

Agenda Item No:	7	
Committee:	Cabinet	
Date:	15 July 2021	
Report Title:	Council Revenue and Capital Outturn 2020/21	

1 Purpose / Summary

To inform Cabinet of the income and expenditure (known as “Outturn”) for the Council for 2020/21 and reasons for variations.

2 Key issues

Revenue

- The Council’s provisional General Fund services net underspend is £167,326 for the financial year 2020/21. This is an improvement of £388,356 compared to the projected shortfall of £221,030 as reported to Council in February 2021.
- The under-spend of £167,326 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 2021, this reserve has a balance of £482,633.
- The General Fund balance at 31 March 2021 remains at the approved minimum level of £2m.
- Given the scale of the challenges faced by the Council in 2020/21, 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 2021/22 and the medium term resulting from COVID-19.
- The Council’s Statement of Accounts 2020/21 (subject to external audit) has to be signed off by the Corporate Director and Chief Finance Officer by 31 July 2021 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 23 August 2021. EY’s Audit Results Report is scheduled to be presented to Audit and Risk Management Committee on 29 November 2021 with the final audited accounts being published soon after, following receipt of the auditor’s opinion.
- The Statement of Accounts 2020/21 will incorporate all the outturn figures, revenue and capital presented in this report.

Capital

- The Capital Programme has been underspent by £1,548,000. This compares with an under-spend of £591,000 in 2019/20. The variations relate to a number of re-phrasings across the Programme, many of which arise from supply chain difficulties linked to the pandemic. There is no loss of resources arising from this re-phasing as shown in Appendix B(i), which has been input to the 2021/22 Programme as appropriate.

3 Recommendations

- It is recommended that :-
 - (i) The Outturn for the Council's General Fund services in 2020/21, 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 2020/21 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 2020/21 Final Accounts Working Papers 2020/21

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 has moved to 30 September.
- 1.4 To meet the agreed timetables, the draft Statement of Accounts for 2020/21 are currently being prepared and will be signed off by the Corporate Director and Chief Finance Officer by 31 July 2021. 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 2021).
- 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 23 August 2021. EY's Audit Results Report will be presented to Audit and Risk Management Committee on 29 November 2021, 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 2020/21 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 2020/21 will be later than the 30 September date specified in the regulations. EY explained their reporting timetable and the reasons for not meeting the 30 September date to the Audit and Risk Management Committee on 21 June 2021 who subsequently approved EY's Audit Plan for the 2020/21 accounts which incorporated the revised dates. There are no consequences to the Council of these revised audit dates.

2 The Revenue Budget

- 2.1 In February 2021 the Council's year end position was estimated as a shortfall of £221,030. It is important to note that this figure was based on projections as at the end of December 2020 and the report to Council also noted that there were still many uncertainties around the year-end position. For example, it was noted in the report that although the Tax Income Guarantee Scheme (to fund 75% of irrecoverable losses in council tax and business rates) had been announced, there were insufficient details of the scheme available at that time and it was not possible to estimate the potential benefit in 2020/21.
- 2.2 Following the closure process, the full position shows a net underspend of £167,326, an improvement of £388,356 compared to the previous projection. The net underspend of £167,326 represents just 0.62% of the gross budget of £26.8m and compares with an under-spend of £115,307 in 2019/20.
- 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 £1.125m. Of this amount,
- £169,000 relates to additional fees and charges received (net of reduction in receipts from the government's Sales, Fees and Charges Income Compensation Scheme),
 - £482,000 relates to additional government grants for new burdens administration of the various business grant schemes (£167k) and the 75% Tax Income Guarantee Scheme (£315k),
 - £137,000 relates to higher income from the RTB/VAT sharing arrangement with Clarion and
 - £337,000 relates to lower than expected support to Freedom Leisure.
- 2.5 Service overspends amount to £53,000, which includes £199,000 of redundancy and pension capital costs relating to Phase 2 of the My Fenland proposals. These proposals will generate significant savings in future years and have been included in the current MTFs, as reported to Council in February 2021.
- 2.6 The net surplus of one off and service variations have been off-set by a contribution to the Capital Contribution Reserve of £463,000 to fund the purchase of short life assets (5-7 years) rather than using borrowing. This will save the revenue account £76,000 per annum for 5 years from 2021/22 with a further £47,000 for 2 years following that, in lower Minimum Revenue Provision charges which would have been incurred if funding the purchase by borrowing. In addition, a projected transfer from the Business Rates reserve of £221,000 was not required due to the overall positive position on the Business Rates account at year-end.
- 2.7 The figures detailed at Appendix A(i) show significant variances in the net cost of services and contributions to earmarked reserves. This is due to around £2.2m of specific government grants being received but not utilised in 2020/21. This income is shown in the net cost of services but off-set by a corresponding transfer to earmarked reserves to provide funding for expenditure on these services in 2021/22 in accordance with the purpose of the grants. In addition, the transfer to earmarked reserves include the transactions detailed in 2.6 above.
- 2.8 Together with the projected shortfall of £221,030 (as detailed in the budget report to Cabinet and Council on 23 February 2021), the additional underspend of £388,356 (detailed in 2.3 above) brings the total underspend in 2020/21 to £167,326. 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 2021, this reserve has a balance of £482,633.
- 2.9 As a result of continuing prudent financial management together with better than expected income performance and the receipt of additional funding from government to assist the Council in recovering from the impact of the pandemic, the Council is in an improved position to deal with the significant ongoing financial challenges in 2021/22 and the medium term resulting from COVID-19.
- 2.10 The Council's reserves will be reviewed again as part of the 2022/23 budget process during the Autumn of 2021.

