

OVERVIEW AND SCRUTINY COMMITTEE

DATE OF MEETING: 15 JUNE 2021

TITLE OF REPORT: PROVISIONAL 2020/21 REVENUE AND CAPITAL
OUTTURN POSITION

Report of: Head of Corporate Services and Section 151 Officer

Cabinet member: Councillor James Radley, Deputy Leader and Finance

I PURPOSE OF REPORT

- 1.1 This report presents the provisional revenue outturn for the year ended 31 March 2021 and compares it with the latest approved budget providing explanations of the significant variances.
- 1.2 The report also contains the capital outturn for the year ended 31 March 2021.

2 OFFICER RECOMMENDATIONS

- 2.1 The provisional outturn position of an overspend of £784K after Covid-19 compensation is noted (shown at Table 4.6). This is before accounting adjustments and transfers.
- 2.2 The capital outturn position at 31st March 2021 is noted.
- 2.3 That unspent capital budget is carried forward into the Capital programme for 2021-22.
- 2.4 That Overview and Scrutiny committee recommends to Cabinet, the contributions to earmarked reserves as detailed in Table 6.1 be approved.

3 TIMETABLE

- 3.1 The provisional Statement of Accounts is due to be published on the website on the 31st July 2021. EY LLP will commence their audit at the beginning of August 2021.
- 3.2 The outturn statement will be confirmed as a result of the external audit will final outturn confirmed to Cabinet by the 30th September after any audit adjustments.
- 3.3 The Audit Committee is due to receive the audited Statement of Accounts together with the Annual Governance Report for signing and approval at its meeting on 26th October 2021.

4 PROVISIONAL REVENUE POSITION

- 4.1 When the Council set its revised budget in September 2020/21, it was hoped that the result would be a balanced budget, whilst recognising a number of ongoing risks and budget pressures. Forecasts have been closely monitored and when last reported to Members, in March 2021, the anticipated overspend was £621K.
- 4.2 It is anticipated that after accounting adjustments the total impact on the budgets have been reduced by £91K and now stands at £530K, after Covid-19 compensation has been received and accrued.
- 4.3 To provide greater detail, the Revenue Outturn 2020/21 as a net cost of services before and after Covid compensation is shown in the tables below; providing Members with details of both expenditure and compensation.
- 4.4 Two areas reported significant overspends before compensation. These were Corporate Services and Technical and Environmental Services; the detail of which is provided at paragraph 4.6 and in the appendix.

Table 4.5 (Outturn v Revised Budget 20/21 – excl. Covid Compensation)

Controllable Costs by Service Area	Revised Budget - 2020/21	Revenue Outturn - 2020/21	Variance Outturn v Revised Budget 2020/21
	£'000	£'000	£'000
Corporate Services	£4,806	£6,358	£1,552
Community Services	£1,015	£904	(£111)
Technical and Environmental Services	£3,083	£4,102	£1,019
Place Services	£2,180	£2,207	£27
Net Cost of Services	£11,084	£13,571	£2,487

4.6 The below table reports outturn inclusive of Covid-19 compensation.

Table 4.6 (Outturn v Revised Budget 20/21 – incl. Covid Compensation)

Controllable Costs by Service Area	Revised Budget - 2020/21	Revised Outturn - 2020/21	Variance Outturn v Revised Budget 2020/21
	£'000	£'000	£'000
Corporate Services	£4,806	£5,398	£592
Community Services	£1,015	£904	(£111)
Technical and Environmental Services	£3,083	£3,652	£569
Place Services	£2,180	£1,914	(£266)
Net Cost of Services	£11,084	£11,868	£784

4.7 Members have been updated throughout the year, through quarterly monitoring of the budgetary position. Officers anticipate that the overspend will be reduced further by approximately £254K following accounting adjustments. A summary of the provisional outturn and main variances within each Service is as follows:-

