
NON-EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT COMMITTEE

15 SEPT 2021

PROVISIONAL REVENUE AND CAPITAL OUTTURN 2020/21

FOR DECISION

Portfolio Holder: Cllr Pike

Key Decision: N

Report Number: 332

1. Purpose

- 1.1. This paper is submitted to provide The Committee with summary position regarding the provisional revenue and capital outturn for 2020/21.

2. Recommendation

- 2.1. Members are requested to note:
- a. the outturn for the General Revenue Fund, subject to external audit, of a General Fund underspend of £0.188 million
 - b. transfers to the General Revenue Fund and Earmarked reserves, as set out in *Table 3 – Earmarked Reserve Movements* of the report
 - c. The position of the 2020/21 capital programme as at Outturn (31 March 2021).
- 2.2. Recommend Cabinet to approve:
- d. the budget virements in revenue and capital programme, per Appendix D as set out in paragraphs 5.10 and 5.11

3. Executive Summary

- 3.1. This report advises members of the final (unaudited) revenue and capital budget monitoring year end positions as at 31 March 2021 for the financial year 2020/21 together with the resulting reserves positions. The forecasts indicate a year end general fund underspend of £0.188 million.

- 3.2. The majority of service expenditure is in line with budget profiles and forecasts. Directors and Heads of Service worked to bring services that identified large variances during the year back into a balance.
- 3.3. This report also details changes to the capital budget made since the 2020/21 budget was set on 26 February 2020 and reflects the forecast year end position of the 2020/21 capital spend against budget as at Period 9 (as at 31 December 2020).
- 3.4. As a result of the global pandemic and subsequent pressures put on Local Authorities, the statutory deadline of 31 May for the draft Statement of Accounts has been changed by central Government and the first draft of the statutory accounts must now be approved by 31 August with the final audited accounts published by 30 September. Following delays in 2020/21 audit, work is progressing and officers are aiming to pass the draft accounts to the external auditors as soon as they are ready.
- 3.5. Despite the challenges posed a provisional revenue and capital outturn have been produced. It should be noted this is only a provisional outturn position and will be finalised in time for publication of the draft accounts.
- 3.6. This report provides The Committee with an update on the provisional outturn and seeks endorsement on certain matters.

Provisional Revenue Outturn

- 3.7. After allowing for various year end-adjustments, there has been a net service overspend of £0.828 million against the overall Budget for 2020/21 and a summary statement against budget is included at Appendix A.
- 3.8. Central Government has provided the Council with grants of £2.100 million which is non-ringfenced funding to help support during Covid-19 pandemic. This funding is one-off and non-recurring. In addition, through the Government Lost Sales, Fees and Charges Scheme a total of £1.041 million has been provided to support lost income during the pandemic. This funding is one-off and subject to a final reconciliation exercise, following the completion of the accounts and is non-recurring.
- 3.9. Therefore, as a result of the overall outturn position for the Council at year end, taking into account Business Rates, Council Tax and Grants is a surplus of £0.188 million.

Provisional Capital Outturn

- 3.10. The provisional capital outturn at year end show spend of £7.007 million, this is against a projected forecast spend of £7.387 million at the end of Quarter 3.

4. Additional Budgetary Implications

- 4.1. None

5. Background and relationship to Corporate Strategy

Revenue Outturn

- 5.1. A summary of the revenue outturn position for the financial year 2020/21 is set out below. Detailed appendices show the individual service heading outturn position and are included at Appendix A.

- 5.2. *Table 1 – Revenue Outturn*

	Budget	Outturn	Variance (Favourable) / Adverse
	£'000	£'000	£'000
Net Revenue Expenditure	15,072	14,884	(188)
Council Tax, Business Rates & Grants	(15,072)	(15,072)	(0)
Net (Surplus) / Deficit	0	(188)	(188)

- 5.3. The main revenue service variances against the budget are set out in the table below:

Service Area	Variance to budget (£000)	Reasons
5 Councils Contract & Staff	(125)	Reduction in expenditure across salary budget and training/travel expenses
Organisational Development	(308)	Reduction in expenditure across the service as a result of focus on Covid-19 pandemic and therefore reduced spend on planned activities for 2020-21. Reduced recruitment activity within Human Resources as a result of recruitment freeze during first lockdown period and overall reduced recruitment for the remaining year.
Customer Services	534	Additional expenditure on contract costs within revenue & benefits and customer services

