

## Bath & North East Somerset Council

MEETING	<b>Cabinet</b>	
MEETING DATE:	<b>14 July 2022</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 3371</b>
TITLE:	<b>Revenue &amp; Capital Outturn 2021/22</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
<b>Appendix 1:</b> Detailed Revenue Budget Outturn		
<b>Appendices 2(i) &amp; 2(ii):</b> Proposed Revenue Virements & Revised Revenue Cash Limits 2021/22		
<b>Appendix 3:</b> Detailed Capital Variance & Rephasing Requests 2021/22		
<b>Appendices 4(i) &amp; 4(ii):</b> Capital Virements & Capital Programme by Portfolio 2021/22		

### 1 THE ISSUE

- 1.1 The report presents the revenue and capital outturn for 2021/22, highlighting a favourable outturn position of £4.03m after allowing for agreed transfers to/from reserves and carry forwards. This is an improvement of £3.97m from the reported position in the Quarter 3 forecast, primarily driven by increased parking income, higher cash balances reducing borrowing costs, and short-term funding supporting Adult Social Care.
- 1.2 The report refers to requests to carry forward specific revenue budget items to 2022/23 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 £4.03m is transferred to corporate earmarked reserves to smooth park & ride contract annual income risks during the Covid recovery period and to provide for the significant increase in energy inflation in 2022/23.
- 1.4 The report also refers to requests to re-phase specific capital budget items to 2022/23 and to remove net capital underspends.

## **2 RECOMMENDATION**

The Cabinet is asked to;

- 2.1 **Note the revenue budget outturn on budget position for 2021/22, after allowing for carry forwards and transfers to reserves.**
- 2.2 **Approve the revenue carry forward proposals listed in the tables in paragraph 3.30.**
- 2.3 **Approve that all other over budgets are written-off as an exception to the Budget Management Rules for 2021/22.**
- 2.4 **Approve the transfer of £4.03m to corporate earmarked reserves, the breakdown of which is detailed in paragraph 3.31;**
- 2.5 **Note the revenue virements for 2021/22 reported for information in Appendix 2(i)**
- 2.6 **Note the reserve positions and the use of flexible capital receipts shown in paragraphs 3.40-3.43;**
- 2.7 **Note the outturn position of the 2021/22 capital programme in paragraph 3.52, and the funding outlined in paragraph 3.54;**
- 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 2021/22.

### **Revenue Budgets**

- 3.2 The report identifies that, after allowing for carry forwards and transfers to corporate reserves, the Council delivered a favourable outturn position of £4.03m in 2021/22.
- 3.3 A favourable outturn position, considering the financial pressures caused by the Covid-19 pandemic and subsequent recovery period, demonstrates strong financial management across the organisation. Income has not recovered to pre-pandemic levels and unprecedented demand pressures continue in all core services, including Adult Social Care, Children's Social Care and Education, Wellbeing Services and Waste Services.
- 3.4 The table below shows the overall revenue outturn position by portfolio:

<b>Portfolio</b>	<b>Revised Budget £m</b>	<b>Outturn £m</b>	<b>Variance Over / (Under) £m</b>
Economic Development and Resources	5.61	7.39	1.78
Climate and Sustainable Travel	1.10	0.77	(0.33)
Adults and Council House Building	56.90	52.84	(4.06)
Children & Young People, Communities & Culture	40.95	43.74	2.79
Neighbourhood Services	24.80	25.44	0.64
Transport Services	(2.90)	(7.38)	(4.48)
Planning	2.12	2.49	0.37
<b>Total (before Carry Forwards)</b>	<b>128.58</b>	<b>125.29</b>	<b>(3.29)</b>
Carry Forward Requests (underspends)			0.43
Carry Forward Requests (overspends)			(1.17)
<b>Total (including Carry Forwards)</b>			<b>(4.03)</b>

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

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

**Economic Development and Resources (£1.78m over budget, £0.55m favourable movement)**

3.6 The impacts of government restrictions at the start of the financial year and the Omicron Covid variant over the winter period has limited visitor numbers and consequently revenue generation in Heritage Services. After rebasing the 2021/22 budget as a response to the pandemic, the service still ended the year with an adverse outturn position of £1.45m. Income from the Thermae Bath profit share has also been reduced by £0.25m compared to budget (after allowing for sales, fees and charges compensation grant).

