

Report to Council

**Agenda
Item:**

15 (i)

Meeting Date: 20th July 2021
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.09/21
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2020/21
– CARRY FORWARDS
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 15/21

Purpose / Summary: This report summarises the 2020/21 provisional outturn for the General Fund Revenue budgets (including Council Tax and Business Rates outturn) and requests for the carry forward of budgets. The provisional General Fund Revenue outturn position was considered by the Executive on 2 June and Business and Transformation Scrutiny Panel on 3 June. The provisional Council Tax outturn report was also considered by the Executive on the 2 June and Business and Transformation Scrutiny Panel on 3 June, and the Business Rates outturn report was considered by the Executive on 5 July and Business and Transformation Scrutiny Panel on 15 July.

Recommendations:

Council is asked to:

- (i) Approve the carry forward requests totalling £971,400 to be incurred in 2021/22 and the release of £971,400 in 2021/22 from the General Fund Reserve as set out in the report and Appendix 1;
- (ii) Approve the creation of new reserves and transfers into the new and existing reserves of £14,446,071, in addition to the transfer from the building control reserve of £66,374, as detailed in paragraphs 3.2, 3.3 and 3.4 and Appendix 2 of the report.

Tracking

Executive:	2 June 2021 (RD05/21 & RD04/21) 5 July 2021 (RD13/21)
Scrutiny:	BTSP 3 June 2021 (RD05/21 & RD04/21) BTSP 15 July 2021 (RD13/21)

Audit Committee:	8 July 2021 (RD05/21 - for information only)
Council:	20 July 2021

1. BACKGROUND

1.1 This report provides details of the 2020/21 provisional outturn for the General Fund Revenue budgets and the proposed carry forward requests into 2021/22 as set out in the Council's Provisional General Fund Outturn considered by the Executive (2 June 2021).

1.2 The provisional outturn position is summarised below:

Directorate / Appendix	Original Budget £	Net Updated Budget £	Net Spend to Date £	Variance £	Carry Forwards £	Reserves/Provisions £	Adjusted Variance £
Community Services (B1)	10,263,400	11,396,900	10,864,491	(532,409)	138,300	413,300	19,191
Corporate Support (B2)	1,685,100	138,800	(96,588)	(235,388)	199,000	0	(36,388)
Economic Development (B3)	1,808,900	2,487,800	1,864,152	(623,648)	162,300	522,200	60,852
Finance & Resources (B4)	1,418,300	2,218,800	1,373,475	(845,325)	10,500	359,100	(475,725)
Governance & Regulatory Services (B5)	1,157,900	2,229,100	965,147	(1,263,953)	461,300	485,046	(317,607)
Corporate Management (B6)	(2,491,600)	(1,857,900)	(1,849,420)	8,480	0	0	8,480
Core Service Expenditure	13,842,000	16,613,500	13,121,257	(3,492,243)	971,400	1,779,646	(741,197)
Exceptional Items (B7)	0	464,900	(1,992,762)	(2,457,662)	0	0	(2,457,662)
Service Expenditure	13,842,000	17,078,400	11,128,495	(5,949,905)	971,400	1,779,646	(3,198,859)
Additional Transfers to Reserves (see para 6.1)							3,250,000
Transfer from Reserves and Provisions (see para 6.1)							(124,604)
Net Underspend Position							(73,463)

2. CARRY FORWARD REQUESTS

2.1 In accordance with the Council's Constitution, any net underspending/savings on service estimates under the control of the Director may be carried forward. This is to facilitate the achievement of more strategic five-year budgeting which requires greater flexibility of budgets between years as set out in the Medium-Term Financial Plan. Approval of carry forwards is subject to the following as contained in the Council's Constitution:

- *the authorisation of the Corporate Director of Finance and Resources where the request relates to a specific committed item of expenditure where, due to external or other factors, the Director has been unable to spend the approved budget by 31 March. The use of the resource will be restricted to the purpose for which the estimate was originally intended. The carry forward will only be approved by the Corporate Director of Finance and Resources if the expenditure is within both the Directorate's and the Authority's budget as approved for that year. Any carry forward which would result in an over-spend for the Authority will require authorisation by the Council.*

- any overspending on service estimates in total on budgets under the control of the Director must be carried forward to the following year and will constitute the first call on service budgets in the following year, unless the Council determines otherwise by way of a supplementary estimate. The Corporate Director of Finance and Resources will report the extent of overspending carried forward to the Executive, Business and Transformation Scrutiny Panel and to the Council.

