

MID-YEAR BUDGET MONITORING REPORT

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	College Ward; Woodcote Ward; Town Ward
Appendices (attached):	Annex 1 - Mid-Year Monitoring 2020/21

Summary

This item reports on the income and expenditure position as at 30 September 2020 and seeks guidance on the preparation of the budget and precept for 2021/22.

Recommendation (s)

The Conservators are asked to:

- (1) Note the mid-year income and expenditure position as at 30 September 2020;**
- (2) Provide guidance on the preparation of the budget for 2021/22.**

1 Reason for Recommendation

- 1.1 To make the Conservators aware of the mid-year financial position and forecast outturn for 2020/21, and advise of the provisional budget estimates for 2021/22.

2 Background

- 2.1 The Conservators budget for 2019/20 was agreed at the meeting of 2 March 2020.
- 2.2 This report:
 - 2.2.1 Informs the Conservators of income and expenditure position at 30 September 2020;
 - 2.2.2 Provides the Conservators with the opportunity to give guidance on the preparation of the 2020/21 budget.

3 Mid-Year Income and Expenditure Position

- 3.1 The attached budget monitoring statement at Annex 1 shows income and expenditure from 1 April 2020 and provides a forecast outturn position for 2020/21, in the standard accounts format for EWDC.

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- 3.2 Net expenditure is forecast at £421,363, which would result in an underspend of £2,027 against the budget of £423,390. This is mainly due to the closure of the Tattenham Conveniences (since the start of the Covid-19 outbreak in March 2020) and the associated running costs.
- 3.3 No events income (budgeted at £6,780) is anticipated this financial year, however, the £1,000 budgeted income from metal detector licences should be achieved.
- 3.4 The forecast also includes £3,000 for consultants fees in support of the revised EAFRD bid, which is due to be submitted shortly, as well as a £5,000 contribution to the working budget to cover the revenue costs of the bid.
- 3.5 The working balance stood at £56,021 at 31 March 2020. The latest forecast of the working balance at 31 March 2020 is £63,048 due to the projected £2,027 underspend and the £5,000 contribution to the working balance as referenced in 3.4 above.

4 Budget Estimates 2021/22

- 4.1 The final column of Annex 1 provides an indicative budget position for 2021/22. This indicative budget has been prepared ahead of the Council finalising its service estimates and the figures are provisional. Based on the indicative budget, a 2.8% increase in precepts would be required to set a balanced budget for next year.
- 4.2 The main provisional changes from 2020/21 are:
 - 4.2.1 All running costs have been inflated by 2%;
 - 4.2.2 At the 2020/21 budget meeting in March 2020, Conservators had agreed to review the existing provision of Tattenham Corner Conveniences, with a view to making a budget saving. Due to resourcing pressures caused by the pandemic, the review has not yet been undertaken, however, the conveniences have remained closed since March 2020. The provisional budget for 2021/22 would cover the conveniences essential running costs of £18,600 if re-opened. However, should the conveniences remain closed, a budget saving should be achievable. Central government has recently introduced business rates relief for public conveniences, effective from 1 April 2020. This means that business rates expenses, which previously cost £3.2k per annum, will no longer be incurred.
 - 4.2.3 Due to COVID-19 restrictions, no large events are taking place on the Downs, which has an adverse effect on income generation. It is currently anticipated that restrictions may be relaxed during 2021/22, and a reduced income budget of £3,460 (down from £6,780) has been set accordingly;

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- 4.2.4 Part of the revenue funding associated with the EAFRD project is offset with a contribution from the Jockey Club;
- 4.3 The forecast provides a useful basis to identify the main issues that should be addressed in the budget report in January 2021, and early consideration of the recommended precepts for 2021/22 and any options the Conservators would like to have included in the budget report.
- 4.4 The total provisional increase in budget from 2020/21 to 2020/22 is £11,740.
- 4.5 A decision will be required in January 2021 on the proposed contributions to cover this amount across the three preceptors. An increase in each preceptor's contribution of 2.8% would create a balanced budget which incorporates an annual contribution to the working budget of £3,000.
- 4.6 Inflation is currently at 0.5% (August 2020 consumer price index). The Government's current inflation target is 2%.

5 Audit of the Accounts 2019/20

- 5.1 The external auditors, PKF Littlejohn LLP, have yet to complete the audit of the account for the year ended 31 March 2020. The conclusion of the audit will be updated at a future meeting.

6 Risk Assessment

Legal or other duties

6.1 Impact Assessment

6.1.1 None

6.2 Crime & Disorder

6.2.1 None

6.3 Safeguarding

6.3.1 None

6.4 Dependencies

6.4.1 None

6.5 Other

- 6.5.1 The forecast working balance of £63,048 for 2020/21 is considered adequate for the purpose of meeting unforeseen expenditure and providing a stable level of contribution.

7 Financial Implications

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- 7.1 Precepts contributions totalling £435,130 in 2021/22 are met by the Borough Council (60%), Epsom Racecourse (30%) and the Training Board (10%).
- 7.2 **Section 151 Officer's comments:** An increase, if approved by the Conservators and the preceptors, would provide additional contributions of £11,740 in 2021/22 to be met by the Borough Council (+£7,050), Epsom Racecourse (+£3,520), and the Training Board (+£1,170).
- 7.3 The Repairs and Renewals Fund for vehicles and equipment stood at £41,386 as at 31 March 2020. There has been no use of this fund to date during 2020/21.

8 Legal Implications

- 8.1 There are no legal implications arising from the contents of this report.
- 8.2 **Monitoring Officer's comments: none arising from the contents of this report.**

9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council
- 9.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** None
- 9.4 **Sustainability Policy & Community Safety Implications:** None
- 9.5 **Partnerships:** The Jockey Club, Training Board and Epsom and Ewell Borough Council are represented by Members on the Conservators committee.

10 Conclusions and Recommendations

- 10.1 Conservators are requested to note the latest income and expenditure position.
- 10.2 Conservators are asked to provide guidance on the preparation of the 2021/22 budget, including any other options they would like covered in the budget report.

11 Background papers

- 11.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Budget 2020/21 – Revised, 2 March 2020

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Other papers:

- EWDC Mid-Year monitoring Annex 1