

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

Relevant Portfolio Holder	Cllr. Geoff Denaro,
Portfolio Holder Consulted	Yes
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Wards Affected	All
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	n/a
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 November 2021 following the issuing of the draft 2020/21 Accounts to Audit, Governance & Standards Committee on the 14<sup>th</sup> December 2022. This report updates that draft position.

**2. Recommendations**

**The Cabinet is asked to RESOLVE**

- 2.1 That the revenue outturn position, which was reported as an overspend of £228,736 is corrected to a position of an Underspend of £50,005
- 2.2 That the final C-19 Grant position is £766k
- 2.3 That the final level of General Fund and Earmarked Reserves is £4.502m and £13,289m respectively.
- 2.4 That the final capital position for the year is an underspend of £1.616m.

**3. Revenue Position**

- 3.1 The November 2021 Outturn Report set out the following outturn position by Service area compared to budget:

<b>Service</b>	<b>2020/21 Original Budget</b>	<b>2020/21 Revised Budget</b>	<b>2020/21 Revised Actuals</b>	<b>2020/21 Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Regulatory Client	207,208	194,818	210,946	16,128
Business Transformation & Organisational Development	1,707,974	1,562,447	1,486,244	-76,202
Chief Executive	1,585,088	1,844,322	1,928,958	84,636
Community & Housing GF Services	1,076,023	805,300	705,052	-100,248
Corporate Financing	-11,812,000	-11,261,625	-11,514,569	-252,944
Environmental Services	2,780,695	2,734,139	3,423,943	689,804
Financial & Customer Services	1,340,726	1,253,385	1,214,559	-38,826
Legal, Dem' & Property Services	1,458,600	1,493,003	1,378,214	-114,788
Planning, Regeneration & Leisure Services	1,655,685	1,374,208	1,395,385	21,176
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>228,736</b>	<b>228,736</b>

- 3.2 The revised outturn position, following the submission of the 2020/21 Accounts to Audit Governance & Standards Committee is set out in the following table:
- 3.3 The revised Position is an underspend of £50,003, a positive change of £278k. The comparison between tables shows that the significant change is in corporate financing which has changed by over £250k. Service Area commentaries are set out below but are very similar to those from November 2021:

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Business Transformation and Organisational Development	1,707,974	1,562,447	1,486,245	(76,202)
Community and Housing GF Services	1,076,024	805,301	751,170	(54,131)
Corporate Services	1,585,088	1,078,083	1,183,712	105,629
Environmental Services	2,780,695	2,734,139	3,423,944	689,805
Financial and Customer Services	1,340,726	1,253,385	1,214,731	(38,654)
Legal, Democratic and Property Services	1,458,600	1,493,004	1,377,080	(115,924)
Planning, Regeneration and Leisure Services	1,655,685	1,349,209	1,395,386	46,177
Regulatory Client	207,208	194,818	210,947	16,128
Worcester Regulatory Services	-	-	(0)	(0)
Corporate Financing	(11,812,000)	(10,470,386)	(11,093,217)	(622,831)
<b>Total</b>	<b>0</b>	<b>-</b>	<b>(50,003)</b>	<b>(50,003)</b>

**Business Transformation & Organisational Development (A Position of a £76k underspend against an original position of an underspend of £76k)**

- 3.4 £75k underspend on training and organisational development. Training and organisational development have underspent on the corporate training budget due to COVID-19 having had a direct impact on the ability to deliver training. There is currently a review being undertaken on how training will be provided moving forwards, including opportunities for moving towards higher levels of remote training as appropriate.

**Chief Executive (A Position of £105k overspend against an original position of an overspend of £84k)**

- 3.5 £62k overspend on corporate services due to higher than originally budgeted for pension costs which resulted from budgets not accurately reflecting actuarial updates. These issues have now been resolved within future budgets.

**Community & Housing GF Services (A Position of an underspend of £54k against an original position of an underspend of £100k)**

- 3.6 £40k underspend on lifeline due to salary savings. A number of minor underspends spread across a range of budget areas including savings on reallocating demand for temporary accommodation from the Burcot Lane Hostel to BDHT. Covid-19 (and the associated funded programmes) has also led to a reduction in financial pressure / demand associated with homelessness cases.

**Corporate Financing (A Position of an underspend £622k against an original position of an underspend of £252k)**

- 3.7 It is clear that budget and budgetary performance for the 2020/21 financial year was significantly impacted by the Covid-19 pandemic. Covid-19 distorted many expenditure budgets – as demonstrated above – typically through reducing income levels significantly (eg car parking), increasing Leisure costs, and reducing some costs areas which were operationally restricted as a result of Covid

In recognition of this negative impact on the Council's resources (and particularly for district councils reduced income levels achievable for car parks and Leisure), the council was awarded £1.255 million General Covid-19 Grant in 2020/21 (and £0.411 million in 2021/22). This income was not budgeted for when the Council set its budget back in February 2020. Strict control was maintained over the accounting for these monies.

