - Environmental Services significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Trade Waste	(71,641)	0	(71,641)
Off-street – Owned Car Parks	216,798	0	216,798
Waste Company	(54,720)	0	(54,720)
Sub Total	90,437	0	90,437
Activity variances not exceeding +/- £30k	(783)	25,000	24,217
Total variance	89,654	25,000	114,654

Trade Waste (favourable variance of £71,641)

- 6.10 It has been difficult to estimate the demand for trade waste collection services for 2021-22, due to the impact of the pandemic on businesses. The picture emerging from the income achieved to Q3 is showing a much more favourable position than anticipated.

Off-street – Owned Car Parks (adverse variance of £216,798)

6.11 The adverse variance is underpinned by the following:

- £200k income shortfall. Due to the threat of Omicron in the latter stages of November and December, the Council witnessed a severe fall in visitor numbers to the area. Car park usage data suggests that until the threat of Omicron was raised, the forecasting linked to pay and display income had been working well, but the surge in Omicron cases and the drop off in visitor numbers was not anticipated, leading to the significant adverse variance.
- £17k adverse variance on expenditure, due to the purchase of a set of new machines to build resilience into the service and cope with extra demand we expect to see once again in terms of visitor numbers. In addition, following signal issues, some machines have been remodified with new equipment that allows pay machines to pick up a broader range of signals in the area.

Waste Company (favourable variance of £54,720)

6.12 Anticipated mobilisation costs associated with adopting new re-routing and re-rounding plans is no longer required as a result of alternative options being pursued.

Policy, Governance & People Resources Portfolio

6.13 The forecast net variance against the Policy, Governance & People Resources portfolio is £5,872 (favourable). Significant variances underlying the current forecast position are summarised in the following table:

Table 6 - Policy, Governance & People Resources significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Assistance – Housing Services	36,416	0	36,416
Sub Total	36,416	0	36,416
Activity variances not exceeding +/- £30k	(42,288)	0	(42,288)
Total variance	(5,872)	0	(5,872)

Assistance – Housing Services (adverse variance of £36,416)

6.14 The Council receives fees and charges income associated with the administration of the disabled facilities grant scheme, which supports individuals to meet the cost of housing adaptations that enable people to stay living in their own home for longer.

- 6.15 This adverse variance reflects the forecast shortfall in income against budget as a result of a reduced number of adaptations being carried out during the year. This is due to the inability of key framework contractors to take on any more adaptation work during the period November 2021 to March 2021, as a result of Covid-19 related issues, staff constraints and a back log of work built up during the pandemic.
- 6.16 In addition to the pressure of contractor and supply issues to deliver the DFG grants, there is also an added internal staffing resource pressure in supporting the administration of grant applications from initial contact to the service through to completion of grants. This is restricting the number of applications that can be processed. As a result, income targets are unlikely to be achieved and the capital pot will grow due to underspend.

Customer Experience & Innovation Portfolio

- 6.17 The forecast net variance against the Customer Experience & Innovation portfolio is £83,608 (adverse). Significant variances underlying the current forecast position are summarised in the following table:

Table 7 - Customer Experience & Innovation significant variances

Service/Activity	Gross Variance adverse/ (favourable) £	Planned Contr. to Reserves £	Net Variance adverse/ (favourable) £
IT Services	92,737	0	92,737
Customer & Transformation (pay group)	(37,228)	0	(37,228)
Sub Total	55,509	0	55,509
Activity variances not exceeding +/- £30k	28,099	0	28,099
Total variance	83,608	0	83,608

IT Services (adverse variance of £92,737)

- 6.18 Delays in getting contracts signed, due to legal issues, has postponed the full implementation of a new Telephony system and the ability to remove an expected 6 months of BT OnePhone costs. Costs associated with the replacement system are also now being borne.
- 6.19 During the financial year, the council have experienced higher than expected costs in relation to utilising services available from the Microsoft cloud platform, including back up services to ensure business continuity.
- 6.20 Due to a number of corporate projects being delayed, the Council have had to acquire extended support licences to cover the period to January 2023. These additional licences are required to meet regulatory and legislative security requirements.
- 6.21 Additional costs have been incurred in the year as a result of introducing the Digital Workplace, the Council's new Intranet system. This has been offset in part by costs associated with the previous system, Workplace, however, another group of services won't be removed until 2022-23.

6.22 The Council has also seen a number of small increases to annual services which are contributing to the overall adverse variance.

