

STRATEGY AND RESOURCES COMMITTEE

22 JULY 2021

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Report Title	GENERAL FUND AND HOUSING REVENUE ACCOUNT OUTTURN REPORT 2020/21			
Purpose of Report	To present to the Strategy and Resources Committee the final outturn position against the General Fund revenue budgets for 2020/21			
Decision(s)	<p>The Committee RESOLVES to:</p> <p>a) Note the General Fund Revenue Outturn position for 2020/21, as shown in Table 1.</p> <p>b) Note the Housing Revenue Account outturn position for 2020/21, as shown in Table 6.</p> <p>c) To note the transfers to and from earmarked reserves for the year, as detailed in Sections 5 and 8 and Appendix E.</p> <p>d) Approve the ring-fencing of the Business Rates pool gain for economic development projects.</p> <p>e) To note the Capital Programme outturn position for 2020/21, as shown in Table 11.</p> <p>f) Approve slippage of the Capital Programme budget and a revised Capital Programme budget for 2021/22, as shown in Table 11 and Appendix H.</p>			
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated into the report to explain difference between budgets and actual income and expenditure.			
Report Author	<p>Lucy Clothier, Accountancy Manager Email: lucy.clothier@stroud.gov.uk</p> <p>Adele Rudkin, Accountant Email: adele.rudkin@stroud.gov.uk</p> <p>Graham Bailey, Principal Accountant Email: graham.bailey@stroud.gov.uk</p>			
Options	None			
Background Papers	None			
Appendices	<p>Appendix A – Strategy and Resources Committee Revenue Detail</p> <p>Appendix B – Community Services and Licensing Committee Revenue Detail</p> <p>Appendix C – Housing Committee (General Fund) Revenue Detail</p> <p>Appendix D – Environment Committee Revenue Detail</p> <p>Appendix E – Earmarked Reserve Detail</p> <p>Appendix F – Housing Revenue Account Revenue Detail</p> <p>Appendix G – Capital Outturn Detail</p> <p>Appendix H – Capital Budget 2021/22</p> <p>Appendix I – Capital Financing</p> <p>Appendix J – Covid-19 Financial Impact</p>			
Implications	Financial	Legal	Equality	Environmental
	No	No	No	No

(further details at the end of the report)			
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1. Background

- 1.1 This report sets out the final outturn position for the 2020/21 financial year and considers changes to balances and reserves.
- 1.2 This report is to provide members with a more detailed view of the performance against the General Fund revenue budget, Housing Revenue Account revenue budget and Capital Programmes for 2020/21.
- 1.3 **Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail that they could be referred to the report author or the appropriate service manager before the meeting.**

Key

1,000 Expenditure / Overspend (higher spend or lower income)
 (1,000) Income / Underspend (lower spend or additional income)

2. Summary

- 2.1 The **General Fund** has an **underspend of £0.786m**, as set out in Section 3. This has been allocated to a number of reserves for future use. A full breakdown of the allocation can be found in Section 4.
- 2.2 The **Housing Revenue Account (HRA)** has a net **underspend of £0.373m**, as set out in Section 7. This predominantly relates to staffing and running cost savings. This has been allocated to a number of reserves for future use. A full breakdown of the allocation can be found in Section 8.
- 2.3 There is total **Capital expenditure of £12.684m**, giving net underspend/slippage of £10.000m. It is proposed that £8.694m is carried forward and added to the 2021/22 Capital Programme budget.
- 2.4 Covid-19 has had a substantial impact on the financial position, resulting in additional expenditure for the General Fund (£1.247m) and loss of income (£2.868m). Significant financial support from Government has offset some of this cost and a full breakdown of this can be found in Appendix J. It is expected that this impact will continue into 2021/22, with some service impacts potentially longer lasting.

3. General Fund Revenue Outturn 2020/21

- 3.1 The final General Fund Revenue budget for 2020/21, including corporate items and reserve transfers, was £15.105m. The final outturn position for the year is £17.010 million with a further transfer to reserves of £6.039 million. Total funding was £23.835m, generating an underspend of £0.786 million.