3.7 However, income from the Commercial Estate has performed better than expected. The Commercial Estate income budget was reduced by £5m in the 2021/22 budget as it was recognised that the pandemic would continue to suppress market rates and increase voids, at least in the short term. The impact of the pandemic in 2021/22 has been less than anticipated; recovery has been quicker than expected due to new lettings picking up earlier than expected; fewer business failures and longer term repayment plans has reduced the bad debt provision (£517k); and less tenant support was required than expected this time last year (£308k of support was provided this financial year). This has resulted in a £2.2m favourable position for the service at year end. To reflect the more positive outlook, £1m of additional income is built into the 2022/23 budget and a further £1m into the 23/24 budget. However, it is recognised that local and national recovery from the pandemic and wider economic

factors put a large degree of risk and uncertainty on market rates, demand and consequently rental income generation. As such, the £2.2m favourable outturn position has been transferred to a new Commercial Estate Reinvestment Reserve earmarked for these risks.

- 3.8 The Preparing for the Future programme continues to develop new approaches to ways of working and how we use our Corporate Estate, but a £1.24m pressure from unachieved income targets, staffing pressures and unbudgeted costs associated with the Bath Community Academy site at Culverhay could not be avoided. On-going pressures have been addressed in the 2022/23 budget.
- 3.9 Dividend payments due from Aequus for 2020/21 and 2021/22 will be released in the 2022/23 financial year, this was signed off by Aequus Board (14th June 2022). This is following the company structure changes approved at the March Council meeting, and as such the outturn position shows a £1.20m adverse variance due to this timing difference. A carry forward has been requested to move this overspend to 2022/23 to match when the dividend will be received and is listed in paragraph 3.30.
- 3.10 The increased use of bed and breakfasts for temporary accommodation means we cannot reclaim subsidy, which has contributed to a £0.27m overspend on the Housing/Council Tax Benefits Subsidy budget.
- 3.11 These pressures are partially offset by recovery of pension deficit costs and temporary high levels of cash balances, which are delaying the need to borrow and result in a favourable £1.53m capital financing and corporate budgets underspend.

**Climate and Sustainable Travel (£0.33m under budget, £0.13m favourable movement)**

- 3.12 The underspend primarily relates to delays in recruitment to the climate team. £0.08m of the underspend is requested as carry forward to 2022/23 to enable the service to commission projects that delays in recruitment prevented this year. This is detailed in paragraph 3.30.
- 3.13 The Clear Air Zone scheme sits within this portfolio and its performance to date is detailed in paragraph 3.39.

**Adults and Council House Building (£4.07m under budget, £1.32m favourable movement)**

- 3.14 The outturn position for Adult Social Care is an underspend variance of £3.92m. This reflects the reduced number of package placements first seen during 2020/21 and continuing throughout 2021/22. Health funding arrangements for hospital discharges were in place all year, the impact of the expected demand from the ending of these arrangements was reduced. These arrangements came to an end at the end of this financial year and discussions and schemes are underway regarding ongoing requirements in 2022/23. The long-reaching impact of the ongoing pandemic is still being felt and future demand on Adult Social Care is expected to return to previously seen levels. This expectation also carries a risk of additional demand being seen when these levels return, in both package numbers and complexity of social care cases.
- 3.15 The level of future demand is still undetermined but is expected to cause pressure on budgets. To balance this, work continues on the delivery of the service

transformation plans to ensure services can be provided to meet and sustain this demand.

