

Bath & North East Somerset Council

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|--|--|-----------------------------------|
| MEETING | Cabinet | |
| MEETING DATE: | 20 July 2021 | EXECUTIVE FORWARD PLAN REFERENCE: |
| | | E 3236 |
| TITLE: | Revenue & Capital Outturn 2020/21 | |
| WARD: | All | |
| AN OPEN PUBLIC ITEM | | |
| List of attachments to this report: | | |
| Appendix 1: Detailed Revenue Budget Outturn | | |
| Appendices 2(i) & 2(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2020/21 | | |
| Appendix 3: Detailed Capital Variance & Rephasing Requests 2020/21 | | |
| Appendices 4(i) & 4(ii): Capital Virements & Capital Programme by Portfolio 2020/21 | | |

1 THE ISSUE

- 1.1 The report presents the revenue and capital outturn for 2020/21, highlighting an on-budget position after allowing for proposed transfers to reserves and carry forwards. Whilst there has been no movement in the reported position against the Quarter 3 forecast, there has been improvement from an under budget position in Adult Social Care of £4.29m, together with the proactive Financial Recovery measures and Covid grant funding that has mitigated all other pressures leaving a further net £1.13m underspend. These are one-off benefits which are proposed to be transferred to reserves to support the Council in dealing with the budgetary impact of Covid in 2021/22.
- 1.2 The report refers to requests to carry forward specific revenue budget items to 2021/22 and to write-off revenue over budgets where recovery in future years would have an adverse impact on continuing service delivery.
- 1.3 It is proposed that £5.42m is transferred to the corporate earmarked reserves used to support the Medium Term Financial Strategy smoothed savings approach. This will part replenish these reserves, following the use of £8.5m approved as part of the 2021/22 Budget Report to support the budget.
- 1.4 The report also refers to requests to re-phase specific capital budget items to 2021/22 and to remove net capital underspends.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Note the revenue budget outturn on budget position for 2020/21, after allowing for carry forwards and transfers to reserves.**
- 2.2 Approve the revenue carry forward proposals listed in the tables in paragraph 3.8.**
- 2.3 Approve that all over budgets are written-off as an exception to the Budget Management Rules for 2020/21.**
- 2.4 Approve the transfer of £5.42m to corporate earmarked reserves, the breakdown of which is detailed in paragraph 3.9;**
- 2.5 Note the revenue virements for 2020/21 reported for information in Appendix 2(i)**
- 2.6 Note the reserve positions and the use of flexible capital receipts shown in paragraphs 3.18-3.20;**
- 2.7 Note the outturn position of the 2020/21 capital programme in paragraph 3.35, and the funding outlined in paragraph 3.37;**
- 2.8 Approve the capital rephasing and write-off of net underspends as listed in Appendix 3. This reflects the outturn spend position on projects against final budgets as detailed in Appendix 4(ii).**

3 THE REPORT

- 3.1 This report provides information about the Council's financial performance against its revenue and capital budgets in 2020/21.**

Revenue Budgets

- 3.2 The report identifies that, after allowing for carry forwards and transfers to corporate reserves, the Council delivered an on budget position in 2020/21.**
- 3.3 This represents a significant achievement, considering the financial pressures caused by the Covid-19 pandemic, with substantial income losses in Heritage Services, Parking and Commercial Rents, as well as other income generating services, combined with new Covid related expenditure pressures.**
- 3.4 The balanced outturn position has been delivered within the context of the unprecedented demands being placed across Council services in response to the pandemic. Examples of some of those service demand pressures include, Adult Social Care, Wellbeing Services, addressing the needs of the homeless community, supporting schools and vulnerable pupils, providing infection control**

support to key settings, track and trace activity, support for the vaccination hub and the delivery of the business support grant schemes.

3.5 The table below shows the overall revenue outturn position by portfolio:

| Portfolio | Revised Budget £'m | Outturn £'m | Variance Over / (Under) £'m |
|---|-------------------------------|------------------------|--|
| Leader | (0.63) | (0.01) | 0.62 |
| Resources | 8.64 | 2.03 | (6.60) |
| Adult Services | 54.95 | 50.27 | (4.68) |
| Children's Services | 30.96 | 32.84 | 1.88 |
| Climate Emergency & Neighbourhood Services | 17.00 | 16.84 | (0.16) |
| Transport Services | (0.36) | (0.06) | 0.30 |
| Housing, Planning & Economic Development | 4.00 | 2.83 | (1.17) |
| Community Services | (3.36) | 0.72 | 4.08 |
| Total (before Carry Forwards and Transfers to Reserves) | 111.19 | 105.46 | (5.73) |
| Carry Forwards Requests | | | 0.31 |
| Proposed Transfers to Reserves | | | 5.42 |
| Total (Including Carry Forwards and Transfers to Reserves) | | | 0 |

Note1: Some of the figures in this table are affected by rounding.

