

Report To:	CABINET	Date:	19th JULY 2021
Heading:	DRAFT OUTTURN REPORT 2020/21		
Portfolio Holder:	PORTFOLIO HOLDER FOR FINANCE, REVENUES AND BENEFITS – CLLR DAVID MARTIN		
Ward/s:	ALL		
Key Decision:	YES		
Subject to Call-In:	YES		

Purpose of Report

This report sets out the details of income and expenditure incurred in 2020/21 in respect of the General Fund, the Housing Revenue Account (HRA) and the Capital Programme, how this compares to the revised budgets, and provides explanations for significant variances.

This is the unaudited position and is therefore potentially subject to change. The audited Statement of Accounts will be presented to the Audit Committee on 27 September 2021.

In summary the 2020/21 unaudited Outturn position compared to the approved Revised Budgets was:

- General Fund – a £1.164m underspend
- HRA – a surplus of £4.805m (and an underspend of £1.777m compared to revised budget)
- Capital Programme – a £5.455m underspend

Section 5 of the report sets out the proposed transfers from reserves in 2021/22 to utilise unspent funding that has been moved to reserve in 2020/21, in accordance with accounting requirements. The use of the funding in 2021/22 will be to achieve the objectives in line with the original purpose of each of the funding/grant streams.

Recommendation(s)**Cabinet is requested to note:**

- (i) The 2020/21 draft Revenue Outturn for the General Fund, the HRA Outturn and the Capital Programme Outturn.

Cabinet is asked to approve:

- (ii) The proposed in-year movements to and from reserves (Appendix 2)
- (iii) That the 2021/22 revenue budgets will be adjusted to reflect the movements from earmarked reserves to utilise the funding/grants in 2021/22. (Section 5).

Cabinet is asked to recommend to Council:

- (iv) Approval to carry-forward the £5.455m underspend on the Capital Programme to 2021/22 due to slippage (delays to schemes) included in the Programme. (Section 4)

Reasons for Recommendation(s)

To report to those charged with governance, the Council's financial Outturn for 2020/21 and to comply with the Council's Financial Regulations.

Alternative Options Considered

The financial Outturn position is as reported within the 2020/21 draft Statement of Accounts therefore there are no other options. The proposed transfers from earmarked reserves of unutilised funding and grants received in 2020/21, will provide funding for the on-going impacts of covid-19 and to facilitate the delivery of specific projects for which the allocations were originally given. Not to approve the reserve movements would require these costs to be funded from the General Fund balance which is not recommended.

Detailed Information**1 General Fund Outturn 2020/21**

- 1.1 The General Fund supports the day to day running of the Council's services, excluding the provision of Council Housing. Table 1 below shows the General Fund Revenue Outturn by Directorate compared to the revised budget.

Table 1 - General Fund Outturn 2020/21

	Revised Budget £'000	Outturn £'000	Variance £'000
By Directorate			
Chief Executive Officer	540	536	(4)
Legal & Governance	1,809	1,654	(155)
Resources & Business Transformation	958	(1,730)	(2,689)
Place & Communities	10,338	8,392	(1,946)
Housing & Assets	2,277	2,129	(148)
Divisional Expenditure	15,922	10,981	(4,941)
Recharges	(2,781)	(2,809)	(28)
Financing and Investment Income and Expenditure			
Net Interest	216	27	(189)
Capital Financing	2,454	2,270	(184)
Capital Expenditure Financed from Revenue	0	104	104
Net Revenue Expenditure	15,811	10,573	(5,238)
Funding			
Government Grants	(3,875)	(3,937)	(62)
Business Rates	(5,158)	(10,565)	(5,407)
Council Tax	(6,376)	(6,399)	(23)
Total Funding	(15,409)	(20,901)	(5,492)
Net General Fund Deficit / (Surplus) for the year before transfers to/from Earmarked Reserves	402	(10,328)	(10,730)
Net Contribution to / (from) Earmarked Reserves	(376)	9,164	9,540
Net General Fund Deficit / (Surplus) for the year after transfer to/ (from) Earmarked Reserves	26	(1,164)	(1,190)

