Key Decision Required:	Yes	In the Forward Plan:	Yes

CABINET

19 MARCH 2021

REPORT OF CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

A.9 FINANCIAL PERFORMANCE REPORT – IN-YEAR PERFORMANCE AGAINST THE BUDGET AT END OF THE THIRD QUARTER 2020/21 AND LONG TERM FINANCIAL FORECAST UPDATE

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To provide an overview of the Council's financial position against the budget as at the end of December 2020 and to present an updated long term forecast.

EXECUTIVE SUMMARY

- These regular finance reports present the overall financial position of the Council by bringing together in-year budget monitoring information and timely updates on the development of the long-term forecast.

- The report is therefore split over two distinct sections as follows:

  SECTION 1 - The Council's in-year financial position against the budget at the end of December 2020

  SECTION 2 - An updated long term financial forecast

In respect of the in-year financial position at the end of December 2020:

- The position to the end of December 2020, as set out in more detail within the appendices, shows that overall the General Fund Revenue Account is underspent against the profiled budget by **£12.867m (£10.000m** of which relates to the timing of expenditure from COVID funding received from the Government, including the accounting treatment of business rate reliefs). It is acknowledged that other expenditure or income trends may still be emerging with the position also largely reflecting the timing of other general expenditure and/or income budgets. However, any significant issues arising to date have been highlighted and comments provided as necessary.

- In respect of other areas of the budget such as the Housing Revenue Account, capital programme, collection performance and treasury activity, apart from additional details set out later on in this report, there are no major issues that have been identified to date.

- Any emerging issues will be monitored and updates provided in future reports, which will include their consideration as part of updating the long-term financial forecast.

- Some necessary changes to the 2020/21 budget have been identified which are set out in **Appendix H,** with an associated recommendation also included within this report. The same appendix also sets out the necessary changes to the budget that reflect the on-going impact of COVID 19, the costs of which have to date been met by the general financial support provided by the Government.

- The net impact of the budget adjustments will be moved to or from the Forecast Risk Fund. At the end of the third quarter, it has been possible to make a contribution to the fund of **£0.245m.** Subject to the recommendations set out below, as at the end of the third quarter a total of **£0.286** would have been contributed to the fund to date. This is **£0.214m** short of the required target of **£0.500m** set out in the long-term forecast, which is a gap that can potentially be closed at the end of the year as part of the overall outturn position.

- As in previous years, it is recognised that a number of smaller variances within services emerge over the course of the year that would not necessarily be specifically highlighted or discussed within the in-year finance reports. It is still therefore possible that a range of smaller variances may remain at the end of the year and contribute to the overall outturn position. Also a number of budgets that relate to schemes / initiatives or earmarked for specific purposes may not be fully spent by the end of the year and may be subject to end of year processes such as carry forward requests and therefore remain committed. However, at this stage and after taking into account the current position and information available it is anticipated that any adverse issues will be offset by favourable variances elsewhere within the overall budget at the end of the year, which includes general COVID 19 support from the Government.

- In addition to the above, it is important to highlight the development of the Tendring Colchester Borders (TCB) garden community project and the most up to date funding position. Further information is set out later on in this report along with a recommendation below to enable unspent funding from the NEGC project to be transferred to support the delivery of the TCB scheme.

In respect of the updated long term financial forecast:

- A summary of the most up to date position for 2021/22 was considered by Full Council on 16 February 2021 as part of agreeing the detailed budget.

- There have been no changes made to the forecast position mentioned above, but for completeness, the more detailed long-term position is attached as **Appendix I,** with the associated review of risks set out in **Appendix J.** Although the figures set out within **Appendix I** will change as part of updating the forecast on a regular basis during 2021/22, there have been no issues arising that indicate that the long-term approach is unsustainable.

- Following the impact of COVID 19, 2021/22 is seen as a transitional year and it remains unclear as to the speed and scale of the economic recovery. It is therefore important to highlight that the money set aside in the Forecast Risk fund should not be seen as overly cautious as sensitivity testing indicates that the fund could be deleted within as little as 3 years if a number of factors arose during the same period.

- The identification of on-going savings remain an important element of the long-term financial plan. The framework in which to identify and develop the required level of savings forms part of the key priority actions set out in the Council's Corporate Plan.

