



**REPORT OF: CHIEF EXECUTIVE**

**TO: POLICY AND RESOURCES COMMITTEE**

**DATES: 15th JULY 2021**

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## **PROVISIONAL REVENUE OUTTURN 2020/21**

### **PURPOSE OF REPORT**

1. This report is provided to inform the Policy and Resources Committee of the provisional outturn position on the Council's General Fund Revenue Budget for 2020/21.

### **RECOMMENDATIONS**

2. The Policy and Resources Committee is recommended to:-
  - a) note the outturn on the Council's Revenue Budgets for 2020/21;
  - b) approve the proposals for budget slippage over £15,000 from 2020/21 to 2021/22 (as shown at Appendix B).

### **REASONS FOR RECOMMENDATION**

3. To inform the Policy and Resources Committee of the Council's outturn position on revenue budgets for 2020/21.

### **ISSUE**

#### **Provisional Outturn 2020/21**

4. In setting the original budget for 2020/21, the Council planned to use £714k from the Budget Strategy Reserve in support of the budget. Following the review of the budget as part of the budget setting process for 2021/22, and taking into account virements/supplementary estimates since then, this was revised to a contribution from the Budget Strategy Reserve of £1.705m.

5. In view of the funding made available by the Government to deal with the Covid-19 Pandemic, an amount of £1.030m has been transferred back to the Budget Strategy Reserve. In the light of this adjustment, the budgeted call on the Budget Strategy Reserve for 2020/21 is £676k.
6. On the basis of the provisional outturn figures, and taking into account proposed slippage, there is expected to be a contribution from the Budget Strategy Reserve in 2020/21 of £177k resulting in an overall underspend of £499k. This is shown in Table 1 below:-

7.

**Table 1: Provisional Outturn 2020/21 (Post slippage)**

	Approved Budget (Post Slippage) £000	Provisional Actual £000	Variance £000
Net Cost of Services	13,686	13,003	(682)
Corporate Income and Expenditure	(6,532)	(6,549)	(17)
Cont to/(from) Reserves	6,793	6,993	200
Funding (Council Tax/Govt Grant)	13,269	13,269	-
<b>Cont (to)/from Budget Strategy Reserves</b>	<b>676</b>	<b>177</b>	<b>(499)</b>

Source: Appendix D

8. The Policy and Resources Committee should note that the position set out in Table 1 above takes into consideration both proposed budget slippage and contributions to reserves that provide funding for potential future liabilities. More details of this are provided below.

**Provisional Outturn 2020/21 (pre-budget slippage)**

9. Table 2 below provides a summary of the provisional outturn position for the year whilst a more detailed analysis is provided at [Appendix A](#). This position is before budget slippage has been taken into consideration:-

**Table 2: Provisional Outturn Position 2020/21 (Pre-Slippage)**

	Approved Budget (Pre-Slippage) £000	Provisional Outturn £000	Variance £000
Net Cost of Services	15,394	13,003	(2,390)
Corporate Income and Expenditure	(6,532)	(6,549)	(17)
Cont to/(from) Reserves	5,084	5,284	200
Funding (Council Tax/Govt Grant)	(13,269)	(13,269)	-
<b>Cont (to)/from Budget Strategy Reserves</b>	<b>676</b>	<b>(1,531)</b>	<b>(2,207)</b>

Source: Appendix A

10. As the table indicates, the provisional outturn position is showing an underspend of £2.207m when compared to the original budget. This comprises an underspend on the Net Cost of Services of £2.390m, an underspend on Corporate Income and Expenditure of £17k and an additional expenditure of £200k being a contribution to the Change Management Reserve (see below).

### **Net Cost of Services**

11. As Table 2 shows, the outturn position on the Net Cost of Services is an underspend of £2.390m ([Appendix A, Col 5, Row 12](#)). Included in the variances referred to above are underspends on certain budgets where Service/Budget Managers have requested that the unspent budget is carried forward to be used in 2021/22. Details of these 'budget slippage' proposals, which total £1.708m, are provided at [Appendix B](#) and the Policy and Resources is requested to consider those over £15,000 for approval (those below £15,000 have been approved under delegated authority by the Chief Executive).
12. In the event that the Policy and Resources agree to the slippage proposals, the effect of this will be to reduce the overall underspend on the Net Cost of Services to £682k (as indicated in table 3 below).

