

<b>Cabinet</b>  11 July 2022	
<b>Report of:</b> Kevin Bartle, Interim Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Budget Monitoring Report 2021-22 Period 12 Provisional Outturn</b>	

<b>Lead Member</b>	<b>Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living</b>
<b>Originating Officer(s)</b>	Ahsan Khan – Head of Strategic Finance (Chief Accountant)
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	No
<b>Forward Plan Notice Published</b>	19 May 2022
<b>Reason for Key Decision</b>	N/A
<b>Strategic Plan Priority / Outcome</b>	<b>1. People are aspirational, independent and have equal access to opportunities.</b>  <b>2. A borough that our residents are proud of and love to live in.</b>  <b>3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.</b>

## Executive Summary

This report presents the Provisional Outturn compared to the budget report 2021-22 as at 31<sup>st</sup> March 2022 (Period 12) for the General Fund, Dedicated Schools Budget (DSB), Housing Revenue Account (HRA), progress made against savings targets and the Council's capital programme.

It also provides projections on General Fund earmarked reserves and the forecast impacts of Covid on the Council's finances in 2021-22.

## Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the Council's provisional outturn position against General Fund, Dedicated Schools Budget, Housing Revenue Account and earmarked reserves for 2021-22, based on forecasts as at 31<sup>st</sup> March 2022;

2. Note the reserves position of the Council is uncertain pending the closure of the statement of accounts for the period 2016 – 2021;
3. Note the progress made against the 2021-22 savings targets, based on forecasts as at 31<sup>st</sup> March 2022;
4. Note the Council's projected outturn position against General Fund and Housing Revenue Account capital programme approved budgets, based on forecasts as at 31<sup>st</sup> March 2022 and approve the net slippage of 2021-22 budgets to periods 2022-23 to 2024-25;
5. Note that there are no equalities implications directly resulting from this report, as set out in Section 4.

## **1 REASONS FOR THE DECISIONS**

- 1.1 The Council could choose to monitor its budgetary performance against an alternative timeframe, but it is considered that the reporting schedule provides the appropriate balance to allow strategic oversight of the budget by Members and to manage the Council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service directors and the Council's Corporate Leadership Team (CLT) including approval of management action.
- 1.2 To the extent that there are options for managing the issues identified these are highlighted in the report in order to ensure that Members have a full picture of the issues and proposed solutions as part of their decision making.

## **2 ALTERNATIVE OPTIONS**

- 2.1 The regular reporting of Revenue and Capital Budget Monitoring information through the year and the preparation of the provisional outturn position after the year end provides detailed financial information to Members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the management action being implemented to address the identified issues.
- 2.2 Further information across the Council's key financial activities is also included to ensure that CLT and Members have a full picture to inform their consideration of any financial decisions set out in this report and also their broader understanding of the Council's financial context when considering reports at the various Council Committees.
- 2.3 Set alongside relevant performance information it also informs decision making to ensure that Members' priorities are delivered within the agreed budget provision.
- 2.4 It is important that issues are addressed to remain within the approved budget

provision or where they cannot be contained by individual service management action, alternative proposals are developed and solutions proposed which address the financial impact; CLT and Members have a key role in approving such actions as they represent changes to the budget originally set and approved by them.