In total £476k of expenditure was applied from this General Covid-19 Grant in the 20/21 year, £356k of which was paid to the Council's outsourced provider of the Bromsgrove Sports and Leisure Centre. This was in recognition of the impact of Covid-19 on the ability of the provider to operate in accordance with the (pre- Covid) agreed contract.

**Environmental Services (An overspend of £690k against an original position of an overspend of £690k)**

- 3.8 £339k overspend on waste management. This was due to some additional commercial Waste Disposal Costs. A Business case has been put forward to address this going forwards in the budget. There are also increased costs from Severn Trent on disposal of septic waste and overspends on additional overtime due to out of Hours Callout costs (which is being reviewed corporately). This has now been addressed and amended in the budget for the new financial year.

£101k underspend on tree management. This was due to vacant posts. It should be noted that this area is currently going through a service review.

£512k loss of carparking income against budget due to the impact of Covid-19 (noting that these losses are after accounting for some additional support from Government in relation to the sales, fees and charges support scheme.

**Financial & Customer Services (A Position of an underspend of £38k against an original position of an underspend of £38k)**

- 3.9 £41k underspend in accounts and financial management due to significant vacancies. It should be noted that plans are in place to strengthen the Finance Team and recruit to these vacant posts.

**Legal, Democratic & Property Services (A Position of an underspend of £115k against an original position of an underspend of £114k)**

- 3.10 £39k saving in members and democratic support due to vacancies in the team. £70k saving in business development due to a combination of salary savings (due to vacancies) and the successful recovery of previous year overcharges on water costs.

**Planning, Regeneration & Leisure Services (An overspend of £46k against an original position of an overspend of £21k)**

- 3.11 Development control had an overspend of £270k. This was primarily driven by a £200k charge due to losing a planning appeal to a developer. This was offset by a number of underspends within planning budgets, due particularly to vacancies (linked to difficulties in recruitment caused by a national scarcity of this skillset) and increased numbers of planning application income (linked to Covid-19).

It should be noted that Leisure budgets would have been significantly overspend in year had it not been for the General Covid-19 Grant provided to the Council, which allowed these pressures to be offset as explained below.

**RBC Regulatory Client (A position of an overspend of £16k against an original position of an overspend of £16k)**

- 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 November 2021 report set out that it had been applied in the following way:

<b>General Covid-19 Grant Funding</b>	<b>£</b>
Amount Received (four initial tranches)	1,254,853
Amount spent 19/20	12,059
Amount spent 20/21	476,465
<b>Remaining balance at 31/3/21 (pre balancing outturn)</b>	<b>766,329</b>
<b>Planned use of grant to balance outturn position</b>	<b>228,736</b>
<b>Remaining balance at 31/3/21 (post balancing outturn)</b>	<b>537,593</b>
Fifth tranche of grant (21/22)	411,102
<b>Total remaining covid grant (prior to 21/22 pressures)</b>	<b>948,695</b>

3.13 It is important to note that of the £863k applied in 20/21 year, £356k was paid over to SLM 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**

3.14 The final Earmarked Reserves position for the Council is shown in Appendix A.

The Underspend position has resulted in the Councils General Fund position increasing from an opening position of £4.452m by the underspend position of £50k to a closing position of £4.502m.

Earmarked Reserves have increased from an opening position of £6.269m to a closing position of £13.289m. Main changes are

- £1.299m increase in Financial Reserves – mainly for revaluation appeals

- £0.766m in general C-19 Grants
- £4,641 of Collection Fund C-19 Grant – to offset 2020/21 non collection in future years

**Grants**

- 3.15 The Council received £15.355m of Grant Income during the year, up from £13.221 the previous year. The significant changes were:  
MHCLG C-19 Emergency Grant - £1.242m  
MHCLG C-19 Sales Fees and Charges Grant - £1.517m.

The largest grant continues to be the Housing Benefit Subsidy Grant at £11.679m. The full Grants listing is shown in Appendix B

**Capital Outturn**

- 3.16 The management accounts reported the following capital outturn: The outturn report sets out that expenditure was £3.361m against Capital budgets of £4.977m approved for the year. This is an £1.616m underspend. The MTFP already requested £6.219 be slipped to future years. This total was increased in February 2022 to £8.574m as part of the draft Outturn Report.

**4. Treasury and Cash Management**

- 4.1 As at 31st March 2020, the Council had £4.75m of short term borrowing, no long term borrowing, and had placed £2m in investment accounts to generate an income for the Council.

**5. LEGAL IMPLICATIONS**

No legal implications have been identified.

**6. STRATEGIC PURPOSES - IMPLICATIONS**

**Relevant Strategic Purpose**

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

**Climate Change Implications**

- 6.2 No climate change implications were identified.

**7. OTHER IMPLICATIONS**

**Equalities and Diversity Implications**

- 7.1 No equalities and diversity implications were identified.