3.6 The main areas of over/under budget and change against the April to December outturn forecast position are as follows:

Leader (£0.62m over budget, £0.63m adverse movement)

The closure of the Council's destination tourism company Visit Bath in favour of an alternative model has resulted in an over budget position of £0.51m relating to the impact of funding the liabilities underwritten by the Council. Reserve funding was approved to cover these liabilities, however this pressure has been mitigated through the financial recovery plan and additional Covid grant. Income from the Council's housing delivery company from Dividends and market interest paid on loans was £0.89m compared to the £1m budget, the variance of £0.11m

reflects the revised profile of loan drawdowns to support development schemes, resulting in lower interest receipts than previously forecast.

Resources (£6.60m under budget, £1.25m favourable movement)

The Council's Commercial Estate has been significantly impacted by the pandemic, which has resulted in difficulties in letting units and achieving pre-pandemic market rent levels. This will likely continue into 2021/22 and levels of outstanding rent arrears are being closely monitored. The variance to budget at year end for 2020/21 is an adverse position of £8.11m, of this variance c£5m is due to the downturn in realisable income during 2020/21. This is made up of rising voids, reductions in current market rent and also outstanding debt that is now at risk. The remaining c£3m is due to a one-off technical accounting adjustment at year end that aligns the billing period and financial year as this needed aligning in the Councils accounts. The 2021/22 budget has been rebased, with the income budget reduced by £5m to reflect the pressure on rental income.

The ICT service has experienced additional pressures placed upon it throughout the year as a result of large sections of the organisation working remotely and as a result was over budget by £0.47m.

Corporately held savings targets relating to Digital £0.75m, Improving How We Work £0.3m and Procurement £0.3m were thoroughly reviewed and assessed as not deliverable in 2020/21 or 2021/22. These are primarily cross Council efficiency programmes requiring staff savings and the deliverability of the savings have been impacted by the Covid pandemic and the diversion of resource to focus on the new demands being placed on the organisation. The on-going pressure has been addressed in the 21/22 approved budget.

Reduced borrowing costs resulting from both higher cash balances and a reprofiled capital programme (£3.3m), combined with £12.4m benefit of corporately held Covid-19 support grants have offset the aforementioned pressures, creating an overall favourable position for the portfolio.

The un-ringfenced Covid support grants were held corporately within the Resources portfolio and have also contributed to the mitigation of Covid service pressures highlighted across other portfolios.

Adult Services (£4.68m under budget, £2.96m favourable movement)

Adult Services have been greatly affected by the Covid-19 Pandemic which has resulted in positive variances in commissioned purchasing budgets. This was partially due to placements resulting from a hospital discharge being funded via the NHS funded hospital discharge pathway from March 2020 until November 2020 and for the first 6 weeks from November to the end of the 2020-21 year. This resulted in lower social care placements in both number and value.

The community services, in particular day care and respite care were required to close in line with lockdown requirements, so were unavailable for most of the year, and where they were available, delivered a reduced service to ensure compliance with Covid-19 precautions. This resulted in reduced direct spend on these services and is reflected in the underspend budget position.

Throughout the year, financial support was given to care providers in the form of supplier relief, to ensure that providers were able to continue to deliver services by retaining their resources and working with commissioners to deliver services in alternative ways to ensure people were supported in their needs. These costs were covered by the underspend position within budgets.

The service supported the Council's adverse financial position by delivering £3.6m of in year recovery savings, reflected in the final underspend budget position. Further actions have taken place to drive change and achieve the in-year recovery savings, including targeted reviews and use of panels to ensure that the care approved is the correct care. The service has been successful in delivering this value, mainly through one-off savings.

Children's Services (£1.88m over budget, £0.14m favourable movement)

Children's Services worked hard to deliver services within the financial envelope in 2020/2021. The Covid 19 pandemic did impact the budget position in 2020/2021.

Included in the £1.88m over budget position is £1.56m of Covid expenditure relating to placement and package costs. The Outturn also includes the delivery of in-year Financial Recovery savings totalling £0.61m, which were in the main one-off. If Covid expenditure is removed from the Outturn position, the Children's Services over budget position reduces to £0.32m.

The main drivers of the over budget position of £1.88m are considerable ongoing pressures due to Joint Agency Pooled (JAP) and Residential placement spend, totalling £2.65m. This is primarily due to an exceptionally complex placement that is not typical of historical costs. The JAP expenditure increase year on year and subsequent financial pressure, is as a result of support packages needed to keep children safe and for the complex packages of care required for the children with highest need. The Residential pressure included increased expenditure from additional placements in relation to contextual safeguarding.

