

DRAFT OUTTURN 2021/22 – UPDATE

SUMMARY:

This report provides an update to Cabinet on the progress that has been made since the Draft Outturn Report was presented in April 2022. Whilst year-end closing work continues, carry forward requests have now been finalised by service managers and Finance, and are presented here for review and approval by Cabinet.

RECOMMENDATIONS:

CABINET is recommended to:

- i Note the progress update on the draft outturn position for 2021/22 since the FIN2220 report to Cabinet on 26th April 2022.
- ii Approve the carry forward requests submitted by Heads of Service as detailed in Section 4.
- iii Approve the establishment of an earmarked reserve of £27,500 to support the Joint Working proposal funded from the anticipated beneficial outturn position, as set out in paragraph 2.5 of the report
- iv Approve the variation to the scope of the Southwood Country Park capital scheme to include provision for a crossing on Ively Road and s106-funded Children’s Play Area, as set out in paragraph 3.2 of the report.

1 INTRODUCTION

- 1.1 Closing the accounts for the year remains a work in progress currently as expected from the closing timetable. The necessary accruals have been completed between Finance and Service managers allowing for carry forward requests to be submitted to Finance for Executive Leadership Team (ELT) review (as detailed in Section 4).

- 1.2 Section 2 below provides a high-level update on the revenue cost of services and Section 3 outlines what will be reported on as part of the Final Outturn report in September 2022.

2 REVENUE BUDGET – FORECAST OUTTURN – Cost of Services

- 2.1 The original net General Fund Revenue budget for 2021/22 was approved by Council at their meeting in February 2021 of £12.869m, and additional changes made to the budget by Council in February 2022, were reported on in the April 2022 Q3 anticipated draft outturn report.
- 2.2 The latest budget remains £13.36m and whilst no further changes are expected as a result of the closing process any that become necessary will be reported to Cabinet in the final outturn report in September 2022.
- 2.3 Prior to consideration of provisional carry forwards the forecast for the General Fund was a net favourable variation of £0.642m as at Q3 Draft Outturn report). This assumed that net carry forwards of £0.250m were put forward by Heads of Service and approved by Cabinet which reduced the variation to £0.392m (or 2.93%).
- 2.4 The main variations on the revenue budget, and corporate income and expenditure, will be reported to Cabinet with the final outturn report when the closing timetable and final adjustments and accruals have been completed. There remain a number of complex accounting and funding transactions to review and apply to the 2021/22 revenue budget including the final position on retained Business Rates, revenue impact of Capital Financing entries and other adjustments as part of proper accounting practice.
- 2.5 It is proposed that an earmarked reserve of £27,500 is established from the 2021/22 outturn position to provide one-off funding for the Joint Working with Hart, as set out in Report LDR2201.

3. FINAL OUTTURN UPDATES

- 3.1 Areas that were in the draft outturn report and that will be included in the final outturn report to Cabinet in September 2022 when year-end is complete are:
- Commercial Property Portfolio 2021/22 closing update.

- Treasury Management position for the year on investment income and borrowing.
- Any final changes to income from Government Funding, Council Tax and Business Rates.
- Reserves movements and balances – except for the carry forward requests detailed in Section 4 where these have an impact on reserves. The final outturn report will cover both these and any other transfers to and from reserves that are beyond the scope of this report as work continues on these within the closing timetable.
- Risks and uncertainties are included in the other report alongside this FIN2223 with focus on high-risk budgets and pressures as the Council goes into 2022/22 financial year.