3.2 Table 1 shows a breakdown of the outturn position, by Committee.

Table 1 – General Fund Outturn Summary

	2020/21 Revised Budget (£'000)	2020/21 Actual (£'000)	2020/21 Reserve Transfers (£'000)	2020/21 Outturn Variance (£'000)
GENERAL FUND				
Community Services and Licensing	3,136	4,243	482	1,588
Environment	6,073	5,298	685	(91)
Housing General Fund	811	579	207	(25)
Strategy and Resources	7,076	8,581	(569)	937
SSC Income from HRA	(1,995)	(1,876)	0	120
Net Revenue Expenditure	15,101	16,825	804	2,528
Funding from Govt Grants/Council Tax	(15,104)	(23,835)	5,235	(3,495)
Transfers to/(from) Earmarked Reserves	4	185		181
Total General Fund	0	(6,825)	6,039	(786)

3.3 The underspend of (£786k) for the year is made up of items relating to the Service Committees as well as specific additional income sources and cost savings. This is after a net transfer of £6,224k to earmarked reserves (including from the capital reserve which is used to finance the Capital Programme and a transfer of government funding to a Collection Fund smoothing reserve). Further detail on reserve transfers can be found in Section 5.

3.4 A summarised table of the significant variances is shown below.

Table 2 – Summary of General Fund significant variances

Committee		Variance (under)/ overspend £k
Various	Covid-19 expenditure/loss of income (Appendix J)	4,115
Strategy & Resources	Covid-19 funding received (Appendix J)	(3,642)
Various	Salaries	(502)
Community Services and Licensing	Housing Benefit rent rebates	486
Environment	Waste and recycling	(379)
Environment	Public spaces	(90)
Various	Corporate maintenance	(61)
Various	General running underspends	(390)
Strategy & Resources	IT software	144
Strategy & Resources	Support charge income from HRA	120
Strategy & Resources	Minimum Revenue Provision (MRP)	(160)
Strategy & Resources	Business Rates Pool gain	(386)
Various	Other variances (net)	(41)
	Total	(786)

- 3.5 Covid-19 has had a substantial impact on the financial position with additional spend on response and recovery (£1.247m), and loss of income (£2.868m). This additional has been supported with significant additional funding from Government (£3.6m in 2020/21). Further detail of this is included in Appendix J.
- 3.6 There has also been an indirect impact of Covid-19, although the precise financial value is not possible to accurately determine. This will include some savings, with staff recruitment reduced during lockdown and changes in working reducing running costs in some areas, but will also include some service impact where prioritisation of Covid recovery impacted on the resource or staffing available.
- 3.7 Further detail on the year end variances can be found, by Committee, in the appendices.

4. Allocation of General Fund Underspend

- 4.1 The underspend position allows funding to be put in reserves to cover future costs and fund priority works.
- 4.2 The Section 151 Officer has allocated the funding as set out below.

Table 3 – Allocation of General Fund underspend

Reserve	Allocation to Reserve £k
Business Rates Pool – economic recovery	386
Covid new burdens funding (Revenues recovery)	150
Repairs reserve	50
Climate change reserve	150
Recovery reserve	50
Total Allocation	786

4.3 Details of these reserves:

4.3.1 Business Rates Pool - £386k

The 'gain' created by being part of the Gloucestershire Business Rates Pool will be allocated to the Business Rates Pilot reserve and ring-fenced for economic development work to be set out in the Economic Development Strategy when presented to this Committee.

4.3.2 Revenues recovery - £150k

Some of the New Burdens funding made available from Government will be allocated to the Revenues Team in 2021/22. This will provide additional support where resource was reallocated to Covid-19 response and recovery in providing business grants and test and trace support payments to local businesses and individuals.

4.3.3 Repairs and Maintenance Reserve - £50k

As part of the Strategy and Resources Committee decision to replace the Community Services fleet with zero or low emission vehicles it was stated that it is important to put aside sums to pay for their eventual replacement. £50k is to be transferred to the reserve for that purpose, in line with the transfer made in 2019/20.