- As mentioned previously, it is important to continue to deliver against the longer-term approach to the budget as it continues to provide a credible alternative to the more traditional short-term approach, which would require significant additional savings to be identified much earlier in the financial cycle.

RECOMMENDATION(S)

That Cabinet:

(a) Considers and notes the in-year position for 2020/21 as at the end of December 2020 and agrees the updated long term forecast;

(b) agrees the proposed in-year adjustments to the budget as set out in Appendix H;

(c) agrees that the balance of £0.138m, that represents this Council's unspent contribution to the NEGC project, be transferred and committed to the Tendring Colchester Borders Garden Community project and that delegation be given to the Director for Place and Economy in consultation with the Portfolio Holder for Corporate Finance and Governance to approve the use of this funding as part of the associated local authority partnership arrangements; and

(d) consults the Resources and Service Overview and Scrutiny Committee on both the in-year position for 2020/21 and updated long-term forecast.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Effective budgetary control is an important tool in ensuring the financial stability of the authority by drawing attention to issues of concern at an early stage so that appropriate action can be taken. Financial stability and awareness plays a key role in delivering the Council's corporate and community aims and priorities.

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the long-term approach being taken seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are considered in the body of the report.

Risk

In respect of the position at the end of December 2020, a number of variances will be subject to change as the year progresses although at this stage it is expected that any adverse position can be managed within the overall budget, which includes the COVID 19 financial support from the Government.

In respect of the long-term forecast, there are significant risks associated with forecasting such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process. There are a number of areas that could lead to additional expenditure being incurred, such as: -

- Economic environment / instability;
- Emergence of cost pressures;
- Changes to the local authority funding mechanisms such as the Government's fairer funding review;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's funding;
- Local or national emergency;
- Income is less than that budgeted for, including business rate income retained locally.

COVID 19 has introduced a number of risks to the Council's financial position, which cut across many of the specific issues highlighted above. The underlying forecast remains based on relatively conservative estimates with no optimistic bias included. However, the potential impact from COVID 19 has been included directly in the forecast and as part of the sensitivity testing that is undertaken alongside the forecast. **Appendix J** discusses the various risks to the forecast with a Red / Amber / Green risk assessment approach taken.

The Council's ability to financially underwrite the forecast therefore remains as important as ever. As with any forecast, some elements of income and expenditure will be different to that forecasted. It is fair to say that many may offset each other over the longer term. However, there are two important aspects to how this will be managed.

1) **£3.253m** has already been set aside within the Forecast Risk Fund to support the budget in future years. This money is available to be drawn down if the timings within the forecast differ in reality and the net position is unfavourable compared to the forecast in any one year. As set out later on in this report, given the increased risks introduced by the COVID 19 crisis, this current reserve level should not be seen as too pessimistic as the sensitivity testing undertaken indicates that this reserve could be depleted in as little as 3 years if some of the risks are borne out in reality.

2) The forecast will remain 'live' and be responsive to changing circumstances and it will continue to be revised on an on-going basis. If unfavourable issues arise that cannot be mitigated via other changes within the forecast then the forecast will be adjusted and mitigating actions taken. Actions to respond will therefore need to be considered but can be taken over a longer time period where possible. In such circumstance the Council may need to consider 'topping' up the funding mentioned in 1) above over the life of the forecast if required. This may impact on the ability to invest money elsewhere but will need to demonstrate that its use is sustainable in the context of the ten year forecast.

The long-term approach to the forecast does provide flexibility to respond to risks such as those presented by COVID 19. For instance, the savings target was 'relaxed' in 2021/22. However it must be highlighted that the savings targets set out in the forecast will still need to be delivered in the longer term, but they need to remain flexible and react as a counterbalance to other emerging issues and it is therefore accepted that this figure may need to be revised up or down over the life of the forecast.

It is important to continue to deliver against the forecast to retain confidence in the longer-term approach. This will, therefore, continue to need robust input from members and officers where decisions may be required in the short term or on a cash flow basis.

Another aspect to this approach is the ability to 'flex' the delivery of services rather than cut services. As would be the case with our own personal finances, if we cannot afford something this year because of a change in our income, we can potentially put it off until next year. There is a practical sense behind this approach as we could flex the delivery of a service one year but increase it again when the forecast allows.