- 3.16 Housing ended the year with a favourable outturn position of £0.15m due to additional grant funding for domestic abuse services and a small underspend in supported lodgings' costs.

**Children and Young People, Communities and Culture (£2.79m over budget, £0.15m favourable movement)**

- 3.17 The Children and Young People segment of this Portfolio continued to be affected by the Covid 19 Pandemic during 2021/22 and was over budget by £2.81m at Outturn. The Outturn included £0.75m of Covid related expenditure related to placement and package costs.
- 3.18 The main driver of this over budget position is due to increased costs in the demand-led placement and package budgets. In total, this area is £1.90m over budget including the £0.75m of Covid costs. Joint Agency Panel (JAP) and Residential placements account for £1.40m of the over budget position in this area. Increased spend is a result of placement numbers rising in both these areas versus 2020/21, with contextual safeguarding increasing Residential placement requirements. In addition, increased costs of existing packages due to the increased needs our Children and Young People are presenting with, many because of Covid, have added further financial pressure. There are also increased costs as a result of the complex packages of care needed for those with the highest need in the Disabled Children's Team of £0.29m.
- 3.19 Staffing pressures across the frontline areas of Children's Social Care total £0.36m. This is the result of covering absences within teams, whilst also responding to increasing demand levels and complexity of need. There is also a £0.23m one-off pressure this year from the Year One costs of delivering the transformation projects, this will enable future savings in 2022/23 and beyond of circa £1m per year.
- 3.20 The Education Psychology Service has a £0.16m over budget position. This is due to increased staffing costs needed to provide the Local Authorities statutory duties in this area, caused by significantly increased requests for assessment, a national shortage of qualified EP's and use of agency staff and un-budgeted maternity cover. This pressure has been addressed in the budget for 2022/23.
- 3.21 The Home to School Transport (HTST) service includes a £0.74m over budget position. This significant pressure has been experienced since the start of the 2021/22 academic year. Service pressures including reduced availability of drivers, increased fuel costs and reduced tendering activity for many routes. In addition, the Council has had to absorb increased statutory duty in transporting pupils. This pressure has been addressed in the budget for 2022/23.
- 3.22 Partially mitigating these pressures as a one-off for this year, is the release of £0.59m provision for Troubled Families due to the Government confirming continued funding for this area for the next three years. In addition, savings of £0.13m were achieved from reduced spend on inter-agency adoption fees, this is as a result of the successful operations of Adoption West.
- 3.23 Reduced income for Events due to social restrictions was offset by a small underspend in Customer Services resulting from vacancies.

### **Neighbourhood Services (£0.64m over budget, £0.02m adverse movement)**

- 3.24 Financial support to our leisure operator has caused a £0.28m pressure in the Leisure service.
- 3.25 Significant increases in energy prices have had an adverse impact on the street lighting contract, with costs increasing £0.21m above budget. Increased waste tonnages throughout the year have meant staffing, vehicle and electricity costs have grown throughout the year within the Waste Service. Fortunately, this has been almost fully mitigated by £0.52m of increased income from the sale of recyclates, which is expected to continue into 2022/23. Bereavement Services have ended the year with an adverse outturn position of £0.18m resulting from the extended closure of the Haycombe chapel and some staffing pressures across the service.

### **Transport Services (£4.48m under budget, £0.92m favourable movement)**

- 3.26 Parking budgets were rebased by £3.5m reducing the income target in 2021/22 to mitigate the continued expected income losses resulting from the on-going pandemic. Contrary to expectations earlier in the year, parking income has recovered much quicker than anticipated with the impact of the pandemic increasing preference for personal car use over public transport, resulting in a favourable outturn variance of £3.54m. Street Works and Traffic Management income was £0.27m in excess of budget, which added to over £0.37m of staffing underspend resulted in a £0.61m favourable variance in Network and Traffic Management.