- 1.2 Appendix 1 provides details of the variances for each Directorate, Corporate Costs (Financing and investment Income and Expenditure) and Funding.
- 1.3 Appendix 2 provides details of the final earmarked reserves movements for 2020/21 and the impact on earmarked reserve balances.
- 1.4 The final position is an underspend of £1.164m that had been transferred to the General Reserve balance, increasing the balance to £7.877m at the 31st March 2021.
2. **Covid-19 Grant and Sales, Fees and Charges Compensation**
 - 2.1 During the pandemic, the Government has announced tranches of funding to support local authorities in responding to the pandemic to cover additional expenditure and income shortfalls, there is also a sales, fees and charges compensation scheme to compensate for some income losses. Table 2 below sets out the income the Council has received from these funding streams in 2020/21:

Table 2 - Covid-19 Grant and Sales Fees and Charges Compensation Funding

Funding	Amount £'000	Comments
Covid-19 Grants – 4 tranches	2,389	This includes £62k transfer from reserve in relation to tranche 1 funding received but not utilised at the end of 2019/20.
Sales, Fees and Charges Compensation	258	This includes £62k for the final claim – this was not included at the previous monitoring report.
Total	2,647	

- 2.2 In the previous monitoring report it was reported that £997k of the Covid-19 grant and the sales, fees and charges compensation funding had been allocated. (This was to fund £598k of additional costs and £399k loss of income). The final use of the funding for 2020/21 is £1.761m, the final allocations are detailed in Table 3:

Table 3 – Covid-19 costs and loss of income

Directorate	Description	Amount £'000
Costs	Use of funding previously reported	598
Communities and Place	Reduction in use of funding to meet costs previously reported	
	Community Safety - Additional Vehicles	(6)
	Leisure Contract support	(59)
	Markets - Additional staffing resources and PPE	(22)
	NCC Grass Cutting - Additional staffing resource	(5)
	Neighbourhood Response - banners and cleaning	(1)
	Planning - Revisiting strategy and recovery strategy	(12)
	Waste Collection - Additional Vehicles	(25)
Resources and Business Transformation	Additional Costs	
	Further costs for additional telephones, IT equipment and support	29
	Fees associated with reassigning hotel lease	137
	Additional costs at Crematorium - ADC's share	13
Communities and Place	Cemetery Grounds Maintenance - Additional Staffing Resource	6
	Environmental Services - Additional Vehicles	12
	Garage Workshop - PPE, hand gel	6
	Community Safety - PPE	6
Housing and Assets	Further asset management costs - Acrylic screens, signage	8
Total Additional Costs		685
Income	Use of funding previously reported	399
Resources and Business Transformation	Reduction in use of funding to meet loss of income previously reported	
	NNDR Court Costs	(3)
	Reduced Council Tax recovery	(32)
	Loss of Income	

Resources and Business Transformation	Hotel investment property rental income	408
	Housing Benefit overpayment sundry debtors	210
Communities and Place	Further licencing losses	5
	Further market losses	14
	Further pest control losses	11
	Further trade waste losses	1
	Land charges	16
	MOT and taxi testing	13
Housing and Assets	Further community centre loss of income	5
	Further reduction in car parking income due to no charging in lockdown and reduced usage	29
Total income losses		1,076
Total use of grant		1,761

- 2.3 The final position has resulted in the balance of the Covid-19 funding (£886k) being moved to the Covid-19 Grant earmarked reserve. This is to fund ongoing and emerging related Covid-19 pressures in future years, as the impacts of Covid-19 and the recovery from it, continue to impact on the revenue budget.

3. Housing Revenue Account (HRA) Outturn 2020/21

- 3.1 The HRA is a ring-fenced landlord's account for the management and maintenance of the Council's housing stock. This account funds both day to day revenue costs as well as funding borrowing costs for capital work to maintain and improve council properties.
- 3.2 Table 4 below shows the outturn compared to revised budget for the HRA. The outturn for the HRA shows an in-year surplus of £4.761m before movement in reserves, bringing the total HRA balance at 31st March 2021 to £41.622m

Table 4 - HRA Outturn 2020/21

	Revised Budget £'000	Outturn £'000	Variance £'000	Note
<u>Income</u>				
Rents, Charges & Contributions	(24,471)	(24,421)	50	1
Interest & Investment Income	(210)	(69)	141	2
Total Income	(24,681)	(24,490)	191	
<u>Expenditure</u>				
Repairs and Maintenance	7,742	6,952	(790)	3
Supervision and Management	4,462	4,032	(430)	4
Interest payable and similar charges	3,548	3,547	(1)	
Rents, Rates, Taxes and other charges	176	178	2	
Depreciation and impairments of fixed assets	3,793	3,816	23	