Customer & Transformation (favourable variance of £37,228)

6.23 The favourable variance is underpinned by the following:

- £43k favourable variance due to staff vacancies within the service, primarily the position of Strategic Advisor – Capital Programmes, and the net effect of cover arrangements within the team.
- £6k adverse variance due to a budgeted income target which the service no longer has potential to meet.

Other portfolios

6.24 At the end of quarter 3, there were no significant variances (i.e. variances of +/- £30k) to report within the following portfolios:

- Leisure and Tourism

7.0. Projects funded from Earmarked Reserves

7.1 At 1 April 2021, the balance held in earmarked reserve was £10.460m. At revised budget this comprised:

- £4.128m held for service expenditure
- £6.332m held for accounting purposes or as contingency against specified risks.

7.2 Against the balance of £4.128m (reserves held for service expenditure) the profiled spend identified for 2021-22 is £3.780m. The remaining balance is profiled to be spent in subsequent financial years.

7.3 The current projected outturn for 2021-22 is £3.189m, projecting an underspend of £591k.

7.4 Out of the forecast underspend of £591k, £552k is due to a change in the timing of expenditure and will be spent in future financial years, leaving a forecast saving of £39k.

Table 8 - Summary of projected expenditure from earmarked reserves

Reserve Funded projects	Reserve Balance 1-4-2021 £'000	Revised Budget 2021-22 £'000	Projected outturn £'000	Variance £'000	Re-profiled to/(from) future years £'000	Saving £'000
Economic Growth, Community Development & Placemaking	675	479	440	(39)	0	(39)
Finance & Legal	1,386	2,382	2,245	(137)	137	0
Environmental Services	299	333	153	(180)	180	0
Policy, Governance & People Resources	255	150	150	0	0	0
Leisure & Tourism	98	92	92	0	0	0
Customer Experience & Innovation	170	344	109	(235)	235	0
Total held for service expenditure	2,883	3,780	3,189	(591)	552	(39)
Accounting/Contingency reserves	7,577	6,160	6,160	0	0	0
Total Reserves	10,460	9,940	9,349	(591)	552	(39)

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 9 - Taxation and Non-specific grant income

	Revised 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)	565	565	0
Other government grants - LCTS	151	151	0
NNDR funding (table 10)	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	72	72	0
	15,492	15,492	0

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 return 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 10.

Table 10 - 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 re prior years disregarded income (renewable energy disregard)	(36)	(36)	0
Section 31 grant	5,315	5,381	66
Levy payable (net of reduction under pool arrangements)	(474)	(493)	(19)
Variable element of NNDR income	4,805	4,852	47
Total Fixed & Variable Elements	3,445	3,492	47
Transfer from Earmarked Reserve - 2020-21 (s31 grant)	6,160	6,160	0
Transfer to Earmarked Reserve - 2021-22 (retained levy)	(649)	(649)	0
Transfer to Earmarked Reserve - 2021-22 (s31 grant)	(3,334)	(3,381)	(47)
Net Credit to the General Fund	5,622	5,622	0

- 8.6 During 2020-21, the government introduced several 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 NNDR1 estimates, this extension of the retail and nursery discount schemes 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. At revised budget this extension of the retail and nursery discount schemes resulted in an increase in the budget for s31 grant income from £1,983k to £5,315k. 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 In July 2020, the government announced an income guarantee scheme, to compensate authorities for 75% of losses of income from sale, fees and charges - for example, car parking charges - arising in 2020-21 as a result of Covid-19 and the consequent reductions in economic activity. The scheme was subsequently extended, on the same basis as the 2020-21 scheme, to cover the first three months of 2021-22. This means that local authorities will again be required to absorb losses of up to 5% of their planned sales, fees and charges income, with the government compensating them for 75% of the losses in excess of the 5% threshold. Commercial revenues, including rental amounts, are not considered relevant losses and are not compensated for under this scheme.
- 8.10 For 2021-22, the 2020-21 budgets are to be used as a baseline for measuring losses and, to reflect the seasonality of income, local authorities have been given discretion over how to report losses against budgeted income for the April to June quarter.
- 8.11 The expected amount of compensation receivable under the scheme in 2021-22, is £72k.

9.0 Capital budget

- 9.1 The current capital budget is £7.569m, comprising:
- £13.330m approved budget for 2021-22 (approved March 2021), plus
 - £8.530m budget carry forward from 2020-21, less
 - £14.291m comprising net savings of £5.633m and reprofiling adjustments of £8.658m included in the 2021-22 revised budget submission (approved December 2021).
- 9.2 The projected capital outturn position for 2021-22 is summarised in table 11. This shows:
- a projected outturn position of £3.640m
 - an underspend compared to budget of £3.929m.
 - expected budget carry forward requests (re-profiling adjustments) of £3.833m
 - an overall favourable variance (net of carry forward requests) of £96k.