There is a significant financial risk around energy contracts caused by the volatile energy market. The in-year impacts on street lighting have been addressed in the Neighbourhood Services narrative, whilst contingency has been built into the 2022/23 Budget to address the risk that our main gas and electricity contracts are up for renewal at the end of the financial year. Further provision for these rising costs is recommended in paragraph 3.31.

### **Planning (£0.37m over budget, £0.19m favourable movement)**

- 3.27 Planning income has continued to be significantly impacted by the pandemic (£0.26m under budget), with larger income generating applications remaining low compared to 2019/20 levels. The sales, fees and charges compensation scheme grant and staff vacancies have reduced the service adverse outturn variance to £0.05m.
- 3.28 Net licensing income is also £0.32m down against budget, which includes the continued absence of a casino operator. All on-going pressures have been addressed in the 2022/23 Budget.
- 3.29 Further detail of outturn budget variances is attached at Appendix 1.

### **Carry Forward Requests**

- 3.30 The following carry forward requests have been made for approval:

<b>Request and Reason for Request</b>	<b>£</b>
<p><b>Housing Delivery Vehicle – Dividend Receipt</b></p> <p>The carry forward represents a timing delay for when 2020/21 and 2021/22 dividends due from Aequis can be released. These are expected to be received in June 2022 following the company structure changes approved at the March Council meeting.</p>	(1,169,000)
<p><b>Revenues and Benefits Service</b></p> <p>1. The Welfare Support budget was increased by £400k in 2021/22. Although a significant amount of this funding was spent to support low income households and residents in crisis, the demand was insufficient to fully exhaust the funding, therefore £150k of unspent funding is requested to be carried forward to allow continued support to residents during 2022/23.</p> <p>2. The carry forward of £69k represents prior year over charges from HM Courts and Tribunal Services (HMCTS) which will be used to fund council tax recoveries which were delayed due to the pandemic.</p>	219,000
<p><b>Planning Service</b></p> <p>1. The £59k carry forward primarily represents a timing delay in charges for the Local Plan Partial Update (LPPU) examination hearings which will take place early in 2022/23.</p> <p>2. A further £34k carry forward request relates to Planning Enforcement and the legal work that is required for action to be taken.</p>	93,916
<p><b>Sustainability – Renewal Vision and Partnership Work</b></p> <p>The pandemic has caused delays in recruitment which resulted in no staff being available to manage, progress and commission work in accordance with the service's budgeted plan.</p>	75,755
<p><b>Regeneration – Somer Valley Rediscovered Project</b></p> <p>The carry forward represents surplus income from the Somer Valley Rediscovered project in 2021/22 which is required to continue to cover the resources required in 2022/23.</p>	22,760
<p><b>Customer Services – Face to Face Training</b></p> <p>As a result of Covid-19, face to face events have not been able to proceed, including training for parents and young people and professionals. This grant funding from DfE is still required into next year to ensure that the grant money is spent as intended.</p>	17,655
<b>Total</b>	<b>739,914</b>

3.31 After allowing for the above carry forwards, it is proposed that the net under budget position of £4.032m, is transferred to the following corporate earmarked reserves used to support key priorities and risks during 2022/23.

<b>Corporate Earmarked Reserve</b>	<b>Transfer Amount £m</b>
Park & Ride Contract Smoothing Reserve	2.700
Energy Inflation Risk Reserve	1.332
<b>Total</b>	<b>4.032</b>

3.32 It is recommended that all other over budgets are written off as an exception to the Budget Management Scheme Rules to retain budget stability in 2022/23.

### **Delivery of Savings and Recovery Plans**

3.33 The 2021/22 approved budget included the requirement for the delivery of £8.48m of savings. £7.89m (93%) of savings have been delivered during 2021/22. The delivery of £0.48m (6%) savings were delayed but mitigated through other means and £0.12m (1%) savings were not achieved and have been addressed in the 2022/23 Budget.