### **3 DETAILS OF THE REPORT**

- 3.1 On 4 March 2021 the Council considered and agreed the Revenue Budget and Council Tax for 2021-22. The Council also agreed Dedicated Schools Budget (DSB) and the Housing Revenue Account (HRA) budget for 2021-22, which includes rent setting and other charges.
- 3.2 The net budget requirement for 2021-22 has been set at £364.1m and includes delivering savings of £28.9m (£23.7m for 2021-22, and £5.2m slippage from previous years).
- 3.3 The gross 2021/22 Period 12 Provisional Outturn after the utilisation of Covid-19 grants and re-imbursments on loss of sales, fees and charges (totalling £34.0m in 2021/22) is an underlying underspend of (£28.8m). The position after the net transfer to earmarked revenue reserves (£28.6m directly relating to the General Fund) is a forecast net underspend of £0.2m. The net transfer to earmarked revenue reserves largely relates to monies received from Joint Funding Agreements with the CCG (£12.4m) to be utilised in future years, the planned contribution of New Homes Bonus (NHB) monies (£7.6m) and contributions to service specific reserves relating to Parking (£2.8m) and the future running costs of the New Town Hall and Mulberry Place in the first year of transition (£2.0m).
- 3.4 Given the latest provisional outturn position, earmarked and General Fund reserves are consequently projected to increase; from £212.2m to £231.0m by the end of this financial year. It is important to note that the reserves position of the Council is uncertain pending the closure of the statement of accounts for the period 2016 – 2021.
- 3.5 We are in a hugely unpredictable environment and we are facing significant challenges over the medium-term thus it is important to maintain reserves at an adequate level to help mitigate and manage these significant risks and ensure the council remains on a sustainable footing going forward.
- 3.5 The Dedicated Schools Budget (DSB) has a provisional outturn underspend of £1.0m for 2021-22. The allocation of the DSG for high needs block was increased by 8%, this has meant significant increases in budgets for 2021-22. This will go towards addressing the brought forward cumulative deficit of £11.6m, forecast reducing it to £10.6m at year end. A mitigation plan is also being developed by the Council to address the DSG cumulative deficit.

- 3.6 The Housing Revenue Account has a provisional outturn favourable variance of (£0.2m) when compared with budget. This underspend will be transferred to HRA general reserves at year end. This is largely due to favourable variances forecast within HRA Non delegated budgets of (£3.3m). This largely relates to a £1.2m favourable variance for residual pension costs where there is a historic budget and a £1.0m favourable variance relating to depreciation charges based on the actual costs posted allocation. This has been offset by adverse variances forecast within HRA delegated budgets of £2.5m largely relating to delays in procurement and start on site across the capital programme which have resulted in less costs being capitalised (£1.7m), and the THH Management Fee of £0.6m relating to the unbudgeted for 2021/22 pay award. Further details for the drivers to these variances are provided in Appendix A, Section 4.
- 3.7 The detailed monitoring report, setting out the provisional outturn against revised budgets and the reasons for the variances, along with the financial implications of the currently reported financial position, is attached as Appendix A to this report.
- 3.8 Detailed progress made against savings targets are contained in Appendix B.
- 3.9 A summary of the non ring-fenced and ring-fenced Covid-19 grants and provisional outturn Covid spend and reduced income is detailed within Appendix C.
- 3.10 Further details of the period 12 provisional outturn capital monitoring position at programme level is provided in Appendix A, section 10 as well as Appendix D and Appendix E (for the GF and HRA respectively).

## **4 EQUALITIES IMPLICATIONS**

- 4.1 There are no equality implications directly resulting from this report.

## **5 OTHER STATUTORY IMPLICATIONS**

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
  - Consultations,
  - Environmental (including air quality),
  - Risk Management,
  - Crime Reduction,
  - Safeguarding.
  - Data Protection / Privacy Impact Assessment.

5.2 There are no other statutory implications contained in this report.

## **6 COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the main report.

## **7 COMMENTS OF LEGAL SERVICES**

7.1 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's chief finance officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report

7.2 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report complies with that legal duty.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None

#### **Appendices**

- Appendix A: Budget monitoring report 2021-22 as at 31<sup>st</sup> March (Period 12 Provisional Outturn)
- Appendix B: Summary MTFS Savings Tracker 2021-24
- Appendix C: Covid-19 Provisional Outturn Summary 2021-22
- Appendix D: 2021-22 Provisional Outturn General Fund (GF) Capital Programme Monitor
- Appendix E: 2021-22 Provisional Outturn Housing Revenue Account (HRA) Capital Programme Monitor

#### **Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012**

- None

**Officer contact details for documents:** N/A