Corporate Services

- Leisure Services: additional payments of £544k made to Everyone Active, as agreed by Council during 2021-2022 these were in addition to lost income to ensure our leisure centres were able to re-open and were financially sustainable post lock-down.
- The additional costs of £250k in respect of the Finance and Accountancy services being brought back into the Council from the 5C's contract were not included in the budget for 2020-21 as a budget error. The value relates to the Mendip Accountancy Agreement which was agreed as a solution to replace Capita in 2019-20 but costs were only fully provided in 2020-21.
- There was an underspend of £358K in respect of Covid Grants not spent in 2020-21, this balance will be transferred to Earmarked Reserves, subject to approval. This is due to a significant proportion of the grants being paid to the Council in 2020-21 but for utilisation during 2021-22.
- There was an underspend of (£157k) with regards to Pension Past Service Costs as an accrual had already been made through the Balance Sheet.
- The Council paid £102k in respect of additional Housing and Council Tax Benefits paid during 2020/21, this is due to higher levels of claimants and the requirements of our Local Council Tax scheme.
- Additional costs were incurred of £84K in Commercialisation largely due to sub-contracted works and consultants fees not included in the revised budget particularly

associated with the Swan at North Warnborough, and costs pertaining to Edenbrook Flats, plus advice provided on potential future investments. These costs will be recovered either through capitalisation or recovery of costs incurred on behalf of the housing company.

- There was a £65k overspend caused by the lack of ability to recover costs anticipated in the budget, through the court process during 2020-21.

Community Services

- There was a (£91k) underspend in Community Safety; the key drivers of this variance were a £32k overspend on Salaries and (£114k) underspend on Fees and Hired Services as the service was brought in house.
- There was (£42k) underspend in Social Inclusion including an (£52k) underspend in respect of Homelessness Costs, these underspends will be transferred to reserves.
- There £39k overspend in the area Domestic Abuse is not so much an overspend as spend prior to drawdown, from specific earmarked reserves as the earmarked reserve was only drawn down at the year end, this will be reflected in the large range of accounting adjustments that are processed as part of the creation of financial statements.
- There was a (£9k) underspend in Health and Wellbeing attributable to no external training provider costs due to the Covid 19 pandemic restrictions.

Technical and Environmental Services

- There is currently uninvoiced costs of £1.121m on the Waste contract. This is being investigated by an external consultant.
- When the revised budget was created due to the exceptionally low levels of car parking income in the first quarter and some uncertainty over Covid compensation income budgets were reduced. However, compensation was recovered at the full level, which provided additional recovery of income of (£155k) underspend for Off-Street Car Parking and (£44K) for on street parking.
- There was (£86k) underspend for Drainage of which (£74k) was attributable to postponement of sub-contracted work due to Covid 19.

Place Services

- (There is £46k) underspend in Environmental Health Protection due to Salary Savings.
- There is (£81k) underspend for Hackney Carriages attributable to (£12k) reduced costs from Shared Services and (£52k) due to be received from BDBC in respect of renewal costs.
- There is (£31k) underspend in Business Support comprises of a saving of (£45k) in respect of Software Purchases and Licensing and an overspend of £13k in Staff Salaries.
- £22k overspend in respect of the Print Room, when the revised budget was set it was expected there to be minimal printing during lockdown. However, printing has remained at similar levels to the previous year despite lockdown occurring.

- There was a (£46k) underspend in Land Charges attributable to additional Land Charge Search Fee Income (£26k) and (£18k) Government Compensation Fee Income.

5. CAPITAL POSITION

- 5.1 Total capital spending in 2020-21 was £1,344k, an under spend of £21,044k against the approved budget of £22,378k. The following table summarises the position by service area. Detailed information is shown in Appendix 2. It should be noted that this budget was set prior to Covid-19 which significantly affected perceived risk in commercial property investment and significantly slowed down the delivery of the program for Technical and Environmental Services. The 2021-22 budget has been tested and reviewed to ensure that it is deliverable within 2021-22.

