

TO: THE EXECUTIVE

DATE: 20 JULY 2021

---

**REVENUE EXPENDITURE OUTTURN 2020/21**  
**Executive Director: Resources**

**1 PURPOSE OF REPORT**

- 1.1 The Council, at its meeting on 26 February 2020, approved a revenue budget for 2020/21 of £91.207m. This report informs Members of the outturn expenditure position, subject to audit, for the financial year 2020/21 highlighting that the Council is within budget for the twenty-second successive year and under spent by -£3.615m. The Council therefore returned £3.236m to General Reserves rather than the budgeted withdrawal of £0.379m.
- 1.2 The report sets out a positive picture of the Council's finances as at the end of March 2021. While this provides a strong financial platform for future years, the Council continues to face ongoing financial pressures and uncertainty due to the wide-ranging impacts of the Pandemic and delays in the introduction of a new funding system by Central Government.
- 1.3 The Accounts and Audit (Amendment) Regulations 2021 extended the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities. The publication date for audited accounts has moved from 31 July to 30 September 2021 and the draft accounts now need to be published by 31 July 2021 at the latest. The draft accounts were signed and published on 28 May 2021 to meet the Council's own internal timetable.

**2 RECOMMENDATIONS**

**That the Executive:**

- 2.1 **Note the outturn expenditure for 2020/21, subject to audit, of £87.592m, which represents an under spend of -£3.615m compared with the approved budget.**
- 2.2 **Approve the budget carry forwards of £0.193m (see paragraph 5.8 and Annexe C).**
- 2.3 **Recommends that Council note the Treasury Management performance in 202/21 as set out in Annexe B.**
- 2.4 **Approve the earmarked reserves as set out in Annexe D.**
- 2.5 **Approve the virements relating to the 2020/21 budget (see Annexe E).**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 The recommendations are intended to inform the Executive of financial performance against budget in the 2020/21 financial year.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The report sets out the Council's actual financial performance in 2020/21 and the consideration of options is not therefore appropriate.

## 5 SUPPORTING INFORMATION

### General Fund Revenue Expenditure 2020/21

- 5.1 The Council approved a revenue budget of £91.207m for 2020/21. In addition, a number of transfers to and from earmarked reserves have been made during the course of the year. These are shown in Table 1 below and explanations for the use of the reserves are set out in the following paragraphs.

Table 1: Transfers To/From Earmarked Reserves

Directorate	Carry Forwards from 2019/20	Bus Contract (S106)	Other S106	Structural Changes	All Other Earmarked Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Central	54	96	492	118	-1,286	-526
Delivery	0	0	0	84	398	482
People	0	0	0	27	-2,941	-2,914
Non departmental budgets	-54	-96	-492	-229	3,829	2,958
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### **Carry Forwards from 2019/20**

In accordance with the Council's constitution, budget under spends can be carried forward to the following year in exceptional circumstances.

#### **Bus Contract from S106**

The Wykery Copse bus contract was negotiated during the course of the year with the funding to be provided from S106 resources.

#### **Other S106**

Revenue funding for staff and a vehicle involved in the production, co-ordination and monitoring of the Suitable Alternative Natural Green Spaces (SANGS) plans and the maintenance and management of SANGS areas have also been provided from S106 resources, as have transformation savings relating to Special Protection Areas.

#### **Structural Changes**

One-off costs associated with restructuring and salary protections payments were met from the Structural Changes Reserve during the year.

#### **Other Earmarked Reserves**

Carry forwards to 2021/22 of -£0.193m are included within this figure and are covered in more detail in paragraph 5.7. A number of other budget adjustments were made during the year to reflect transfers to or from reserves, the most significant being transfers to the Revenue Grants Unapplied Reserve (-£2.718m), Public Health Reserve (-£0.794m) and Better Care Fund Reserve (-£0.712m) and transfers from Schools Reserves (£1.186m).

## Unrestricted

### Provisional Outturn Position

- 5.2 Table 2 analyses by directorate the outturn compared with the original budget. These figures inevitably remain subject to change, pending external audit. However, no significant impact on the overall underspend is anticipated.
- 5.3 The Corporate Management Team has discussed how best to reflect the additional Covid funding in the out-turn position, recognising that it was provided to support the additional spending pressures experienced by most service areas during the year, largely as a consequence of the pandemic. It was felt that the most equitable approach is to allocate the Covid funding to mitigate against net pressures at an individual service level, recognising the difficulty in determining whether pressures experienced in the year relate solely / partly to Covid or to other factors. The consequence is that all directorates are showing no variance from budget in the out-turn position, as shown below.