The £2.65m pressure from JAP and Residential spend was offset by under budget positions across other demand driven budget areas totalling £0.6m. This was a result of lower spend than budget on Foster Carers, due to Covid affecting the recruitment of new Foster Carers in the initial lockdown and reduced spend on Parent and Baby placements. The reduced Parent and Baby spend was a result of ongoing development and implementation of the practice framework.

The JAP and Residential pressure was further offset by £0.15m reduced spend versus budget across the Early Years area. This was due to Covid reducing the ability to provide services as normal.

For 2021/2022 the £1.8m underlying pressure across JAP and Residential has been added into the base budget for Children's Services.

Climate Emergency & Neighbourhoods (£0.16m under budget, £0.04m favourable movement)

Pressures in the Waste Service due to increased staffing costs, significant increases in tonnages as a result of increased home working, and a loss in trade

waste income have been offset by delays in recruitment within the Sustainability cash limit, resulting in a favourable budget position across the portfolio.

Transport Services (£0.30m over budget, £0.99m favourable movement)

Parking is one of the key income generating areas of the Council and has been considerably impacted by lockdown and social distancing restrictions. Income fell £5.8m short of budget, while the Council received £3.9m sales, fees and charges compensation grant to part mitigate. Further recovery plan savings were achieved, reducing the adverse Parking outturn variance to £0.83m. Recovery plan savings were also realised across Highways and Traffic Management, and Public and Passenger Transport, resulting in under budget positions at year end. Costs of PPE and new infrastructure for temporary resting places also contributed to the adverse budget position on this portfolio.

Housing, Planning & Economic Development (£1.17m under budget, £0.13m favourable movement)

All four services within the portfolio (Housing, Business and Skills, Regeneration, and Planning) ended the year in an under-budget position, achieving their recovery plans through salary savings and delaying project spend.

Community Services (£4.08m over budget, £0.83m favourable movement)

This portfolio has been significantly affected by the Covid-19 pandemic, as many of the services are income generating for the Council. The largest of which is Heritage Services, which experienced a shortfall in income of £19.7m against budget. This was partially mitigated through both government Sales, Fees and Charges compensation and internal recovery plans. However, the service could not avoid falling £3.5m short of their budgeted profit target. Other services impacted by loss of income have also been part compensated through the government compensation scheme, which include Parks, Building Control and Land Charges, Registrars and Events. In addition, the Council has incurred additional costs supporting its Leisure provider during the year.

3.7 Further detail of outturn budget variances is attached at Appendix 1.

Carry Forward Requests

3.8 The following carry forward requests have been made for approval:

| Request and Reason for Request | £ |
|---|----------|
| Waste – Cleansing Service £100k growth in the 20/21 budget to progress priorities across the service was delayed due to the pandemic. The carry forward will allow the progression of members priorities in the new financial year. This will fund 2 vehicles and 3 crew members for 6-month programme tackling a backlog of ward councillors' initiatives in the outer Bath wards (including parking suspensions) and a further 5 months of tackling cleansing hotspots more frequently. | 100,000 |

| Request and Reason for Request | £ |
|--|----------------|
| <p>Development Management – Planning Activities</p> <p>Covid restrictions throughout the year have prohibited the progress of some specific projects for which we have received funding from external sources to deliver. Those projects include the enforcement of planning conditions for complex cases, assessments of strategic sites in B&NES to ensure that our development allocations are properly assessed and are deliverable and help to deliver the Council's objectives on the climate and nature emergencies. Part of the carry forward is for the delayed ecological / habitat survey work relating to the WECA Spatial Development Strategy and the West of England authorities' approach to Biodiversity Net Gain.</p> | 77,362 |
| <p>Business & Skills – Skills Projects</p> <p>Delayed projects have been re-scheduled for 21/22 due to re-prioritised commitments to the Council's COVID response. Those projects include an Economic Strategy Refresh, an Invest in Bath website redesign and support for Employment and Skills POD Future Bright coaches.</p> | 68,472 |
| <p>Sustainability – Renewal Vision</p> <p>This funding was allocated to support the second stage of strategic development of the Renewal Vision, which enables alignment and delivery of major regeneration projects. Delays in the completion of the first phase has had a knock-on effect on commissioning of the second phase, meaning that the project was not complete in 20/21. The carry forward is to ensure the work can be completed during 21/22.</p> | 30,000 |
| <p>Human Resources – Apprenticeship Training Income</p> <p>Apprenticeship incentive funds paid to B&NES by the government that have not yet been spent but will be required in 21/22.</p> | 20,500 |
| <p>Events and Active Lifestyles – City Centre Events</p> <p>Funding for the We Love Our Highstreets project has been committed to creating an Arts trail in vacant units around the city centre of Bath. A lease has been taken out with property services as part of the project and the events team are working with Bath Spa University and other stakeholders to expand the project. Due to these commitments the service has requested the funding is carry forward into 21/22 to complete the project.</p> | 8,873 |
| <p>Regeneration – Fixed Term Post</p> <p>Funding received from external sources for an 18-month fixed term post that runs across two financial years.</p> | 6,479 |
| Total | 311,686 |

