



REPORT TO:	Cabinet
DATE:	27 th July 2022
SUBJECT:	General Fund Revenue and Capital Outturn 2021/22
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Jonathan Noble
REPORT AUTHOR:	Chris Ayriss (Strategic Finance Manager PSPS) and Peter Davy (Deputy Chief Finance Officer (Client) PSPS)
WARD(S) AFFECTED:	N/A
EXEMPT REPORT?	No

SUMMARY

This report sets out the draft financial position for Boston Borough Council for 2021/22.

RECOMMENDATIONS

That Cabinet:

- 1 Notes the provisional year end position, variations to the 2021/22 approved budget and resulting effect on the Council's balances and reserves as shown in Appendix A.
- 2 Recommends to Council to transfer £1,830,999 to the Funding Volatility Reserve to fund the 2022/23 budget, this being the Section 31 grant allocated to the Council in 2021/22 but required in 2022/23.
- 3 Notes and approved the use of reserves in Table 3 at Appendix A
- 4 Recommends to Council to drawdown £1,864,887 from the Funding Volatility Reserve which is the Section 31 grant set aside in 2020/21 to cover the reduced Business Rates received in 2021/22.
- 5 Recommends to Council that the final revenue surplus (currently estimated to be £165,024) be transferred to the Transformation Reserve to fund future projects which will help realise future revenue savings and service improvements.

6. Cabinet notes the 2021/22 capital position shown in Table 4 and agrees the changes required to the Capital Programme for 2022/23.
7. Recommend to Council the carry forward of Capital Budget of £3.55m as detailed in Table 6 of Appendix A.

REASONS FOR RECOMMENDATIONS

To ensure the Council's provisional financial position for 2021/22 is considered and related decisions approved. It is important that cabinet are aware of the financial position of the General Fund to ensure that they can make informed decisions that are affordable and financially sustainable for the Council

OTHER OPTIONS CONSIDERED

To not approve the reserve movements outlined.

REPORT

1. BACKGROUND

1.1 The 2021/22 year has seen the country move out of the pandemic response into a recovery phase. The Council is still seeing the effects of the pandemic on its finances which have been both positive and negative. This combined with the squeeze on household finances which has been seen in the latter part of the financial year, has meant it has been more difficult than usual to budget and forecast the financial position of the Authority. The draft underspend for the year is mainly as a result of increased one off government support and the review of its provisions. The details of the outturn are attached at Appendix A and show the full financial position of the Council which includes revenue, capital, treasury and collection fund.

2. Quarter 3 to Quarter 4

2.1 Throughout the year, quarterly monitoring reports are completed forecasting the expected year end outturn against the budget. This report provides a summary on the provisional full year outturn at 31st March 2022, as illustrated in the Appendix, for the following areas:

- The General Fund Revenue Budget,
- The General Fund Reserves Position,
- The Capital Outturn for 2021/22, and
- High level Treasury Management Performance for the year.

2.2 Members will recall that in the report to Cabinet at Quarter 3 a release of the covid Loss of Income Contingency took place of £729,000, offsetting losses in income across a variety of headings. It was also recommended that £256,000 be draw down from the Transformation Reserve that had been agreed for service improvement over the two years of initial investment. It should be noted that if these one-off funds had not been available the

position at the year end would have been £1.198m worse off. Covid income grant of £469,000 was also received in year which has significantly assisted the revenue account. In the Quarter 3 report the forecast deficit was £299,000.

2.3 The changes since then, which due to the uncertainty of this period could have been a worsening or an improvement in a variety of areas, have been overall a further improvement although some service areas also saw reductions in income:

- Improvement in investment income from that expected due to rate rises;
- Underachievement of car parking income from that anticipated;
- Reductions in income – Bereavement;
- Salary savings due to vacancies in certain areas;
- The impact of year end adjustments – a review of bad debt provision levels
- Planning services income was higher than anticipated and staffing vacancies have contributed to an improvement of £176k.

2.4 In total, these further adjustments and as stated above the overall favourable position is mainly due to the receipt and use of one-off grants and reserves to smooth covid impacts.

2.5 It is proposed (at recommendation 5) to transfer the proposed Revenue Surplus to the Transformation Reserve to fund future revenue projects. This will assist in making investment into services to facilitate change in a post-pandemic landscape and to fund 'Invest to Save' initiatives which will ultimately realise savings. This will help to meet the Council's savings targets and to ensure it has more resilience to deal with the further budgetary challenges we are already facing.

2.6 Other reserves are also available, such as the Capital Reserves (£5.6m), Funding Volatility (£4.99m) and Covid-19 reserve (£0.851m) to assist as needed during the year depending upon the pressure or type of investment required.

2.7 In the attached **Appendix A**, specific detail is provided in respect of the following areas:

General Fund Provisional Outturn

The forecast outturn position by Assistant Director is detailed at **Table 1** together with an analysis of service variations. Net spend by Assistant Directors for 2021/22 was reported to be £7,423k which is £524k below the budgeted figure. The variances are explained in **Table 1**.

Reserves

General Fund Specific Reserves have seen a reduction in balances of £2.067m. Further specific details are set out in **Appendix A – Table 3** with associated narrative and members are requested to note and approve the use of reserves detailed in that section.

The General Fund Reserve Balance remains at £2.000m.

As previously featured in the 2020/21 outturn, government grant is received and applied in different financial years and as a result it is proposed at recommendation 2 to transfer

£1,830,999 to the Business Rates Volatility Reserve in order to fund the 2022/23 revenue budget. This is a section 31 grant in order to fund discounts to Non-Domestic rates bills to businesses. Due to the way the income is accounted for in the Collection Fund the loss of income will impact on the Council's revenue budget in 2022/23 and therefore the monies received in 2021/22 are required to fund this shortfall.

Capital – General Fund

The total revised General Fund Capital programme for 2021/22 is £5.593m, detailed in in **Table 4 of Appendix A**.

The total budget carry forward due to slippage on the GF Capital Programme is £3.550m as detailed in **Table 6** which is recommended for approval. This is mainly due to Towns Fund Projects which are now being reprofiled in line with latest expectations for spend.

Treasury Management

Section 2.4 provides details of the Council's Treasury Investments, investment income earned at the end of March 2022 was £775k.

The Council has external loans held with Public Works Loans Board totalling £20m. Interest costs on this external borrowing was £382k for 2021/22.

CONCLUSION

To ensure that the end of year position is scrutinised, year end transactions are approved and the budget underspend is set aside for future service initiatives.

FINANCIAL IMPLICATIONS

As contained in Appendix A

LEGAL IMPLICATIONS

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

EQUALITY AND SAFEGUARDING IMPLICATIONS

None

OTHER IMPLICATIONS

None

CONSULTATION

None

APPENDICES

Appendix A – Outturn Report 2021-22

BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
Q3 Performance Report	Cabinet 30th March 2022 Agenda

REPORT APPROVAL

Report author:	Chris Ayriss, Strategic Finance Manager, PSPS and Peter Davy, Deputy Chief Finance Officer (Client), PSPS
Signed off by:	Samantha Knowles, Assistant Director Finance
Approved for publication:	Councillor Noble Portfolio Holder for Finance