


Agenda Item No:	7	
Committee:	Cabinet	
Date:	11 July 2022	
Report Title:	Council Revenue and Capital Outturn 2021/22	

Cover sheet:

1 Purpose / Summary

To inform Cabinet of the income and expenditure (known as “Outturn”) for the Council for 2021/22 and reasons for variations.

2 Key issues

Revenue

- The Council’s provisional General Fund services net underspend is £584,010 for the financial year 2021/22. This is an improvement of £826,696 compared to the projected shortfall of £242,686 as reported to Council in February 2022.
- The under-spend of £584,010 has been transferred to the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9th January 2020 which established this reserve and approved that any underspend at financial year-end be transferred to this reserve. As at 31 March 2022, this reserve has a balance of £1,066,644.
- The General Fund balance at 31 March 2022 remains at the approved minimum level of £2m.
- Given the scale of the challenges faced by the Council in 2021/22, the financial position at the year-end represents a considerable achievement and demonstrates the focus from Members and officers throughout the Council in delivering the required savings.
- As a result of continuing prudent financial management, improved income performance and additional government grants, the Council is in an improved position to deal with the significant ongoing financial challenges in 2022/23 and over the medium term.
- The Council’s Statement of Accounts 2021/22 (subject to external audit) has to be signed off by the Corporate Director and Chief Finance Officer by 31 July 2022 as required by the Accounts and Audit (Amendment) Regulations 2021. The Council’s external auditors, Ernst & Young (EY) are due to begin their audit work on 31 October 2022. EY’s Audit Results Report is scheduled to be presented to Audit and Risk Management Committee on 19 December 2022 with the final audited accounts being published soon after, following receipt of the auditor’s opinion.
- The Statement of Accounts 2021/22 will incorporate all the outturn figures, revenue and capital presented in this report.

Capital

- The Capital Programme has been underspent by £1,233,000. This compares with an under-spend of £1,548,000 in 2020/21. The variation principally relates to the re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. Additionally, the timing and extent of capital works which need to be undertaken at Council-owned buildings and facilities has been reviewed and this has resulted in changes in the budget required. These changes are reflected in the update to the capital programme which is included as a separate item on today's agenda. There is no loss of resources arising from the re-phasing set out shown in Appendix B(i).

3 Recommendations

- It is recommended that :-
 - (i) The Outturn for the Council's General Fund services in 2021/22, as detailed at Appendix A and Section 2 of this report be noted and that Members note the transfer of the underspend to the Budget Equalisation Reserve;
 - (ii) The reasons for the variations from revised estimate be noted;
 - (iii) The proposed Capital Funding schedule for 2021/22 at Appendix B(i) be approved.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Boden, Leader & Portfolio Holder, Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	Budget Setting Reports Monthly Budgetary Control Reports 2021/22 Final Accounts Working Papers 2021/22

1 Introduction

- 1.1 The Council's income and expenditure figures for General Fund services and the Capital Programme for the financial year 2020/21 (known as 'Outturn') are presented in this report.
- 1.2 The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts be signed off by the Corporate Director and Chief Finance Officer by the end of May following the financial year ended 2020/21 and for the final audited Statement of Accounts to be published by the end of July.
- 1.3 The Accounts and Audit (Amendment) Regulations 2021 extends these deadlines for the 2020/21 and 2021/22 accounts. For these years, the draft accounts must be signed off by 31 July following the year-end by the Corporate Director and Chief Finance Officer and the publication of the final audited accounts moved to 30 September for the 2020/21 accounts. The proposed Accounts and Audit (Amendment) Regulations 2022 extends the publication deadline to 30 November 2022 for the 2021/22 accounts.
- 1.4 To meet the agreed timetables, the draft Statement of Accounts for 2021/22 are currently being prepared and will be signed off by the Corporate Director and Chief Finance Officer by 31 July 2022. These draft accounts, which are subject to external audit, will be published on the Council's website along with the required notice of the Exercise of Public Rights to inspect the accounts (30 days from 1 August 2022).
- 1.5 The figures presented are all provisional pending audit by the Council's external auditors EY (Ernst & Young), who are scheduled to begin their work on 31 October 2022. EY's Audit Results Report is currently scheduled to be presented to Audit and Risk Management Committee on 19 December 2022, where the Committee will also be presented with the final Statement of Accounts. Following receipt of the external auditor's opinion, the final audited Statement of Accounts 2021/22 will be published on the Council's website. The information in this report is therefore provisional with any significant or material changes reported back to Members at a later stage.
- 1.6 As a result of EY's scheduled timescale for completing the audit, the publication of the final audited accounts for 2021/22 will be later than the 30 November date specified in the proposed regulations. EY will present their Audit Plan for the 2021/22 accounts to the Audit and Risk Management Committee on 19 September 2022 where they will explain their reporting timetable and the reasons for not meeting the 30 November date. There are no consequences to the Council of these revised audit dates.