Debt Management Costs	44	33	(11)	
Contribution to the Bad Debt Provision	240	121	(119)	5
Transfer to Major Repairs Reserve	0	0	0	
Capital expenditure funded by the HRA	1,706	1,050	(656)	6
Total Expenditure	21,711	19,729	(1,982)	
Surplus for the year	(2,970)	(4,761)	(1,791)	
Net contribution to / (from) Earmarked Reserves	(58)	(44)	14	7
Net HRA Deficit/(Surplus) for the year AFTER transfers to/from Earmarked Reserves	(3,028)	(4,805)	(1,777)	

Income

- (1) Closure of Community Centres and reduction in home improvement/garden maintenance income generation due to the Covid restrictions.
- (2) Reduced Interest rates in the banking sector reduced the average annual interest rate on the HRA balances.

Expenditure

- (3) Repairs and maintenance budgets are underspent by £790k mainly due to:
 - Reduced use of subcontractors in delivering the planned, responsive and void maintenance schemes during the year (£151k).
 - Charging of subcontractors to capital works rather than day to day repairs (£193k).
 - Vacancy savings on the Housing Repairs operative team and Estate Officer departments (£273k).
 - Reduced use of material expenditure in the day to day repairs (£170k).
 - Waste transfer, equipment maintenance and purchase (£46k).
 - Reduced car mileage and allowances incurred in 2020/21 (£10k).
 - Offset by Direct Resource Scheduler and Total Mobile project financed from reserves £53k (see note 7).

Large parts of the above reductions in expenditure are attributable to a reduction in repairs due to the Covid restrictions.

- (4) Supervision and Management costs are £430k less than budget mainly due to:
 - Reduced costs of operating and managing Community Centres (£42k).
 - Reduced repairs, maintenance, and utility costs of Housing Court Schemes (£126k).
 - Reduced running costs of the Brook Street office (£40k).
 - Reduced printing, postage and telecommunication costs (£40k).
 - Vacancy savings in Tenancy and Letting Services departments (£119k).

- Reduced car mileage and allowances incurred in 2020/21 (£27k).
- Reduction in IT and training costs (£26k).

Large parts of the above reductions in expenditure are attributable to a reduction in repairs due to the Covid restrictions.

- (5) Contribution to the Bad Provision top up calculations show less contributions required.
- (6) Capital expenditure funded by the HRA was less than budget due to the delay in new vehicle delivery.
- (7) The transfer from earmarked reserves represents the use of £53k for the Digital Transformation projects within housing and a transfer of £9k to the HRA Insurance reserve.

4. Capital Programme 2020/21

- 4.1 Details of the main 2020/21 Capital Scheme works and how they were funded are shown in the Table 5 below. The notes below the table provide explanations for key variances compared with the revised budgets.

Table 5 – Capital Programme 2020/21

Scheme	Revised Budget £000's	Outturn £000's	Variance £000's	Note
Housing Revenue Account				
Management Fee	581	558	(23)	
Catch Up and Future Major Works	2,455	2,376	(79)	
Service Improvements	69	4	(65)	
Contingent Major Repairs	55	65	10	
Exceptional Extensive Works	140	153	13	
Disabled adaptations - Major adaptations	110	90	(20)	
Disabled adaptations - Minor adaptations	218	260	42	
Affordable Housing developments	20	119	99	
Davies Avenue Housing Project	10	297	287	1
Investment in New or Existing Dwellings	1,144	1,028	(116)	2
Hucknall Infill Sites	3	75	72	
Housing Vehicles	700	0	(700)	3
Maun View Sutton-in-Ashfield	3	6	3	
Officers` IT for Agile Working (HRA)	103	37	(66)	
Other Housing Revenue Account Schemes (less than £100k)	66	30	(36)	
Total Housing Revenue Account	5,677	5,098	(579)	
General Fund				
Health and Safety works for Kirkby Offices	215	9	(206)	4
Hucknall Leisure Centre	118	120	2	
Improvement Grants 1996 Act Disabled Facility Grant	1,177	691	(486)	5
Investment Properties	3,305	3,305	0	
Kings Mill Reservoir (The King and Miller to Kingfisher)	678	266	(412)	6
Kirkby Leisure Centre	2,563	936	(1,627)	7
Kirkby Park and Play Areas	120	118	(2)	
Lindleys Lane Play/Youth Area	178	146	(32)	