In addition to the above, it is important to note that the Council has already prudently set aside money for significant risks in the forecast such as **£1.758m** (NDR Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary. The Council also holds **£4.000m** in uncommitted reserves, which supports its core financial position.

LEGAL

The Local Government Act 2003 makes it a statutory duty that Local Authorities monitor income and expenditure against budget and take appropriate action if variances emerge.

The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

The Local Government Finance Act 2012 provided the legislative framework for the introduction of the Rates Retention Scheme and the Localisation of Council Tax Support.

The Calculation of Council Tax Base Regulations 2012 set out arrangements for calculation of the council tax base following implementation of the Local Council Tax Support Scheme. The new arrangements mean that there are now lower tax bases for the district council, major preceptors and town and parish councils.

The Localism Act 2012 introduced legislation providing the right of veto for residents on excessive council tax increases.

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer (S151 Officer) must report to Council as part of the budget process on the robustness of estimates and adequacy of reserves. The proposed approach can deliver this requirement if actively managed and will be an issue that remains 'live' over the course of the forecast period and will be revisited in future reports to members as the budget develops.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.
Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other implications that significantly impact on the financial forecast. However, the ability of the Council to appropriately address these issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver the necessary savings, which will include environmental and climate change impacts.

PART 3 – SUPPORTING INFORMATION

SECTION 1 – IN YEAR FINANCIAL PERFORMANCE AGAINST THE BUDGET AT THE END OF THE THIRD QUARTER OF 2020/21

The Council's financial position against the approved budget has been prepared for the period ending 31 December 2020. This builds on the previous reports considered by Cabinet earlier in the financial year which, included timely updates on the impact and financial risks presented by the COVID 19 crisis.

This is the third such report on the Council's financial position against the budget for 2020/21, with expenditure or income trends becoming clearer, with comments provided below where necessary against the following key areas:

- General Fund Revenue
- Collection Performance
- HRA Revenue
- Capital Programme – General Fund
- Capital Programme - HRA
- Treasury Activity
- Other Emerging Issues including Proposed Changes to the In-year Budget

GENERAL FUND REVENUE

The position to the end of December 2020, as set out in more detail in the Executive Summary attached, shows that there is an overall net underspend of **£12.867m**.

As set out in the appendices, elements of this variance are due to the timing of expenditure and income or where commitments / decisions have yet to be made, the most significant of which relates to the administration of the various COVID 19 Business Support grants where a final reconciliation process will be undertaken at the end of the financial year.

The appendices still reflect the previous senior management structure, which will now follow this approach to the end of the year to ensure consistency of reporting across the full financial year.

Appendix B provides a more detailed narrative against significant variances with some highlights as follows:

Income Budgets – General Fees and Charges

As set out in the previous financial performance reports, one of the more significant impacts from COVID 19 is the loss of income during the periods of local or national restrictions. However, there has been a level of recovery up to the end of Q3 in areas such as parking.

In terms of major income budgets, a summary at the end of December 2020 is as follows:

Income Stream	Full Year Budget (£)	Budget to end of Dec (£)	Actuals to end of Dec (£)	Variance (£)
Parking	749,580	638,018	688,734	(50,716)
Cemeteries and Crematorium	1,711,770	1,267,460	1,075,204	192,256
Beach Huts	947,940	940,297	1,004,531	(64,235)

Sport and Leisure (incl. the Princes Theatre)	2,932,770	2,244,967	225,632	2,019,335
Planning	1,124,630	884,630	1,031,121	(146,491)
Building Control	178,910	134,183	121,413	12,770

The above figures represent the gross position against income budgets, so excludes financial support provided by the Government such as the sales, fees and charges compensation scheme.

- The position against parking shows a full recovery against the losses incurred during the full lockdown period earlier in the year.
- As set out in the appendices, the position within the cemeteries and the crematorium budgets is primarily due to the period that the crematorium was not operational following a fire earlier in the year. Income has not recovered over the year to date so this position is likely to remain at the end of March 2021.
- Apart from leisure facilities, other major income budgets are broadly on budget or have exceed the estimated levels.

  In respect of leisure facilities, the position has become fairly complex given 'on-account payments' received from the Government as part of the sales, fees and charges compensation scheme.

  As part of their sales, fees and charges compensation scheme, the Government will be expecting reductions in expenditure during periods of local or national restrictions. In terms of leisure facilities, there would have been corresponding reductions in expenditure incurred to date, but it is difficult to provide a clear position until the end of the year when a full reconciliation will be undertaken.