3.9 After allowing for the above carry forwards, it is proposed that the net under budget position of £5.42m, is transferred to the following corporate earmarked reserves used to support the Medium Term Financial Strategy smoothed savings approach. This will replenish these reserves, following the use of £8.5m approved as part of the 2021/22 Budget Report to support the budget.

| Corporate Earmarked Reserve | Transfer Amount £m |
|--|-------------------------------|
| Financial Planning & Smoothing Reserve | 4.608 |
| Transformation Investment Reserve | 0.703 |
| Revenue Budget Contingency Reserve | 0.104 |
| Total | 5.415 |

3.10 It is recommended that all over budgets are written off as an exception to the Budget Management Scheme Rules to retain budget stability in 2021/22.

Delivery of Savings and Recovery Plans

3.11 The 2020/21 approved budget included the requirement for the delivery of £4.85m of savings. Whilst some historical savings relating to digital and the improving how we work programme were not deliverable and have consequently been addressed in the 2021/22 budget, the majority of the £4.85m savings for 2020/21 were achieved. The main exception being £0.9m of increased net income from Heritage Services, the achievement of which wasn't possible during the pandemic.

3.12 Of the £20.7m Financial Recovery Plans agreed by Cabinet in July 2020, approximately £14.8m were delivered in full. The remaining £5.9m were corporate initiatives, including the use of contingency budgets, reserves and salary budget savings, which were not required to support the revenue position following the announcement of the government's Sales, Fees and Charges Compensation Scheme as well as the additional Covid support grant funding. As a result, the overall revenue outturn position has been managed within budget and the organisation has maintained resource to respond to the challenges of the pandemic.

Schools

3.13 The overall Dedicated Schools Grant for 2020/21 was £149.642m, however of this sum £104.016m was returned to the DFE to be allocated to academies, £13.693m was allocated to schools through funding formula, with the remaining £30.683m (after the prior year overspend of £1.249m) retained by the LA to support Special Educational Needs, central expenditure and Early Years.

3.14 The centrally held elements of the Dedicated Schools Grant (DSG) were over budget by £4.174m, due to significant increases in numbers and cost of placements for children with SEND which is funded from the high needs block within the Dedicated Schools Grant. This Overspend will be carried forward along with the accumulated deficit on the DSG of £1.249m giving a total overspend to be carried forward of £5.424m. In line with Government guidance any overspend is carried forward for recovery against future DSG funding. Therefore, the Council cannot fund this pressure from its own non DSG funding (unless permission is given by the Secretary of State to disregard the requirement to fund from the DSG). Year-end budgets have been adjusted to reflect the transfer of the £5.424m overspend into a specific unusable reserve for recovery against future DSG funding. This treatment is in line with recently announced government guidance stating that DSG in-year and cumulative deficits should no longer be held as a negative earmarked reserve and should instead be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. This accounting treatment has the effect of separating schools budget deficits from the Councils' general fund and covers the period of three financial years from 1st April 2020 to 31st March 2023.

3.15 Schools balances increased by £644k to £1.23m at the year-end. This increase is partly due to schools with deficits converting to academies and taking their deficit out of the LA schools balances. These balances are closely monitored by Schools Forum which has adopted an excessive balances policy in line with continued DFE best practise guidance. All schools with balances deemed to be excessive are challenged to explain their position. Most large balances are retained as part of plans for capital projects in schools.

Public Health

3.16 The Public Health budget is currently ringfenced. The year-end outturn was in line with the value of the grant funding, resulting in a balanced position against the value of this funding, including transfers to the Public Health Reserve. Reduced activity levels have been seen against some contracts due to the impact of the Covid-19 pandemic, this has resulted in a transfer to the Public Health reserve of £0.547m for use in future years. The revised balance held in the reserve is £0.589m as at 31st March 2021. Budgets have been adjusted to reflect the transfer from reserves.