### **Schools**

3.34 The overall Dedicated Schools Grant for 2021/22 was £160.577m, however of this sum £114.975m was returned to the DFE to be allocated to academies, £12.335m was allocated to schools through funding formula, with the remaining £32.268m (after the prior year overspend of £5.424m) retained by the LA to support Special Educational Needs, central expenditure, and Early Years.

3.35 The centrally held elements of the Dedicated Schools Grant (DSG) were over budget by £8.013m, 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 £5.424m giving a total overspend to be carried forward of £13.438m. 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 £8.013m 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.

3.36 A recovery plan to bring spending in line with budget over the next 5 years has been completed and is being reviewed by the DFE. The DFE will look to enter a



Safety Valve Agreement (a process set up to support Local Authorities with DSG deficits) with the Local Authority (LA), whereby the LA will show its ability to ensure that spending is controlled within the DSG and the DFE will look to support the accumulated overspend. Initial discussions have been held and further work on the agreement will be made in 2022/23 with a planned agreement in place for 2023/24.

- 3.37 Schools balances decreased by £144k to £1.086m at the year-end. This decrease is partly due to some schools utilising their balances for capital projects that had been planned for some time. 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**

- 3.38 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 £0.227m for use in future years. The revised balance held in the reserve is £0.816m as at 31<sup>st</sup> March 2022. Budgets have been adjusted to reflect the transfer from reserves.

### **Clear Air Zone**

- 3.39 The Clear Air Zone (CAZ) Scheme has generated £5.64m from charges and penalty charge notices (to the end of March 2022). This is expected to drop year on year as compliance continues to increase. The scheme generated £2.69m through charges paid on time and those on receipt of penalty charge notices. A further £2.95m has been generated through fines for late payment. The operating costs of the scheme in 2021/22 were £2.48m of which approximately £2m was offset against grants, which equates to a net in-year operating surplus after grant funding of £5.15m. £3.35m has been added to the CAZ smoothing and decommissioning reserves to cover future year costs and the remaining £1.80m is transferred to the CAZ transport investment reserve as part of the £2.5m local contribution being allocated over the next two years to fund transport improvements through the City Region Sustainable Transport Settlement.

## Reserves and Flexible Capital Receipts

3.40 The year-end position of earmarked reserves, taking into account the 2021/22 outturn, are shown in the table below.

<b>Council's Earmarked Reserves</b>	<b>£'m</b>
<b><i>Corporate Earmarked Reserves</i></b>	
Insurance Fund	0.911
Capital Financing Reserve	9.961
Revenue Budget Contingency	3.742
Transformation Investment Reserve	2.403
Business Rates Reserve	3.739
City Deal Smoothing Reserve	1.831
Restructuring & Severance Reserve	1.900
Financial Planning and Smoothing Reserve	7.558
Invest to Save Reserve	0.212
Public Health Grant Reserve	0.816
Community Empowerment Fund	0.324
Revenue Grants Unapplied	0.822
Revenue Funding of Capital Reserve	0.772
Covid19 Outbreak Management Fund Grant Reserve	2.810
Covid 19 Test & Trace Reserve	0.152
Covid 19 General Reserve	4.568
City Region Sustainable Transport Settlement Contribution Reserve	3.000
Other	0.624
<b><i>Sub Total</i></b>	<b>46.145</b>
S31 Business Rate Retail Relief Compensation Grant Reserve	18.506
Schools Balances	1.086
Service Specific Reserves	3.226
General Service Reserves	26.484
<b><i>Total Earmarked Reserves</i></b>	<b>95.447</b>
Reserve balances excludes any 2022/23 transfers agreed as part of the 2022/23 Budget Report and the transfers proposed in paragraph 3.31.	

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

3.41 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 2021/22 and the use of this grant to fund the associated Business Rate Collection Fund Deficit in 2022/23 as required under Collection Fund accounting regulations.

3.42 The year-end position of uncommitted non-earmarked reserves was £12.6m in line with the risk assessed requirements of a range of £11.6m to £12.8m agreed in the 2021/22 Budget Report.