  However based on initial estimates, the net 'loss' across the various leisure facilities is likely to be in the region of **£1.250m to £1.750m**. As the Government have made the commitment to pay 75% of any such losses (after the first 5%), the remaining net loss of 25% (plus first 5%) that will need to be met by the Council is therefore likely to be between **£0.360m and £0.503m**.It is planned to meet this shortfall from the overall COVID 19 support package made available by the Government.

It is also important to highlight the position against other income budgets such as those not associated with sales, fees and charges. As set out in the appendices, income from increased recycling rates is ahead of the profiled budget by **£0.115m** at the end of December. A budget adjustment is included within **Appendix H** to reflect this emerging position.

As highlighted during the year, the Government and other public sector partners have paid the Council a number of grants to support various initiatives, including the various business grant schemes, with a summary of the more significant items set out below:

Grant Type	**Amount Received**	**Comments**
Government – Business Grants	£55,049,216	£43,361,538 has been spent to date with further grants to be paid up to the current deadline of the end of May 2021.
Track and Trace Support Payments of £500	£209,458	£167,500 has been spent to date.

Council Tax Hardship Scheme – to enable £150 to be credited to the council tax accounts of those households receiving local council tax support	£1,374,442	£1,060,408 spent to date – this scheme will be reviewed before the end of the year to ensure that the grant is fully spent.
General COVID 19 Support (including tranche 4 funding of £1.116m)	£2,999,873	Including the proposed allocations set out in Appendix H, the total expenditure incurred to date against this funding is £2,121,335 with further comments included later on in this report.

A full reconciliation process will be undertaken at the end of the year with the final position included within the outturn report. However, in the interim period, action will be taken where possible to maximise the money that can be retained / distributed within the district.

Expenditure Budgets

The appendices set out further details around a number of other emerging issues, some of which relate to the timing of expenditure rather than an underlying issue that may remain at the end of the year.

However it is important to highlight the follow key issue:

- The cost of the In-house Engineering Service – as reported at the end of 2019/20, there was a significant overspend related to this service, which was in part due to having to urgently mobilise the in-house team following the unexpected and sudden demise of ROALCO, the appointed external contractor who undertook repairs to the Council's housing stock. The position at the end of the second quarter highlighted a deficit of **£0.133m**, which was urgently reviewed by the Service. The deficit at the end of December has reduced to **£0.029m**, with the Service working to ensure that expenditure is maintained within the overall budget by the end of this financial year.

A number of budgets adjustments are proposed within **Appendix H** to respond to emerging issues to date.

COLLECTION PERFORMANCE

A summary of the current position is shown in **Appendix E**.

As mentioned at the end of the second quarter, there has undoubtedly been an impact from COVID 19 on collection performance, especially as recovery action has been ceased or limited over the year given the pressure faced by people and organisations within the district.

Some important highlights are as follows:

- Housing rents are broadly on target and consistent with the performance last year.

- General debt recovery performance covers a significant range of income streams from repairs to leasehold properties to rechargeable works to dangerous structures. At the end of December, the position is ‘skewed’ by significant one-off debts such as those associated with a housing disrepair issue along with the timing of raising invoices or receiving income from partners e.g. recycling credit income. All other debts will be subject to recovery action as necessary.

In terms of council tax and business rates, ‘building’ on the figures reported earlier in the year, the position to the end of December is summarised as follows:

Cost of the LCTS Scheme	*Budgeted Cost* **£11,987,000**	*Actual Cost* **£11,967,883**	*Reduction of* **£19,117**
Council Tax*	*Collection Performance Dec 2019* **86.57%**	*Collection Performance Dec 2020* **81.16%**	*Reduction of* **5.41%**
Business Rates**	*Collection Performance Dec 2019* **84.70%**	*Collection Performance Dec 2020* **80.82%**	*Reduction of* **3.88%**

The % figures above differ to those set out in Appendix E, as the above are based on the budgeted amounts within the collection fund rather than against the total amount billed as set out in that appendix.

