

RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

20 SEPTEMBER 2021

REPORT OF THE ASSISTANT DIRECTOR OF FINANCE & IT

A.3 FINANCIAL OUTTURN 2020/21 AND IN-YEAR FINANCIAL PERFORMANCE UPDATE FOR 2021/22.

(Report prepared by Richard Barrett)

PURPOSE OF THE REPORT

To provide an overview of the Council's financial outturn for the year 2020/21 and the allocation of the associated General Fund Variance for the year along with the latest in-year financial performance position for 2021/22.

BACKGROUND

On 30 July 2021 the Portfolio for Corporate Finance and Governance considered the Financial Outturn 2020/21 and made the following decision:-

That the Corporate Finance and Governance Portfolio Holder hereby:

- (a) notes the financial outturn position for 2020/21 as set out in this report and appendices;*
- (b) approves the financing of General Fund capital expenditure for 2020/21 as detailed in Appendix D;*
- (c) approves the movement in uncommitted and earmarked General Fund reserves for 2020/21 set out in Appendix E;*
- (d) approves the qualifying carry forwards totalling £23.322m (£14.352m Revenue and £8.970m Capital) as set out in Appendix K;*
- (e) agrees that all other carry forwards totalling £0.536m requested by services be transferred to the relevant earmarked reserve pending consideration by Cabinet at its September 2021 meeting;*
- (f) in respect of the Housing Revenue Account (HRA), approves the movement on HRA balances for 2020/21 including any commitments set out within Appendices H and/or I along with recharges to the HRA from the General fund of £2.813m for the year and the financing of the HRA capital expenditure set out in Appendix I;*
- (g) that, subject to the above, notes the various COVID 19 grant funding amounts set out in Appendix K (ii to iii) and approves the use of the funding as set out in the same appendix and in the main body of this report;*
- (h) that, subject to the above, recommends to Cabinet that the overall General Fund Outturn Variance for the year of £1.539m be used to support the essential works at the Weeley Crematorium;*
- (i) recommends to Cabinet that £2.060m be allocated to support the recent bid to the Government's 'Levelling Up Fund', funded by the use of amounts identified within the 2021/22 budget as set out in this report; and*

- (j) *authorises the Council's Section 151 Officer, in consultation with the Corporate Finance and Governance Portfolio Holder, to adjust the outturn position for 2020/21 along with any corresponding adjustment to earmarked reserves as a direct result of any recommendations made by the Council's External Auditor during the course of their audit activities relating to the Council's 2020/21 accounts.*

The officer report submitted to the Portfolio Holder for Corporate Finance and Governance referred to above is attached as **Appendix A**.

At the time of finalising this report, Cabinet had yet to consider the Outturn 2020/21. Although an update will be provided directly at the meeting of the Committee, the recommendations included within the Outturn report that Cabinet are due to consider at their 17 September 2021 meeting are as follows :

That in respect of the Outturn Position for 2020/21, Cabinet:

- (a) Agrees that the total of £0.536m requested by services can be retained by them via the associated carry forward requests as set out in Appendix A; and*
- (b) after considering the recommendations of the Portfolio Holder for Corporate Finance and Governance, agrees:*
 - (i) that subject to the approval of an associated Project Initiation Document / Business case, it is approved in principle that the necessary remedial works be carried out at the Weeley crematorium funded by using the overall General Fund Outturn Variance for the year of £1.539m.*
 - (ii) that subject to b(i) above, the approval of the Project Initiation Document / Business Case associated with the proposed remedial works at the Weeley Crematorium be delegated to the Portfolio Holders for Environment and Public Spaces and Corporate Finance and Governance; and*
 - (iii) that £2.060m be allocated to support the recent bid to the Government's 'Levelling Up Fund', funded by the use of amounts identified within the 2021/22 budget as set out later on in this report;*

The Cabinet Report referred to above also included a timely update on the general financial performance of the Council in 2021/22. The timing of this report therefore allows the Committee to review this most up to date position as well as the outturn for the year.

Similarly to the outturn position above, an update will be provided directly at the Committee, but the recommendations included within the report that Cabinet are due to consider at their 17 September 2021 meeting are as follows:

That in respect of the Council's Financial Performance for 2021/22, Cabinet:

- (a) Considers and notes the high level summary of in-year position for 2021/22 to date and the long term forecast update for 2022/23 and beyond; and*
- (b) agrees the proposed in-year adjustments to the budget as set out in Appendix B;*
- (c) that subject to b) above, agrees an exemption to the Council's procurement rules to*

enable a Service Level Agreement be entered into with ECC to enable the Council to 'buy in' various procurement services from them to support its day to day operational activities and the delivery of one-off projects as necessary; and

(d) authority be delegated to the Assistant Director for Finance and IT and the Deputy Chief Executive to agree the terms of the Service Level Agreement in consultation with the Portfolio Holder for Corporate Finance and Governance.

The report mentioned above, that Cabinet are due to consider at their 17 September 2021 meeting, is attached as **Appendix B**.

As requested by the Chairman of the Committee, updates are also provided against the following two financial issues:

Key / Priority Projects – Identification of Savings for inclusion within the Long Term Financial Forecast

The delivery of savings forms a key item within the overall performance management framework where more detailed updates will be separately reported (the next update is due to be presented to Cabinet in October).

As set out in the Cabinet report referred to above and attached as **Appendix B**, an alternative approach to the original action is being proposed which would see a move to a 'zero based' budgeting approach where departments would be requested to review each line of their budgets. This would not only provide a good financial 'housekeeping' opportunity but also to drive out savings to continue to deliver the targets set out in the long term plan. As with the approach taken so far to date, the key principle of the long term plan is to protect front line services as far as possible so the approach suggested will compliment this underlying principle by looking to identify savings and efficiencies but limiting the impact of service delivery wherever possible.

Although the 'zero based' approach will span financial years, it is expected that savings will be able to be included within the 2022/23 budget based on work that will be undertaken in consultation with departments between now and December 2021.

One-off funded projects

Although the Committee have considered a list of one-off funded projects at previous meetings, given the outturn for 2020/21 has only recently been finalised, the most up to date position is in effect the amounts requested to be carried forward into 2021/22 that were included within the report considered by the Portfolio Holder for Corporate Finance and Governance referred to above and attached as **Appendix A**. (includes both revenue and capital items)

Updates will be provided against this list, which are in-line with corporate priorities, as part of the quarterly financial performance reports that will be presented to members over the remainder of the year. However, work remains on-going to deliver against the associated projects supported by the additional capacity that will be funded from the **£0.200m** set aside for this purpose earlier in the year.

Following a review by Directors / Assistant Directors, the additional capacity identified as being required primarily centres around:

- Procurement
- Maximising External Funding Opportunities / Bid Writing

- General Project Management

In terms of procurement, as set out in the report to Cabinet included as **Appendix B**, it is proposed to work in partnership with ECC, which will allow the Council to not only access additional capacity but also specialist procurement advice / knowledge.

In terms of the other two items above, a report to the Portfolio Holder for Corporate Finance and Governance is currently being prepared to progress the required capacity building activities.

RECOMMENDATION

That the Resources and Services Overview and Scrutiny Committee considers the two reports set out as Appendix A and B and determines whether it has any recommendations it wishes to put forward to the relevant Portfolio Holder or Cabinet.

APPENDICES

Appendix A – Financial Outturn 2020/21 (considered by the Portfolio Holder for Corporate Finance and Governance on 30 July 2021)

Appendix B – Outturn 2020/21 and the Proposed Allocation of the General Fund Variance for the Year along with a financial performance update for 2021/22 (Due to be considered by Cabinet on 17 September 2021)