

Revenue Outturn 2020/21 – Updated Position following Draft Accounts Submission

Relevant Portfolio Holder	Cllr. Karen Ashley, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell
Report Author Peter Carpenter	Job Title: Interim Section 151 Officer email:peter.carpenter@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	
Relevant Strategic Purpose(s)	
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. Purpose and summary

The purpose of this report is to update members on the Councils 2020/21 Outturn position which was presented to Members in draft form on the 11th January 2022 following the issuing of the draft 2020/21 Accounts to Audit, Governance & Standards Committee on the 15th December 2022. This report updates that draft position.

2. Recommendations

The Executive is asked to RESOLVE

- 2.1 That the revenue outturn position, which was reported as an underspent of £373,954.05 is corrected to a position of an underspend of £290,309.
- 2.2 That the final C-19 Grant position is £580k at 31st March.
- 2.3 That the final level of General Fund and Earmarked Reserves are £1,889k and £11,473k respectively.
- 2.4 That the final capital position for the year is a £0.266m underspend against approved budget.

3. Revenue Position

- 3.1 The January 2022 Outturn Report set out the following outturn position by Service area compared to budget:

REDDITCH BOROUGH COUNCIL

EXECUTIVE

10th January 2022

Service	2020/21 Original Budget	2020/21 Working Budget	2020/21 Revised Actuals	2020/21 Variance
	£	£	£	£
Business Transformation & Organisational Development Total	1,667,517.00	1,576,921.95	1,569,282.09	-7,639.86
Chief Executive Total	-2,628,903.00	-2,427,459.00	-2,072,008.91	355,450.09
Community & Housing GF Services Total	2,000,756.00	1,738,238.53	1,531,780.83	-206,457.70
Corporate Financing Total	-9,702,415.00	-9,057,990.12	-9,240,653.08	-182,662.96
Environmental Services Total	2,676,940.00	2,660,624.72	2,437,678.26	-222,946.46
Financial & Customer Services Total	1,832,247.00	1,414,809.67	1,671,234.68	256,425.01
Legal, Democratic & Property Services Total	2,046,633.00	1,972,087.55	1,735,193.66	-236,893.89
Planning, Regeneration & Leisure Services Total	1,138,274.00	1,153,815.70	1,006,645.15	-147,170.55
RBC Regulatory Client Total	352,702.00	352,702.00	346,748.15	-5,953.85
RBC Rubicon Client Total	648,249.00	648,249.00	671,315.55	23,066.55
Starting Well - GF Total	-32,000.00	-32,000.00	-31,170.43	829.57
Total	0.00	-0.00	-373,954.05	-373,954.05

- 3.2 The revised outturn position, following the submission of the 2020/21 Accounts to Audit Governance & Standards Committee on the 15th December is set out in the following table:
- 3.3 The revised position reduces the underspend position by £80k to a position of £290k. Most of the Service Areas have remained the same, with the major changes coming in the Chief Executives area and Financing. The commentary by Service area is:

	Original Budget	Revised Budget	Draft Outturn	Variance
Business Transformation and Organisational Development	1,667,517.00	1,576,921.95	1,569,224.40	(7,697.55)
Community and Housing GF Services	2,000,756.00	1,738,238.53	1,531,780.83	(206,457.70)
Corporate Financing	(9,121,975.89)	(8,163,102.01)	(8,653,390.92)	(490,288.91)
Corporate Services	(3,209,342.11)	(3,007,898.11)	(2,468,895.15)	539,002.96
Environmental Services	2,676,940.00	2,660,624.72	2,437,678.26	(222,946.46)
Financial and Customer Services	1,832,247.00	1,321,360.67	1,578,820.16	257,459.49
Legal, Democratic and Property Services	2,036,633.00	1,741,087.55	1,514,188.19	(226,899.36)
Planning, Regeneration and Leisure Services	1,148,274.00	1,163,815.70	1,078,391.15	(85,424.55)
Regulatory Client	352,702.00	352,702.00	346,748.15	(5,953.85)
Rubicon Client	648,249.00	648,249.00	806,315.55	158,066.55
Starting Well	(32,000.00)	(32,000.00)	(31,170.43)	829.57
Grand Total	-	-	(290,309.81)	(290,309.81)

Business Transformation & Organisational Development (An underspend position of £7k against an original position of an underspend of £7k)

- 3.4 £37k underspend due to salary vacancies in HR, £36k shortfall in income from street naming and numbering, £21k underspend on corporate training budget due to Covid 19 and the reduced ability to deliver training.