		including additional costs of delivering the Covid business grant scheme
Strategic Commissioning	237	Additional expenditure across a number of items including staffing and additional contract costs as result of delivering during the pandemic.
Finance	(706)	<p>Covid-19 related savings contained within this budget which were identified at the start of the pandemic and utilised to offset the additional expenditure within services.</p> <ul style="list-style-type: none"> £0.463 million Covid related savings identified across services
Neighbourhood Support	855	<p>Reduction in income across the service as a result of Covid</p> <ul style="list-style-type: none"> £1.125 million was lost within parking services <p>£0.746 million has been claimed through the Government lost sales, fees and charges scheme.</p> <p>Savings within the service as a result of reduced recruitment activity resulting in salary, NI and pension savings</p> <ul style="list-style-type: none"> £0.200 million in salary savings
Housing	239	Additional expenditure within the service of ensuring that those at risk of homelessness were placed in accommodation (B&B) during Covid lockdowns, partially mitigated by recovery from benefits.
Planning	(264)	<p>Additional savings have been made within the service as a result of reduced activity on areas such as the Local Plan during the year as a result of focus on Covid as well as additional income received in Planning Policy</p> <ul style="list-style-type: none"> £0.180 million reduced expenditure and additional income in Planning Policy £0.075 million additional income in Development Management
Community Engagement	(101)	Focus on Covid related activities and use of Covid grants during the pandemic resulting in savings on planned budget spend
Coastal Partnership	(174)	Additional income achieved within the Transport team as well as additional savings in expenditure.

Covid-19

- 5.4. As previously reported within the quarterly monitoring reports, loss of income and additional expenditure as a result of Covid-19 has had significant effect on the outturn. The majority of variances either relate to additional expenditure on Covid measures (within Community or Housing services), support provided to our leisure provider or loss of income across our regulatory services in particular our parking income. The additional expenditure has been mitigated by central Government grants and budget savings identified early in the pandemic. The loss of income has to date been covered by the Government lost sales, fees and charges scheme

Capital Outturn

- 5.5. A summary of the capital outturn for the financial year 2020/21 is set out below with full details contained at Appendix B.

Table 2 – Capital Outturn

	Budget	Outturn	Variance (Favourable) / Adverse
	£ (000)	£ (000)	£ (000)
Housing	1.628	0.508	(1.120)
Operational Land and Buildings	5.230	1.647	(3.583)
IT Equipment	0.077	0.001	(0.076)
Vehicles	0	-	-
Total Capital Programme	6.935	2.156	(4.779)
	2020/21 Revised Budget	2020/21 Provisional Outturn	Variance (Favourable) / Adverse
	£ (000)	£ (000)	
Funded By:			
REFCUS (Revenue funded as Capital under Statute)	1.628	0.508	(1.120)
External Grants & Contributions	5.045	1.448	(3.597)
Use of Specific Reserves	0.127	0	(0.127)
Use of Capital Receipts	0	0.200	0.200
Borrowing Requirement	0	-	-
Total Funding	6.935	2.156	(4.779)

- 5.6. The overall variation for the year represents reduced spend on a number of capital projects in particular reduced expenditure on CIL as a result of pandemic.
- 5.7. Detailed appendices show the individual service heading outturn position and are included at Appendix B.

Reserves and Balances

- 5.8. In closing the accounts for 2020/21 the Council's reserves have been reviewed against the budget and proposed movements. During the year end process services were asked to confirm any proposed movements to and from reserves. A full statement is attached at Appendix C which provides details of the reserve movements and the main transfers are highlighted in the table below.

Table 3 - Earmarked Reserves Movements

Earmarked Reserve	Balance 01/04/20	Transfers In	Transfers Out	Balance 31/03/21	Explanation
	£000	£000	£000	£000	
General Fund – earmarked	22	0	0	22	No movement
Insurance	652	0	0	652	No movement
Restructuring	418	0	0	418	No movement
Financial Management	3,866	2,180	0	6,046	Fund to provide for financial stability including future potential Covid costs as a result of the pandemic
Regeneration (Meridian)	431	561	0	1,170	Fund to provide future costs of Meridian as per the budget setting ensuring all Meridian income funds are reserved for future use
Leisure Contingency	950	0	0	950	No movement
Externally Funded	609	561	0	1,170	Ringfencing of homelessness grants for future use
Service Support	114	20	0	134	Minimal movement

Pensions	0	789	0	789	Fund to support future potential pension deficit as per the budget
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- 5.9. The transfers have already been reflected in the position outlined earlier and Cabinet will be asked to formally agree to the transfers. After allowing for these transfers the General Fund Balance amounts to £3.5 million and the Earmarked Reserve balance amounts to £11.176 million at 31 March 2021.

Budget virements

- 5.10. As a result of the pandemic services were asked to review their budgets early in 2020/21 and it was agreed to ringfence budget to handle any potential additional Covid expenditure. In addition, services were provided with additional funding from this exercise in order to deal with additional expenditure.
- 5.11. Further to the above, further budget virements have taken place with respect to the centralisation of depreciation, interest and insurance charges (previously charged at service level) and movement of cost centres due to management changes during the year. In addition, in order to provide increased clarity budgeted earmarked reserve movements have been moved to service budgets where they occur. Full details of all the budget virements have been provided at Appendix D and The Committee is asked to recommend Cabinet to approve the amends as part of the year end process.