Covid Grant Funding Summary

3.17 The following table provides a summary of the Government grant funding received during 2020/21 in respect of the Covid 19 pandemic. The majority of the funding has been utilised in the 2020/21 revenue outturn position. The unutilised balance on some grants has been transferred to earmarked reserves so they are available to fund costs arising in 2021/22.

| Covid Grant Support 2020/21 | Grant Rec'd £m | Utilised in 2020/21 £m | Balance trf to Reserves £m | Reserve |
|---|---------------------------|---|---|-----------------------|
| Covid 19 - Local Government Support Grant | 11.94 | 11.94 | 0.00 | |
| Sales, Fees and Charges Compensation Scheme | 17.72 | 17.72 | 0.00 | |
| Covid Winter Grant Scheme | 0.50 | 0.50 | 0.00 | |
| Test & Trace Support Scheme | 0.26 | 0.14 | 0.12 | Covid General Reserve |
| Contain Outbreak Management Fund | 4.46 | 1.02 | 3.44 | COMF Reserve |
| LA Test & Trace Support Grant (LOMP) | 0.85 | 0.06 | 0.79 | Test & Trace Reserve |
| Council Tax Hardship Grant | 1.29 | 1.00 | 0.28 | Covid General Reserve |
| Covid Rapid Testing Fund | 0.56 | 0.56 | 0.00 | |
| Covid Infection Control Grant | 4.06 | 4.06 | 0.00 | |
| Business Support Grants New Burdens Grant | 0.25 | 0.03 | 0.21 | Covid General Reserve |
| Coronavirus Job Retention Scheme Grant | 0.56 | 0.56 | 0.00 | |
| Other Grants | 1.25 | 1.25 | 0.00 | |
| Total | 43.69 | 38.84 | 4.85 | |

Reserves and Flexible Capital Receipts

3.18 The year-end position of earmarked reserves, taking into account the 2020/21 outturn, are shown in the table below.

| Council's Earmarked Reserves | £'m |
|--|---------------|
| <i>Corporate Earmarked Reserves</i> | |
| Insurance Fund | 0.913 |
| Capital Financing Reserve | 10.092 |
| Revenue Budget Contingency | 6.238 |
| Transformation Investment Reserve | 3.130 |
| Business Rates Reserve | 6.495 |
| City Deal Smoothing Reserve | 1.635 |
| Restructuring & Severance Reserve | 2.183 |
| Financial Planning and Smoothing Reserve | 7.059 |
| Invest to Save Reserve | 0.350 |
| Public Health Grant Reserve | 0.589 |
| Community Empowerment Fund | 0.324 |
| Revenue Grants Unapplied | 0.725 |
| Revenue Funding of Capital Reserve | 0.547 |
| Covid19 Outbreak Management Fund Grant Reserve | 3.443 |
| Covid 19 Test & Trace Reserve | 0.790 |
| Covid 19 General Reserve | 0.615 |
| Other | 0.620 |
| <i>Sub Total</i> | 45.748 |

| Council's Earmarked Reserves | £'m |
|--|----------------|
| S31 Business Rate Retail Relief Compensation Grant Reserve | 39.045 |
| Schools Balances | 1.230 |
| Service Specific Reserves | 2.669 |
| General Service Reserves | 12.226 |
| Total Earmarked Reserves | 100.918 |
| Reserve balances excludes any 2021/22 transfers agreed as part of the 2021/22 Budget Report and the transfers proposed in paragraph 3.9. | |

Note: Some of the figures in this table are affected by rounding.

3.19 The S31 Business Rate Retail Relief Compensation Grant Reserve is a temporary reserve to manage the timing difference between the receipt of government grant funding in 2020/21 and the use of this grant to fund the associated Business Rate Collection Fund Deficit in 2021/22 as required under Collection Fund accounting regulations. Further detail is provided in paragraph 3.27.

3.20 The year-end position of uncommitted non-earmarked reserves was £13.5m in line with the risk assessed requirements of a range of £12.3m to £13.5m agreed in the 2020/21 Budget Report.

Flexible Use of Capital Receipts

3.21 Council approved a revised Efficiency Strategy in February 2021 as part of the 2021/22 budget. This enables the authority to utilise capital receipts for once-off spend such as severance costs that result in the delivery of ongoing savings. Flexible capital receipts of £0.1m were utilised in 2020/21 taking the total used to £7.93m and it is estimated that this spend will contribute to the release of ongoing revenue savings of £12.51m by 2021/22. Further details of spend and savings are shown in the following tables.

| Category | Spend | | | | |
|---|---------------|---------------|---------------|---------------|--------------|
| | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m | Total £m |
| Restructuring & Severance Costs | 3.124 | 3.045 | 0.955 | 0.096 | 7.220 |
| Procurement, Commissioning and other service redesign | 0.000 | 0.408 | 0.306 | 0.000 | 0.714 |
| Total | 3.124 | 3.453 | 1.261 | 0.096 | 7.934 |

| Category | Cumulative Savings | | | | |
|---|--------------------|---------------|---------------|---------------|---------------|
| | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2020/21 £m |
| Restructuring & Severance Costs | 0.102 | 2.658 | 5.547 | 6.091 | 6.219 |
| Procurement, Commissioning and other service redesign | 0.000 | 3.425 | 6.127 | 6.290 | 6.290 |
| Total | 0.102 | 6.083 | 11.675 | 12.381 | 12.510 |

Council Tax, Business Rates and Collection Fund

Council Tax

3.22 Council tax collection improved steadily throughout the year. The income levels, when compared to payment rates for the same periods in 2019/20, have improved from an initial reduction of c8% in April to a final reduction of under 0.5% by the end of the year. This improvement has reduced the increase in the Bad Debt Provision that was being forecast at Quarter 3 benefitting the Collection Fund position by around £1m.

