

REPORT FROM: CHIEF FINANCE OFFICER

TO: POLICY AND RESOURCES COMMITTEE

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Report Author: Richard Gibson
Tel. No: 01282 661867
E-mail: richard.gibson@pendle.gov.uk

PROVISIONAL REVENUE OUTTURN 2021/22

PURPOSE OF REPORT

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 2021/22.

RECOMMENDATIONS

The Policy and Resources Committee is recommended to:-

- a) Note the outturn on the Council's Revenue Budgets for 2021/22.
- b) Approve the proposals for budget slippage over £189,040 from 2021/22 to 2022/23 (as shown at Table 4.
- c) Approve the Reserve position as set out in paragraph 16.0 to ring-fenced £2.751m until further work is done on the Statement of Accounts and future savings plans.

REASONS FOR RECOMMENDATIONS

To inform the Policy and Resources Committee of the Council's outturn position on revenue budgets for 2021/22.

ISSUE

Medium Term Forecast

- 1.0 Before setting out the provisional outturn position for 2021/22, Members are reminded of the wider financial context for the Authority and the most recent forecast position which was set out in the report to this Committee on 10th February 2022. This outlined potential budget shortfalls of £1.920m, £2.873m and £3.533m for 2022/23, 2023/24 and 2024/25 respectively, £8.332m in total.

- 2.0 Whilst the 2021/22 outturn position is favourable, much of this is the result of one-off or short term events and the Council remains in a very difficult financial position. There are clear pressures which the Council needs to deal with over the coming financial years;
- Inflationary pressure
 - Pay award pressure and wider recruitment and retention pressure
 - Increasing borrowing rates
 - Current energy crisis and impact on contract renewals for Leisure
 - In year and future year savings and the need to smooth out savings across a number of years
 - Impact of Corporate Peer Challenge Review
 - Development of the Local Plan
 - Capital Programme Review
 - Continuous investment in services and digital transformation
 - Legacy impact of Covid-19

Provisional Outturn 2021/22

- 3.0 Members should note the work is continuing to firm up the Outturn position and figures shown are provisional. Any material changes will be brought back to this Committee in future though this is not envisaged.
- 4.0 The Council's budget for 2021/22 was set at £17.400m, this included budget slippage of £1.708m as agreed in the report to this Committee on 21st July 2021. The slippage included £1.141m of Covid-19 related contingency budgets. The budget also assumed funding from reserves of £0.679m
- 5.0 The provisional outturn position is shown in Table 1 below. The provisional outturn position shows an underspend of £2.760m when compared to the original budget. This can split out across Core Services delivered directly by Pendle Borough Council, Covid-19 related activities, Leisure Trust services and Liberata provided services.

Table 1 – 2021/22 Provisional Outturn Summary

£'000	Original Budget	Actual	Over/(under) Spend
PBC Core	10,166	8,914	(1,251)
COVID-19 Response	717	50	(667)
PLT	2,184	1,349	(836)
Liberata Services	4,362	4,356	(6)
Total Net Cost of Service	17,429	14,669	(2,760)

PBC Core Budget

- 6.0 The 2021/22 Core budget included £0.566m of slippage carried forward from the 2020/21 budget and also assumed the use of £0.679m of funding from Reserves. Adjusting for these two items accounts for the bulk of the core underspend but also offers some insight in to potential future savings.
- 7.0 Details of the impact at a Service level is shown in Table 2 with further details shown in Appendix 1.

Table 2 - 2021/22 Provisional Outturn for PBC Core Budgets

£'000	Original Budget	Actual	Over/(under) Spend
Directorate	813	678	(135)
Financial Services	2,221	2,073	(148)
Democratic and Legal Services	1,107	926	(182)
Planning Economic Development and Regeneration	662	285	(377)
Environmental Services	4,773	4,559	(214)
Housing Health and Engineering	1,840	1,562	(278)
Human Resources	123	110	(13)
Information Technology	(168)	(169)	(1)
Property Services	(338)	(528)	(190)
Revenue Services	(867)	(581)	286
PBC Core Net Cost of Services	10,166	8,914	(1,251)

- 8.0 Analysing this subjectively across pay, non pay and income budgets is shown below with further analysis of the major variances within each Service provided in Appendix 2.