4.3.4 Climate Change Reserve - £150k

Funding of £150k will be set aside in the Climate Change Reserve towards the potential upgrade to electric road sweepers to be used by Ubico in the district. There is a considerable cost premium to the capital purchase of electric vehicles, as we would be early adopters. The underspend on the Ubico contract in 2020/21 gives an opportunity to place some funding in a reserve to partially meet these increased costs.

4.3.5 Recovery Reserve - £50k

A final balance of £50k is transferred to the recovery reserve to provide initial resource for projects emerging from the new Corporate Delivery Plan.

5 **General Fund Earmarked Reserve Movements**

- 5.1 The following section sets out the impact of the outturn on the earmarked reserves held by the Council. These are held for specific purposes and are in addition to the General Fund balance. The normal operation of Council business includes movements on earmarked reserves including spending existing reserves or placing new funding aside for use in future years.
- 5.2 General Fund earmarked reserves have increased from £18.193m at 1 April 2020 to £25.203m at 31 March 2020. The in year movement of £7.010m is made up of budgeted transfers to or from reserves (including those approved during the year), transfers included in the year end position, the planned use of the capital reserve to finance the Capital Programme, and the allocation of the General Fund underspend to reserves for future use.
- 5.3 This also includes a transfer of £5.235m to a Collection Fund smoothing reserve. This is funding, predominantly specific grant funding from Government, which will be needed to offset the loss of council tax and business rates income from 2020/21. Under Government rules this will be gradually transferred to the General Fund over three financial years.
- 5.4 Ownership of the redevelopment site at Brimscombe Port has passed into SDC ownership during the financial year. This has included the transfer of the redevelopment fund into Council ownership which has been placed directly to a reserve, value £397k, as it is part of the funding of the site.
- 5.5 The transfer to the Business Rates Safety Net Reserve of £600k is part of the agreed Medium-Term Financial Plan. This is intended to protect the Council from the anticipated loss of income from future reduction in permitted levels of retained Business Rates.
- 5.6 The increase in the level of the General Fund Carry Forward reserve includes £314k related to Council Tax hardship funding received from Central Government. This will be used to support Council Tax payers in 2021/22.
- 5.7 The CIL reserve increase of £436k represents funding received from developers which will be allocated in line with the process agreed by Environment Committee.

- 5.8 Aside from these budgeted and one off items the general movement of reserves was broadly stable for the year and there has been no movement in the Council's General Fund balance of £2.169 million.
- 5.9 A summary of these movements is included in the below table.

Table 4 – Movements to/(from) earmarked reserves during 2020/21

Reserve	Budgeted Transfers £k	Capital Financing £k	Year End Transfers £k	Underspend Allocation £k	Total Reserve Movements £k
Building control shared service	(159)		112		(47)
Brimmscombe Port Redevelopment	144		253		397
Business rates pilot				386	386
Business rates safety net	600				600
Capital		(656)			(656)
Climate change			13	150	163
Collection Fund Smoothing reserve			5,235		5,235
Community infrastructure levy			436		436
Covid-19 recovery			11	50	61
Culture, arts and leisure reserve			(14)		(14)
General Fund carry forwards	(420)		826	150	556
MTFP equalisation	123				123
Neighbourhood planning grant	(9)		7		(2)
Repairs and replacement			2	50	52
Street cleaning funding			5		5
Transformation	(94)		(191)		(285)
Waste management	(181)		181		0
Total	4	(656)	6,876	786	7,010

- 5.10 A full breakdown of the earmarked reserves can be found in Appendix E.
- 5.11 Included within the earmarked reserves is the Carry Forward Reserve, used where services need to transfer external funding or budget for specific projects from one year to the next. The reversals from 2019/20 and amounts carried forward from 2020/21 are shown in the table below.