3.23 The Council has seen a large increase in the number of people claiming Local Council Tax Support since April. The 2020/21 tax base included an adjustment of £9.56m for the estimated costs of the LCTSS. At the end of the financial year the cost rose to £10.29m, an increase of £0.73m. The number of working age claimants at the end of March was 6,801 compared to the budget assumption of 5,939, an increase of c15%. The increase follows the national trend of increases in people claiming Universal Credit. The claimant level stabilised during the second half of the year and came in around £0.5m lower than the level that was being forecast at Quarter 3.

3.24 Taking both these improvements over Quarter 3 forecast into account, the final in year deficit on the Collection Fund in respect of Council Tax was £0.40m. This is partly offset by the £0.55m surplus carried forward from 2019/20, leaving a net surplus of £0.15m, of which the Council's share is £0.13m. This represents an improvement of £1.55m over the Quarter 3 forecast, of which the Council's share is £1.30m.

3.25 The Council has qualified for £0.77m compensation under the government's Council Tax Income Guarantee grant funding scheme reflecting the reductions in Council Tax income against the schemes baseline, mainly as a result of the increase in Local Council Tax Scheme Claimants during the year. The grant income has been transferred to the Financial Planning Reserve so it is available to support the smoothing of future years Medium Term Financial Strategy pressures.

Business Rates

3.26 The outturn position for the Business Rate element of the collection fund is a deficit of £0.8m, after allowing for additional s31 grant funding in respect of the

extended retail reliefs which were announced by government after the 2020/21 budgets were set. The table below shows the Council's share of the deficit is £0.5m. This represents an improvement over the Quarter 3 forecast position of £2.6m. The main reasons for the improved position were due to:

- a) a reduction in the required appeals provision transfer, mainly reflecting the government announcement that it will legislate to disallow appeals from businesses in respect of "Material Change of Circumstances" due to the impacts of the Covid pandemic (£1.1m), and
- b) lower than forecast business rates reliefs (Empty Property and Retail Relief) of £0.6m and Bad Debt Provision requirement of £0.6m.

| Business Rates Collection Fund | Outturn Position | | Qtr3 Forecast | | Change |
|---|-------------------------|-----------------------------|----------------------|-----------------------------|-----------------------------|
| | Total (£m) | B&NES Share (£m) | Total (£m) | B&NES Share (£m) | B&NES Share (£m) |
| Collection Fund - Projected 2020/21 In Year Deficit | 41.7 | 39.2 | 44.6 | 41.9 | -2.7 |
| Additional Extended Retail Relief Impact funded through s31 grant | -41.2 | -39.0 | -41.6 | -39.1 | 0.1 |
| Deficit after Extended Retail Relief s31 grant funding | 0.5 | 0.2 | 3.0 | 2.8 | -2.6 |
| 2019/20 Deficit carried Forward | 0.3 | 0.3 | 0.3 | 0.3 | 0.0 |
| Total Projected Deficit | 0.8 | 0.5 | 3.3 | 3.1 | -2.6 |

3.27 As set out in the Budget Report, the Council's share of the deficit that relates to the extended retail relief, which was introduced by government after the 2020/21 budget was set, is £39.0m. The s31 compensation grant in respect of this change was received in 2020/21 and has been transferred to the "S31 Business Rate Relief Compensation Grant Reserve" so it is available in 2021/22 to offset recovery of this element of the deficit. In addition to this, the Council holds a general Business Rates Reserve to ensure that the General Fund is not adversely impacted in any one year. Following outturn transfers, the balance of the Business Rate Reserve was £6.5m as at the 31st March 2021. The collection rate for Business Rates was 94.36% (98.06% 2019/20).

Overall Collection Fund

3.28 The following table shows the overall estimated position, for which provision was made in the 2021/22 Budget Report, and the actual outturn position for the Council share of the Collection Fund for 2020/21. These figures exclude preceptor shares:-

| | Estimated Surplus/ (Deficit) £'m | Actual Surplus/ (Deficit) £'m | Difference £'m |
|--------------------|---|--|---------------------------|
| Council Tax | (1.165) | 0.132 | 1.297 |
| Business Rates* | (3.206) | (0.479) | 2.727 |
| Total | (4.371) | (0.347) | 4.024 |

*Net of Extended Retail Relief impact funded by grant (£39.05m)

3.29 At an overall level, the outturn position on the Collection Fund improved by £4.024m over the estimated position and this difference will be taken into consideration when estimating the closing 2021/22 Collection Fund position as part of the 2022/23 Budget process.

