

TO: THE EXECUTIVE

DATE: 19 JULY 2022

REVENUE EXPENDITURE OUTTURN 2021/22
Executive Director: Resources

1 PURPOSE OF REPORT

- 1.1 The Council, at its meeting on 24 February 2021, approved a revenue budget for 2021/22 of £74.086m. This report informs Members of the outturn expenditure position, subject to audit, for the financial year 2021/22 highlighting that the Council is within budget for the twenty-third successive year and under spent by -£1.020m. The Council therefore returned £1.019m to General Reserves rather than the budgeted withdrawal of £0.001m.
- 1.2 The report sets out a positive picture of the Council's finances as at the end of March 2022. 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 to 30 November 2022 and the draft accounts now need to be published by 31 July 2022 at the latest. The draft accounts were signed and published on 22 June 2022 to meet the Council's own internal timetable.

2 RECOMMENDATIONS

That the Executive:

- 2.1 **Note the outturn expenditure for 2021/22, subject to audit, of £72.992m, which represents an under spend of -£1.020m compared with the approved budget.**
- 2.2 **Approve the budget carry forwards of £1.035m (see paragraph 5.8 and Annexe C).**
- 2.3 **Recommends that Council note the Treasury Management performance in 2021/22 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 2021/22 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 2021/22 financial year.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The report sets out the Council's actual financial performance in 2021/22 and the consideration of options is not therefore appropriate.

5 SUPPORTING INFORMATION

General Fund Revenue Expenditure 2021/22

- 5.1 The Council approved a revenue budget of £74.086m for 2021/22. 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 2020/21	Bus Contract (S106)	Other S106	Structural Changes	All Other Earmarked Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Central	115	124	460	29	1,097	1,825
Delivery	0	0	0	262	891	1,153
People	78	0	25	10	-8,587	-8,474
Non departmental / Council Wide	-193	-124	-485	-301	6,599	5,496
Total	0	0	0	0	0	0

Carry Forwards from 2020/21

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 were met from the Structural Changes Reserve during the year.

Other Earmarked Reserves

Carry forwards to 2021/22 of -£1.035m are included within this figure and are covered in more detail in paragraph 5.8. Several other budget adjustments were made during the year to reflect transfers to or from reserves, the most significant being transfers to Schools Reserves (£0.765m) and the Better Care Fund Reserve (-£2.477m), and transfers from the Transformation (£0.988m), ICT Transformation (£1.000m) and Regeneration of Bracknell Town Centre (£0.444m) Reserves. The budgeted movement on the DSG Adjustment account was also reclassified to an unusable reserve (-£4,943).

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Provisional Outturn Position

- 5.2 The provisional end of year position is an overall under spend of -£1.020m. 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 CMT agreed to allocate General Contingency and Covid-19 Contingency funding to directorates reporting a net pressure at year-end. As both the Central and Delivery directorates were under spent additional funding was only allocated to the People Directorate which therefore shows a nil variance from budget in the table below.

Table 2 – Projected Outturn Expenditure

Directorate	Original Approved Budget	Carry Forwards & Virements	Current Approved Budget	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
Central	19,389	2,881	22,270	22,267	-3
Delivery	14,813	2,535	17,348	16,963	-385
People	81,529	4,525	86,054	86,054	0
Non Departmental / Council Wide	-26,477	-23,422	-49,899	-53,721	-3,822
Transfers to/from Earmarked Reserves	-15,168	13,337	-1,831	1,359	3,190
Total	74,086	-144	73,942	72,922	-1,020

- 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 (£6.6m), namely:
 - changes to capital charges (£3.2m) and
 - pension adjustments (£3.4m).
 - Adjustments relating to the accounting for the waste PFI (-£0.7m) and The Avenue Car Park finance lease (-£1.1m).

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 Explanations for significant variances by service are set out in Annexe A. The most significant variances are highlighted below:

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Central

- Additional consultancy costs associated with planning appeals (£0.203m).
- An under-recovery of income in Building Control (£0.096m).
- Additional income (-£0.052m) and an underspend on contract maintenance costs (-£0.058m) within the Traffic service.
- Under spends on supplies and services within Transport Strategy (-£0.063m) and Regeneration and Economic Development (-£0.054m).
- Under spends on centralised training budgets within Organisational Development (-£0.077m) due to training being deferred until later in the year.

Delivery

- An overspend in ICT projects (£0.266m) partly offset by savings in other budget areas in particular the Print Service (-£0.112m).
- An overspend on Home to School Transport due to increased demand (£0.697m).
- Income generated by Investment Properties was below budget and additional expenditure was incurred which could not be recharged to tenants (£0.165m).
- Additional income generated within Registration of Births Deaths & Marriages (-£0.115m).
- Within Waste Management underspends on waste disposal (-£0.760m) and the brown bin service (-£0.084m) partly offset by an overspend on household collections (£0.123m) relating to additional rounds for food waste collection.
- Under spends in On/Off Street Parking from income exceeded the reduced target (-£0.266m), a Business Rates refund (-£0.169m), contracted services (-£0.139m) and maintenance (-£0.053m).
- The leisure contract did not achieve its financial target because closures due to the pandemic resulted in an under-recovery of income (£0.412m).
- Overachievement of income (-£0.046m) and operational under spends (-£0.147m) at the Cemetery and Crematorium.
- Under spends in Office Accommodation (-£0.042m), Street Cleansing (-£0.081m) and Other Contracted Services (-£0.065m).

