

REPORT TO EXECUTIVE



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PORTFOLIO	Resources & Performance Management
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Final Revenue Outturn Position 2020/21

PURPOSE

1. To report the provisional position on the Council's revenue accounts for 2020/21.

RECOMMENDATION

2. That the Executive Members are requested to recommend that Full Council approve:
 - a) The provisional final position on the Council's revenue account for 2020/21 shows a net underspend of £31k which has been transferred to the Revenue Support Reserve. The projected overspend from the outturn position estimated during quarter 3 budget monitoring was £49k.
 - b) The transfers to/from Earmarked Reserves totalling a net £5.058m increase to reserves (see Appendix 2).
 - c) The approval of additional revenue budget carry forward requests from Heads of Service totalling £2.198m (see Appendix 3).

REASONS FOR RECOMMENDATION

3. To conclude the revenue budget monitoring process for 2020/21 and report the final outturn position as outlined in the Council's Statement of Accounts for 2020/21.

SUMMARY OF KEY POINTS

Revenue Outturn position

4. Members will recall that there were three quarterly budget monitoring reports to the Executive during 2020/21. These reports disclosed that there were anticipated variations in spending and income compared with the revised budget. The third and most recent in-year monitoring report to Full Council, in February 2021, estimated a year end overspend of £49k on the revenue account.
5. Throughout the 2020/21 financial year the Government announced a series of financial interventions to help support local authorities and their residents/businesses during the current Coronavirus pandemic. Of these financial interventions this Council has received a direct funding allocation of £2.486m out of a Central Government fund of £4.43bn. Of our £2.486m allocation, £6k was a ringfenced grant towards tackling homelessness and £79k was ringfenced as part of the 'Re-opening High Streets Safely' scheme. A further £2.106m was received in four tranches: £75k received in Tranche 1 which was allocated to tackling homelessness, £882k in Tranche 2, £229k in Tranche 3 and £920k in Tranche 4. Tranche 2, 3 and 4 monies are un-ringfenced funding to assist with reductions in income received and additional cost pressures incurred by the Council caused by the Covid pandemic. Members approved, during the quarter 2 budget monitoring cycle, that the balance of £860k from the Tranche 4 funding would be transferred into a Covid-19 reserve which can be called upon when required to fund any related additional expenditure, loss of income and to support the recovery phase.
6. The Government also provided support for losses of income. Where these income losses were more than 5% of a council's planned income from sales, fees and charges, the Government provided funding for 75p in every pound lost due to the pandemic. The Council has submitted claims for income losses totalling £1.016m for the 2020/21 financial year. The scheme is to be continued for the first quarter of 2021/22.
7. Support for collection fund losses has also been provided through the Government's Tax Income Guarantee Scheme. For both business rates and council tax, the loss will be calculated by comparing estimated income due with actual income received in respect of 2020/21. The calculation is complex and figures used within the calculation have been taken from the relevant Government returns that the Council is required to submit. Compensation of 75% of the resulting loss will be paid via a Section 31 grant. The Council's 25% share of both business rates and council tax losses will be funded from the Volatility Reserve.
8. The final outturn on the Council's revenue account for 2020/21 has moved from an overspend position of £49k as estimated in the quarter 3 budget monitoring report to a year end underspend of £31k (see Appendix 1).

Table 1 below shows actual spend compared to budget and the associated variance for each service department.

Table 1:

