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| **Report of The Head of Finance**  **To**  **Portfolio Holder for Corporate and Finance**  **On**  **26 August 2022** |
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| **REVENUE AND CAPITAL OUTTURN POSITION 2021/22** | |

**1. SUMMARY**

1.1 This report provides the Council’s year end outturn position for the revenue and capital budgets for the 2021/22 financial year, and the impact on both the General Fund and Housing Revenue Account (HRA) level of general Balances.

1.2 Where there have been significant variations between budget and the actual outturn position for each service, the explanations have been provided.

**2. RECOMMENDATION**

To be recommended to Council:

1. That the General Fund and Housing Revenue Account revenue outturn position for the 2021/22 financial year be noted.
2. That the Capital Outturn position for the 2021/22 financial year be noted
3. That the method of funding the capital programme 2021/22 as shown in (Table 8) be noted.
4. That Capital budget carry-forwards totalling £53.362m be noted, as per Appendix 4 and Appendix 5

**3. BACKGROUND**

3.1 The Council approved its revenue and capital budgets for the 2021/22 financial year on at its full Council meeting on 27 January 2021, and this report sets out the outturn position against the budget.

3.2 A summary of the outturn position for each of the General Fund and Housing Revenue Account (HRA) revenue budgets and capital programme is contained within this report with a breakdown of significant variances (over £10,000) contained within the relevant Appendices.

**3.3 Covid-19**

3.3.1 Council approved the 2021/22 financial year budget for both the General Fund and the Housing Revenue Account (HRA) on 27th January 2021. At that time the country was starting to emerge out of Covid-19 restrictions and at the time at which the budgets were approved there was still uncertainty if restrictions would be as severe as in 2020/21.

3.3.2 Financial support for expenditure has been good and, based on the Covid-19 returns completed throughout the financial year, reported spending pressures have been fully funded, with all local authorities receiving more funding than expenditure incurred. The Council has been allocated a total Covid-19 grant of £2.096million, over four tranches. The Council has used this grant to meet additional expenditure incurred as a result of Covid-19.

3.3.3 Support for income losses has been less generous and subject to a number of rules and exclusions. The Council has been allocated £1.254m of compensation for Sales, Fees & Charges income losses due to the pandemic and required lockdowns, which have lasted for much of the financial year. However, this did not compensate for the full value of lost income, as only 75% of recoverable losses were subject to compensation, and no compensation was provided for losses on commercial income, such as from commercial property rentals, therefore the council has suffered all of the impact of these losses.

**3.4 General Fund Revenue Outturn Position**

3.4.1 The General Fund contains all services that the Council is responsible for providing, other than services in relation to delivering its responsibility as a landlord to Council tenants.

3.4.2 For the 2021/22 General Fund budget, the Council set a balanced budget which relied on resources being taken from balances and reserves, and a Transformation Programme aimed at generating additional income and delivering efficiency savings and cuts against services totalling £3.403m. At the end of the financial year, the General Fund achieved a surplus position against its budget of £1.019m. This has been transferred to Earmarked Reserves to mitigate against expected future budget pressures.

3.4.3 Table 1, shows a breakdown of the surplus position by Head of Service, with further information provided within the Appendices to this report of the significant variances by each of the Head of Service:

Table 1 – General Fund 2021/22 Revenue Outturn Position



(Where a (-) negative variance indicates a surplus against the budget, and a positive variance indicates a deficit against the budget).

3.4.4 The General Fund surplus has been transferred to Earmarked Reserves at year-end, meaning that General Balances have remained at £2.347m, as set out in the following Table:

Table 2 – General Fund Balances at 31 March 2022

|  |  |
| --- | --- |
| General Fund General Balances | £000 |
| Balance at 1 April 2021 | -2,347 |
|  |  |
| Year-end position 2021/22 | 0 |
|  |  |
| Balance at 31 March 2022 | **-2,347** |

3.4.5 At the 31 March 2022, General Fund Balances stood at £2.347m which is £247,000 above the minimum level of balances the Council approved as part of the budget setting process.