Table 11 - Capital Programme – Projected Outturn by Portfolio

	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Budget c/fwd (Reprofile) £'000	Variance £'000
Capital Expenditure					
Econ. Growth, Community Development & Placemaking	4,520	1,817	(2,703)	2,556	(147)
Finance and Legal	0	0	0	0	0
Policy, Governance & People Resources	2,125	984	(1,141)	1,159	18
Environmental Services	595	488	(107)	118	11
Leisure and Tourism	244	266	22	0	22
Customer Experience and Innovation	85	85	0	0	0
Total - Capital Expenditure	7,569	3,640	(3,929)	3,833	(96)
Capital Financing					
Capital Grants	5,527	2,753	(2,774)	2,784	10
Capital Receipts	472	354	(118)	130	12
Earmarked Reserves	0	0	0	0	0
General Fund Balances	13	13	0	0	0
Borrowing	1,557	520	(1,037)	919	(118)
Total - Capital Funding	7,569	3,640	(3,929)	3,833	(96)

Key variances

- 9.3 Details of key outturn 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 12 - Movement in Balances

	Current (revised) 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	39	(39)
Use for capital programme	(13)	0	(13)	0
Use to support Revenue Budget	(419)	(3,780)	(416)	(3,741)
Planned to Earmarked Reserves	0	65	0	25
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	649	0	649
Transfer to Earmarked Reserve – 2021-22 s31 grant	0	3,334	0	3,334
Increase/(Decrease) in Balance	(432)	(5,892)	(389)	(5,932)
Balance at 31 March 2022	2,736	4,568	2,779	4,528
Retained - Minimum Balance	(2,700)	-	(2,700)	-
Available for Use	36	4,568	79	4,528

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 quarter 3, 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 £389k, compared to the reduction of £432k, included in the current budget.

Impact on Earmarked Reserves

10.3 The profiled spend (budget) from earmarked reserves for 2021-22 is £3.780m. The projected outturn at the end of quarter 3 is £3.741m, resulting in a forecast £39k underspend.

11.0 Treasury Management

Treasury Management Activity

- 11.1 A summary of treasury management activity during the three months to 31 December and the financial year to date, 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 December 2021:
- treasury management activities were carried out in accordance with the Council's treasury management and investment strategies.
 - no new external borrowing was undertaken
 - to avoid negative rates on amounts placed with H .M. Treasury's Debt Management Office (DMO), whilst at the same time ensuring the Authority was not exposed to significant additional counterparty risk, the counterparty limit on money market funds (MMF) was increased from £4m to £5m during December 2021. This increase was subject to an additional condition limiting the difference between the highest and lowest individual MMF balance to £100k for any investment balances in excess of £4m. This temporary increase to the counterparty limit operated in December only during which time the maximum amount placed with any single fund was £4.4m.

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 the Full Council on 3 March 2021.
- 11.4 During the period April to December 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 and Treasury Management Mid-Year Review 2021-22.

12.0. Insurance

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

Table 13 - Insurance claims from 1 April 2021 to 31 December 2021

	No. Claims b/f	No. Closed to date	No. Lodged to date	No. Claims Outstanding
Public Liability	4	5	8	7
Employers Liability	0	0	1	1
Other	0	0	0	0
Property Damage and Motor	1	1	0	0
Municipal Mutual (1974 to 1993)	1	0	0	1
	6	6	9	9

12.2 The number of claims outstanding at the end of December 2021 was 9. A total of 6 claims have been closed or settled within the period 1 April to 31 December 2021.

12.3 The cost of settling outstanding claims is currently estimated at £48,772. Of this amount, the estimated cost to be borne by the Authority (the insurance excess) is £28,754.

12.4 At 1 April 2021, the Authority brought forward a provision for insurance liabilities of £77,424 and £3,779 has already been paid up to the end of December 2021. Excluding the potential cost of existing claims, this leaves a balance of £44,891 currently unallocated. This remaining balance would meet liabilities arising from an additional 8 claims that may be received in relation to incidents incurred but not yet reported, requiring the Council's maximum excess contribution.