Table 3 - 2021/22 Provisional Outturn – Subjective Analysis

£'000	Original Budget	Actual	Over/(under) Spend
Pay	8,588	7,890	(698)
Non Pay	26,613	26,398	(215)
Income	(25,035)	(25,374)	(339)
Total	10,166	8,914	(1,251)

Revenue Budgets Carried forward to 2022/23

- 9.0 In order to maintain a prudent budget for 2022/23 the level of slippage from 2021/22 to 2022/23 has been kept to a minimum. In total, £189,040 of budgets have been identified as suitable for being carried forward to 2022/23.

Table 4 - 2021/22 Budgets to be Carried Forward to 2022/23

Service Area	Carried Forward to 2022/23 (£)
Community Based Projects	32,000
Planning appeals	20,000
Local Plan Development	11,000
Fleet Street Upgrade	56,840
Trade Waste	6,700
Sport Pitch Strategy	16,000
Homelessness	23,000
Land Drainage	20,000
HROD	3,500
Total	189,040

Covid-19 & Pendle Leisure Trust

- 10.0 The 2021/22 budget included £1.141m of carried forward budget in respect of Covid-19 funding, £0.827m of this was ring fenced to fund the expected shortfall on Pendle Leisure

Trust services from the impact of Covid-19. In the event, the Council agreed to fund Pendle Leisure Trust a further £250k towards the shortfall in income for 2021/22 with the Leisure Trust achieving a better than expected position.

- 11.0 The Council also received additional Covid-19 funding from Central Government (all one-off) in the form of non-ring fenced grant, Contain Outbreak Management Funding (COMF), Track & Trace funding as well as other Business related grants where the Council acted as Agent on behalf of Government.
- 12.0 The net impact of this was that the Council generated an underspend of £1.503m across this area. Whilst the impact of Covid-19 appears to have lessened the Council will need to continue to manage the impact on services across the Borough. The Management Fee for the Leisure Trust has been adjusted back to pre Covid-19 levels plus a further saving of £0.250m meaning that the Management Fee for 2020/23 is now £1.107m.

Impact on 2022/23

- 13.0 The base budget review project, which forms part of the transformation programme, has enabled Officers to focus additional resources on developing a granular understanding of the revenue position. This approach, combined with services being supported to consider new ways of working, will generate the £0.5m savings identified when setting the Council Tax position for 2022/23. Further work on rebasing the budget, through redesigning services, will continue over the summer 2022.
- 14.0 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 2022/23 and future years. The results of this work will be reported to Councillors in due course.

Impact on Reserves

- 15.0 Further work is required to firm up proposals on Reserves but there are clear pressures that the Council needs to deal with over the coming financial years as set out in paragraph 2.0.
- 16.0 Members are therefore asked to agree that the full underspend of £2.751m is ring-fenced for issues as set out in paragraph 2.0 until further work is done on the Statement of Accounts and future savings plans. A further report can be brought back to this committee to confirm the Reserves position.

Statement of Accounts 2021/22

- 17.0 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).
- 18.0 In accordance with the Council's Constitution, the draft Statement of Accounts for 2021/22 will be approved by the Accounts and Audit Committee. The Statement of Accounts will be presented to the Accounts and Audit Committee in September 2022 following the completion of the external audit of the accounts.

IMPLICATIONS

Policy: There are no policy implications arising directly from this report.

Financial: The financial implications are as given in the report.

Legal: There are no legal implications arising directly from this report.

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

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

Climate Change: There are no sustainability implications arising directly from this report.

Community Safety: There are no community safety issues arising directly from this report.

Equality and Diversity: There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A – Provisional Outturn by Service Area 2021/22

Appendix B – Analysis of Major Variances by Service Area 2021/22

LIST OF BACKGROUND PAPERS