Chief Executive (An overspend position of £539k against an original position of an overspend of £355k)

- 3.5 Overspend on corporate services primarily due to higher than originally budgeted for pension costs (this being previously reported at Q3). This has now been factored into ongoing budgets. In addition to this there was also an increase in the bad debt provision duuring the year.

Community & Housing GF Services (An underspend position of £206k against an original position of an underspend of £206k)

- 3.6 £138k underspend on underspend is due to staff restructure in anti-social behaviour team - however this is recharged to HRA (so is not a general fund saving).

Corporate Financing (An underspend position of £490k against an original position of an underspend of £182k)

- 3.7 The above table shows that in summary this service area was under £490k. The main variations being as follows
 £183k underspend driven largely by interest payable being lower due to a lower than forecast borrowing requirement (due to Covid-19 monies being paid in advance into our accounts) and lower interest rates (cut to historically low levels due to Covid-19), as well as a lower than budgeted MRP charge for the year due to previous year underspend on capital programme (partially Covid impacted).

Lower in-year minimum revenue provision charge

Environmental Services (An underspend position of £222k against an original position of an underspend of £222k)

- 3.8 £112k additional income from bereavement services (due to Covid pandemic), £63k savings on hedge cutting team due to the success of the trial of using less agency workers and vehicles.

Financial & Customer Services (An overspend position of £257k against an original position of an overspend of £256k)

- 3.9 £256k under recovery in benefits as there have not been any court recoveries taking place due to the pandemic (the rules not allowing for this action). This has been projected through the year.

Legal, Democratic & Property Services (An underspend position of £226k against an original position of an underspend of £237k)

- 3.10 £332k underspend in assets and facilities management due to savings on utility budgets and other premise based operational budgets within some of our public buildings including the Town Hall. These savings were due to the pandemic's impact re reduced opening hours during the year and reflect the usual operational costs of heating and operating our assets. £54k overspend in business development predominantly due to the loss of income from Learning online & civic suite hire due to current circumstances.

Planning, Regeneration & Leisure Services (An underspend position of £85k against an original position of an underspend of £147k)

- 3.11 Parks and events were underspent by £127k as events have not taken place also due to COVID-19 along with some temporary salary savings. £90k overspend on economic and tourism development due to some additional costs following the closure of the Rubicon Business centre. There is also a shortfall in income at the other business centres projected

RBC Regulatory Client (An underspend position of £6k against an original position of an underspent £6k)

- 3.12 There were no material variances

RBC Rubicon Client (An overspend position of £158k against an original position of an overspend £23k)

- 3.13 The additional amounts paid to Rubicon Leisure were paid from general covid grant, and are not shown in this service line

Starting Well (Total overspend £829)

3.14 There were no material variances

Covid grant

3.12 The council received significant un-ringfenced covid grant during the year to support service delivery and mitigate the impact of covid. The January 2022 report set out that it had been applied in the following way:

General Covid Funding	£
Amount Received (four initial tranches)	1,455,981
Amount spent 19/20	12,657.32
Amount spent 20/21	862,884.57
Remaining balance at 31/3/21	580,439.11
Fifth tranche of grant	496,389
Total remaining covid grant	1,076,828.11

3.16 It is important to note that of the £863k applied in 20/21 year, £543k was paid over to Rubicon Leisure to support them due to the reduction in leisure income as covid forced the closure of leisure facilities. A further £120k was applied as part of the closure process.