13.0 Working Capital Management

Sundry Debtors and Write-offs

13.1 The outstanding sundry debt (including Trade Refuse) at 31 December 2021, was £532,790 which is detailed in the following table:

Table 14 - Outstanding Debtors at 31 December 2021

	Total debt outstanding £	Not past due £	30 Days past due £	60 Days past due £	>90 Days past due £
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	992,734	53,764	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%
At 30 September 2021	1,223,041	385,088	460,514	102,278	275,161
% debt	100%	31%	38%	8%	23%
At 31 December 2021	532,790	118,020	106,308	28,286	280,176
% debt	100%	22%	20%	5%	53%

- 13.2 £280,176 (53% of the outstanding debt) is over 90 days old. Of this, £73k is subject to a payment plan or is secured through charging orders. The remaining £207k is subject to ongoing recovery action. A provision of £97k is available to off-set the impact of non-recoverable debt balances.
- 13.3 The percentage of outstanding debt over 90 days at 31 December 2021 is higher than previous quarters, due to the total outstanding debit being significantly lower than previous quarters. This has been due to the debtor invoices, in respect of Recycling Credits received from Cumbria County Council, being issued earlier than usual and payment having been received before 31 December 2021. In addition, Payroll recharges to Allerdale Waste Services Ltd were raised after the 31 December 2021. The net effect of the timing of both of these items has reduced the total debt, at 31 December 2021, by £538k. The monetary value of outstanding debt over 90 days of £280k, is comparable with previous quarters.
- 13.4 76 sundry debtor/trade waste invoices were written off between April and December 2021.

Table 15 - Write off of debtors

	2019-20 Apr – Dec 2019		2020-21 Apr – Dec 2020		2010-22 Apr – Dec 2021	
	No invoices	Total £	No invoices	Total £	No invoices	Total £
	Sundry Debtors	65	8,526.13	61	9,891.55	21
Trade Waste	93	8,645.61	49	3,227.09	55	5,214.97
TOTAL	158	17,171.74	110	13,118.64	76	8,803.34

Payment of Creditor Invoices

- 13.5 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.

- 13.6 During quarter 3 of 2021-22, 91% of Allerdale supplier invoices were paid within 14 days with 342 out of 373 invoices being paid on time. This compares with 95.2% achieved in the corresponding period last year.
- 13.7 During quarter 3 of 2021-22, 95.3% of national supplier invoices were paid within 30 days. This compares with 97.6% achieved in the corresponding period last year.
- 13.8 A summary of the reasons for delays in payment is set out below:

Table 16 - Reasons for delay in payment of supplier invoices (Q3 2021-22)

Reasons for delay	Number of invoices
Invoices received without a valid purchase order	20
Price discrepancy between invoice and purchase order requiring authorisation prior to payment	4
Purchase order was not goods received prior to receipt of invoice	43
Manual authorisation required (purchase order not required)	7
Invoices sent directly to department or individual instead of the Invoice Section	9
Other non-recurring issues	6
Total number subject to delayed payment	89

- 13.9 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

- 13.10 During the nine months to 31 December, collection rates for Council tax and NNDR were less than expected due to the effects of the Coronavirus pandemic.
- 13.11 As noted in Section 8, paragraph 8.16, the extended Retail, Hospitality & Leisure and Nursery relief provided by government in response to the pandemic, was reduced from 100% to 66% relief, with effect from 1 July 2021. Based on the timing of when the associated bills were able to be raised, their first instalment was not due and received until August 21. The collection rate is therefore catching up on a month-by-month basis and is expected to take until February/March 2022 to see expected collection rates.

Table 17 - Council Tax and NNDR collection rates as at 31 December 2021

	Council Tax Collection %	NNDR Collection %	CTAX and NNDR as % of Full Year Collectable income
Q3 2021-22	84.63%	77.66%	82.84% - £71.1m (out of £85.9m)
Q3 2020-21	84.71%	81.60%	84.12% - £62.9m (out of £74.8m)
Q3 2019-20	85.49%	83.25%	84.75% - £74.2m (out of £87.6m)

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

Report author(s) and contact officer(s):

Catherine Nicholson
Chief Officer Assets & s151 Officer
telephone no: 01900-702503
email: <mailto:catherine.nicholson@allerdale.gov.uk>

Barry Lennox
Senior Manager - Finance (Deputy s151 Officer)
telephone no: 01900-702586
email: <mailto:barry.lennox@allerdale.gov.uk>

Claire Felters
Senior Manager - Finance
telephone no: 01900-516935
email: <mailto:claire.felters@allerdale.gov.uk>