2 The Revenue Budget

- 2.1 In February 2022 the Council's year end position was estimated as a shortfall of £242,686. It is important to note that this figure was based on projections as at the end of December 2021 and the report to Council also noted that there were still many uncertainties around the year-end position, particularly around projected income levels, government grants for new burdens and the projected support required by Freedom Leisure.
- 2.2 Following the closure process, the full position shows a net underspend of £584,010, an improvement of £826,696 compared to the previous projection. The net underspend of £584,010 represents 2.06% of the gross budget of £28.3m and compares with an underspend of £167,326 in 2020/21.
- 2.3 An analysis of the overall position is shown at Appendix A(i) and explanations of variances are detailed in Appendix A(ii).

- 2.4 Of the additional under-spend for the year, one-off variations total £704k. Of this amount,
- £332k relates to additional fees and charges received,
 - £99k relates to additional government grants, mainly for new burdens administration of the various business grant schemes, Test and Trace scheme, Licensing and Transparency,
 - £57k relates to a refund from HM Courts and Tribunals Service of overcharged magistrates court fees paid for council tax liability orders applied for between April 2014 and July 2018,
 - £14K relates to higher income from Investments and the RTB/VAT sharing arrangement with Clarion and
 - £202k relates to higher than expected management fees received from Freedom Leisure.
- 2.5 Service underspends amount to £123k, which includes lower employee costs (-£125k) across a variety of services. Lower Premises costs (-£18k) and Supplies and Services costs (-£196k) have been off-set by higher Transport costs (£44k) and Third Party payments (£172k).
- 2.6 Together with the projected shortfall of £242,686 (as detailed in the budget report to Cabinet and Council on 24 February 2022), the additional underspend of £826,696 (detailed in 2.3 above) brings the total underspend in 2021/22 to £584,010. This has been transferred to the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9th January 2020 which established this reserve and approved that any underspend at financial year-end be transferred to this reserve. As at 31 March 2022, this reserve has a balance of £1,066,644.
- 2.7 As a result of continuing prudent financial management together with better than expected income performance and the receipt of additional funding from government, the Council is in an improved position to deal with the significant ongoing financial challenges in 2022/23 and over the medium term.
- 2.8 The Council's reserves will be reviewed again as part of the 2023/24 budget process during the Autumn of 2022.

3 Capital Programme

- 3.1 The Capital Programme has been underspent by £1,233,000. This compares with an under-spend of £1,548,000 in 2020/21. The variation principally relates to the re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. Additionally, the timing and extent of capital works which need to be undertaken at Council-owned buildings and facilities has been reviewed and this has resulted in changes in the budget required.
- 3.2 There is no loss of resources arising from this re-phasing as shown in Appendix B(i), which has been input to the 2022/23 programme as appropriate.
- 3.3 The updated Capital Programme for 2022-25 is included as a separate agenda item.

