

## Finance

- 1.1 The finance directorate is showing an overall underspend of £3.497m against a budget of £60.415m.

Table 1 Finance Month 3 forecast Outturn

Service	2020/21 Budget	Actuals to 30/06/2020	Month 3 Forecast Outturn	Month 3 variance	COVID Impact	Month 2 variance	In-Month change
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central Expenses	55,985	14,491	53,668	(2,318)	0	(1,023)	(1,294)
Finance	3,589	(83,351)	3,555	(34)	0	151	(185)
Grants	29	0	29	0	0	0	0
Revs & Bens	812	(1,213)	(333)	(1,145)	0	(27)	(1,118)
<b>Finance Total</b>	<b>60,415</b>	<b>(70,072)</b>	<b>56,918</b>	<b>(3,497)</b>	<b>0</b>	<b>(899)</b>	<b>(2,598)</b>

- 1.2 Table 2 provides a breakdown of the movement between the Month 3 and Month 2 position.

Table 2 Finance Month 2 to Month 3 variance

Service	Month 3 variance	Month 2 variance	In-Month change	Commentary
	£'000	£'000	£'000	
Central Expenses	(2,318)	(1,023)	(1,294)	The favourable movement has been caused mainly by capital financing and income generation. The cause has been a reduction in anticipated interest payable (£0.155m) and an increase in interest receivable following ODH loan and Treasury Investment interest (£0.722m).
Finance	(34)	151	(185)	The favourable movement in Finance is due to a decrease in agency costs caused by earlier contract end dates of 3 members of staff.
Grants	0	0	0	No movement, forecast to budget.
Revs & Bens	(1,145)	(27)	(1,118)	Following June P&R committee, there was a virement movement to income budgets relating to Council Tax court costs awarded and the business rates collection grant from Growth & Corporate Services to Finance. This movement was followed by the revised forecast and increase in income.
<b>Finance Total</b>	<b>(3,497)</b>	<b>(899)</b>	<b>(2,598)</b>	

- 1.3 Central Expenses include corporate costs such as levies, capital financing, contingency and historical early retirement commitments. The nature of these items means that significant budget variances can occur. The overall position in this area as at P3 is expected to be an underspend of £2.318m. This is primarily driven by capital financing (£1.416m underspend) and decreasing early retirement commitments (£0.362m underspend).
- 1.4 Capital financing includes interest payable (PWLB and LOBO) charged to the General Fund (net expenditure £6.042m), interests' income and Treasure Investment Income (net income £4.083m). The projection for interest income is updated regularly based on projected cashflows and changes in interest rates. It is estimated that interest rates for income will be 0.29% at the lowest point, therefore we are considering a prudent view on income.

- 1.5 The net position across the lines within Finance cost centres (Finance team costs, Resource management, Covid-19) is an overspend of £0.039m. This is the net position of pressures in relation to enhanced services for Accounts Payables (£0.084m) and the requirement for additional interim staff (£0.433m). These additional interim staff relate to the end of the restructure and recruitment process following insourcing of the finance service and structure re-organisation implemented in December 2019. These pressures are offset by larger than anticipated recharges to other funds such as the Pension Fund, the HRA and the DSG.
- 1.6 Covid-19 funds received from the Central Government are forecasted to be fully utilised as per specific grant policies, e.g. to support local businesses in Barnet.
- 1.7 As a result of Covid-19 the council has halted all statutory enforcement action. The amount collected for April and May is down by 28%. It has been assumed this rate of recovery is the same for June, July and August. The forecast for P3 includes a 50% downturn in court costs collection and 75% of last year's Housing Benefit Overpayments at this time of the year, comparing to last year's position. HM Courts & Tribunals Service have advised that it is still unknown when they will start to hear liability order cases again. It's unlikely they will remain closed at least until September which will have a negative impact on collection and income brought to the Council.