**This is based on the position where no formal recovery action has been taken to date but does include where the Council has entered into payment arrangements with customers such as recalculation of instalments.*

***The position above has been adjusted to reflect that a significant element of the money due is now receivable from the Government via the new COVID reliefs introduced this year rather than from the business themselves.*

As highlighted in the report to Council on 16 February 2021, due to the associated accounting treatment of business rate COVID 19 reliefs, there is a **£6.045m** collection fund deficit included in the 2021/22 budgets. However, this is to be met from Government grants receivable in 2020/21 so the issue is one of timing rather than any other underlying concern. An adjustment is included in **Appendix H** that contributes the 2020/21 grant income into a reserve that will be called down in 2021/22.

Although subject to the year-end reconciliation processes, collection fund deficits are not expected at the end of 2020/21 for both council tax and business rates although the in-year collection performance is expected to have reduced by up to 4%. The reason being is that any outstanding amounts are still recognised as recoverable income rather than income permanently ‘lost’. Therefore, debt owing at the end of 2020/21 is expected to have increased by **£3.000m** compared to the same period last year. Formal recovery action will be undertaken during 2021/22 to recover amounts owed with updates provided within future financial performance reports. In terms of supporting households, amounts outstanding from 2020/21 will not automatically be included in the instalments relating to 2021/22 and households will be encouraged to talk to the Revenues Service to make appropriate payment arrangements, which will include allowing instalments over an extended period of time where appropriate.

With the above in mind, the reduction in collection performance is also now having an impact on the council tax sharing agreement with the major preceptors. The sharing agreement is based on cash collected rather than amounts owed, so it is expected that income under this agreement may be as much as **£0.400m** lower than expected. However similarly to the above, this income can be seen as deferred income as the position is expected to recover going into 2021/22 as the debt outstanding mentioned above is recovered.

It may also be possible to offset the adverse position above by the income receivable under the Essex Business Rates Pool. This will also be subject to the final position for the year and it may be possible to limit the overall net position when this money is recognised within the accounts.

HRA REVENUE

An overall position is set out in the Executive Summary with further details included in **Appendix C**. At the end of December 2020, the HRA is showing a net underspend **£0.099m,** which primarily reflects the timing of spend against general repairs and maintenance budgets.

As set out in the appendix, work is on-going to reduce void loss from 4% to the more historic level of 2% over the next 12 months. In terms of more detailed information about void periods, it is planned to share this with members via an all member briefing in early 2021/22.

CAPITAL PROGRAMME – GENERAL FUND

The overall position is set out in **Appendix D.**

As at the end of December 2020, the programme is broadly on target against the profiled position. Detailed comments are provided within the appendix against a number of schemes.

As mentioned in previous financial reports, following a number of cliff failures along the Clacton to Holland seafront, necessary remedial works have been identified that could cost in excess of **£4.000m.** Although contributions will continue to be sought from other interested parties, given the relative urgency of the works required, it is proposed to reprioritise a number of existing budgets / amounts held in reserves to start to assemble the necessary funding to meet the full cost of this scheme. Please see **Appendix H** for the proposed adjustments to existing budgets.

CAPITAL PROGRAMME – HOUSING REVENUE ACCOUNT

The overall position is set out in **Appendix D.**

As at the end of December 2020, the programme is behind profile by **£0.191m.**

This budget relates primarily to the on-going major repairs and improvements to the Council's own dwellings. There are no specific issues to highlight at this stage and the expectation is that expenditure / commitments will be broadly in line with the budget over the course of the year as work is progressed and procurement processes completed.

Following on from the adjustment made at the end of the second quarter, it has been necessary to adjust the budget further to meet some additional costs associated with this scheme. Please see **Appendix H** for the adjustment proposed.

TREASURY ACTIVITY

A detailed analysis of the current position is shown in **Appendix F.** There are no significant issues to highlight to date.

OTHER EMERGING ISSUES AND CONTRIBUTIONS TO THE FORECAST RISK FUND

As already highlighted above, **Appendix H** sets out a number of proposed budget adjustments at the end of December 2020.

The adjustments proposed also include the further allocation of money from the general COVID 19 financial support provided by the Government. As set out in **Appendix H**, it is proposed to use **£0.251m** of this funding, which would leave **£0.865m** still available. Although it is acknowledged that the impact from COVID 19 is likely to continue into 2021/22, any unused money from this 'pot' will remain committed to helping the district recover from the pandemic via the Back to Business initiative. This approach is made possible by the robust approach to managing the Council's overall financial position via its long-term plan.