- 3.2 Council approved a capital budget of £0.901m for the Southwood Country Park Visitor Centre and Café at their meeting on 02 December 2021. Significant progress has been made on the construction of the new facility and it is forecast that this will be delivered below the budgeted level.
- 3.3 The Council has been in discussion with Hampshire County Council around a crossing on Ively Road to provide safer access to the Country Park. It is estimated that the cost of an uncontrolled crossing next to the Visitor Centre and Café would be in the region of £50k. It is proposed to provide the funding for the crossing as part of the approved £0.901m capital budget given the forecast underspend position. Therefore, Cabinet are asked to approve the repurposing of the capital budget to include the crossing on Ively Road.
- 3.4 Members will also be aware of the Children’s Play Area that will be situated within the Southwood Country Park footprint. The design and specification of the play area has been finalised and a competitive tender process was completed earlier in the year with a local supplier (Fawns) appointed as the winning bidder.
- 3.5 s106 funding of £175k has been identified to fund the project. At the time of writing, the cost of the play area including contingency for site abnormalities and works associated with DDA compliance is £210k leaving a potential shortfall in funding of £35k..
- 3.6 Whilst the specification of the play area could be reviewed to reduce the cost to ensure it can be delivered within the available funding, this is likely to lead to a delay in the provision of the facility.

- 3.7 Therefore, given the prominence of Southwood Country Park it is recommended that the Play Area scheme is funded from s106 with any shortfall financed from capital receipts or other capital resources.

4. CARRY FORWARD REQUESTS

- 4.1 As part of the closing process, Heads of Service have submitted carry forward requests for budget to be carried forward from 2021/22 into 2022/23. In total, 20 of these were completed and submitted to Finance for review and presentation to ELT for consideration.
- 4.2 Appendix 1 shows the carry forward requests received that ELT agreed to be proposed to Cabinet for approval.
- 4.3 These are being presented to Cabinet for approval now in line with the draft outturn report and in order that service managers' budgets can be amended for 2022/23 and activity undertaken in line with the carry forward requests. To wait until the final outturn report can be ready to present to Cabinet would mean that the Council would already be half-way through the financial year which would make difficult for managers to deliver on the activities related to these carry forwards that were not fully possible in 2021/22 for a variety of good reasons.
- 4.4 Cabinet's approval is sought for the carry forwards to be made into 2022-23. The total value of carry forward requests shown in Appendix 1 is £0.857m with £0.424m funded from earmarked reserves and £0.432m being carried forward from the 2021/22 General Fund revenue budget.

5 LEGAL IMPLICATIONS

- 5.1 No additional legal implications arise from this report.

6. FINANCE AND RESOURCE IMPLICATIONS

- 6.1 The finance and resource implications are set out within this report. Any additional financial implications will be addressed through the normal Council procedures and processes, including with final outturn report in September 2022.
- 6.2 The Council needs to continue to carefully consider the financial impact of spending decisions, to ensure that unnecessary expenditure is avoided and that

capital financing for the multi-year capital programme is affordable in the short, medium, and long term.

7. CONCLUSIONS

- 7.1 There will always be variances reported in-year against budgets due to the Council adapting its priorities to manage inevitable changes in demand pressures and having a flexible approach to changing circumstances. The Council will need to ensure budgets are monitored closely over the coming months and focus on high-risk income and expenditure service areas. Future updates to Cabinet must set out the management action that is available to address any adverse variation and any other action that can be taken to mitigate the impact on the Council's wider financial position.
- 7.2 It is important that the Council considers an appropriate range of options to ensure any shortfall is managed. Any utilisation of reserves in 2021/22 will need to be addressed in the budget strategy to ensure balances and reserves remain adequate.
- 7.3 The forecast variation of £0.392m will be funded from reserves in the short term. The Council is committed to several significant projects such as Union Yard Regeneration scheme and needs to ensure the financial and resource impacts are identified, monitored, and reported to members. It is important that the Council considers an appropriate range of options to ensure any shortfall is managed. Any utilisation of reserves in 2021/22 and 2022/23 will need to be addressed in the Budget Strategy for 2023/24 to ensure balances and reserves remain adequate.
- 7.4 Over the MTFS period, reduced levels of Council Tax and Business Rates income may put additional pressure on the Council's financial position. The achievement of the Savings Plan is integral to the MTFS forecast and will need to be reviewed in terms of savings profile and whether the savings can be delivered in the current economic climate. It is likely that further savings will be required over the MTFS period to balance the budget.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