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

	Revised Estimate 2021/22 £	Outturn 2021/22 £	Variation compared with Revised £
Service Summary			
Growth & Infrastructure	1,423,950	1,193,580	-230,370
Communities, Environment, Leisure & Planning	4,909,288	3,820,859	-1,088,429
Resources & Customer Services	7,956,190	8,362,420	406,230
NET COST OF GENERAL FUND SERVICES	14,289,428	13,376,859	-912,569
Corporate Items			
Contributions to/ (from) Earmarked Reserves	-336,019	-294,435	41,584
Contributions to/ (from) Business Rates Reserve	-2,002,224	-2,130,356	-128,132
Cambridgeshire Horizons - Share of Surplus - FDC Use	-2,841,500	-2,841,500	0
Cambridgeshire Horizons - Share of Surplus - A14 Contribution	-1,050,000	-1,050,000	0
Investment Income	-40,000	-52,375	-12,375
RTB/VAT Sharing Income	-160,000	-161,722	-1,722
Drainage Board Levies	1,594,010	1,594,005	-5
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	857,065	858,129	1,064
New Homes Bonus	-874,916	-874,916	0
A14 Contribution	74,000	74,000	0
Business Rates - net additional income above baseline <i>(government grants for reimbursement of reliefs, growth less levy payments)</i>	-1,521,878	-1,377,028	144,850
Business Rates - reimbursement of additional Covid-19 reliefs	-1,211,278	-1,168,350	42,928
Business Rates Pool - FDC Share of Benefit	-300,000	-359,646	-59,646
Government Grant - Covid-19 General Grants for spending pressures	-634,010	-634,010	0
Government Income Compensation Scheme	-88,000	-88,223	-223
Lower Tier Services Grant	-157,697	-157,697	0
FFL - Officer Time Recharge	-100,000	-100,000	0
Corporate Adjustments	-8,792,447	-8,764,124	28,323
Net Expenditure	5,496,981	4,612,735	-884,246
Core Funding			
Business Rates Baseline Funding	-3,701,878	-3,701,878	0
Business Rates Collection Fund Deficit (+)	3,620,772	3,620,773	1
Council Tax Collection Fund Deficit (+)	43,723	43,723	0
Council Tax	-7,851,042	-7,851,042	0
Surplus(-)/Shortfall(+)	-2,391,444	-3,275,689	-884,245
Balance of Cambridgeshire Horizons money set aside for future FDC use	2,634,130	2,691,679	57,549
Net Surplus(-) / Shortfall(+)	242,686	-584,010	-826,696
<i>Surplus at year end transferred to Budget Equalisation Reserve</i>			

APPENDIX A(ii)

Summary of Revenue Provisional Out-turn 2021/22 - Main Variances

		Over(+) / Under spend (-) £000	£000
Service Area	Description		
<u>One-Off Variations</u>			
Fees and Charges	Income variations across a variety of services		
	Enforcement Fees (Housing Standards)	-17	
	Marine Services	-18	
	Planning & Pre-App Fees	-102	
	Court Costs raised	-30	
	Waste Services - bulky waste and recycling	-19	
	Trade Waste	-11	
	Search Fees	-17	
	Cemeteries	-20	
	Economic Estates	-53	
	Other services	-45	
			-332
Other Income/Costs			
	Additional Government New Burdens - Business Grants administration, Test & Trace, Licensing, Transparency etc		-99
	HM Courts & Tribunals Service - Refund of overcharged magistrate court fees paid for Council Tax liability orders		-57
	Investment Income/RTB/VAT Sharing arrangement with Clarion		-14
	Leisure Contract - Management Fee received from Freedom Leisure		-202
	Sub-Total One-Off Variations		-704
<u>Service Base Variations</u>			
Employee Costs	Variance across a variety of services mainly resulting from vacancies	-125	
Premises Costs	Lower costs across a variety of services	-18	
Transport Costs	Lower car allowance & mileage costs across a variety of services	-24	
	Higher vehicles/vessel maintenance costs	68	
Supplies and Services	Lower ICT costs - Telephones/Software/Maintenance	-78	
	Homelessness & Rough Sleepers - lower accommodation costs	-55	
	Lower costs across all services	-63	
Third Party Payments	Net impact of Housing Benefit subsidy claim and overpayments	127	
	Other costs across services	45	
	Sub-Total Service Base Variations		-123
	Additional Surplus		-827
Projected Deficit 2021-22 at Revised Estimate (Cabinet/Council February 2022)			243
Net Surplus 2021-22	Transferred to Budget Equalisation Reserve		-584
Net savings as a % of Gross Budget (£28.299m for 2021/22)		2.06%	
Balance on Budget Equalisation Reserve as at 01.04.21			483
Transfer of Surplus in 2021-22			584
Balance on Budget Equalisation Reserve as at 31.03.22			1,067

CAPITAL PROGRAMME AND FUNDING OUTTURN 2021/22

	Budget £000	Actual £000	Variance £000
Capital Programme (excluding Commercial and Investment Strategy Schemes)	12,486	11,258	-1,228
Commercial and Investment Strategy	330	325	-5
TOTAL EXPENDITURE	12,816	11,583	(1,233)
RESOURCES AVAILABLE			
Capital Grants	10,165	9,171	(994)
Usable Capital Receipts - In Year	150	106	(44)
Reserves used in year to fund Capital	463	584	121
Section 106's and Other Contributions	26	75	49
Borrowing (Internal and Prudential)	2,012	1,647	(365)
Total Available Resources to fund Expenditure	12,816	11,583	(1,233)