The net overall position set out in **Appendix H** results in a net contribution to the Forecast Risk Fund of **£0.245m.**

Tendring / Colchester Borders Project

Although the foundation of delivering this project will be via the on-gong local plan process and associated Development Plan Document (DPD), separate but parallel work will need to be undertaken to ensure that the Council can continue to shape the delivery of this garden community in the west of the district.

Whilst it is not currently expected that the Council will be directly delivering elements of the garden community, it is vital that the DPD evolves alongside other associated work to ensure that what is delivered meets the aspirational aims for such a development.

Based on the above, a significant element of expenditure will be associated with general planning processes, which can therefore be considered against the existing local plan budget. However, the project will also involve non-planning related activities, which will be jointly funded between the three partner authorities.

Unspent money from the previous NEGC project has been carried forward by the three local authority partners to support the TCB project. Although the money is currently held by CBC, this will be transferred to ECC from 1 April 2021, who will hold and manage the funding going forward. The total amount currently held totals **£0.473m**, of which **£0.138m** represents this Council's contribution. A recommendation is included above to transfer this funding to the TCB project, which can be used to meet general project costs. If further contributions in excess of the **£0.138m** highlighted above are required from the existing garden communities budget of **£1.300m,** then this will form part of a separate report.

SECTION 2 – UPDATED LONG TERM FORECAST

The detailed budget for 2021/22, which was based on the most up to date financial forecast, was considered and agreed by Full Council on 16 February 2021. The report considered by Full Council also included a summary of the forecast up until 2026/27.

Although the development of the forecast will continue in 2021/22, there have been no changes since the meeting of Full Council mentioned above. However, for completeness, the detailed forecast is set out in **Appendix I**, along with the associated risk review set out in **Appendix J.**

A summary of the expected annual position for each remaining year of the forecast is as follows:

Year	Net Budget Position (including adjusting for prior use of reserves to balance the budget)
2022/23	£1.098m deficit
2023/24	£0.866m deficit
2024/25	£0.630m deficit
2025/26	£0.388m deficit
2026/27	£0.142m deficit

The identification of on-going savings remains as an essential element of the long term financial plan, although it will be important to take a pragmatic and balanced view as it is recognised that there will be growth in council tax and business rates over time that could exceed current forecasts – for example via the Tendring Colchester Borders project.

In terms of a longer-term rolling forecast, it is proposed to review the current position in 2023, which could include the consideration of extending the forecast period out beyond 2026/27.

Notwithstanding the above, the framework against which the savings will be identified and developed forms part of the key priority actions set out in Council's Corporate Plan.

The next updated forecast will be presented to Members at the end of the first quarter of 2021/22. However if anything significant emerges before then, the position will be reported to Members accordingly.

Delivering a favourable Outturn Position

As previously highlighted, the Forecast Risk Fund continues to rely on in-year outturn contributions of **£0.500m** per annum to support the overall balance on the reserve, which in turn underwrites the various risks to the forecast.

In respect of 2020/21 to date, net contributions to the Forecast Risk Fund total **£0.286m,** made up of:

- **£0.041m** contribution to the fund as reported at the end of Q2.
- **£0.245m** proposed contribution to the fund at the end of Q3 as set out in **Appendix H.**

The shortfall to date in 2020/21 of **£0.214m** remains subject to the outturn position for 2020/21, where it may be possible to identify the required net underspends to fully meet the **£0.500m** planned contribution to this reserve. If not, then the final position for the year will need to be reflected in the revised forecast going into 2021/22 and beyond.

BACKGROUND PAPERS FOR THE DECISION
None

APPENDICES

RELATING TO SECTION 1 OF THE REPORT

Front Cover and Executive Summary

Appendix A – Summary by Portfolio / Committee
Appendix B – General Fund Budget Position by Department
Appendix C – Housing Revenue Account Budget Position
Appendix D – Capital Programme
Appendix E – Collection Performance – Council Tax, Business Rates, Housing Rent and General Debts
Appendix F – Treasury Activity
Appendix G – Income from S106 Agreements
Appendix H – Proposed Adjustments to the In-Year Budget

RELATING TO SECTION 2 OF THE REPORT

Appendix I – Updated Long Term Financial Forecast
Appendix J – Risk Analysis of Each Line of the Forecast