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Appendix 1 - Carry Forward Requests for 2021/22 Budgets to be spent in 2022/23						
Requested by	Reference	Ledger Code	Request Amount	Reason	Funded from Reserve?	Recommended Amount
David Phillips	CFR001	255130594	£53,757	Crematorium Feasibility Study - further activity required to define and agree preferred build options with comprehensive financial data.	No	£10,000
James Knight	CFR002	224610114	£75,000	CCTV decommissioning and mobilisation costs re transfer to Runnymede.	No	£75,000
Alex Sheill	CFR003	330430582	£78,800	ICT Cloud Telephony - Implementation and ongoing software licensing and maintenance (project was delayed in 21/22 in favour of other ICE Programme and CREP work).	No	£78,800
Andrew Colver	CFR004	250830495	£14,250	Military Covenant (External Funding) - to support and delivery a repair café in Aldershot.	Yes - held in 9351	£14,250
Nigel Swan	CFR005	330430586	£49,241	DLUHC Cyber Security Grant - can only be used on cybersecurity due to nature of the grant.	Yes - held in 9351	£49,241
Tim Mills	CFR006	240130061	£38,000	Rushmoor Homes Project Cost - consultancy fees for temporary accommodation project.	No	£38,000
Andrew Colver	CFR007	251330996	£109,130	Control Outbreak Funding - to support the management control and restoration from the pandemic.	Yes - held in 9351	£109,130
Andrew Colver	CFR008	251350959	£25,700	LRC Covid Response Funding - residue from the allocated resources from HCC.	Yes - held in 9351	£25,700
Ruth Whaymand	CFR009	255440228	£112,500	Food Waste/Recycling - £87k for additional loaders, £8.5k additional caddies, £8.8k additional liners, £8.2k vehicle wraps.	No	£112,500
Andrew Colver	CFR010	250850956	£69,500	CIC/Covid 19 Food Partnership - ringfenced government resources for providing essential support to local communities (delay in formal setting up of partnership).	Yes - held in 9351	£69,500
Andrew Colver	CFR011	251350012	£32,340	Direct Grants to Community Organisations.	No	£32,340
Tim Mills	NEW01	123010026	£20,000	168 High Street, Guildford (Highpoint Building) - refurbishment and repairs works were delayed due to COVID (C/F will be part funding outstanding commitments).	No	£20,000
Rachel Fussey/Tim Mills	NEW02	121330581	£13,100	Concerto Property Management System - Consultancy fees to support the implementation of the system (part of an overarching 3 years PO commitment).	No	£13,100
Tim Mills	NEW03	110030911	£36,800	Aldershot Regen - Digital Games Hub - delay to the start-up of the project.	No	£36,800
Suzannah Helicar	NEW04	240230416	£25,000	Homelessness Software Upgrade.	Yes - Homelessness Prevention Monies Earmarked Reserve	£25,000
Lee McQuade	NEW05	254330970	£15,900	"The 5th Sector Ltd" project - delay in receipt and payment of final invoice.	Yes - £12.9k Arts Council Grant Earmarked Reserve. £3k Arts Council Grant due in 22/23	£15,900
Tim Mills	NEW05	254330970	£15,900		No - Match Funding from the Arts' Council Grant	£15,900
Andrew Colver	TTR001	130330904	£20,800	Additional Safety provision - Elections Costs - allocation from central government for health and safety arrangements at elections during and following the pandemic.	Yes - Grant income will cover the cost	£20,800
Andrew Colver	TTR005	132830578	£88,440	Climate Change Reserves.	Yes	£88,440
Andrew Colver	TTR006	250830578	£6,111	Contribution towards a CCG Director Post - started later than expected.	Yes - Deprivation Earmarked Reserve - 9471	£6,111