

# Grants Executive Committee

## Month 3 Revenue Forecast 2021/22      Item no: 5

**Report by:** Frank Smith      **Job title:** Director of Corporate Resources

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**Contact Officer:** Frank Smith

**Telephone:** 020 7934 9700      **Email:** [Frank.smith@londoncouncils.gov.uk](mailto:Frank.smith@londoncouncils.gov.uk)

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### Summary

This report:

- Outlines actual income and expenditure against the approved income and expenditure in the budget to the end of June 2021 for the Grants Committee;
- Provides a forecast of the outturn position for 2021/22 for both actual and committed expenditure on commissions, along with the administration of all these commissions.

Members are reminded that the position stated in this report is at the end of the first quarter of 2021/22, which is the final year of the extended five-year programme of commissions. At this stage, a deficit of £34,000 is forecast over the approved budget.

### Recommendations

The Grants Executive Committee is asked to:

- Note the projected deficit of £34,000 for the year; and
  - Note the projected level of Grants Committee reserves, as detailed in paragraph 10 of this report and the commentary on the financial position of the Grants Committee included in paragraphs 11-12.
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## Introduction

1. This is the first budget monitoring report to be presented to the Executive Committee during the current financial year. The next report will be the half-year figures, which will be reported to the main Committee in November 2021.
2. The London Councils Grants Committee's income and expenditure revenue budget for 2021/22 was approved by the Leaders' Committee in December 2020, following recommendations by the Grants Committee. The total revenue budget for 2021/22 was £6.668m however, the budget is adjusted for:
  - the remaining amounts payable in relation to the no recourse for public funds programme of £327,000; and
  - confirmation of payments in relation to the Youth Homelessness Hub, as agreed by Members of £300,000.

## Variance from Budget

3. Table 1 below summarises the forecast outturn position for the Grants Committee:

**Table 1 –Summary Forecast**

	<b>M3 Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
<b>Expenditure</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employee Costs	61	247	271	24
Running Costs	8	19	19	-
Central Recharges	42	169	169	-
<b>Total Operating Expenditure</b>	<b>111</b>	<b>435</b>	<b>459</b>	<b>24</b>
S.48 Commissioned services	1,543	6,173	6,163	(10)
S.48 Commissioned services - NRPF	236	327	327	-
S.48 Commissioned services - Homelessness	200	300	300	

London Funders Group	-	60	60	-
Other Expenditure	28	-	28	28
<b>Total Expenditure</b>	<b>2,118</b>	<b>7,295</b>	<b>7,337</b>	<b>42</b>
<b>Income</b>				
Borough contributions towards commissioned services	(1,232)	(6,173)	(6,173)	-
Borough contributions towards the administration of commissions	(435)	(495)	(495)	-
Interest on Investments	(2)	-	(8)	(8)
Other Income	-	-	-	-
Transfer from Reserves	-	(627)	(627)	-
<b>Total Income</b>	<b>(1,669)</b>	<b>(7,295)</b>	<b>(7,303)</b>	<b>(8)</b>
<b>Net Expenditure</b>	<b>449</b>	<b>-</b>	<b>34</b>	<b>34</b>

4. The projected deficit of £34,000 will be monitored throughout the year however, factors that impact on the overall net expenditure to budget which is explored in more detail in the narrative below, is broadly split between the following:

- A projected underspend of £10,000 in respect of 2021/22 S.48 borough funded commissioned services which relates to Standing Together Against Domestic Violence (STADV);
- Expenditure in relation to grants employee costs, largely due to the staff vacancy factor built into the budget which is yet to be realised along with a correction and alignment of staff charged to the grants committee;
- £28,000 of expenditure, not originally budgeted for, in relation to Section 48 Pan London Borough Grants Scheme Evaluations, which are required at the end of both the section 48 ESF and grants programmes; and
- An additional sum of £8,000 from investment income is forecasted to be received on Committee reserves, not previously budgeted for.