This delegated power applies only in so far as the carry forwards do not take the Council into an overspend position.

- 2.2 Details of the carry forward requests, which itemise committed expenditure, are contained within **Appendix 1**.
- 2.3 The Executive at its meeting on 2 June, approved the carry forward requests totalling £974,100, for recommendation to Council, funded from the General Fund Reserve.

3. IMPACT ON RESERVES

- 3.1 The level of Council reserves was approved by Council in February. As a result of the outturn position, and if all of the carry forward requests and transfers to/from earmarked reserves are approved, the revised reserves position would be as follows:

	31/03/2021 £'000s	31/03/2022 £'000s	31/03/2023 £'000s	31/03/2024 £'000s	31/03/2025 £'000s	31/03/2026 £'000s
Prudent Level of Reserves	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)
Council Resolution General Fund Reserve	(3,134)	(3,601)	(3,213)	(3,058)	(3,077)	(3,129)
Revised Level of Reserves	(3,134)	(3,601)	(3,213)	(3,058)	(3,077)	(3,129)
Carry Forwards Approved In Year	(750)	750				
Underspend position to be returned to Reserves	(5,950)					
Changes to General Fund Outturn Position	2					
Additional Funding from Business Rates	(9,749)					
<u>Net Transfer to earmarked reserves: ⁽¹⁾</u>						
- See paragraph 3.3	14,377					
- See paragraph 3.5	(66)					
<u>Transfer (from)/to provisions</u>	(9)					
Committed Carry Forwards	0	971	0	0	0	0
Cost of Disposal	(34)					
Revised Reserves Balance	(5,313)	(4,059)	(3,671)	(3,516)	(3,535)	(3,587)

Note 1: Transfers to/(from) earmarked reserves subject to approval

Note 2: The Final Reserves Balance will be dependent on additional transfer as part of the Statement of Accounts including the final position on Business Rates.

The Council's policy on reserves is that wherever possible reserves should not be used to fund recurring expenditure, nor dip below minimum recommended levels; however, in situations where this does occur, this should be made explicit and steps take to replenish reserves and to address the situation in future years.

- 3.2 The Council budgeted for additional income of £2,400,000 from business rates growth and pooling over and above the baseline figure set by the Government, and the provisional outturn shows that an additional £9,748,000 in excess of this has been achieved in 2020/21 (subject to the final confirmation of any pooling gains). This surplus would normally be an additional contribution to General Fund Reserves; however, this surplus is due to income credited to the general fund from section 31 grants and will be needed to counteract the deficit funding shown in general fund in 2021/22. Therefore £9,463,000 of this additional funding is requested to be transferred to an earmarked reserve and released to general fund in 2021/22.

Members should note that the information contained in this report is provisional and subject to the formal audit process; therefore, any significant changes required following the approval of the 2020/21 accounts will, if necessary, be reported to a future Executive meeting.

- 3.3 Details of transfers into and from new/existing reserves and provisions requested as part of the outturn process are contained within **Appendix 2** and are summarised below.

	Net Approval Requested £
Council Tax Hardship Grant Reserve (new)	359,100
Revenue Grants Reserve (net)	1,287,023
Apprentice Infrastructure	17,900
Economic Recovery Reserve (new)	50,000
Operational Risk Reserve (new)	3,200,000
Total Transfers to Reserves (RD05/21)	4,914,023
Council Tax Income Guarantee Scheme Reserve (RD04/21)	69,048
Business Rates s.31 Grants Reserve (RD15/21)	9,463,000
Total Transfers to Reserves	14,446,071

- 3.4 In accordance with statutory requirements any surplus generated by the Building Control function is required to be held as an identified earmarked reserve and can only be utilised for Building Control. In 2020/21 the required amount to be transferred from the Building Control Reserve is £66,374. This is in addition to £9,500 released during 2020/21 to fund eligible costs.