Budget Carry Forwards

- 5.12. Inevitably each year services have underspends due to the timing of work or commitments not completing before year end.
- 5.13. The Director of Corporate Services (s151) has reviewed the various carry forward requests from services and due to the financial challenges posed by Covid-19 has not approved any carry forward requests for 2020-21.

Performance against Corporate Strategy

- 5.14. The financial year 2020-21 has been dominated by the pandemic and the Council response in providing support to our communities, our businesses and out staff.

Community Support

- 5.15. The Council, supported by partners such as Community First, has provided support to vulnerable residents throughout the pandemic either through signposting to support available and ensuring referrals are made to appropriate support networks. The focus has been to protect the 'clinically extremely vulnerable', identified by the NHS (those on the Shielding List) but also those who

could potentially be vulnerable to financial hardship. A virtual call centre was established during the year, known as the Local Response Centre (LRC) and staff from across the organisation were deployed to answer calls seven days per week. This resource was vital in ensuring support needs could be met such as delivery of food parcels or medicine supplies during lockdowns. A food hub was also established to ensure food banks were adequately stocked throughout the year. Those at risk of homelessness were placed in emergency accommodation regardless of whether there was a legal duty to provide accommodation for those individuals or families.

Business Support

- 5.16. The Council has been instrumental in ensuring that local businesses have been supported through the timely processing and distribution of government grants as well as administering the expanded business rates relief scheme. In total the Council administered 12 grants schemes during the year and gave out over £26 million to over 2500 businesses. Further to this a business task force was established who took forward proactive steps to provide advice and support to local businesses and contacted all local businesses directly by either email and/or phone. In addition, the Council through the use of Covid marshalls and Environmental Health officers have provided support and advice to businesses on Covid restrictions, allowing our High Streets to operate in Covid secure manner during and after lockdown periods.

Our staff and services

- 5.17. The pandemic has changed the way the Council works in a very short space of time and the focus during the pandemic has been making sure officers are able to work from home safely, supported by adapting to the changing working conditions. Service delivery has continued throughout the year with all our statutory services continuing to operate. While the Council office has remained closed during the year, Customer Services has remained available by phone and email. Regulatory Services (Planning, Licensing, Building Control and Environmental Health) have all continued operation with the utilisation of virtual site visits to conduct work and changes to waste collections were initiated during lockdowns to ensure essential elements of the service were fully operational. Virtual Council meetings have allowed for the continued decision making process and have allowed for increased participation with residents joining via web.

Corporate Strategy

- 5.18. Despite the challenges posed by Covid the Council has still delivered some notable achievements through the year as summarised below:
- a. Approved a new Constitution to support the council's operations and ensuring efficient governance. The new Constitution provides a clear set of

guiding principles for the council allowing the authority to be more agile, cost effective and able to respond to the needs of the community.

- b. The new Corporate Strategy to cover the period 2020-2024 was developed, setting out how we will aim to improve the lives of residents, businesses and visitors in the next five years.
- c. Embarked on the 'Shaping our Future' transformation programme which will enable the Council to achieve its objectives and deliver its new strategies and priorities going forward.

Key Performance Indicators

- 5.19. The table below contains some of our key corporate performance indicators in 2020-21, with comparison figures from 2019-20. In addition, we have sought to improve our performance reporting by adding further key performance measures which we now monitor during the year.

Table 4 – Key Performance Indicators

Key Performance Indicator	2019-20	2020-21
Business Rates collection rate	%*	%*
Council Tax collection rate	*	%*
Major planning applications decided within 13 weeks or agreed extension (over 70%)	%	%
Minor planning applications decided within 13 weeks or agreed extension (over 65%)		%
All planning applications decided within 26 weeks (above 98%)		%
Food establishments in the area receiving rating of 2 or lower	New	%
Pollution service requests resolved within 90 days	new	%
Private sector housing service requests resolved within 90 days	new	%
Homelessness interventions (above 600 for the year)		
Customer satisfaction with service centre (above 97%)		%
Freedom of Information requests responded within statutory deadline (above 95%)		%

6. Options considered

- 6.1. n/a

7. Resources

Financial Implications – as set out in body of report

Section 151 Officer comments

Date:

Human Resources Implications – none

Information Governance Implications - none

8. Legal Implications

8.1 None

Monitoring Officer comments

Date:

9. Risks

9.1. The outturn has yet to be finalised and audited and until that process is completed the outturn is still provisional. Any material changes impacting on the outturn will be reported to Members following the completion of the audit.

10. Consultation and communication

10.1. Once finalised the draft Statement of Accounts will be published on our website to allow for review by any interested parties.

Appendices

Appendix A – Provisional Revenue Outturn

Appendix B – Provisional Capital Outturn

Appendix C – Reserves and Balances

Appendix D – Budget Virements

Agreed and signed off by:

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