3 Capital Programme

- 3.1 The Capital Programme was underspent by £1,548,000. This compares with an underspend of £591,000 in 2019/20. The variations relate to a number of re-phrasings across the Programme, many of which arise from supply chain difficulties linked to the pandemic. The most significant examples relate to structural work at Crab Marsh quay in Wisbech, the construction of a car park at the railway station in Manea and grant-funded improvements to properties in Wisbech High Street. Good progress has been made in relation to all of these schemes since the start of the current financial year.
- 3.2 In addition to the schemes set out in the Capital Programme, the Council acquired an Investment Property in March 2021 which was funded from the £25m allocated by Council in February 2020 to take forward schemes linked to the Council's Commercial and Investment Strategy. The total cost of the acquisition was £3.698m. The balance of £21.302m is available to take forward future projects.
- 3.3 There is no loss of resources arising from this re-phrasing as shown in Appendix B(i), which has been input to the 2021/22 Programme as appropriate.
- 3.4 The updated Capital Programme for 2021-24 is included as a separate agenda item.

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

	Revised Estimate 2020/21 £	Outturn 2020/21 £	Variation compared with Revised £
Service Summary			
Growth & Infrastructure	1,361,090	1,174,988	-186,102
Communities, Environment, Leisure & Planning	5,956,000	4,314,536	-1,641,464
Resources & Customer Services	7,376,772	6,263,507	-1,113,265
NET COST OF GENERAL FUND SERVICES	14,693,862	11,753,031	-2,940,831
Corporate Items			
Contributions to/ (from) Earmarked Reserves	-329,062	2,474,905	2,803,967
Contributions to Business Rates Reserve	3,327,430	3,425,646	98,216
RTB/VAT Sharing Income	-20,000	-156,976	-136,976
Drainage Board Levies	1,499,520	1,499,534	14
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	844,745	846,622	1,877
Investment Income	-55,000	-52,144	2,856
New Homes Bonus	-1,118,635	-1,118,635	0
A14 Contribution	32,000	32,000	0
Business Rates - net additional income above baseline <i>(government grants for reimbursement of reliefs, growth less levy payments)</i>	-1,410,251	-1,124,208	286,043
Business Rates - reimbursement of additional Covid-19 reliefs	-3,271,670	-3,579,180	-307,510
Business Rates Pool - FDC Share of Benefit	-280,000	-356,750	-76,750
Government Grant - Covid-19 General Grants for spending pressures	-1,794,262	-1,794,262	0
Government Income Compensation Scheme	-613,244	-417,338	195,906
Government Grant - 75% Tax Income Guarantee Scheme	0	-315,168	-315,168
Corporate Adjustments	-3,188,429	-635,954	2,552,475
Net Expenditure	11,505,433	11,117,077	-388,356
Core Funding			
Business Rates Baseline Funding	-3,701,878	-3,701,878	0
Council Tax Collection Fund Surplus(-)	-128,264	-128,264	0
Business Rates Collection Fund Deficit (+)	311,349	311,349	0
Council Tax	-7,765,610	-7,765,610	0
Net Surplus(-)/Shortfall(+)	221,030	-167,326	-388,356
<i>Surplus at year end transferred to Budget Equalisation Reserve</i>			

APPENDIX A(ii)