Service Area	Approved Budget	Actual Expenditure	Variance
	£000	£000	£000
Corporate Services	17,193	247	-16,946
Place Services	24	0	-24
Community Services	579	649	70
Technical and Environmental Services	4,582	438	4,144
Total capital programme	22,378	1,334	21,044

- 5.2 Capital expenditure in 2020/21 has been funded as follows:

Financed By:	£'000s
Useable Capital Receipts	213
Developers' Contributions	317
Disabled Facilities Grant	645
Environment Agency	4
Earmarked Reserves	155
Total	1,334

6 REVENUE BUDGET CONTRIBUTIONS TO EARMARKED RESERVES

- 6.1 Officers have requested that a number of unspent budgets in 2020-21 are carried forward to the current year to allow them to complete planned expenditure programmes. The amounts requested to be carried forward are detailed below:

Type of Expenditure	Amount £'000	Reason
Transfers to Reserves		
Edenbrook SANGS	705	SI06 receipts received in 2020/21.
Affordable Housing	700	SI06 receipts received in 2020/21.
Biodiversity SANGS	169	SI06 receipts received in 2020/21.
Bramshot SANGS	3,466	SI06 receipts received in 2020/21

Small SANGS Sites	1,582	S106 receipts received in 2020/21
Open Spaces	15	S106 Receipt received during 2020/21
Roundabout Sponsorship	28	Sponsorship Income received in 2020/21 not utilised.
NNDR Smoothing Reserve	5,146	Required to fund next year's collection fund from grants received in 2021-22
Covid Hardship Funding	319	Unspent Ringfenced Covid Grants from 2020/21
Covid 19 Reserves	414	Unspent Non-ringfenced Covid Grants from 2020/21
<u>Total transfers to reserves</u>	<u>12,544</u>	
Transfer from Reserves		
Housing Initiatives	26	Funding 2020/2021 work at Providence House
Fleet Pond Overflow Repair	35	Provision released as no longer required
Corporate Reserve	283	Funding 2020/2021 work on the New Settlement at Shapley Heath
Homelessness Grant	46	Funding 2020/2021 work on Social Inclusion and Partnership – Homelessness
Homelessness Trailblazer Grant	101	Funding 2020/2021 work on Social Inclusion and Partnership – Homelessness
Flexible Homelessness Grant	20	Funding 2020/2021 work on Social Inclusion and Partnership – Homelessness
Domestic Abuse	65	Funding Domestic Abuse Initiatives during 2020/2021
Dilly Lane Notice Boards	1	Dilly Lane Noticeboard works during 2020/2021
S106 Open Spaces	53	1/20th draw down for open spaces works in 2020/2021.

Type of Expenditure	Amount £'000	Reason
S106 Edenbrook SANGS	272	Funding work undertaken at Edenbrook in 2020/2021 – Bike track plus other works
SANG Affordable Housing	367	Correction in allocation of split of S106 receipts received in 2020/2021
SANG Biodiversity	89	Correction in allocation of split of S106 receipts received in 2020/2021
Bramshot Farm	1,978	£218k funding of Revenue, £100k funding of Capital, £850k credit note to S106 developer, £810k correction in

		allocation of split of S106 receipts received during 2020/2021
Small SANG Sites	115	Funding work undertaken at Small SANG Sites in 2020/2021
Council Chamber Audio, AV and Streaming	35	Funding work undertaken during 2020/2021
Fleet Pond Rural Payments Agency	7	Capital Financing of Fleet Pond works in error. Offset by reversal in transfers to reserves
Digital Transformation Reserve	230	£195k capital financing of IT upgrade in error. Offset by reversal in transfers to reserves. £35k financing of Rev Solutions Limited for consultant support to in-housing of exchequer services
<u>Total transfers from reserves</u>	<u>3,723</u>	
Budget Carry Forwards		
Bramshot Farm Revenue	2	Culvert Extension/Repair delayed due to Covid 19.
Tree Safety	4	Tree Safety Works at Fleet Pond
Odiham Common	8	Countryside Stewardship Funds received from Rural Payments Agency but not yet spent.
Environment Promotion Strategy	4	Water Safety Training, Trailor Training, Basic Tree Safety Inspection and Advanced Tree Safety Inspection for staff delayed due to Covid 19 restrictions.
Odiham Common	1	Dragon's Teeth installation at Vehicle Access Point delayed due to Covid 19
Hart Drainage	8	To cover MSc costs for new Flood Risk Management Officer.
Neighbourhood Planning	40	Neighbourhood Plans postponed due to Covid 19.
Type of Expenditure	Amount £'000	Reason
Fleet Pond Revenue	10	Security workshop for Countryside workshop delayed due to delay in supply of materials.
Environment Promotion Strategy	1	Greenkeeper Report
Hazeley Heath Grazing Project (Capital – HAY023)	24	Hazeley Heath Fencing works delayed due to increase in material costs.
<u>Total Carry Forwards</u>	<u>102</u>	