## Flexible Use of Capital Receipts

3.43 Council approved a revised Efficiency Strategy in February 2022 as part of the 2022/23 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 £0.155m were utilised in 2021/22 taking the total used to £8.089m and it is estimated that this spend will contribute to the release of ongoing revenue savings of £12.68m by 2022/23. 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	2021/22 £m	Total £m
Restructuring & Severance Costs	3.124	3.045	0.955	0.096	0.155	7.375
Procurement, Commissioning and other service redesign	0.000	0.408	0.306	0.000	0.000	0.714
<b>Total</b>	<b>3.124</b>	<b>3.453</b>	<b>1.261</b>	<b>0.096</b>	<b>0.155</b>	<b>8.089</b>

Category	Cumulative Savings					
	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Restructuring & Severance Costs	0.102	2.658	5.547	6.091	6.219	6.387
Procurement, Commissioning and other service redesign	0.000	3.425	6.127	6.290	6.290	6.290
<b>Total</b>	<b>0.102</b>	<b>6.083</b>	<b>11.675</b>	<b>12.381</b>	<b>12.510</b>	<b>12.677</b>

## Council Tax, Business Rates and Collection Fund

### Council Tax

3.44 The Council saw a large increase in the number of people claiming Local Council Tax Support (LCTS) as result of the economic impact of the pandemic during 2020/21. The 2021/22 tax base allowed for an increase of 5% on the number of working age recipients as at the end of November 2020 with budgeted costs of LCTS set at £10.97m. The cost at the beginning of April was £10.69m and there was a gradual reduction over the first six months of the financial year, in line with a fall in working age claimants, after which the cost remained fairly stable ending the year at £10.19m. This is £0.78m below the budget estimate and has contributed to a Council Tax Collection Fund surplus at year end. The number of working age claimants at the end of March was 6,269 compared to the budget assumption of 6,915. The reduction is due to claimants ceasing to be entitled to LCTS, for example, where they have returned to employment.

3.45 The Collection Fund has also benefitted from an increase in the number of chargeable dwellings which is above the level forecast when setting the taxbase for

2021/22. Taking both the reduction in LCTSS claimants and the increase in chargeable dwellings into account, the final in-year surplus on the Collection Fund in respect of Council Tax is £1.65m, of which the Council's share is £1.37m. This represents a positive variance of 1.3% against the 2021/22 forecast income. The Council's share of the final position on the Collection Fund including the balance carried forward from 2020/21 is a surplus of £1.58m. This represents an improvement of £0.26m over the estimated surplus provision made in the 2022/23 Budget Report.

## Business Rates

3.46 The outturn position for the Business Rate element of the collection fund is a surplus of £0.82m, after allowing for additional s31 grant funded retail reliefs and future Covid Additional Relief Fund reliefs which were announced by government after the 2021/22 budgets were set. The table below shows the Council's share of the surplus is £0.88m, which represents an improvement over the Quarter 3 forecast position of £1m. The main reasons for the improved position are due to:

- Lower than forecast Bad Debt Provision requirement (£1.3m) due to an improvement in the year end arrears position,
- Partly offset by an increase in business rates reliefs (Empty Property, Small Business and Telecomms) of £0.4m.

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 - 2021/22 In Year Deficit	19.22	18.07	24.11	22.66	(4.59)
<b>Less impacts of reliefs funded through s31 grant:</b>					
Additional Extended Retail Relief	(20.03)	(18.95)	(19.69)	(18.51)	(0.44)
Covid Additional Relief Fund (CARF)	0.00	0.00	(4.29)	(4.04)	4.04
<b>(Surplus) / Deficit after Extended Retail Relief &amp; CARF s31 grant funding</b>	<b>(0.82)</b>	<b>(0.88)</b>	<b>0.13</b>	<b>0.12</b>	<b>(1.00)</b>
2020/21 Surplus carried Forward	(0.93)	(0.87)	(0.93)	(0.87)	0.00
<b>Total Surplus</b>	<b>(1.74)</b>	<b>(1.7)</b>	<b>(0.80)</b>	<b>(0.75)</b>	<b>(1.00)</b>

