

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Finance Performance Report 2021/22 Outturn
Meeting/Date: Cabinet – 19 July 2022
Executive Portfolio: Executive Councillor for Finance & Resources (BM)
Report by: Chief Finance Officer (SRS)
Ward(s) affected: All

Executive Summary:

The impact of Covid-19 has affected and will continue to affect the financial landscape during 2021/22, as restrictions have finally been lifted. Areas, such as leisure facilities have now fully opened all their facilities.

Financial Impact

2021/22 budget included assumptions regarding the impact of the pandemic on the economy and the council based on the information available in December 2020. Since then, the restrictions were extended and only lifted in July, later than anticipated. The income compensation scheme was still available to support Local Government in Q1, £595k was factored into the base funding for 2021/22, and this has now been claimed. £758k for the final tranche 5 of the Covid Emergency funding was also factored into the base funding.

There was on going expenditure in relation Covid restrictions in maintaining cleaning regimes and PPE in close contact area of the business, like waste collection, together with additional resources to support areas such as Council Tax and Housing Benefit in dealing with increased volume and recovery activities.

Recommendation(s):

The Cabinet/Committee is

RECOMMENDED

- to consider and comment on the financial performance for the financial year 2021/22, as detailed in Appendix 1 and summarised in paragraph 3.2.
- to consider and approve the re-phasing of capital to future years as outlined in paragraph 3.3.

1. PURPOSE OF THE REPORT

1.1 To present details of the Council's projected financial performance for 2021/2022.

- Revenue outturn underspend of £2,012k.
- Capital outturn underspend of £28,741k.

The impact of the Covid 19 pandemic, as far as possible, has been reflected within the Council's financial position and includes the Government's Income Compensation Scheme of £1,076k.

2. BACKGROUND

2.1 The budget and MTFs for 2021/22 approved in February 2021, assumed a net expenditure budget of £20,686k, together with a Council Tax freeze. The approved Capital budget is £18,169k.

2.2 The detailed analysis of the 2021/22 outturn as at 31 March 2022 is attached at Appendix 1.

3. FINANCIAL PERFORMANCE

3.1 Financial Performance Headlines

The outturn position for the current financial year, and the impact of variations on future years, will be incorporated within the MTFs.

Revenue The approved Budget of £20,686k plus authorised carry forwards of £66k gave a revised current budget of £20,752k. The outturn was £18,740k which was an underspend of £2,012k. This was due, in part, as a result of income streams recovering quicker than anticipated.

MTFS The MTFs was updated as part of the 2022/23 Budget setting process. and will be revisited as part of the 2023/24 Budget setting process. The revision of the MTFs will include 2021/22 outturn variations and others occurring or foreseen in 2022/23 that have an impact on future years.

Capital The approved Budget of £18,169k plus the re-phasing of £14,665k and in year activity of £7,145k gave a revised total Capital Programme of £39,979k. The outturn is £11,238k. Following re-phasing of the budget to 2022/23 of £26,791 there was an in-year underspend of £1,950k.

3.2 Summary Revenue Variances by Service

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

| Head of Service | Current Budget £'000s | Outturn £'000s | Over/ (Under) spend £000 | Comments |
|----------------------------|--------------------------|-------------------|-----------------------------------|--|
| AD Corporate Resources | 6,962 | 6,028 | (933) | Higher income due to retention of tenants in commercial premises £651k; lower insurance premiums following re-tender £135k; premises cost savings £97k; plus general savings across a range of services |
| AD Transformation | 298 | 298 | 0 | |
| Chief Operating Officer | 4,350 | 4,266 | (84) | Development Management overspends on salaries and agency staff £605k; reduced planning income £775k; offset by higher government grants £587k lower bad debt provision £179k and other savings across a range of services. |
| Corporate Leadership | 619 | 669 | 50 | Additional costs associated with the recruitment of senior staff. |
| Head of ICT | 2,338 | 2,325 | (12) | |
| Head of Leisure & Health | 522 | 437 | (85) | Recovery of income levels faster than anticipated. |
| Head of Operations | 4,621 | 3,711 | (910) | Reduced recycling disposal costs £400k; recovery of parking income levels faster than anticipated £523k |
| Housing Manager | 180 | 190 | 10 | |
| Growth Manager | 791 | 746 | (46) | |
| Programme Delivery Manager | 71 | 71 | 0 | |
| Total | 20,752 | 18,741 | (2,010) | |

3.3 Capital Programme

The approved gross capital programme for 2020/21 is £18,169k plus the re-phasing of the £14,665k from 2020/21, together with in year budget £7,145k giving a revised total Capital Programme for 2021/22 of £39,979k.