Summary of Revenue Provisional Out-turn 2020/21 - Main Variances

Over(+) / Under
spend (-)
£000

Service Area	Description	
<u>One-Off Variations</u>		
Fees and Charges	Income variations across a variety of services	
	Enforcement Fees (Housing Standards)	-36
	Marine Services	-10
	Planning & Pre-App Fees	-78
	Court Costs raised	-69
	Waste Services - bulky waste and recycling	-54
	Trade Waste	-77
	Search Fees	-13
	Licensing	11
	Assets & Projects	-21
	Other services	-18
		<hr/>
		-365
Other Income/Costs	Additional Government Grants	
	New Burdens - Business Grants administration	-167
	75% Tax Income Guarantee (Council Tax(-£2k) and NNDR (-£313k))	-315
		<hr/>
		-482
	Lower Government Grants	
	Sales, Fees & Charges Income Compensation Scheme	196
	RTB/VAT Sharing arrangement with Clarion - higher income	-137
	Leisure Contract - lower support required to Freedom Leisure	-337
		<hr/>
	Sub-Total One-Off Variations	-1,125
<u>Service Base Variations</u>		
Employee Costs	Variance across a variety of services mainly resulting from vacancies	-87
	Higher redundancy and pension capital costs	199
Premises Costs	Lower costs across a variety of services	-77
Transport Costs	Lower car mileage costs across a variety of services	-19
	Higher vehicles/vessel maintenance costs	35
Supplies and Services	Homelessness - additional Bed & Breakfast costs	17
	Rough Sleepers - lower accommodation costs	-37
	Lower costs across all services	-64
Third Party Payments	Net impact of Housing Benefit subsidy claim and overpayments	75
	Higher Bad Debts provision required	11
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	Sub-Total Service Base Variations	53
	Transfer from Business Rates reserve not required	221
	Funding of Short Life Assets (5-7 years) via Capital Contribution Reserve (instead of borrowing) to reduce MRP in future years. MRP reductions of £76k p.a. for 5 years from 2021/22 and £41k p.a. for a further 2 years.	463
		<hr/>
	Additional Surplus	-388
	Projected Deficit 2020-21 at Revised Estimate (Cabinet/Council February 2021)	221
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Net Surplus 2020-21	Transferred to Budget Equalisation Reserve	-167
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Net savings as a % of Gross Budget (£26.755m for 2020/21)		0.62%
	Balance on Budget Equalisation Reserve as at 01.04.20	315
	Transfer of Surplus in 2020-21	167
	Balance on Budget Equalisation Reserve as at 31.03.21	482

CAPITAL PROGRAMME AND FUNDING OUTTURN 2020/21

	Budget £000	Actual £000	Variance £000
TOTAL EXPENDITURE	4,519	2,971	(1,548)
RESOURCES AVAILABLE			
Capital Grants	2,619	1,465	(1,154)
Usable Capital Receipts - In Year	60	37	(23)
Reserves used in year to fund Capital	353	760	407
Section 106's and Other Contributions	207	156	-51
Borrowing (Internal and Prudential)	1,280	553	(727)
Total Available Resources to fund Expenditure	4,519	2,971	(1,548)

GENERAL FUND CAPITAL EXPENDITURE VARIATIONS 2020/21

SCHEME	VARIATION £000	REASON
Leisure Centres		
Building Improvements	-11	Expenditure re-profiled to 21/22 financial year
Regeneration Programme		
Fenland Renaissance and Place Shaping	-16	Funding allocated not yet awarded. Allocation carried forward to 2021-22
Heritage Lottery Fund - Non-FDC Properties	-145	Expenditure re-profiled and due to be incurred over the life of the project
Heritage Lottery Fund - 24 High Street, Wisbech	-30	Revisions to scheme being considered and budget to be updated in line with outcome of those discussions
Railway Station Improvements	-562	Expenditure re-profiled due to delay in commencement of major works
Whittlesey Flood Warning Signs	-46	Expenditure ongoing - scheme due for completion imminently
Highways		
Street Lighting - FDC Category 2 Street Lights	15	Multi-year replacement scheme ahead of schedule at 31 March 2021. Due to complete within budget in 2021-22 financial year
Street Name Plates	-28	Expenditure re-profiled and due to be incurred over the life of the project
Street Light Improvements - Contribution to Parish		
Category 2 Replacements	-11	Allocations not utilised
Office Accommodation		
Fenland Hall	-15	Work re-profiled and will be completed in 2021/22 financial year
Port		
Boat/Vessels - Replacement Deck, Hull and Engines	-12	Work re-profiled and will be completed in 2021/22 financial year
Wisbech Port Structural Works	-253	Work re-profiled and scheduled to be completed in 2021/22 financial year
Improvement of Assets		
Sewage Treatment Works Refurbishment	-17	Work re-profiled and will be completed in 2021/22 financial year
Energy Efficiency Improvements to Clarion Properties	-124	Grant-funded scheme being delivered by Clarion at no cost to the Council. Scheme scheduled to be completed in 2021/22 financial year
ICT System Replacement Programme & Infrastructure Upgrades		
Information Technology	56	This scheme reflects a three-year investment in the Council's transformation programme. Total planned investment across three years to 31 March 2023 remains unchanged.
Private Sector Housing Support		
Disabled Facilities Grants	-333	Expenditure dependant on throughput of grant applications Remaining budget committed but not spent and carried forward to 2021/22
Other Minor Variations		
Various	-16	Minor budget variations.
Total	-1,548	

Key

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