Revenue Reserves

3.17 The Underspend position has resulted in the Councils General Fund position increasing from an opening position of £1.599m by the underspend position of £290k to a closing position of £1.889m. Earmarked Reserves are set out in Appendix A

Earmarked Reserves have increased from an opening position of £4.980m to a closing position of £11.473m. Main changes are

- £0.836m increase in Business Rates Retention Scheme
- £0.580m in general C-19 Grants
- £4,433 of Collection Fund C-19 Grant – to offset 2020/21 non collection in future years

Grants

The Council received £17.662m of Grant Income during the year for council activities, up from £16.951m the previous year. In addition to this the council also received significant grant, acting as an agent on behalf of Central Government to support businesses during the Covid-19 pandemic.

The largest grant for services continues to be the Housing Benefit Subsidy Grant at £14.551m. Grants are set out in Appendix B

Capital Outturn

- 3.18 The management accounts reported the following capital outturn:- The outturn report sets out that expenditure was £6.338m against Capital budgets of £6.604m approved for the year. This is £0.266m underspend. The MTFP already requested £5.407 be slipped to future years. This total was increased in February 2022 to £5.864m
- 3.19 There have been significant underspends in capital during the course of the year. This has been due to delayed starts in projects and slower spend than anticipated. A review of the capital programme has taken place moving forwards to ensure a more accurate position and reduce potential future variances to budget.

Housing Revenue Account

- 3.20 The Housing Revenue Account for 2020/21 is showing an underspend of £1.9m and This represents an actual contribution to HRA balance of £1.72m in comparison to the budget which was set at £208k contribution from HRA balances.

The overall performance of the HRA service was severely constrained by the restrictions and lockdowns in response to the covid outbreak, Essentially, a lot of activity relating to repairs, maintenance, and the overall management of the HRA could not be done and had to be rescheduled to future years.

Repairs and maintenance is showing an underspend of £1.3m and £637k of this is due to reduced activity in relation to (demand led) responsive repairs. Similarly, activities relating to the supervision and management of the HRA was reduced and this resulted in an underspend of £650k. However, dwellings rental income is £150k lower than budget due to the incidence of voids and the turnaround period of void properties.

The HRA capital program for 2020/21 is showing an underspend of £7m. As noted above this was due to rescheduling of the planned program of works to future years because of covid restrictions.

4. Treasury and Cash Management

Borrowing

As at 31st March 2020 the council had no short term borrowing, and £104m long term borrowing.

Investments

At 31st March 2020 we had placed £4.5m in investment accounts to generate an income for the Council.

6. LEGAL IMPLICATIONS

No legal implications have been identified.

7. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

7.1 This relates most closely to the strategic purpose: 'Provide Good things for me to see, do and visit'.

Climate Change Implications

7.2 No climate change implications were identified.

8. OTHER IMPLICATIONS

Equalities and Diversity Implications

8.1 No equalities and diversity implications were identified.

Operational Implications

8.2 Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

9. RISK MANAGEMENT

9.1 The financial monitoring is included in the corporate risk register for the authority.

AUTHOR OF REPORT

REDDITCH BOROUGH COUNCIL

EXECUTIVE

10th January 2022

Name:

