



REPORT TO:	Cabinet
DATE:	13 th September 2022
SUBJECT:	2021/22 Provisional Outturn
KEY DECISION:	N/A
PORTFOLIO HOLDER:	<i>Councillor Coupland</i>
REPORT AUTHOR:	Edward Brindle (Strategic Finance Manager PSPS) and Lazaros Mufuko (Deputy Chief Finance Officer (Client) PSPS)
WARD(S) AFFECTED:	N/A
EXEMPT REPORT?	No

SUMMARY

This report sets out the provisional outturn position for South Holland District Council for 2021/22 subject to final audit and provides information on the implications for the Council's balances and reserves including the capital position for the year.

RECOMMENDATIONS

That Cabinet:

- 1 That Cabinet notes the outturn position for 2021/22 as detailed in Table 1 and recommends to Full Council its financing from the Council Tax Reserve.
- 2 That Cabinet recommends to Council approval of the following reserve movements: -
 - a. A contribution of £1,419,065 to the Earmarked Grants reserve of additional section 31 grants received in year which are required to fund the Collection Fund Deficit in 2022/23.
 - b. A contribution from the Earmarked Grants Reserve of £2,922,033 which is required to drawdown section 31 grants received in 2020/21 but are required to fund the Business Rates deficit in 2021/22.

- 3 That Cabinet notes the reserve movements and balances as detailed in Table 3
- 4 That Cabinet note the general fund capital position and recommends to Council to approve the 2021/22 capital budget carry forward to 2022/23 due to slippage/re-profiling as detailed in column 3 of Table 8.
- 5 That Cabinet note the HRA capital position and recommends to Council to approve the budget carry forward due to slippage/re-profiling as detailed in column 3 in Table 12.

REASONS FOR RECOMMENDATIONS

To ensure the Council's provisional financial position for 2021/22 is considered and related decisions approved. It is important that the Cabinet is 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

BACKGROUND

Since the start of the pandemic the Council has seen various impacts on its finances, increased expenditure in the short term dealing with the response to the situation, including the dispersal of significant government grants to businesses/individuals.

This position 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 details of the outturn are attached at Appendix A and show the full financial position of the Council which includes the General Fund, Housing Revenue Account, capital, treasury and collection fund.

It has also been a significant year for the Council with the transition taking place, within the financial year, from the Breckland Shared Management Arrangement to a solo management structure to then S&ELCP (South and East Lincolnshire Councils Partnership) a three way partnership all of which are features of this year's outturn.

Quarter 3 to Quarter 4

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, in the Appendix, for the following areas:

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

The attached **Appendix A**, provides specific detail for service variances.

General Fund Provisional Outturn

The outturn position is detailed at **Table 1** together with an analysis of service variations. Net spend for 2021/22 is reported to be £12,702k which is £249k above the budgeted figure. The variances are explained in **Table 1**.

Reserves

General Fund Specific Reserves have seen a reduction in balances of £1.877m. 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 £2.078m.

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 £1,419,065 to the Earmarked Grants 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. Similarly, a contribution from the Earmarked Grants Reserve of £2,922,033 is required to drawdown section 31 grants received in 2020/21 but are required to fund the Business Rates deficit in 2021/22.

Housing Revenue Account

The outturn position by Service Area is detailed at **Table 4** together with an analysis of service variations. The Net surplus for 2021/22 is reported to be £1,635k which is £335k below the budgeted figure. The variances are explained in **Table 4**.

Capital – General Fund

The total revised General Fund Capital programme for 2021/22 is £4.643m, detailed in in **Table 6 of Appendix A**.

The total budget carry forward due to slippage on the GF Capital Programme is £128k as detailed in **Table 8** which is recommended for approval.

Capital – Housing Revenue Account

The total revised Housing Revenue Account Capital programme for 2021/22 is £5.703m, detailed in **Table 10 of Appendix A**.

The total budget carry forward due to slippage on the HRA Capital Programme is £599k as detailed in **Table 13** which is recommended for approval.

Treasury Management

Section 2.5 provides details of the Council’s Treasury Investments, investment income earned at the end of March 2022 was £213k.

The Council has external loans held with Public Works Loans Board totalling £67.5m. Interest costs on this external borrowing was £2.3m for 2021/22.

CONCLUSION

To ensure that the end of year position is scrutinised, year end transactions are approved and the budget overspend is funded.

FINANCIAL IMPLICATIONS

As contained in Appendix A

LEGAL IMPLICATIONS

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS
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None

EQUALITY AND SAFEGUARDING IMPLICATIONS

None

OTHER IMPLICATIONS

None

CONSULTATION

None

APPENDICES

None

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 26th April 2022 Agenda

CHRONOLOGICAL HISTORY OF THIS REPORT

Name of body

Date

REPORT APPROVAL

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