**Operational Implications**

- 7.2 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.

**8. RISK MANAGEMENT**

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

**AUTHOR OF REPORT**

Name:

Appendix A – Earmarked Reserves

	Balance as at 1 April 2019	Transfers In 2019/20	Transfers Out 2019/20	Balance as at 31 March 2020	Transfers In 2020/21	Transfers Out 2020/21	Balance as at 31 March 2021
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund:</b>							
Building Control Other	7	0	0	7	0	0	7
Building Control Partnerships	62	29	(22)	69	34	(21)	82
Business Transformation	0	0	0	0	0	0	0
Commercialism	34	0	(24)	10	0	(10)	0
Community Safety	0	0	0	0	0	0	0
Community Services	31	41	(31)	41	251	(21)	271
Economic Regeneration	476	1,152	(285)	1,343	157	(152)	1,348
Election Services	87	24	(15)	96	5	(50)	51
Environmental Services	8	0	(6)	2	47	0	49
Financial Services	3,619	1,970	(2,443)	3,146	1,299	0	4,445
Housing Schemes	512	145	(181)	476	157	(145)	488
ICT/Systems	164	55	(15)	204	0	(7)	197
Leisure/Community Safety	266	180	(155)	291	160	(121)	330
Litigation Reserve	0	0	0	0	0	0	0
Local Development Framework	30	0	(30)	0	0	0	0
Local Neighbourhood Partnerships	16	0	0	16	0	0	16
Other	86	35	(6)	115	0	(7)	108
Planning & Regeneration	30	115	(37)	108	25	0	133
Regulatory Services (Partner Share)	38	3	(7)	34	12	0	46
Replacement Reserve (Inc. Recycling)	0	0	0	0	0	0	0
Shared Services (Severance Costs)	311	0	0	311	0	0	311
Covid-19 (General Covid Grant)	0	0	0	0	766	0	766
Covid-19 (Collection Fund)	0	0	0	0	4,641	0	4,641
<b>Total General Fund</b>	<b>5,777</b>	<b>3,749</b>	<b>(3,257)</b>	<b>6,269</b>	<b>7,554</b>	<b>(534)</b>	<b>13,289</b>



## Appendix B – Grants

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20 and 2020/21.		
	2020/21	2019/20
<b>Credited to Taxation and Non-Specific Grant Income</b>	£000	£000
Revenue Support Grant	0	0
New Homes Bonus	(1,776)	(1,589)
Section 31	0	0
Capital Grants	(596)	(1,617)
Non ring-fenced Grant	(9)	(106)
<b>Total</b>	<b>(2,381)</b>	<b>(3,312)</b>
	2020/21	2019/20
<b>Credited to Services</b>	£000	£000
MHCLG Local Council Tax Support Admin Subsidy	0	(70)
MHCLG New Burdens	0	(20)
MHCLG NNDR Cost of Collection	(127)	(126)
MHCLG Homelessness Grants	(147)	(101)
MHCLG Planning Enforcement Grants	0	(50)
MHCLG COVID 19	0	(12)
Other MHCLG Grant Income	0	(32)
DWP Admin Grant	0	(148)
DWP Discretionary Housing	(51)	(55)
DWP Housing Benefit Subsidy	(11,679)	(12,503)
Other DWP Grant Income	0	(63)
Cabinet Office Grants	0	(31)
WCC Rough Sleepers	0	0
Other WCC Grants	0	(2)
Apprenticeship Levy	0	(8)
Heating Feasibility Study	(228)	0
MHCLG Covid-19 Emergency Grant	(1,242)	0
MHCLG Covid-19 Sales, Fees and Charges Grant	(1,517)	0
WCC Food and Essential Supplies	(61)	0
Other grants	(283)	
<b>Total</b>	<b>(15,335)</b>	<b>(13,221)</b>
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.		
	2020/21	2019/20
	£000	£000
Covid-19 Business Support Grants (Tranche 1)	(20,874)	0
Covid-19 Business Support Grants (Tranche 2)	(8,174)	0
Covid-19 Test and Trace Support Payments - Self Isolation Payments	(80)	0
<b>Total</b>	<b>(29,128)</b>	<b>0</b>
The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at year-end are as follows:		
<b>Current Liabilities</b>		
<b>Grants Received in Advance (Revenue)</b>	2020/21	2019/20
	£000	£000
DEFRA	(6)	(6)
Improvement and Development Agency - Productivity Expert	(6)	(6)
Other Grants	(5)	(5)
MHCLG S31 grant business rates reliefs	(6,180)	0
<b>Total</b>	<b>(6,197)</b>	<b>(17)</b>
<b>Long-term Liabilities</b>		
<b>Grants Received in Advance (Capital)</b>	2020/21	2019/20
	£000	£000
Disabled Facilities Grants	(869)	(552)
Section 106	(860)	(890)
<b>Total</b>	<b>(1,729)</b>	<b>(1,442)</b>