Table 5 – Movement on General Fund Carry Forward Reserve

Committee Sub-Heading	Detail	2019/20 Carry Forwards (£'000)	2020/21 Carry Forwards (£'000)
Community Safety	PCC external funding	(15)	37
Youth Services	External funding	(19)	5
Public Spaces	External funding for playpark improvements	(19)	19
Cultural Services - Community Health & Wellbeing	External funding for health and equalities projects	(20)	120
Revenues and Benefits	Council tax hardship funding	0	314
Health & Wellbeing	Land drainage, joint flood alleviation and rurals SUDS	(176)	112
Housing Strategy	Community Housing Fund and Custom Build Grant funding	(167)	167
Housing Advice	Salary underspend to support two posts in 2021/22	0	40
Corporate Services (Legal)	One off costs associated with transfer to One Legal	0	13
Human Resources	Apprentice funding	(4)	0
Allocation of GF underspend	Covid new burdens - Revenues and Benefits	0	150
		(420)	975

6 General Fund General Reserves

- 6.1 The General Fund balance has been maintained with no change at £2.169 million.
- 6.2 There are no budgeted transfers to or from General Fund un-earmarked balances in 2020/21.

7 Housing Revenue Account

- 7.1 The HRA is a self-financing account for the Council's landlord function, which must be budgeted to break even (net of transfers to/from HRA reserves).
- 7.2 The revenue outturn position of the HRA shows a **net underspend of £0.373m** (1.7% of gross expenditure budget).
- 7.3 A summary of the HRA position follows in Table 6.

Table 6 – Summary of HRA Outturn Position

	2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2020/21 Actual (£'000)	2020/21 Reserve Transfers (£'000)	2020/21 Outturn Variance (£'000)
Housing Revenue Account					
Total Income	(22,943)	(22,943)	(22,805)	0	138
Total Expenditure	9,890	9,890	9,364	21	(505)
Support Service Charges from the GF	1,995	1,995	1,876	0	(120)
Total Other Costs and Income	10,445	10,445	9,641	918	114
Total Expenditure/Income	(612)	(612)	(1,924)	939	(373)
Transfers to/(from) HRA earmarked reserves	431	431	431	0	0
Transfers to/(from) HRA general reserves	181	181	181	0	0
Total Housing Revenue Account	0	0	(1,312)	939	(373)

7.4 The outturn variance of (£373k) includes transfers to and from earmarked reserves. Further detail can be found on these transfers in Section 9 and Appendix E.

7.5 Below is a summary of the key variances within the HRA outturn position.

Table 7 – Summary of HRA Key Variances

Area	Variance (under)/ overspend £k
Loss of rents and charges due to Covid-19	196
Salary underspends (including Property Care)	(478)
Non salary savings across supervision and management	(176)
Additional grounds maintenance costs	120
Other variances (net)	(35)
Total Underspend	(373)

7.6 Further detail on the HRA outturn position and variances can be found in Appendix F.

8 Allocation of HRA Underspend

8.1 The underspend position allows funding to be put in reserves to cover future costs and fund priority works.

8.2 The Section 151 Officer has allocated the funding as set out below.

Table 8 – allocation of HRA underspend

Reserve	Allocation to Reserve £k
Transformation	234
Retrofit	139
Total Allocation	373

8.3 Details of these reserves:

8.3.1 Transformation - £234k

A transfer to a transformation reserve is being made to make allowance for the HRA share of the council-wide Fit for the Future programme. Funding has already been allocated in the General Fund, but legislation states that costs must be shared fairly. The HRA would of course also share in any ongoing savings.

This reserve would also be available for housing specific work, such as an ‘agent of change’ to put the housing service on a good path for the future.

8.3.2 Retrofit - £139k

This small pot would fund the upfront costs of a co-operative energy project (see para 11.11), with the remaining £100k to be used for additional resource to help facilitate the planning of the wider retrofit programme.

9 Housing Revenue Account Earmarked Reserves

9.1 These are held for specific purposes and are in addition to the HRA general reserves. The normal operation of Council business includes movements on earmarked reserves including spending existing reserves or placing new funding aside for use in future years.

9.2 HRA earmarked reserves have increased from £3.925m at 1 April 2020 to £5.668m at 31 March 2021. The in year movement of £1.743m is made up of planned transfers to reserves of £1.349m (transfers to Independent Living Modernisation fund - net of use of the Sheltered Modernisation fund in year, and the provision for repayment of debt), a carry forward of £0.021m maintenance funding from 2020/21 into 2021/22, and allocation of the £0.373m underspend to specific reserves.