4. RISKS

- 4.1 Risks to future years' budget and development of ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.

5. CONSULTATION

- 5.1 Consultation to date.
Portfolio Holders and SMT have considered the issues raised in this report.

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 6.1 Council is asked to:
- (i) Approve the carry forward requests totalling £971,400 to be incurred in 2021/22 and the release of £971,400 in 2021/22 from the General Fund Reserve as set out in the report and Appendix 1;
 - (ii) Approve the creation of new reserves and transfers into the new and existing reserves of £14,446,071, in addition to the transfer from the building control reserve of £66,374, as detailed in paragraphs 3.2, 3.3 and 3.4 and Appendix 2 of the report.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 7.1 The Council's budget is set in accordance with the priorities of the Carlisle Plan and the 2020/21 outturn shows the delivery of these priorities within budget.

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Appendices

attached to report:

1. Carry Forward Requests

2. Reserve/Provision Requests

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the outturn figures is part of this process. Approval of full Council is required for the use of revenue reserves to fund expenditure commitments as set out in the report.

PROPERTY SERVICES – Property asset implications are contained within the main body of the report.

FINANCE – Financial implications are contained within the main body of the report.

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE – There are no information governance implications.

Appendix 1 – Carry Forward Requests

Directorate/Section	Description	Requests into 2021/22 £
<u>Corporate Support</u>		
ICT Services	To provided additional resources, specialised consultancy and third party support to ensure key security projects are scoped and implemented.	199,000
		199,000
<u>Finance and Resources</u>		
Internal Audit	To provide dedicated support to enable completion of the 2020/21 Internal Audit Plan.	10,500
		10,500
<u>Community Services</u>		
Corporate Training	New training provision for authority - Agile, Autonomous, Accelerated Change (Squad Working).	8,100
Member Training	To support training for the implementation of a Commercial Strategy for the Council.	3,000
HR & Payroll	For iTrent development and additional, temporary staffing resources within HR.	29,500
Small Scale Community Projects	For committed projects at Currock, Botcherby and Denton Holme.	3,400
Bereavement Services	For the replacement of cremator gas analysers which are essential for the functioning of the cremators and to comply with The Environmental Protection Act 1990..	34,300
Environmental Support	This refers to the non-rec £60K additional funding to keep Carlisle Clean and is required to cover a temporary employment contract.	26,000
Health & Wellbeing	This is budget allocated to employee costs for the temporary Sustainable Food Coordinator post.	13,500
Neighbourhood Services	To ensure continuation of the apprentice schemes with the Garage and Technical Team.	12,300
Policy & Communication	Digital Marketing Officer role extension until April 2021 to March 2022; Data Analyst funding until November 2021	8,200
		138,300
<u>Economic Development</u>		
Carlisle South	To provide dedicated Development Management support to the Garden Village.	10,000
Affordable Housing	Required to fund the Self and Custom Build Housing Grants programme approved by Executive in July 2020.	40,000
St Cuthbert's Garden Village	Required to support delivery of the Local Plan.	72,300
City Centre Business Support	For the establishment of a city centre forum to explore the potential for a Business Improvement District bid and for city centre capital works grants, to support businesses investing in the city centre, including business start ups.	40,000
		162,300
<u>Governance and Regulatory Services</u>		
Homelessness Prevention	The monies are ringfenced to be utilised to support prevention duties and activities; carry out homelessness activities in line with the principles of the Homeless Reduction Act.	28,500
Homelessness Prevention	To fund staffing pressures in 2021/22.	74,000

Directorate/Section	Description	Requests into 2021/22 £
Town Twinning	The Town Twinning Civic Exchange was due to be held in Carlisle in 2020 but has been postponed to 2021.	6,000
Asset Disposal	Reduced staff resources and the impact of Covid on the property market have delayed the programme, however the resources are still required to deliver the project.	70,100
Revenue Element of LED Capital Project	To fund the replacement of 28 additional lighting columns that are corroded. Work is expected to be carried out by July 2021.	21,800
Repair and Maintenance Programme	Outstanding items of work approved in the 3 year maintenance plan that have not been completed due to Covid, planning, weather and significant resources issues. The request represent committed items of work across the operational portfolio where liabilities arise based on owner and occupier arrangements.	260,900
		461,300
Total General Fund Carry Forward Requests		971,400