**3.5 Housing Revenue Account (HRA) Revenue Outturn Position**

3.5.1 The Housing Revenue Account contains all the transactions relating to the provision, maintenance and management of the Council’s housing stock in its role of landlord.

3.5.2 The Council set a balanced budget for the Housing Revenue Account whereby all expenditure is paid for by dwelling rents and other fees and charges relating to its landlord duties. Table 3 shows the year end outturn position for the Housing Revenue Account which delivered a balanced budget.

Table 3 – Housing Revenue Account Outturn Position 2021/22



(Where a (-) negative variance indicates a surplus against the budget, and a positive variance indicates a deficit against the budget).

3.5.3 The outturn for the HRA shows no change set against a balanced budget for the 2021/22 financial year. This was after setting aside £3.485m towards the repayment of loan debt taken out as part of the Self Financing Reforms brought in during 2012. Table 4 shows that, after this, and transfers to reserves, the Housing Revenue Account balance has increased compared to the opening position, as shown in Table 4:

Table 4 – Housing Revenue Account Balances 2021/22





\*these transfers relate to revenue contribution to capital and loan repayment set aside, which were agreed by Council as part of 2021/22 budget-setting on 27th January 2021

The following table shows the movements between the HRA reserves



**3.6 Transformation**

3.6.1 The 2021/22 budget included £3.403million of transformation savings to be achieved for the General Fund, and £1.179million for the Housing Revenue Account. These savings were achieved through a variety of workstreams, which have also reduced the target for 2022/23, as shown in Table 5.

Table 5 – Transformation savings summary 2021/22 and 2022/23



3.6.2 There were a number of in-year vacancy savings taken as part of the transformation savings this year. However, these savings were one-off for the 2021/22 financial year, as it is expected that the posts will be required again once the district and Mansfield District Council. For this reason, these specific savings have not led to a reduced target for future years, however, this has been the case where ongoing savings have been achieved.

**3.7 Capital Outturn Position**

3.7.1 The final approved 2021/22 capital programme budget was £66.121m in total for both the General Fund and the Housing Revenue Account, with expenditure incurred by the Council on capital projects during 2021/22 totalling £12.860m. Table 6 shows the outturn position for the Capital Programme split between the General Fund and the Housing Revenue Account:

Table 6 – Capital Outturn Position



3.7.2 The Council received capital receipts from the sale of land, buildings and vehicles totalling £7,135m and capital receipts from the repayment of loans made by the Council of £4.059m this included £4.029m from Mansfield Homes Ltd. Capital grants totalling £4.436m were also received, as shown in Table 7:

Table 7 – Capital Income Received in 2021/22



3.7.3 Capital expenditure incurred throughout 2021/22 requires financing at the year end. The capital financing in Table 8 utilises available reserves, capital grants and capital receipts.

Table 8 – Financing of the 2021/22 Capital Programme



3.7.4 The proposed method of financing includes no additional borrowing as all the expenditure is to be financed from the Council’s resources.

3.7.5 Project officers have requested the carry forward of unspent expenditure budgets to the 2022/23 Capital Programme totalling £53.362m, this being £11.058m for the General Fund and £42.304m for the HRA. These budgets and the associated income budgets of £160,000 need to be carried forward into 2022/23 in order to allow for the continuation of these schemes. A schedule of the budgets requested to be carried forward are included in Appendix 4 (General Fund) and Appendix 5 (Housing Revenue Account) to this report.

**4. OPTIONS AVAILABLE**

This report is for information only.

**5. RISK ASSESSMENT OF RECOMMENDATIONS**

There are no Medium or High risks associated with this report

**6. ALIGNMENT TO COUNCIL PRIORITIES**

6.1 This report shows the outturn in respect of the budgets approved by Council which reflected the Council’s priorities at that time.