People

- Additional management capacity to support the development of key Directorate objectives (£0.135m).
- An overspend on Education and Learning (£0.075m) resulting from overspends on staffing (£0.105m) and loss of income (£0.220m), partly offset by additional income from schools (-£0.061m) and underspends at the Open Learning Centre, on former teachers pensions and on operational budgets (-£0.189m).
- A net underspend on Children's Social Care (-£0.093m). Care and accommodation costs for Children Looked After underspent (-£0.497m) as average costs were lower than expected and new income contributions were secured for health-related support services. Other significant variances included reduced savings from the transformation programme (£0.250m), general support to Children Looked After (0.178m), care leavers support and maintenance costs (-£0.154m), support to fostering (+£0.066m), Childcare Solicitors (£0.217m), Disability Care Needs (£0.083m) and Unaccompanied Asylum Seekers (-£0.115m).
- An overspend on care packages within Adult Social Care, primarily due to an increase in the number and cost of learning disability clients (£1.351m). This was partly offset by underspends at Waymead, the in-house respite service, as it remained closed throughout the year (-£0.102m) and additional winter pressures funding and staff vacancies (-£0.430m).
- Within Mental Health and Out of Hours, care packages overspent (£1.200m) due to an increase in both numbers and the complexity of needs. Forestcare overspent

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(£0.180m), mainly due to reductions in income, as did the Emergency Duty Service (£0.029m).

- An underspend on Early Help and Communities (-£0.128m). The main elements were underspends within Housing Welfare & Benefits (-£0.171m), largely caused by a reduction in the provision for bad debts, from staff vacancies (-£0.152m) and other budgets, in particular in the Youth Service (-£0.149m) within Early Help. These were partly offset by an overspend on Housing Management and Property (£0.508m) due to voids and additional repairs.
Transfer of General and Covid-19 Contingency Funding into People to cover additional pressures experienced during the year (-£2.300m).

Non-Departmental / Council Wide

- A significant under spend on interest budgets (-£1.119m). Average cash balances have been substantially higher than expected removing the need for any new borrowing in 2021/22. This has resulted from a combination of slippage on the capital programme, the underspend on the revenue budget and positive cashflows from grants being received pending their allocation.
- Internally funded capital expenditure was financed from internal borrowing rather than revenue contributions to spread the cost impact (-£0.232m).
- Higher than forecast capital receipts in 2020/21 and significant capital carry forwards into 2021/22 have created an under spend against the Minimum Revenue Provision (-£0.112m).
- The impact of staff retention initiatives was less than expected (-0.162m). There were also underspends on corporate budgets for superannuation (-0.024m) and repairs and maintenance (-0.015m).
- Other under spends primarily relating to pension recharges and joint arrangements, and the provision for bad debts and write offs (-£0.060m).
- Within Business Rates, reductions in the grant receivable from central government (£0.538m) partly offset by an underspend on the levy payable to central government (-£0.527m).
- Not all the Covid-19 Contingency Fund was required in 2021/22 resulting in an underspend (-£2.109m).

Earmarked Reserves

- Transfers into the Transformation Reserve (£1.220m), Regeneration of Bracknell Town Centre Reserve (£1.000m) and the creation of an Inflation Reserve (£1.500m) Reserves partly funded by reducing the Structural Changes Reserve (-£0.500m) and the closure of the Repairs and Maintenance Reserve (-£0.030m).

- 5.6 A full analysis of the 2021/22 variances, identifying those already built into the 2022/23 base budget, one-off items and those of an ongoing nature will be undertaken to inform the evolving 2023/24 budget proposals.

Treasury Management

- 5.7 Annex B contains a detailed analysis of the Council's treasury management performance during 2021/22. 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

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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 forwards reported.

Table 3 – Budget Carry Forwards

Directorate (Details in Annexe C)	Carry Forwards
	£'000
Central	548
People	337
Council Wide	150
Total	1,035

Balances (General Reserves)

- 5.9 As the actual outturn for 2021/22 was an under spend of -£1.020m, the Council returned £1.019m to General Reserves rather than the budgeted withdrawal of £0.001m. The General Reserves balance at 31st March 2022 was £11.346m, with £0.775m committed to funding the 2022/23 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 an unusable reserve called the Dedicated Schools Grant Adjustment Account per the latest legislation. As the Schools Budget continues to be in an overall deficit position, all general earmarked reserve balances relating to the Schools Budget have been transferred to the new reserve with the resulting position being an overall deficit of £9.340m.

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.

Climate Change Implications

6.5 None

7 CONSULTATION

Not applicable.

Background Papers

None.

Contact for further information

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