Table 2 – Projected Outturn Expenditure

Directorate	Original Approved Budget	Carry Forwards & Virements	Current Approved Budget	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
Central	18,616	68	18,684	18,684	0
Delivery	13,862	499	14,361	14,361	0
People	78,848	-6,469	72,379	72,379	0
Non Departmental / Council Wide Budgets	-28,467	-10,388	-38,855	-42,714	-3,859
Transfers to/from Earmarked Reserves	8,348	16,290	24,638	24,882	244
<b>Total</b>	<b>91,207</b>	<b>0</b>	<b>91,207</b>	<b>87,592</b>	<b>-3,615</b>

- 5.4 The current approved budget takes into account virements actioned during the course of the year. The most significant being:
- Those included in paragraph 5.1 and Table 1
  - Reallocation of budgets to departments for Non Cash items to reflect actual costs (-£4.9m), namely:
    - changes to capital charges (£1.3m) and
    - pension adjustments (-£6.2m).
  - Adjustments relating to the accounting for the waste PFI (-£0.7m) and The Avenue Car Park finance lease (-£1.1m) and revenue contributions to capital (-£1.0m).

These reallocations have no overall effect on the amount raised from taxpayers as they are reversed out within the Non Departmental / Council Wide Budgets line.

- 5.5 While there are no variances overall at departmental levels, there was a number of variances within this, which are set out in Annexe A. The most significant variances are highlighted below:

## Unrestricted

### Central

- Additional consultancy costs associated with planning appeals (£0.156m).
- Loss of income within Traffic due to the pandemic, particularly from Street Works (£0.131m).
- Additional income for Suitable Alternative Natural Greenspaces (SANGS) capacity (-£0.129m)
- Loss of income from the closure of The Lookout due to the pandemic (£0.274m).
- Transfer of government grant into Central to cover Covid-19 costs (-£0.481m).

### Delivery

- An overspend in ICT relating to the purchase of computer software and licences and revenue contributions to capital (£0.198m).
- Underspends on running costs in Office Accommodation (-£0.120m) and Registration of Electors / Elections (-£0.105m).
- An overspend within Waste Management primarily relating to the cost of waste disposal (£0.457m).
- An overspend on Car Parks due to the loss of income (£1.019m) partly offset by a reduction in running costs (-£0.353m).
- Financial support provided under the leisure contract because of the pandemic (£1.329m).
- A net overachievement of income at the Cemetery and Crematorium (-£0.230m).
- Transfer of government grant into Delivery to cover Covid-19 costs (-£2.084m).

### People

- An overspend on Education and Learning (£0.335m) resulting from overspends on staffing (£0.371m) and unbudgeted costs for renting modular classrooms during emergency roof repair works (£0.251m), partly offset by a number of underspends in particular a significant variance at the Open Learning Centre (-£0.107m).
- A net underspend on Children's Social Care. The most significant variances included underspends on staffing (-£0.316m), care leavers support and maintenance costs (-£0.135m) and Childcare Solicitors (-£0.058m) partly offset by an overspend on care and accommodation costs (£0.243m).
- An overspend on care packages within adult social care, primarily due to an increase in the number and cost of learning disability clients (£0.856m). This was partly offset by underspends at Waymead, the in-house respite service, as it remained closed throughout the year (-£0.162m) and on staffing costs (-£0.250m).
- An overspend on externally provided social care primarily due to clients in the community requiring support with memory & cognition (£0.656m). An internal review of contracts within Forestcare helped achieve an underspend (-£0.184m).
- An underspend on Early Help and Communities (-£0.940m). The main elements were an underspend within Housing Welfare & Benefits (-£0.485m), largely caused by a reduction in the provision for bad debts, staff vacancies (-£0.425m) partly offset by an overspend on Housing Management and Property (£0.303m) in both running and staff costs.
- Transfer of government grant into People to cover Covid-19 costs (-£0.141m).

### Non-Departmental / Council Wide

- A significant under spend on interest budgets (-£0.966m). Average cash balances have been substantially higher than those experienced in 2019/20, removing the need for any new borrowing in 2020/21. This has resulted from a combination of

## Unrestricted

slippage on the capital programme, the underspend on the revenue budget and positive cashflows from grants being received pending their allocation.