**7. IMPLICATIONS**

1. Relevant Legislation: The Council has prepared the General Fund Accounts and Housing Revenue Account in accordance with the Statement of Recommended Practice and nationally approved Accounting Standards and Principles. This report indicates the outcome of these processes.
2. Human Rights: No impact.
3. Equality and Diversity: No impact.
4. Climate change and environmental sustainability: No impact.
5. Crime and Disorder: No impact.
6. Budget / Resources: This report is to note the out-turn position on the General Fund Account and Housing Revenue Account.

**8. COMMENTS OF STATUTORY OFFICERS**

**Section 151 Officer** – Own report.

**Monitoring Officer** – No specific comments

**9. CONSULTATION**

9.1 Heads of Service and Service Managers have provided details and explanations for variances.

**10. BACKGROUND PAPERS**

None

**Appendix 1 – General Fund - Significant Variances**

**General Fund - Finance**



* Council Tax Collection - Hardship, Care leavers Section 13A expenditure covered by reserves leaving savings in year. Court fees refunded from previous years.
* Benefits Administration – received additional grants for the year.
* Bad Debt Provision – reduction in year provision.
* Financial Services - agency costs covering maternity leave and higher card charges than budgeted.
* Insurance premiums are lower than anticipated at budget setting following the tender process.
* Commercial Development - increased costs include repairs & maintenance, utility costs, reduced fees and charges income due to vacant units.
* Retail Development – reduced NNDR paid by MDC as vacant shops have now been let.
* Industrial Development - Mainly due to rental income increases through rent reviews and fewer vacancies, income from de mininus land disposal Tenter Lane, and reduced spend on repairs and maintenance premises
* Housing benefit subsidy - Additional claims processed in latter part of the year which incurred additional funding.
* Covid-19 – Covid related expenditure. This is covered by additional grant.

**General Fund - Head of Health & Communities**



* Emergency Planning – vacancy savings.
* Palace Theatre - closed due to Covid and the less take up than estimated once opened covered by the Sales, Fees and Charges grant.
* Museum Administration – reduction in NNDR charges, less expenditure on repairs and electricity due to closure as a result of Covid.
* Recreation Admin Water meadows - less car park refunds being issued due to reduction in use as a result of Covid. This is offset by a reduction in car park income.
* Environmental Protection – underspends due to maternity leave and less spend on supplies and services.
* ASB - vacancy underspends.
* Neighbourhood Wardens - vacancy savings, restructure approved December 2021.

**General Fund - Head of Neighbourhood Services**



* Fleet Administration – Increased income from fleet sales compared to budget.
* Hermitage Lane Depot – Increased charges for utilities and hire of a tele handler.
* Town Centre Operations – NNDR for Town Hall not included in budget and additional staff member not in manpower budget.
* Depot Sump Maintenance – Maintenance and tipping charges lower than anticipated.
* HL Depot Stock – Increased fuel charges.
* Parks - vacancy savings.
* Cemeteries – Income for sales of grave spaces and monuments is higher than original budget estimates. The pandemic has impacted on this service area and levels of demand.
* Burial of the Destitute - There are fewer public health funerals in 2021/22 than in previous years. This is a very ad-hoc service for those who have no family or funds to pay for funeral expenses.
* Crematorium – reduced cremations compared to budget.
* Street Lighting – Underspend on electricity and purchases of materials.
* Refuse Collection Domestic – increased agency and vehicle hire due to Covid. Also overspending on bin replacements due to them coming to the end of life.
* Refuse Collection Glass - Income higher than budget as collection levels higher than anticipated for first year of operation.
* Refuse Trade Waste – Higher than anticipated income from Trade waste.
* Refuse Garden Waste – actual income received was lower than anticipated at budget-setting.
* Refuse Waste Transfer Station – Increased use leading to increased income.
* Street cleansing - vacancy savings.
* Markets Operations - lower income due to Covid.
* Town Centre Management Robin hood line - no budget set for Electricity charges, and historical income budget for fees and charges still included but no income received.
* Car parks - loss of income due to Covid restrictions and reduced footfall in the town centre, this will be offset against Sales, Fees and Charges grant.