		REVISED BUDGET £000	ACTUAL £000	SFC COMPENSATION INCOME £000	REVISED ACTUAL £000	VARIANCE £000
a	Economy and Growth	846	815	-11	804	-42
b	Policy and Engagement	174	201	-16	185	11
c	Management Team	352	346	0	346	-6
d	Sport and Culture Leisure Client	712	769	-187	582	-129
e	Green Spaces and Amenities	870	561	-97	464	-406
f	Streetscene	3040	3430	-374	3056	16
g	Housing and Development Control	-49	131	-93	38	88
h	Strategic Partnership	3880	3899		3899	19
i	Finance and Property	496	538	-27	511	15
j	Revenues and Benefits Client	-1341	-309	-202	-511	831
k	Legal and Democratic Services	1045	794	-9	785	-260
l	People and Development	207	188	0	188	-19
m	Central Budgets - Other (includes corporate costs eg utilities, apprenticeship levy)	-2250	-4736	1016	-3720	-1469
	Central Budgets - Savings Targets (see Table 2)	-213	0	0	0	213
				0	0	
	NET SERVICE BUDGET	7767	6628	0	6628	-1140
	Pensions	761	820	0	820	59
	Provisions (Balance to be determined at year end)	0	27	0	27	27
	Impairments (Provisions for Bad Debt)	0	0	0	0	0
	Parish Precepts (Disbursement to Parishes)	166	166	0	166	0
	Treasury (Investment Income & Expenditure)	879	987	0	987	108
	Capital Financing	2392	1976	0	1976	-416
	Earmarked Reserves (to / (from))	4121	4894	0	4894	773
	Strategic Reserves (to / (from))	-393	164	0	164	558
	NET CORPORATE ITEMS	7925	9034	0	9034	1109
	Council Tax	-7202	-7202	0	-7202	0
	Parish Precepts (Receipts from Council Tax Payers)	-166	-166	0	-166	0
	Business Rates: Retained Income	-4771	-4771	0	-4771	0
	Business Rates: S31 Grants (For award of business rates relief)	-1219	-1219	0	-1219	0
	Prior Year Collection Fund (Surplus)/Deficit	0	0	0	0	0
	Revenue Support Grant	-1640	-1640	0	-1640	0
	New Homes Bonus	-694	-694	0	-694	0
	Other Government Grants	0	0	0	0	0
	FUNDING	-15693	-15693	0	-15693	0
	BUDGET BALANCE	0	-31	0	-31	-31

A summary of the significant variances since quarter 3 is shown in the table below:

	Significant Variances £'000s
Underspends / Increased Income	
Reduced expenditure on the waste cleansing contract due to a budget contingency set aside not required in year.	(49)
Increased interment and crematorium income	(193)
Increased Expenditure / Reduced Income	
Reduction in car parking daily charges and enforcement income	60
Increase to Sundry Debtors provision based of the value of outstanding debts at year end.	74
Increased property fund dividend income offset by a reduction in temporary investment interest income due to the cut in the Bank Rate in 2020 and subsequent sustained low interest rates.	46
Decreased housing benefit income mainly due to a reduction in the Administration Subsidy received, offset in part by a reduction in the provision set aside for bad debts as a result of an in-year reduction in the number of outstanding debts.	36
Increase to the provision for bad debts in relation to property rental income to mitigate the impact of the Covid-19 pandemic on income recovery.	108

9. Reserves Transfers

The Executive is asked to recommend to Full Council approval of the movements in earmarked reserves being a net overall increase in the year of £5.058m, see Appendix 2, from £9.532m at the start of the year to an end position of £14.589m. This is an increase of £3.723m to the estimated year end position forecast at quarter 3.

Of the transfers to reserves, it is proposed to increase the Covid Reserve from the £0.860m, approved in the quarter 2 revenue monitoring report, to £1.589m. As stated previously, this reserve will be utilised to fund any future reduction in income, additional expenditure pressures, to support the recovery phase of the pandemic and to provide additional funding to resource any business-as-usual activities where service has been reprioritised during the pandemic.

Carry forwards of £2.198m have been requested, of which £1.553m relate to externally funded Covid-19 grant schemes and £0.433m to other sources of external funding. For all externally funded schemes it has been agreed by the funding provider that unspent monies can be carried forward for spend in 2021/22, if not the funding will have to be returned. The balance of £0.212m is made up of carry forward request from the council's revenue budgets – see Appendix 3.

The balance of General Reserves has remained at £1.379m.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

10. As shown in the body of the report and appendices.

POLICY IMPLICATIONS

11. The provisional outturn position will be reflected in the draft Statement of Accounts which will show the spending by the Council in pursuit of declared objectives in that financial year and the reserves and balances available for future spending. Following a consultation exercise carried out by MHCLG the deadline for completion of the draft Statement of Accounts has been extended from 31st May to 31st July and the audited Statement of Accounts from 31st July to 30th September. These deadlines are in accordance with recommendation 10 of the Redmond Review, and the change will initially be for a 2 year period: 2020/21 and 2021/22.

The draft Statement of Accounts will be subject to audit by the Council's external auditors, Grant Thornton UK LLP. There may be minor adjustments to the figures included within the provisional outturn as a result of the audit. The Accounts will be reported to the Audit and Standards Committee.

DETAILS OF CONSULTATION

12. None.

BACKGROUND PAPERS

13. None.

FURTHER INFORMATION

PLEASE CONTACT:

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