- Higher than forecast capital receipts in 2019/20 and significant capital carry forwards into 2020/21 helped to create an under spend against the Minimum Revenue Provision (-£0.148m).
- An overspend relating to an additional payment to the Thames Valley Local Enterprise Partnership (£0.241m), increases in the levy payable to central government (£0.649m) and reductions in the section 31 grant receivable from central government (£0.326m) because of the actual, more positive outturn position on Business Rates income.
- The impact of the triennial pension revaluation on employers' pension contributions was less than expected (-£0.088m).
- Other under spends primarily relating to pension recharges and joint arrangements, and the provision for bad debts and write offs (-£0.133m).
- Not all the Covid-19 LA Support Grant received from the government to help meet pressures resulting from the pandemic was required by directorates (-£1.810m).
- Not all the Contingency Fund was required in 2020/21, resulting in an underspend (-£1.930m).

### Earmarked Reserves

- Transfers into the ICT Transformation (£0.189m) and the School Masterplans and Feasibility Studies (£0.055m) Reserves.

- 5.6 A full analysis of the 2020/21 variances, identifying those already built into the 2021/22 base budget, one-off items and those of an ongoing nature will be undertaken to inform the evolving 2022/23 budget proposals.

### Treasury Management

- 5.7 Annexe B contains a detailed analysis of the Council's treasury management performance during 2020/21. An annual report is required to comply with the Prudential Code for Capital Finance as performance in this area can have a significant impact on the Council's overall financial position and balances. The report will subsequently be presented to Council as required.

### Budget Carry Forwards

- 5.8 In accordance with the Council's Constitution, some unspent budget provision is permitted to be carried forward to the following year in exceptional circumstances. This would include where expenditure was budgeted for and planned in a particular year, but due to unforeseen circumstances has had to be deferred to the following year. Table 3 summarises the carry forwards by directorate and a detailed breakdown is included in Annexe C. The Executive is asked to approve the carry forward reported.

Table 3 – Budget Carry Forwards

Directorate (Details in Annexe C)	Carry Forwards
	£'000
Central	115
People	78
<b>Total</b>	<b>193</b>

Balances (General Reserves)

- 5.9 As the actual outturn for 2020/21 was an under spend of -£3.615m, the Council returned £3.236m to General Reserves rather than the budgeted withdrawal of £0.379m. The General Reserves balance at 31st March 2021 was £10.327m, with only £0.001m committed to funding the 2021/22 revenue budget. The minimum prudent level recommended by the s151 officer is £4.5m, broadly equivalent to 5% of the Council's net budget. This level needs to have regard to a view of general financial risks, meaning that careful consideration needs to be given to the situation all councils are facing in the current financial year.
- 5.10 A detailed review of all existing reserves and provisions has been undertaken as part of the account's closedown process. The proposed changes to reserves and balances are included in Annexe D. Any cumulative deficits on the Schools Budget for the financial years 2020/21 to 2022/23 are now required to be charged to a new unusable reserve called the Dedicated Schools Grant Adjustment Account per the latest legislation. As the Schools Budget is now in an overall deficit position all earmarked reserve balances relating to the Schools Budget have been transferred to the new reserve with the resulting position being an overall deficit of £0.485m.

Virement requests

- 5.11 Financial Regulations require formal approval by the Executive of any virement between £0.050m and £0.100m and of virements between directorates of any amount. Full Council approval is required for virements over £0.100m. A number of virements have been made since the February Executive meeting which require the approval of the Executive. These have been previously reported to the Corporate Management Team which recommends them for approval. They have been included in the Quarterly Service Reports. Details of the virements are set out in Annexe E.

**6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 6.1 There is nothing to add to the report.

Executive Director: Resources

- 6.2 The financial implications of this report are included in the supporting information.

Equalities Impact Assessment

- 6.3 None.

Strategic Risk Management Issues

- 6.4 The Council needs to maintain reserves to aid cash flow and to protect itself from fluctuations in actual expenditure and income. The review of reserves undertaken by the Borough Treasurer ensures that the Council has adequate and appropriate earmarked reserves to manage future risks.

**7 CONSULTATION**

Not applicable.

Background Papers  
None.

Contact for further information

Stuart McKellar – 01344 352180  
[Stuart.mckellar@bracknell-forest.gov.uk](mailto:Stuart.mckellar@bracknell-forest.gov.uk)

Arthur Parker – 01344 352158  
[Arthur.parker@bracknell-forest.gov.uk](mailto:Arthur.parker@bracknell-forest.gov.uk)