7 CONCLUSION

- 7.1 The Covid Pandemic has provided an unprecedented operating environment presenting a diverse range of challenges for budgeting, forecasting and delivering services.
- 7.2 A revised way of budget monitoring and forecasting will be brought in following the transfer of the waste contract client management role to Basingstoke and Dean Council to ensure that budgeting and forecasting are accurate and fully tested.

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APPENDICES

Appendix 1 - Capital Variances for 2020/21.

Appendix 2 – Details of Carry Forward Requests.

Appendix I - Capital Variances for 2020/21

<u>Directorate = Place Services</u>				
<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Narrative</u>	<u>Over - Performance - £'000</u>	<u>Under Performance - £'000</u>
HAY042	Dog Warden Vans	No in year expenditure to date against a total Budget of £24k.		£24
TOTAL			£0	£24
Net Performance for Place Services			£0	£24

<u>Directorate = Community Services</u>				
<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Narrative</u>	<u>Over- Performance - £'000</u>	<u>Under Performance - £'000</u>
HAY001	Disabled Facilities Grant	£645k spend to date against a £500k Budget for 2020/21. Deficit to be funded from Reserves (Currently £913k)	£145	
HAY010	Private Sector Renewal	Only £4k of expenditure during 2020/21 against a Budget of £45k, this can largely be attributed to social distancing and Covid Restrictions.		£41
HAY016	CCTV	No expenditure incurred during 2020/21		£34
TOTAL			£145	£75
Net Performance for Community Services			£70	£0

Directorate = Environmental and Technical Services

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<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Narrative</u>	<u>Over-Performance - £'000</u>	<u>Under Performance - £'000</u>
HAY003	Odiham Common	Track expenditure costs, nothing in 2020/21 Budget to be funded from S106 Receipts	£6	
HAY006	Fleet Pond Visitor Enhancements	No expenditure during 2021/22 against a Total Budget of £106k		£106
HAY008	Bramshot Farm	Total spend on scheme during the year was £101k including £56 of Staff Salary Costs attributable against a Total Budget of £1m		£899
HAY012	Mill Corner, North Warnborough	Clearance of Wood Debris from the Dam against a Total Budget of £0	£2	
HAY013	Church Road Improvements	Other professional services for investigation into failure of the Car Park Surface in Church Road against a Total Budget of £0	£2	
HAY015	Kingsway Flood Alleviation Scheme	Stage 2 costs of £2k incurred against a Total Budget of £59k		£57
HAY017	S106 Leisure Parish	Payment to Fleet Town Council for the new playground from the S106 Leisure Parish against a £0 Budget - to be funded from S106 Reserves.	£287	