**General Fund - Head of People & Transformation**



* Business Transformation Unit – JADU subscription overspend until savings realised to cover the cost.
* ICT – vacancy savings, underspends on computer hardware and communications budgets.
* Customer Support – savings on supplies and services and vacancies.
* Marketing – savings on supplies and services and vacancies.
* Civic Centre – agency costs due to vacancies.
* Civic Centre Telephones – higher than anticipated costs of telephone system.

**General Fund - Head of Planning & Regeneration**



* Land Charges – system software savings and additional income.
* Design Services - overspending on agency costs.
* Development Management - overspending on agency costs.
* Planning Policy - vacancy underspends.
* Planning Local Development Framework – underspends on hired and contracted services.

**General Fund – Law and Governance**



* Health & Safety – cost of shared service less than anticipated.
* Democratic Representation – savings on NI and leader allowances.
* Democratic Support – Salary costs to cover extra duties to be recovered by elections salary savings.

**General Fund – Housing**



* Increased contribution for permanent and agency staff to deliver mandatory & discretionary grant schemes & additional assistance.

**General Fund – Financing**



* Investment Properties – One property was part of a CVA and was then sold on 17 Jan 2022.
* Council Tax income - estimated surplus distribution for 2020/21 was unknown at budget setting.
* Loan interest HRA– Change in the rate used to calculate interest charges to the HRA.
* Debt management recharge – Income has been credited directly to the services which have incurred debt management costs.
* Bank Deposit Interest – Increase in interest rates received on deposits.
* Housing Company Loan Interest - Interest accruing on loans to the Housing Company due to it taking longer than expected to sell the remaining houses.
* PWLB Interest - Budgeted loans were not required to be taken out due to higher than expected cash balances and slippage on the capital programmes.
* Interest paid Gross- HRA. - Interest paid to the HRA was higher than expected due to increased HRA balances and an increase in interest rates.
* Non-Ring fenced Government Grants - we have received unanticipated Covid grants which have been offset against additional expenditure.

**Appendix 2 – Housing Revenue Account – Significant Variances**



* Landlord Services/Housing General – funding provided for permanent and agency staff to deliver mandatory & discretionary grant schemes & additional assistance.
* Landlord Services/ Repairs – no longer charge for internal works.
* Landlord Services/ District heating - some boiler houses have been demolished resulting in lower income and expenditure.
* Housing Needs/ Solutions - Additional Homeless Prevention Grant including Flexible Homelessness Support. This additional grant was not expected but MDC has received this in 21/22.
* Temporary Accommodation/ Tideswell court - vacant units due to Covid
* Housing Allocations NNDR - Recalculated Cost of MDC's charge for NNDR in void properties. Some of these have been charged up to 300% above the normal annual cost.
* Bad Debt provision - reduction in year provision.
* Dwelling Rents – Void properties and right to buys have reduced the income expected. Actions are being taken by Housing to reduce the level of voids.
* Item 8 Debit – Change in the rate used to calculate interest charges to the HRA.
* Item 8 Credit – Interest paid to the HRA was higher than expected due to increased HRA balances and an increase in interest rates
* MRP – This is offset by an appropriation from the Loan reserve.
* Capital Expenditure – This is the planned contribution to the HRA new build reserve, this underspend is offset by a £1,111K contribution to the HRA new build reserve and overspends in other areas.
* Service Reviews – transformation savings not made in year.

**Appendix 3 – Capital Programme – General Fund – Significant Variances**



**Appendix 4 – Unspent Budgets to be carried forward to the 2022/23 Capital Programme**

**General Fund**







**Income Budgets to be carried forward to the 2021/22 Capital Programme**



**Appendix 6 – Unspent Budgets to be carried forward to the 2022/23 Capital Programme**

**Housing Revenue Account – Head of Housing**