GENERAL FUND CAPITAL EXPENDITURE VARIATIONS 2021/22

SCHEME	VARIATION £000	REASON
Leisure Centres		
Building Improvements	-216	Roofing works at Hudson Leisure centre are ongoing and due to complete in the first six months of this financial year. This reflects £150K of the variance identified. Other scheduled improvement works have been deferred to the 2022/23 financial year
Regeneration Programme		
Fenland Renaissance and Place Shaping	-16	Funding allocated not yet awarded. Allocation carried forward to 2022-23
Heritage Lottery Fund - Non-FDC Properties	-135	13-17 High Street is the major non-FDC owned property which is being developed as part of the project. Works at the site were delayed due to issues relating to utility companies but are now nearing completion. Some minor works to other privately-owned properties on the High Street have been re-profiled to reflect revised timelines received from property owners.
Heritage Lottery Fund - 24 High Street, Wisbech	79	Preparing the site for future development has necessitated expenditure on professional fees and these have been funded from the total budget set aside following discussion at Cabinet in February 2022. Separate updates on proposals for the site have been considered by Cabinet in June and July 2022 and allocations for future years will be updated on the basis of decisions taken by Cabinet.
Railway Station Master-Planning	-168	Poor weather conditions in the winter months have delayed the completion of grant-funded works at Manea Railway Station Car Park. These works are now scheduled to be completed in the first six months of 2022/23 and the budget has been re-profiled accordingly.
Future High Street Fund, March	-165	Following discussion with the Department for Levelling Up, Housing and Communities (DLUHC) planned works have been re-profiled to reflect officers' best assessment of the timescales for each project included in the programme. These changes have no impact on the Council's overall financial position.
Growing Fenland - Capital Grants	-33	Work remains ongoing to finalise the allocation of funds to local businesses in line with applications received and assessed during 2021-22.
Highways		
Growing Fenland - Civil Parking Enforcement	-52	This is a complex CPCA-funded project involving close liaison with the Highways team at Cambridgeshire County Council and external consultants. The profiling of the budget is subject to regular review and budget has been allocated over the life of the project.
Street Name Plates/District Council signage	-18	Expenditure re-profiled and due to be incurred over the life of the project
Street Light Improvements - Contribution to Parish Category 2 Replacements	-6	Allocations not utilised
Huntingdon Road Improvements, Chatteris	-9	Investigatory and design works commenced as scheduled in the 2021/22 financial year. The Capital Update report which is being considered as a separate item at today's Cabinet meeting explains the additional budget that will need to be allocated in order to complete the proposed scheme of works.
Office Accommodation		
Fenland Hall	-200	The development of the Council's Accommodation Strategy has necessitated a pause in the commissioning of works at Fenland Hall except where these are deemed essential for reasons linked to health and safety. Future budgets will be refined based on whatever decision is taken by Members regarding the Council's future accommodation needs.
Environment		
Replacement Litter Bins	-53	Supply chain issues impacted the receipt of replacement bins prior the year-end. The required bins are on order which is expected to be fulfilled in the early part of the 2022-23 financial year.
Port		
Boat/Vessels - Replacement Deck, Hull and Engines	-9	Work re-profiled and will be completed in 2022/23 financial year
Wisbech Port Structural Works	-8	Work completed and delivered with a small underspend.
Improvement of Assets		
Sewage Treatment Works Refurbishment	150	The appointed contractor made faster progress delivering tendered works than had been anticipated. The budget for the remaining works which are delivered in the 2022/23 financial year has been reduced accordingly.
Birch Fen Silt Removal and Outfall Maintenance	-19	The timing of works is determined by ecological considerations. Initial work was completed prior to the end of the financial year but the remaining works will be delivered in Autumn 2022. Budgets have been re-profiled accordingly.
ICT System Replacement Programme & Infrastructure Upgrades		
Information Technology	-58	This scheme reflects a multi-year investment in the Council's transformation programme. Total planned investment across three years to 31 March 2023 remains unchanged.
Economic Estates		
South Fens Business Park Expansion	-95	The underspend reflects revised timescales for completing the project. Cabinet is due to consider a report in August 2022 relating to this scheme. The report will explain progress to date and provide a summary of timescales for completing the project.
Private Sector Housing Support		
Disabled Facilities Grants	-185	Expenditure dependant on throughput of grant applications. Remaining budget committed but not spent and carried forward to 2022/23
Other Minor Variations		
Various	-17	Minor budget variations.
Total	-1,233	

Key

- indicates the scheme is underspent by the amount shown
- + indicates scheme is overspent by the amount shown