3.47 The Quarter 3 forecast included an estimated deficit on the Collection Fund for the Council of £4m related to the forecast awards of the Covid Additional Relief Fund (CARF) relief, which was anticipated to be fully granted by the end of the 2021/22 financial year. The relief will now be processed during 2022/23, with the negative impact now occurring in that financial year. The impact will be fully mitigated by s31 compensation grant received from the government.

3.48 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 2021/22 budget was set, is £19.0m. The s31 compensation grant in respect of this change was received in 2021/22 and has been transferred to the "S31 Business Rate Relief Compensation Grant Reserve" so it is available in 2022/23 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 is £3.7m as at the 31<sup>st</sup> March 2022. The 2022/23 budget includes a transfer of £2.2m to the reserve, which will increase the balance to £5.9m.

### Overall Collection Fund

3.49 The following table shows the overall estimated position, for which provision was made in the 2022/23 Budget Report, and the actual outturn position for the Council share of the Collection Fund for 2021/22. These figures exclude preceptor shares:-

	<b>Estimated (Surplus)/ Deficit £'m</b>	<b>Actual (Surplus)/ Deficit £'m</b>	<b>Difference £'m</b>
Council Tax	(1.329)	(1.585)	(0.256)
Business Rates	21.791	17.197	(4.594)
<b>Total</b>	<b>20.462</b>	<b>15.612</b>	<b>(4.850)</b>

3.50 At an overall level, the outturn position on the Collection Fund improved by £4.850m over the estimated position, including the £4m timing difference related to the CARF business rate relief. The overall difference will be taken into consideration when estimating the closing 2022/23 Collection Fund position as part of the 2023/24 Budget process.

## Business Support Grants

3.51 The Council continued to be responsible for the administration and processing of Business Grants to support local businesses on behalf of the Government during 2021/22. The table below outlines the type and value of the grants which the Council administered and paid during the financial year.

### 2021/22 Business Support Grants

Grant Scheme	Total Paid (£m)
Covid-19 Additional Restrictions Grant	2.93
Local Restrictions Support Grant - November Lockdown	0.18
Local Restrictions Support Grant - Closed Tier 2/3	0.02
Local Restrictions Support Grant – Open Tier 2/3	0.07
LRSO (Closed) Addendum: 5th January 21 onwards	0.75
Closed Business Lockdown Payment	0.70
Covid Restart Grant	14.37
Omicron Hospitality & Leisure Grant	2.69
<b>Total</b>	<b>21.70</b>