Table 9 – Movements to/(from) HRA earmarked reserves during 2020/21

Reserve	Budgeted Transfers £k	Provision for Repayment of Debt £k	Year End Transfers £k	Underspend Allocation £k	Total Reserve Movements £k
Independent Living Modernisation	431				431
HRA Carry Forwards			21		21
Provision for repayment of debt		918			918
Transformation				234	234
Retrofit				139	139
Total	431	918	21	373	1,743

9.3 A full breakdown of earmarked reserves can be found in appendix E.

10 Housing Revenue Account General Reserves

10.1 The opening balance of HRA general reserves at 1 April 2020 was £4.430m. The base budget included a transfer of £0.181m to reserves, giving a final balance of £4.611m.

10.2 There is an additional £0.281m transfer to HRA general reserves budgeted in 2021/22.

Table 10 – HRA General Reserves

	2020/21 £k	2021/21 £k
Opening balance	4,430	4,611
Budgeted transfer to/(from) general reserves – Council Feb 2021	181	281
Closing balance	4,611	4,891

Note: Table includes rounding differences

11 Capital Programme

- 11.1 The 2020/21 Capital Programme of £22.684m was approved by Council in February 2021.
- 11.2 The full capital outturn position is included in Table 11, below, and the funding schedule of the Capital Programme can be found in Appendix I.
- 11.3 The revised **General Fund Capital Programme** is £10.548m, against which there is spend of £5.513m.
- 11.4 Works on Phase 1B of the Canal project (Cotswold Canal Connected) is now underway, as is the installation of water source heat pumps at the Ebley Mill and Brimscombe Port Mill, with a refurbishment of Brimscombe Port Mill also undertaken in 2020/21.
- 11.5 Improvement works on private sector and housing association homes totaling £1.613m have been undertaken during the year, utilizing external funding for disabled adaptations and heating and insulation works.
- 11.6 Much of the £5.035m underspend relates to timing differences in the programme and £4.855m slippage is being requested to be carried forward into 2021/22 to continue to fund these projects. This includes the Canal project (£1.584m), water source heat pumps at Ebley Mill and Brimscombe Port Mill (£1.354m) and an extension to the Green Homes LADS funding for Park Homes (£0.654m).
- 11.7 The water source heat pump project has seen an increase in capital cost since the original Council approval and is now expected to overspend on the capital element of the scheme by £160k. This is in part due to works to upgrade the electricity supply. This increased capital cost is matched by increased income from the Renewable Heat Incentive so no further Council contribution is expected over the totals in the original Council report.
- 11.8 The revised **HRA Capital Programme** totals £12.136m, with spend of £7.171m, an underspend of £4.965m of which £3.838m relates to slippage.
- 11.9 The 2020/21 Major Works Programme has been reprogrammed a number of times to support government guidelines in relation to Covid-19. There is a net underspend of £533k across Major Works on dwellings and other capital spend, with additional spend on void

properties and asbestos removal, and slippage requested for the heating (£200k), kitchens and bathrooms (£170k), doors and windows (£162k) and external works (£145k) programmes.