The net expenditure outturn is £11,238k. Following re-phasing of the budget to 2022/23 of £26,791 there was an in-year underspend of £1,950k.

The table below shows the total variances for each Service and the main reasons where variances are greater than £50,000.

| Service Area | Current Budget £000 | Outturn £000 | Budget Re-Phased to 2022/23 £000 | Over/ (Under) Spend £000 | Comments |
|--------------------------|------------------------|-----------------|--|-----------------------------------|---|
| AD Corporate Resources | 15,949 | 4,673 | 10,049 | (1,227) | Oaktree remedial costs have been rescoped and the project is expected to realise savings of £1,260k. |
| AD Transformation | 145 | 0 | 95 | (50) | Covid funding has been used to make changes to AV equipment, therefore this budget is no longer required. |
| Chief Operating Officer | 118 | 65 | 88 | 35 | |
| Head of ICT | 352 | 75 | 277 | 0 | |
| Head of Leisure & Health | 1,703 | 1,218 | 485 | 0 | |
| Head of Operations | 5,165 | 2,376 | 2,712 | (77) | Reduced spending across several projects. |
| Housing Manager | 1,850 | 1,219 | 0 | (631) | Reduction due to referrals from Occupational Health. |
| Growth Manager | 14,697 | 1,612 | 13,085 | 0 | |
| Total | 39,979 | 11,238 | 26,791 | (1,950) | |

In the above table in year budget of £7,145k has been included to capture new projects that have been agreed since the original budget was set in February 2021, these are projects which are funded by external grants.

3.4 Finance Dashboard

The Outturn for 2021/22 also looks at the collection rates for Council Tax and NDR, together with the working ages caseload for Council Tax Support Scheme. The details are shown in Appendix 1.

In summary, the Council Tax collection rate is holding in line with 20/21 rates but is lower than pre-Covid performance.

The NDR collection rate is 1.25% less than in 20/21. However, the unique profile of retail, hospitality and leisure reliefs granted in 21/22 means that prior year comparison is not appropriate.

The number of working age people claiming Council Tax Support has seen a reduction of 1% compared to 20/21 and is now comparable to pre-Covid volumes.

4. UPDATE ON THE COMMERCIAL INVESTMENT STRATEGY

- 4.1 The Commercial Investment Strategy (CIS) was approved by Cabinet in September 2015 and the CIS Business Plan in December 2015. The implementation of the CIS is seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget.

4.2 The outturn for 2021/22 for the CIS is:

| CIS Investments | Budget £000 | Outturn £000 | Over/ (Under) Spend £000 |
|-----------------------------------|----------------|-----------------|-----------------------------------|
| Cash Investments | | | |
| CCLA Property Fund | (162) | (147) | 15 |
| Total Cash Investments | (162) | (147) | 15 |
| | | | |
| Property Rental Income | (4,590) | (4,854) | (264) |
| MRP | 581 | 581 | 0 |
| Net Direct Property Income | (4,009) | (4,273) | (264) |
| Management Charge | 144 | 0 | (144) |
| Total Property Investments | (3,865) | (4,273) | (408) |
| TOTAL | (4,027) | (4,420) | (393) |

5. COMMENTS OF OVERVIEW & SCRUTINY

5.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

6. LIST OF APPENDICES INCLUDED

Appendix 1 – HDC Financial Performance Suite FY 202122 Outturn

CONTACT OFFICER

Sharon Russell-Surtees, Chief Finance Officer
sharon.russell-surtees@huntingdonshire.gov.uk