Council Tax Hardship Fund

3.30 Following the outbreak of Covid-19 and the advice of the UK Government on self-isolation and the temporary closure of Businesses and places of work, the Government made available a £500m Hardship fund for Local Authorities, with the expectation that it will primarily be used to provide Council tax relief under section 13A (1) (c) of the Local Government Finance Act 1992. The Council received £1,288,040 to fund the costs of these reliefs.

3.31 The government guidance gives minimum requirements expected of each local authority, which is to apply a further reduction of the lower amount of the claimant's residual Council tax liability or £150.00 to all recipients of working age local Council tax support (LCTS) during the financial year 2020/21.

3.32 The year end position is that reliefs totalling £1,004,085 have been applied to 7,636 Council Tax Accounts.

3.33 The remaining balance of grant funding has been carried forward to 2021/22 through the Council's Covid General Earmarked Reserve.

Business Support Grants

3.34 The Council has been responsible for the administration and processing of Business Grants to support local businesses on behalf of the Government. The series of grants were split into two lockdown periods and the tables below outline the type, number and value of the grants which the Council has administered and paid up to the 31st March 2021.

Grants covering May to September 2020

| Grant Scheme | Grants Processed for Payment | Total Paid (£m) |
|--|-------------------------------------|------------------------|
| Small Business Grants | 2,140 | 21.40 |
| Retail, Hospitality & Leisure Grants | 984 | 19.38 |
| Discretionary Grants (businesses not eligible for main grants) | 346 | 2.11 |
| Sub Total | 3,470 | 42.89 |

Grants covering November 2020 to March 2021

| Grant Scheme | Grants Processed for Payment | Total Paid (£m) |
|--|-------------------------------------|------------------------|
| Covid-19 Additional Restrictions Grant | 2,254 | 4.54 |
| Local Restrictions Support Grant - Closed Lockdown | 1,722 | 2.89 |
| Local Restrictions Support Grant - Closed Tier 2 | 1,205 | 0.55 |
| Local Restrictions Support Grant - Open | 2,614 | 1.03 |
| LRSG (Closed) Addendum: 5th January onwards | 4,090 | 8.63 |
| Closed Business Lockdown Payment | 1,680 | 8.46 |
| Sub Total | 13,565 | 26.10 |

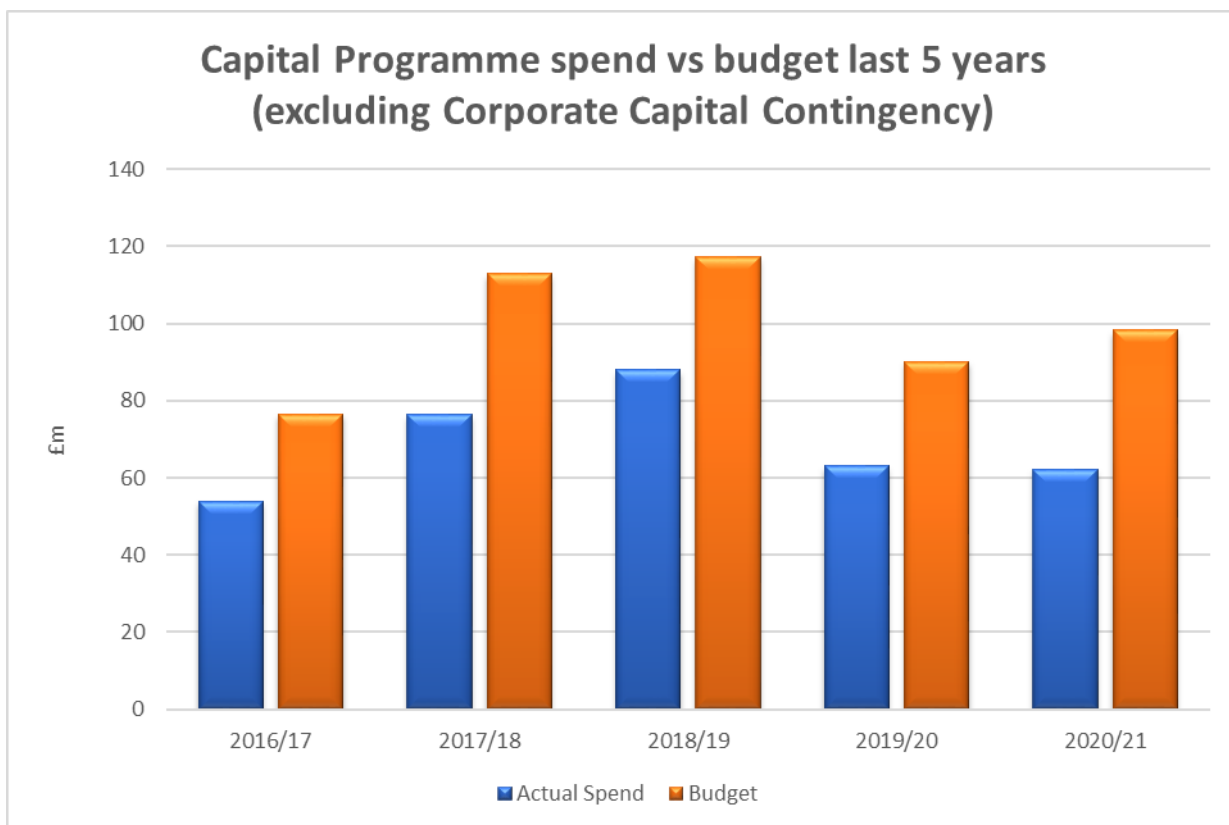
| | | |
|---|---------------|--------------|
| Overall Total Payments - 2020/21 | 17,035 | 68.99 |
|---|---------------|--------------|