- 11.10 SDC has also been awarded a grant of £426k from the Department for Business, Energy and Industrial Strategy (BEIS) for 2021/22 from the Social Housing Decarbonisation Demonstrator Fund, in a joint bid with Cheltenham Borough Homes and Two Rivers Housing. It is proposed that this is added to the 2021/22 capital programme (in line with the Budget Setting report approved at Council in February 2021). The total cost of the scheme to retrofit 28 independent living properties is £1.065m, with SDCs contribution to be funded from the existing heating programme.
- 11.11 There is also a proposal to include the upfront cost (£39k) of a cooperative energy project in the Capital Programme for 2021/22. This project would retrofit to up to 7 independent living properties with air source heat pumps, PV panels and batteries with Gloucestershire Community Energy Cooperative. This addition would be funded from the 2020/21 revenue underspend, with ongoing costs of up to £5k pa funded from the revenue budget.
- 11.12 The New Build and Development programme is £4.170m underspent in total however, this relates to the opportunity led budgets for property acquisitions (£1.492m underspend of which there is slippage of £0.492m) and land acquisitions (£3.000m slippage). These budgets are available to be used, but it is not expected that these budgets will be spent to budget every year.
- 11.13 A total of seven properties have been added to the HRA stock during the year from property acquisitions. The slippage of £0.492m relates to slippage in the Next Steps Accommodation Programme for rough sleepers.
- 11.14 Five properties were completed at Southbank, Woodchester during 2020/21, with three now rented and two shared ownership. The next phase of the new build programme is underway, with schemes at Ringfield Close, Broadfield Road and Summerfield Road now on site. A revised schedule of build has been included in the five-year Capital Programme based on the current forecast of the contractors. This will continue to change as more information is known.
- 11.15 The Independent Living Modernisation programme has capital underspends of £262k, but the overall programme remains largely on target and the change in mix between revenue and capital works does not affect the funding of the overall scheme.
- 11.16 Further detail in the HRA Outturn Information paper (July 2021).
- 11.17 A copy of the revised capital programme for 2021/22, taking into account slippage from 2020/21 and other budget changes is in Appendix H.

Table 11 – Capital Summary

	2020/21 Revised Budget (£'000)	2020/21 Amount (£'000)	2020/21 Outturn Variance (£'000)	Slippage
Capital Schemes				
Community Buildings Investment	117	0	(117)	117
Stratford Park Lido	0	0	0	0
Community Services Capital Schemes TOTAL	117	0	(117)	117
Canal	3,702	2,118	(1,584)	1,584
Market Town Centres Initiative Fund	50	60	10	(10)
Multi-Service Contract Vehicles	1,056	707	(349)	349
Stratford Park Acquisition of Machinery	95	81	(14)	14
Stroud District Cycling & Walking Plan	204	0	(204)	204
Environment Capital Schemes TOTAL	5,107	2,966	(2,141)	2,141
Affordable Housing-Support to Registered Providers	39	0	(39)	39
Better Care Fund Projects	0	15	15	0
Disabled Facilities Grant Scheme	330	115	(215)	0
Green Home LADS Park Homes	1,094	440	(654)	654
Health through Warmth Grants	227	86	(141)	0
Park Homes	0	132	132	0
Private Sector Housing Loans	15	15	(0)	0
Warm Homes	1,183	840	(343)	343
Housing General Fund Capital Schemes TOTAL	2,888	1,643	(1,245)	1,036
Brimscombe Port Mill Works	295	325	30	0
Brimscombe Port Redevelopment	200	80	(120)	120
Electric Vehicle Aquisition	12	0	(12)	12
ICT Investment Plan	497	421	(76)	76
Water Source Heat Pump-Ebley Mill & Brimscombe Port	1,432	78	(1,354)	1,354
Strategy and Resources Capital Schemes TOTAL	2,436	904	(1,532)	1,562
TOTAL GENERAL FUND CAPITAL SCHEMES	10,548	5,513	(5,035)	4,856
Major Works	4,969	4,418	(551)	677
New Build and Development	6,503	2,333	(4,170)	3,116
Other Capital Works	0	18	18	0
Sheltered Housing Modernisation	664	402	(262)	45
TOTAL HRA SCHEMES	12,136	7,171	(4,965)	3,838
TOTAL CAPITAL SCHEMES	22,684	12,684	(10,000)	8,694

12 IMPLICATIONS

12.1 Financial Implications

The whole report is financial in nature, reporting the General Fund and Housing Revenue Account revenue and capital position for 2020/21.

Lucy Clothier, Accountancy Manager
Email: lucy.clothier@stroud.gov.uk

12.2 Legal Implications

There are no significant implications within this category.

Patrick Arran, Monitoring Officer
Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk

12.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

12.4 Environmental Implications

There are no direct environmental implications arising from this report. The allocation of underspends includes a transfer of £150k to the General Fund climate change reserve and £139k towards retrofit investigation and works in the HRA. The capital programme for 2021/22 includes additional decarbonisation and retrofit projects totalling £1.1m.