Nuncargate Recreation Ground	146	46	(100)	8
Officers' IT for Agile Working (General Fund)	103	96	(7)	
Piggins Croft Car Park	153	136	(17)	
Purchase of Vehicles	325	68	(257)	9
Titchfield Park Brook	310	88	(222)	10
Towns Fund Projects	1,425	159	(1,266)	11
Other General Fund Schemes (less than £100k)	786	542	(244)	12
Total General Fund	11,602	6,726	(4,876)	
Total Expenditure	17,279	11,824	(5,455)	
Funding				
Major Repairs Reserve	3,628	3,506	(122)	
Borrowing	7,233	3,611	(3,622)	
Government Grants and Other Contributions	4,001	3,076	(925)	
Revenue Contributions	1,676	1,140	(536)	
Reserve Contributions	205	50	(155)	
Capital Receipts	536	441	(95)	
Total Funding	17,279	11,824	(5,455)	

- (1) The capital works started earlier than previously anticipated.
- (2) The delayed purchase of one property in 2020/21 has resulted in the costs being incurred in 2021/22.
- (3) Delivery and invoicing of vehicles ordered for the HRA has been delayed by two lockdowns. Vehicles that were due to be delivered before the end of March initially have ended up being delivered during April, May and into June.
- (4) Delays surrounding extent of works and colour choices for exterior of building and contract formalisation.
- (5) Due to the Covid-19 pandemic working in client's homes came to a halt for some time, a downturn in referrals was seen and availability of building materials also caused problems. However, the overall demand for DFG's is high and there is already a commitment of £970k on the waiting list for 2021/2022.
- (6) Inclement weather from October to mid-March has delayed the contract completion. The final elements of the capital works are being reviewed by the Heritage Lottery Fund for approval.
- (7) Works on site started later than had been planned, resulting in less spend in 2020/21.
- (8) The appointed contractor could not complete the works before the end of 2020/21, due to existing commitments. Project on site and should be completed by end of June 2021.
- (9) Delivery and invoicing of vehicles ordered for the General Fund has been delayed by two lockdowns. Vehicles that were due to be delivered before the end of March initially have ended up being delivered during April, May and into June.
- (10) Inclement weather from January to mid-March has delayed the contract completion.

- (11) Contractor / subcontractor and supply chain availability delayed the start of the contracts. Conveyancing has taken longer than anticipated for the purchase of properties on Low Street.
- (12) Inclement weather from January to mid-March has delayed the contract completion. Supply chain delays have also added to delays.

5. Earmarked Reserves – Budget Adjustments 2021/22

Table 6 below provides details of reserve movements required in 2021/22 to provide project and grant funding where the funding had been received in 2020/21 but was not utilised and was moved to reserves as at the 31 March 2021:

Table 6 - Earmarked Reserves – Budget Adjustments 2020/21

Funding /Project	Reserve	£
National Leisure Recovery Fund	Revenue Grants Reserve	180,873
Contain Funding	Revenue Grants Reserve	130,988
FHSF Capacity Funding	Revenue Grants Reserve	20,147
Towns Fund Capacity Funding	Revenue Grants Reserve	293,668
Hardship Funding	Revenue Grants Reserve	220,000
Section 31 funding for NNDR reliefs /deficit	NNDR/Ctax S31 & Compensation Reserve	3,961,000
NNDR Compensation (1/3)	NNDR/Ctax S31 & Compensation Reserve	224,667
Council Tax Compensation (1/3)	NNDR/Ctax S31 & Compensation Reserve	7,667
Total		5,039,010

Implications

Corporate Plan:

The Revenue and Capital Budgets and Outturn position reflect delivery of the priorities in the Corporate Plan.

Legal:

This report ensures compliance with the Council's approved Financial Regulations.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	As set out in the detailed information section of the report.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

Risk	Mitigation
Failure to spend within approved budgets could impact the financial sustainability of the Council.	Regular financial monitoring reports to CLT and Cabinet. Financial Regulations. Finance training for Budget Managers and Budget Holders.

Human Resources:

No human resources implications were identified.

Environmental/Sustainability

No environment or sustainability implications were identified

Equalities:

No equalities implications were identified.

Other Implications:

No other implications identified.

Background Papers

Financial Monitoring Report – Cabinet 23 March 2021

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