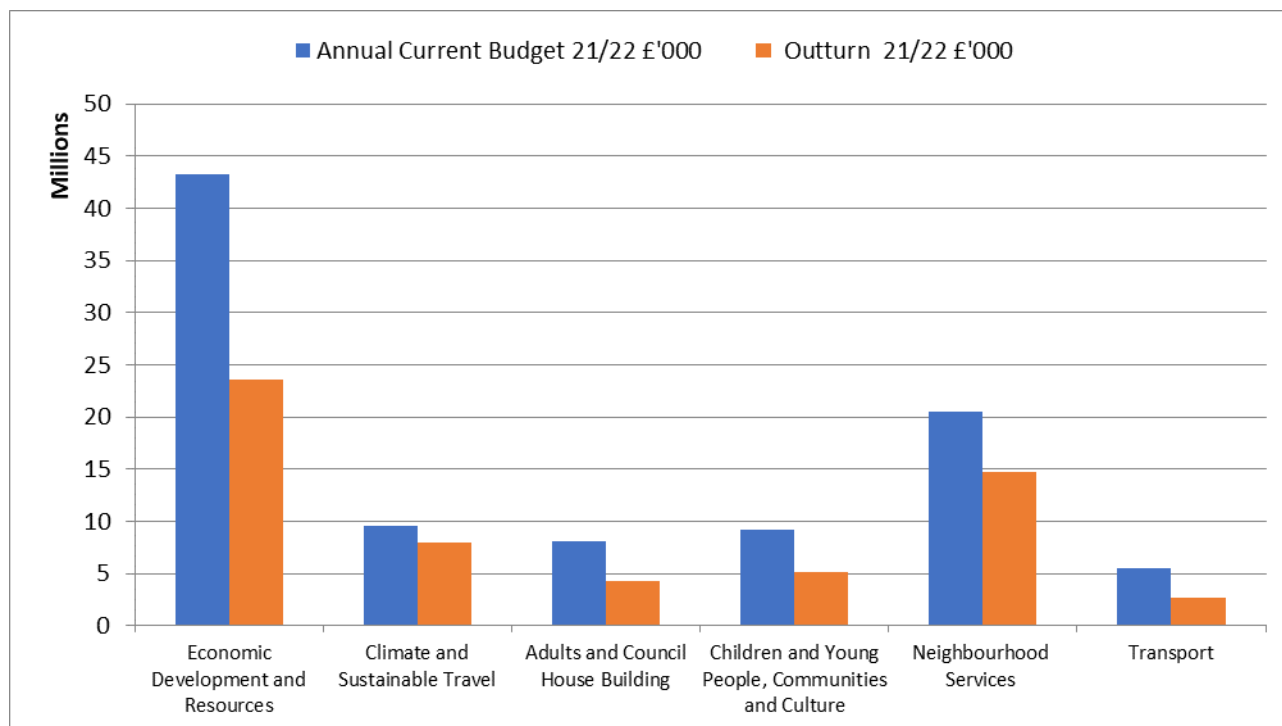
## Capital Programme

3.52 The capital spend in 2021/22 was £58.405m (61%) against a budget of £96.071m giving a variance of £37.666m, primarily reflecting the delivery time to complete projects moving into future financial periods.

Portfolio Summary	2021/2022 Outturn Position			Rephasing to 2021/22 Requested £'m
	Capital Budget £'m	Outturn £'m	Variance £'m	
Economic Development and Resources	43.272	23.547	(19.725)	19.725
Climate and Sustainable Travel	9.500	7.984	(1.515)	1.515
Adults and Council House Building	8.065	4.232	(3.833)	3.833
Children and Young People, Communities and Culture	9.205	5.163	(4.042)	4.017
Neighbourhood Services	20.492	14.775	(5.718)	5.718
Transport	5.537	2.705	(2.832)	2.808
<b>TOTAL</b>	<b>96.071</b>	<b>58.405</b>	<b>(37.666)</b>	<b>37.617</b>

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

3.53 Of this variance, £37.617m is requested for carry forward to 2022/23 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:



3.54 The funding of the capital programme for 2021/22 is as follows:-

	£'m
<b>Total Capital Spending:</b>	<b>58.405</b>
<b>Funded by:</b>	
Capital Receipts	1.758
Capital Grants	37.949
3 <sup>rd</sup> Party Receipts (inc S106 & CIL)	5.545
Revenue	1.193
Prudential Borrowing (Implied Need)	11.960
<b>Total</b>	<b>58.405</b>

3.55 The Council's provisional Capital Financing Requirement (CFR) as at 31<sup>st</sup> March 2022 is £328.2 million. This represents the Council's requirement to borrow to finance capital expenditure and demonstrates that total borrowing of £219.4 million remains well below this requirement as at 31<sup>st</sup> March 2022. 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 2021.

## 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 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 2022/23 with a considerable impact on service delivery especially in light of the challenging economic environment in 2022/23 and possibly beyond.

## 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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<b>Background papers</b>	2021/22 Budget Monitoring reports to the Cabinet; Revenue and Capital Budget Setting reports; Budget Management Scheme



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