**Table 3: Impact of Slippage on Net Cost of Services**

	Variance (pre- slippage) £000	Proposed Slippage £000	Variance (post- slippage) £000
Directorate	(361)	377	16
Financial Services	(1,161)	917	(244)
Democratic and Legal Services	(113)	8	(105)
Planning, Building Control and Regulatory Services	(325)	42	(283)
Environmental Services	(255)	113	(142)
Housing, Health and Engineering	(446)	220	(225)
Liberata Services	-	-	-
- Information Services	1	-	1
- Human Resources	(39)	31	(9)
- Estates and Property Services	(63)	-	(63)
- Revenue Services	373	-	373
<b>Total</b>	<b>(2,390)</b>	<b>1,708</b>	<b>(682)</b>

Source: Appendix B, C and D

13. An analysis of the variances on the cost centres within each Service is provided at [Appendix C \(Col 5\)](#) and [Appendix D](#) whilst [Appendix E](#) provides a summary, by Service, of the variances that are +/-£10,000 or more.
14. In view of the underspend shown above, Councillors should note that work is currently underway to establish to what extent the variations in outturn can be carried forward to changes in budget provision for 2021/22 and future years. The results of this work will be reported to Councillors in due course.

### **Corporate Income and Expenditure**

15. Corporate Income and Expenditure relates to those areas of spend and income that are not specific to the delivery of services. Overall, there is a net underspend of £17k in this area when compared to the revised budget. The main variance is additional investment income of £18k.

### **Change to Reserves**

16. As part of the budget setting process and as the year has progressed, Councillors agreed to use certain reserves in support of the Council's expenditure. These and other movements in reserves are shown on the Summary Revenue Account provided at [Appendix D](#).
17. Councillors should note that a contribution of £200k has been made to the Change Management Reserve. Following the resignation of the Chief Executive and the current vacancy of Chief Finance Officer, this funding has been earmarked to meet the cost of interim arrangements pending the conclusion of a recruitment process for both posts.
18. Beyond the changes to reserves shown at [Appendix D](#), and those set out above, there are no further proposed additional contributions to reserves.

### **The Budget Strategy Reserve**

19. In setting the original budget for 2020/21 the Council planned to utilise £714k from the Budget Strategy Reserves in support of the budget. Following the review of the budget as part of the budget setting process for 2021/22, and taking into account virements/supplementary estimates since then, this has been revised to £676k
20. On the basis of the outturn figures above, the proposed slippage and other contributions to reserves, there is expected to be a contribution from the Budget Strategy Reserves in 2020/21 of £177k.

### **Balances and Reserves**

21. On the basis of the provisional outturn position presented above, [Appendix F](#) provides a revised analysis of the Council's Balances and Reserves as at 31<sup>st</sup> March 2021 (and forecast forward over the life of the Medium Term Financial Plan). For 2021/22 onwards, this reflects the proposed use of reserves as set out in the report on the Medium Term Financial Strategy which was considered at the last meeting of the Executive.

### **Statement of Accounts 2020/21**

22. The information presented in this report represents the Council's management accounts and shows performance against agreed budgets. Work is currently underway to produce the Statement of Accounts which contains the Council's formal financial accounting statements. The Statement of Accounts contains, in essence, the same financial information presented in this report but in a format prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA).
23. In accordance with the Council's Constitution, the draft Statement of Accounts for 2020/21 will be approved by the Accounts and Audit Committee. Following changes in the Accounts and Audit Regulations arising from the impact of the Covid-19 Pandemic, the Statement of Accounts will be presented to the Accounts and Audit Committee in September 2021 following the completion of the external audit of the accounts.

## **IMPLICATIONS**

### **Policy**

24. There are no policy implications arising directly from this report.

## **Financial**

25. The financial implications are as given in the report.

## **Legal**

26. There are no legal implications arising directly from this report.

## **Risk Management**

27. There are no direct risk management implications arising directly from the contents of this report.

## **Health and Safety:**

28. There are no Health and Safety implications arising directly from this report.

## **Climate Change:**

29. There are no sustainability implications arising directly from this report.

## **Community Safety:**

30. There are no community safety issues arising directly from this report.

## **Equality and Diversity:**

31. There are no equality and diversity issues arising from the contents of this report.

## **APPENDICES**

Appendix A – Provisional Outturn on the General Fund 2020/21 (**before** slippage and reserve contributions)

Appendix B – Slippage Proposals 2020/21

Appendix C – Detailed Analysis of Variances by Cost Centre 2020/21

Appendix D – Provisional Outturn on the General Fund 2020/21 (**after** slippage and reserve contributions)

Appendix E – Variance +/- £10k by Service Area

Appendix F – Provisional Analysis of GF Reserves and Balances

## **LIST OF BACKGROUND PAPERS**

Working Papers for the Final Accounts 2020/21