Appendix A – Earmarked Reserves

	Balance as at 1 April 2019 £000	Transfers In 2019/20 £000	Transfers Out 2019/20 £000	Balance as at 31 March 2020 £000	Transfers In 2020/21 £000	Transfers Out 2020/21 £000	Balance as at 31 March 2021 £000
General Fund:							
Business Rate grants	7	0	(7)	0	0	0	0
Business Rates Retention Scheme	3,246	2,002	(3,252)	1,996	836	0	2,832
Support for Commercialism	28	0	(28)	0	0	0	0
Community Development	4	65	(2)	67	7	0	74
Community Safety	225	302	(225)	302	202	(272)	232
Corporate Services	150	150	(150)	150	0	(1)	149
Customer Services	12	0	(12)	0	93	0	93
Economic Growth	0	330	0	330	0	0	330
Electoral Services	40	23	(19)	44	5	0	49
Environmental Vehicles	0	0	0	0	29	0	29
Equalities	11	0	(11)	0	0	0	0
Equipment replacement	73	0	(26)	47	0	(22)	25
Financial Services	55	32	0	87	0	0	87
General Risk reserve	17	35	(7)	45	0	0	45
Housing Benefit Implementation	200	70	0	270	0	0	270
Housing Support	724	118	(97)	745	283	(50)	978
Land Charges	9	0	0	9	0	0	9
Land Drainage	141	0	(12)	129	0	0	129
Leisure	0	0	0	0	0	0	0
Mercury Emissions	0	0	0	0	0	0	0
Parks & Open spaces	23	8	(23)	8	0	0	8
Planning Services	30	678	(39)	669	0	(153)	516
Public Donations - Shop mobility	6	0	(6)	0	0	0	0
Sports Development	63	68	(63)	68	0	(59)	9
Town Centre	45	0	(43)	2	5	0	7
Warmer Homes	12	0	0	12	4	0	16
Transformational Growth				0	100	0	100
Pensions				0	200	0	200
Regeneration Income				0	273	0	273
Covid-19 (General)				0	580	0	580
Covid-19 (Collection Fund)				0	4,433	0	4,433
Total General Fund	5,121	3,881	(4,022)	4,980	7,050	(557)	11,473
HRA							
Housing Capital	18,235	0	(2,977)	15,258	0	0	15,258
Total HRA	18,235	0	(2,977)	15,258	0	0	15,258
Total Earmarked Reserves	23,356	3,881	(6,999)	20,238	7,050	(557)	26,731

Appendix B – Grants

Credited to Taxation and Non-Specific Grant Income	2020/21	2019/20
	£000	£000
Revenue Support Grant	0	0
New Homes Bonus	(926)	(754)
S31	(1,272)	0
Other Government Grants	(7)	(122)
Capital Grants	0	(1,123)
Total	(2,205)	(1,999)
Credited to Services	2020/21	2019/20
	£000	£000
Cabinet Office - Individual Electoral Registration		(20)
MHCLG - Council Tax Support Admin Subsidy	(95)	(97)
MHCLG - Local Plans		
MHCLG - Cost of Collection	(107)	(107)
MHCLG - Homelessness Grant	(291)	(223)
MHCLG - Town Deal		(173)
MHCLG - COVID-19		(13)
MHCLG - New Burdens		(11)
MHCLG - Other Grant Income		(30)
DWP - Benefit Schemes	(77)	(75)
DWP - Discretionary Housing	(51)	(77)
DWP - Housing Benefit Subsidy	(14,551)	(15,538)
DWP - Housing Benefit Subsidy Admin Grant	(224)	(221)
Bus Grant	0	(7)
Worcestershire County Council - Redditch Centre Development		(250)
Worcestershire County Council - Positive Activity Fund		(64)
Sports Partnership	(19)	(27)
Apprenticeship Levy		(4)
Other Grants	(381)	0
MHCLG Covid-19 Emergency Grant	(1,417)	0
MHCLG Covid-19 Sales, Fees and Charges Grant	(361)	0
WCC Food and Essential Supplies	(88)	0
Total	(17,662)	(16,937)
<p>The following grants have been removed from income and expenditure on the CIES; the Council acts as an agent for the purpose of distributing these grants. Given the Covid-19 pandemic the Council was required by Central Government to distribute the grants below in line with their criteria and funding levels.</p>		
	2020/21	2019/20
	£000	£000
Covid-19 Business Support Grants (Tranche 1)	(121)	0
Covid-19 Business Support Grants (Tranche 2)	(14,329)	0
Covid-19 Test and Trace Support Payments - Self Isolation Payments	(4,265)	0
	(18,715)	0
Grants Received in Advance (Revenue)	2020/21	2019/20
	£000	£000
Covid-19 S31 grant	(8,325)	0
Total	(8,325)	0