Appendix 2 – Reserve Requests

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2020/21 In to Reserve £	2020/21 Out of Reserve £	Total £
NEW Covid Council Tax Hardship Grant Reserve	A reserve to hold available Covid related Council Tax Hardship Grant.	Management of the Reserve rests with the Corporate Director of Finance and Resources.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources in consultation with the portfolio holder.	359,100		359,100
Operational Risk Reserve	To provide funds to support potential ongoing pressures in relation to Covid, Local Government Reorganisation/Transformation projects, treasury management pressures and savings to be achieved.	Management of the Reserve rests with the Corporate Director of Finance and Resources.	Approval to release funds from the reserve can only be given by the Executive of the Council following the advice of the Corporate Director of Finance and Resources.	3,200,000		3,200,000
Economic Recovery Reserve	To support economic recovery for local parishes and urban communities as match funding to aid recovery following the COVID pandemic.	Management of the Reserve rests with the Corporate Director of Economic Development once eligibility criteria has been established by the Executive.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Economic Development in consultation with the portfolio holder and Corporate Director of Finance and Resources.	50,000		50,000

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2020/21 In to Reserve £	2020/21 Out of Reserve £	Total £
Council Tax Income Guarantee Scheme Reserve	To hold the balance of the Tax Income guarantee scheme grant received and to be released to partly offset the Council Tax deficit carried forward from 2020/21	Management of the Reserve rests with the Corporate Director of Finance and Resources.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources.	69,048		69,048
Business Rates s.31 Grants Reserve	To hold the balance of Section 31 grants received as compensation for loss of business rate income due to expanded retail, leisure and hospitality relief and to offset the deficit carried forward on the Business Rates Collection Fund from 2020/21.	Management of the Reserve rests with the Corporate Director of Finance and Resources.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources.	9,463,000		9,463,000
Apprentice Infrastructure	A reserve for the committed balances from the annual Apprentice Infrastructure budget that will be required in future years of the employment contracts.	Management of the Reserve rests with the Corporate Director of Finance and Resources	Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	17,900		17,900
Revenue Grants Reserve	A reserve to hold revenue grant funds received by the Council which have not yet been utilised.	Management of the Reserve rests with the Corporate Director of Finance and Resources	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.			1,281,084
Community Services	One Public Estate: One Public Estate			28,300		
Community Services	One Public Estate: One Public Estate - Sustainable Grant Funding			300,000		

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2020/21 In to Reserve £	2020/21 Out of Reserve £	Total £
Community Services	Health and Wellbeing: Grazing Land Management			16,000		
Community Services	Partnerships: Healthy Communities and Older People			1,200		
Community Services	Partnerships: Place Co-ordinator			49,900		
Economic Development	Investment & Policy: St Cuthberts Garden Village (Garden Community Capacity Fund)			475,000		
Economic Development	Regeneration: Town Deal Capacity Funding			40,000		
Economic Development	Regeneration: NLHF Resilience Grant - Hadrian's Wall Partnership			7,200		
Governance & Regulatory Services	Electoral Services: Justification Led Bid			10,000		
Governance & Regulatory Services	Homelessness: Rough Sleeping Initiative			115,322		
Governance & Regulatory Services	Homelessness: Flexible Homelessness Support Grant			87,225		
Governance & Regulatory Services	Homelessness: Homelessness Reduction Act New Burdens Grant			50,184		
Governance & Regulatory Services	Homelessness: Domestic Abuse Grant			134,840		
Governance & Regulatory Services	Homelessness: Housing Related Support (Supporting People) Grant			81,536		
Governance & Regulatory Services	Homelife: FILT Gas Safe 2020/21			1,929		
Governance & Regulatory Services	Homelife: Warm Homes Fund			4,010		
Governance & Regulatory Services	Homeless Prevention: Various Miscellaneous Grants				(47,851)	
Governance & Regulatory Services	Homeless Prevention: Homeless Prevention Grant				(50,000)	
Governance & Regulatory Services	Homelessness: Langley Chase Grant				(3,000)	
Governance & Regulatory Services	Regulatory Services: Rogue Landlords				(1,256)	
Governance & Regulatory Services	Regulatory Services: Homelife Core Funding				(13,516)	