## **Payments to Commissions – London Councils Borough S.48 Programme**

5. Table 2 below outlines the actual spend for the period 1 April 2021 to 30 June 2021 for the borough funded commissions, covering priorities 1 and 2.

**Table 2 – Actual Spend 1 April 2021 to 30 June 2021 – Priorities 1 and 2**

<b>2021/22 budget (£)</b>	<b>Forecast payments Quarter 1 (£)</b>	<b>Actual Payments (£)</b>	<b>Projected Underspend (£)</b>	<b>Balance (£)</b>
6,173,132	1,543,283	1,543,283	(10,000)	-

6. As at Q1 there were no balance of payments on hold, however this will be monitored and reported on as the year progresses.
7. As part of the approved monitoring arrangements, officers will continue to review financial information relating to each project during the year and the audited accounts at the end of the year. It is possible that further underspends will be identified as the year progresses, which will be reflected in the further monitoring reports scheduled to come before the Committee during 2021/22.

## **Payments to Commissions – No recourse to public funds (NRPF)**

8. The former S.48 ESF programme concluded on 30 June 2019 with the final administration being completed by the end of 2019/20. During 2020/21 Members agreed to utilise the remaining balances held in reserves to increase Priority 1 and 2 grants for the sole purpose of increasing immigration advice for service users with no recourse to public funds. Due to the timing of these payments, a balance of £327,000 remained outstanding at the end of the 2020/21 financial year. As at 30 June 2021 £236,000 of this amount has been paid to commissioners with the remaining balances expected to be released in the second quarter of the year.

## Administration of Commissions

9. It is projected that salaries expenditure will overspend by £24,000 due in part to the 2% vacancy factor that is built into the budget which hasn't been realised. Should staff changes occur this forecasted deficit may reduce, a further update will be provided during the month 6 forecast report. Projected investment income on Committee reserves of £8,000 have been recognised in the forecast.

## Committee Reserves

10. Table 3 below updates the Committee on the revised estimated level of balances as at 31 March 2022, if all current known liabilities and commitments are considered:

**Table 4 – Analysis of Projected Uncommitted Reserves as at 31 March 2022**

	<b>Borough</b>	<b>NRPF</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unaudited reserves as at 1 April 2021	1,034	327	1,361
NRPF Payments	-	(327)	(327)
Youth Homelessness Hub	(300)	-	(300)
Projected surplus/(deficit) for the year	(34)	-	(34)
<b>Projected reserves as at 31 March 2022</b>	<b>700</b>	<b>-</b>	<b>700</b>
<b>Indicative total expenditure 2021/22</b>	<b>7,010</b>	<b>327</b>	<b>7,337</b>
<b>Forecast reserves as a % of indicative expenditure</b>	<b>9.99%</b>	<b>-</b>	<b>9.54%</b>

## Conclusions

11. Projected total reserves of £700,000 are forecast at the year-end, after considering the projected deficit of £34,000 for the year and applying £327,000 and £300,000 from reserves to cover the priority 1 & 2 payments in relation to no recourse to public funds and the youth homelessness hub. This level of general reserves relating to the S.48 borough funded commissions (Priorities 1&2), equates to 10.50% of the £6.668 million commissions original budget. There remains uncertainty surrounding the

Covid-19 pandemic and the impact this may have on Grants budgets. Potentially unforeseen issues could impact later in the financial year and this will be reported on accordingly.

12. This is a best current estimate of the resources that are available for use by the Grants Committee, although a more accurate figure will be reported to the main Committee within the quarter 2 forecast report in November.

### **Recommendations**

13. Members are asked to:

- note the projected surplus of £34,000 for the year; and
- note the projected level of Grants Committee reserves, as detailed in paragraph 10 of this report and the commentary on the financial position of the Grants Committee included in paragraphs 11-12.

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### **Financial Implications for London Councils**

As detailed in report

### **Legal Implications for London Councils**

None

### **Equalities Implications for London Councils**

None

### **Background Papers**

London Councils Budget working papers 2021/22

London Councils Income and Expenditure Forecast File 2021/22