Capital Programme

3.35 The capital spend in 2020/21 was £62.202m (63%) against a budget of £98.230m giving a variance of £36.029m, primarily reflecting the delivery time to complete projects moving into future financial periods.

| Portfolio Summary | 2020/2021 Outturn Position | | | |
|--|----------------------------|----------------|-----------------|---|
| | Capital Budget £'m | Outturn £'m | Variance £'m | Rephasing to 2021/22 Requested £'m |
| Resources & Deputy Leader | 14.394 | 7.869 | (6.525) | 6.511 |
| Adult Services | 0.336 | 0.202 | (134) | 134 |
| Children's Services | 8.791 | 4.399 | (4.391) | 4.353 |
| Climate Emergency & Neighbourhood Services | 15.965 | 7.778 | (8.187) | 8.186 |
| Transport Services | 11.806 | 9.206 | (2.600) | 2.566 |
| Housing, Planning & Economic Development | 40.280 | 27.862 | (12.418) | 12.418 |
| Community Services | 6.659 | 4.886 | (1.773) | 1.746 |
| TOTAL | 98.230 | 62.202 | 36.029 | 35.916 |

3.36 Of this variance, £35.916m is requested for carry forward to 2021/22 to cover re-phased costs of capital projects. The detailed outturn position and re-phasing of each individual project is attached at Appendix 3. The delivery of the capital spend compared to budget over the last five years is shown in the following graph:



3.37 The funding of the capital programme for 2020/21 is as follows:-

| | £'m |
|---|---------------|
| Total Capital Spending: | 62.202 |
| Funded by: | |
| Capital Receipts | 0.644 |
| Capital Grants | 40.487 |
| 3 rd Party Receipts (inc S106 & CIL) | 2.916 |
| Revenue | 0.503 |
| Prudential Borrowing (Implied Need) | 17.652 |
| Total | 62.202 |

3.38 The Council's provisional Capital Financing Requirement (CFR) as at 31st March 2021 is £326.9 million. This represents the Council's requirement to borrow to finance capital expenditure and demonstrates that total borrowing of £243.5 million remains well below this requirement as at 31st March 2021. This illustrates the extent to which the Council is currently cash-flowing capital projects in line with the Treasury Management Strategy to minimise borrowing costs.

4 STATUTORY CONSIDERATIONS

4.1 The annual Medium-Term Financial Strategy and planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council has performed against the budget and Capital Programme set in February 2020.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 These are contained throughout the report and appendices.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

6.2 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget were assessed by each Strategic Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

7 CLIMATE CHANGE

7.1 The Medium Term Financial Strategy and budget process aligns resources towards the corporate priorities and objectives set out in the Corporate Strategy, which includes tackling the climate emergency. This report monitors the Council's financial performance against those budgets.

8 OTHER OPTIONS CONSIDERED

8.1 The option to carry forward over budgeted spend could be considered which would mean that services would have to make up any deficits in 2020/21 with a considerable impact on service delivery especially in light of the financial recovery measures already required in 2021/22 in respect of mitigating the financial impacts of Covid 19.

9 CONSULTATION

9.1 Consultation has been carried out with the Cabinet Member for Resources, Directors, Section 151 Finance Officer, Chief Executive, Chief Operating Officer and Monitoring Officer.

9.2 The provisional outturn position has been discussed at Senior Leadership Team and Corporate Management Team in May.

| | |
|--|--|
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| Background papers | 2020/21 Budget Monitoring reports to the Cabinet; Revenue and Capital Budget Setting reports, Budget Management Scheme |
| Please contact the report author if you need to access this report in an alternative format | |