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2020/21 In to Reserve £	2020/21 Out of Reserve £	Total £
	TOTAL RESERVE REQUESTS			14,561,694	(115,623)	14,446,071

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 2 JUNE 2021

EX.46/21 PROVISIONAL GENERAL FUND REVENUE OUTTURN 2020/21 (Key Decision – KD.09/21)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader submitted report RD.05/21 summarising the 2020/21 provisional outturn for the General Fund revenue budget, giving reasons for variances. The outturn position would result in returning £174,000 to General Fund reserves (as set out in paragraph 6.3).

Requests had been made to carry forward committed expenditure of £971,400, net transfers to/from reserves and provisions of £4,905,042 and transfer to the building control reserve of £66,374 which, if approved, would result in an overall net underspend position of £73,463 on Council Services; however it was estimated that additional funding from Business Rates income would be realised subject to the completion of the NNDR3 return and confirmation of any pooling gains.

The information contained within the report was provisional, subject to the formal audit process. The Draft Statement of Accounts for 2020/21 would be presented to the Audit Committee on 8 July 2021, with final approval of the audited accounts on 24 September 2021.

In conclusion, the Deputy Leader moved the recommendations, which were duly seconded by the Leader.

Summary of options rejected that the creation of new reserves and transfers, and new provisions and transfers should not be approved for recommendation to Council.

DECISION

That the Executive:

- (i) Noted the net underspend of £5,949,905 for Council Services as at 31 March 2021;
- (ii) Noted the committed expenditure totalling £971,400, to be incurred in 2021/22 which had been approved by the Corporate Director of Finance and Resources under delegated powers, and the release of £971,400 from the General Fund Reserve in 2021/22 as detailed in Appendix D1 of the report for recommendation to Council;
- (iii) Approved the creation of new reserves and transfers into and from the new and existing reserves of £4,914,023, in addition to the transfer from the building control reserve of £66,374 as detailed in paragraphs 6.1 and 6.2 and Appendix D2 of the report for recommendation to Council;
- (iv) Noted the transfer from an existing provision of £8,981 as detailed in paragraph 6.1 and Appendix D2 of the report.

Reasons for Decision

To receive the Report on the Provisional General Fund Revenue Outturn and make recommendations to the City Council

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 2 JUNE 2021

EX.49/21 COUNCIL TAX OUTTURN 2020/21
(Key Decision – KD.09/21)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader submitted report RD.04/21 summarising the 2020/21 provisional outturn and performance position for Council Tax.

Section 2 recorded that, for 2020/21 budget, the position on the collection fund was estimated to be a surplus of £238,653, with the Council's share being £29,438. When the final position was calculated at the end of 2019/20 the surplus on the Council Tax Collection Fund was actually £50,781 of which the Council's share was £6,197. The decrease in the surplus was taken into account and redistributed in the budgeted estimate for 2021/22.

The actual collection fund position for 2020/21 had been calculated and the surplus had decreased, and was in deficit, now standing at £1,202,144.91 with the Council's share being £144,909.44. The worsening position was a result of the effects of the Covid 19 pandemic and the Council's ability to recover Council tax debt. Legislation had been passed that would allow the Council to spread the deficit position over the following three years to ease the impact on the General Fund and allow time for arrears to be recovered.

The Deputy Leader concluded his presentation by moving the recommendations, which were seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

- (i) Noted the provisional outturn position at 31 March 2021 for Council Tax and also noted the position with regard to business rates and to write offs and bad debt trends, as detailed within Report RD.04/21.
- (ii) Noted that those figures, as presented, were subject to change pending the completion of the NNDR3 return and final confirmation of any business rates pooling gains for 2020/21.
- (iii) Approved the creation of new earmarked reserves of £69,048 for the income received for the Tax Income Guarantee scheme as detailed at 2.1.5 for recommendation to Council.

Reasons for Decision

To inform the Executive of the provisional outturn position and comments on performance which would feed into the overall revenue accounts for 2020/21