HAY018	Fleet Pond Nature Reserve	No expenditure incurred during 2020/21 against a Total Budget of £12k		£12
HAY023	Hazeley Heath Grazing Projects	Fence Cost accrued of £24k against a Total Budget available of £80k		£56
HAY024	Hazeley Heath Notice Boards	Net expenditure of £1k against a £0 Budget	£1	
HAY026	Hartley Wintney Common Access Improvements	No expenditure during 2020/21 against a Budget Available of £80k		£80
HAY028	Edenbrook CP - Play Tree	No expenditure during 2020/21 against a Budget Available of £30k		£30
HAY029	Edenbrook CP - History Walk	No expenditure during 2020/21 against a Budget Available of £20k		£20
HAY032	Edenbrook CP - Skate Park	Expenditure on preparation of the bike track of £50k against a total available Budget of £220k.		£170
HAY033	Edenbrook CP - Teen Health	No spend during 2020/21 against an available Budget of £65k		£65
HAY034	Edenbrook CP - Visitors Improvements	Expenditure on 6 benches at the site totalling £3k against a total budget available of £73k		£70
HAY035	Fleet Pond Fencing	Credit Balance relates to an Accrual Reversal from 2019/20. This was expected to Net Off; however there has been a dispute over the design over the fence and currently no invoice is expected.		£33

HAY039	Refuse Vehicles	Expenditure to date against £0 Budget for 2020/21 - Accounting correction to be made at Year End as this was an error from 2019/20		£81
HAY046	Fleet Pond Green Grid Engineering	Spend on professional services and Third Party Payments - Havant Borough Council preparation of Planning Application and Tender Documents totalling £56k against a total available budget available of £2.1m		£2,043
HAY047	Fleet Pond - Green Grid Ecology	No spend during 2020/21 against a total available budget of £720k		£720
			£298	£4,442
			£0	£4,144

Appendix 2 – Capital Grants Carry Forward 2020-21

Service Area	Scheme	Original Budget 2020/21	Carried Forward 2019/20	Current Available Budget 2020/21	Actual Expenditure	Total Carry Forward
		£'000	£'000	£'000	£'000	£'000
Corporate	Upgrade to IT infrastructure	361	497	858	195	(663)
	Investment Property	0	0	0	43	43
	Investment - Frogmore Leisure Centre	0	35	35	9	(26)
	Acquisition Programme	16,300	0	16,300	0	(16,300)
	Total for Corporate Services	16,661	532	17,193	247	(16,946)
Place Services	Dog Warden Van	11	13	24	0	(24)
	Total for Place Services	11	13	24	0	(24)
Community Services	Disabled Facilities Grants	500	0	500	645	145
	Private Sector Renewal - Minor Works Grants (Home trust Loans)	30	15	45	4	(41)
	CCTV- Rushmoor	0	34	34	0	(34)
	Total for Community Services	530	49	579	649	70
Environmental and Technical Services	Odiham Common (SI06)	0	0	0	6	6
	Fleet Pond Visitor Enhancements	0	106	106	0	(106)
	Bramshot Farm	0	1,000	1,000	101	(899)
	SI06 Leisure Parish Funded Projects	0	0	0	287	287
	Fleet pond Nature Reserve	0	12	12	0	(12)

	Visitor Strategy (S106)					
	Hazeley Heath Grazing Project	0	80	80	24	(56)
	Hazeley Heath Notice Boards	0	0	0	1	1
	HW Central Common Access Improvements	0	80	80	0	(80)
	HW QEII Fields Improvements	0	0	0	1	1
	Edenbrook CP Play Tree	0	30	30	0	(30)
	Edenbrook CP History Walk	0	20	20	0	(20)
	Edenbrook CP - Skate/Bike Park	0	220	220	50	(170)
	Edenbrook CP - Teen Health	0	65	65	0	(65)
	Edenbrook CP - Visitor Improvements	0	73	73	3	(70)
	Fleet Pond Fencing	0	17	17	(16)	(33)
	Fleet Pond Green Grid Engineering	2,100	0	2,100	56	(2,044)
	Fleet Pond Green Grid Ecology	720	0	720	0	(720)
	Mill Corner, North Warnborough	0	0	0	2	2
	Church Road Improvements	0	0	0	2	2
	Kingsway Flood Alleviation Scheme	0	59	59	2	(57)
	Refuse Vehicles	0	0	0	(81)	(81)
	Total for Environmental and Technical Services	2,820	1,762	4,582	438	(4,144)
	TOTAL CAPITAL PROGRAMME	20,022	2,356	22,378	1,334	(21,044)