

Allerdale Borough Council

Executive - 20 July 2022

Revenue Outturn 2021-22

Portfolio holder	Councillor Colin Sharpe PH Finance and Legal
Report from	Catherine Nicholson, Chief Officer Assets & S151 telephone no: 01900-516850 email: catherine.nicholson@allerdale.gov.uk
Wards affected	All
Is this a key decision	No

1.0 Reason for the decision

- 1.1 To inform members of the revenue outturn position for 2021-22 and to seek Members' approval of the associated budget carry forward requests and transfers to and from reserves.

2.0 Recommendations

- 2.1 Members are asked to:
- note the draft revenue outturn position for the year ending 31 March 2022
 - note the impact of the draft revenue outturn position on the Council's general fund and earmarked (general fund) balances
 - approve contributions to earmarked reserves of £5,890,460 comprising: planned contributions of £90,000, additional contributions of £1,726,841, and additional income from taxation and government grants of £4,073,619.

3.0 Introduction and Background

- 3.1 This report sets out the draft Revenue Outturn position for 2021-22 and explains the reasons for significant variances between actual expenditure and the Council's 2021-22 revised budget.

- 3.2 This report also:
- provides details of requested contributions to earmarked reserves (section 5)
 - compares actual funding from taxation and government grants against budget (section 8)
 - compares quarter 3 forecast outturn with actual outturn (section 9)

- summarises the impact of the outturn position on earmarked reserves and general fund balances (section 10).

3.3 Members should note that the information contained in this report is draft and may be subject to change following audit of the Council's 2021-22 Statement of Accounts. Any significant changes will be reported to Executive following approval of the audited Statement of Accounts by the Audit Committee in September 2022.

4.0 Summary Draft Revenue Outturn Position

4.1 The draft Revenue Outturn for 2021-22 is summarised in table 1. This shows:

- the revenue budget of £15.9m
- actual net expenditure, including planned contributions to reserve of £13.9m
- a net underspend of £2m
- requested contributions to earmarked reserves of £1.7m
- expenditure from the earmarked reserves is £1.1m less than budget
- a decrease to the budgeted use of General Fund of £317k.

Table 1 – Summary of 2021-22 Revenue Outturn compared to Revised Budget

	Revised Budget £'000	Outturn £'000	Variance £'000	Report Ref.
Net Expenditure on Services	13,279	11,210	(2,069)	
Planned Contributions to Reserves	65	90	25	
Parish Precepts	2,567	2,567	0	
Total Net Revenue Expenditure	15,911	13,867	(2,044)	Section 5
Requested Contributions to Reserves	0	1,727	1,727	Section 6
Sub Total	15,911	15,594	(317)	
Use of Earmarked Reserves	3,780	2,631	(1,149)	Section 7
Sub-Total	19,691	18,225	(1,466)	
Planned use of earmarked balances	(3,780)	(2,631)	1,149	
Total Outturn	15,911	15,594	(317)	
Funding:				
Taxation & Government Grants	(15,492)	(15,492)	0	Section 8
Contribution (from)/to General Fund	(419)	(102)	317	Section 10
Total Funding	(15,911)	(15,594)	317	

4.2 A breakdown by portfolio of the net revenue outturn position is provided in section 5 below.

5.0 Analysis of Net Revenue Expenditure against Revised Budget

5.1 A summary of the favourable Outturn Variance of £2,044k is shown in Table 2 by Portfolio, with additional detail provided in Appendices A and B:

Table 2 – Summary of Outturn Variance by Portfolio

Portfolio	Annual Budget £'000	Outturn £'000	Planned Contr. to Reserves £'000	Gross Variance £'000
Environmental Services	2,635	2,471	90	(74)
Economic Growth, Community Development & Placemaking	74	(221)	0	(295)
Finance & Legal	4,813	3,512	0	(1,301)
Policy, Governance & People Resources	3,058	2,729	0	(329)
Leisure & Tourism	357	345	0	(12)
Customer Experience & Innovation	2,407	2,374	0	(33)
Parish Precepts	2,567	2,567	0	0
Total	15,911	13,777	90	(2,044)

5.2 Significant variances (i.e. greater than £30k) between budget and outturn by portfolio are highlighted below.

Environmental Services Portfolio

5.3 Net gross favourable (underspend) on the Environmental Services Portfolio is £73,914. £145,228 has been requested as a contribution to earmarked reserves, leaving a net adverse variance of £71,314.

Table 3 – Environmental Services – gross variances exceeding £30k

Service	Gross Variance adverse/ (favourable) £	Unplanned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Parks and Grounds Maintenance	(30,345)	30,300	(45)
Street Scene	(67,597)	65,074	(2,523)
Trade Waste	(101,183)	0	(101,183)
Off-street Owned Car Parks	183,380	0	183,380
Sports Development	(33,718)	33,718	0
Waste Company	(54,720)	0	(54,720)
Sub Total	(104,183)	129,092	24,909
Activity variances not exceeding +/- £30k	30,269	16,136	46,405
Total variance	(73,914)	145,228	71,314

Parks and Grounds Maintenance (favourable variance of £30,345 offset by a contribution to reserves of £30,300)

- 5.4 The favourable variance is a result of commissioned tree survey works being delayed due to GIS compatibility problems. The budget has therefore been requested to be carried forward into 2022-23, to meet the costs on completion.

Street Scene (favourable variance of £67,597 offset by a contribution to reserves of £65,074)

- 5.5 The favourable variance relates to the timing of expenditure against budget assigned for a clearance and security project for land at Oldside. The procurement process for part of these works was finalised in May 2022 and has been contractually committed. The budget is requested to be carried forward to continue the project.

Trade Waste (favourable variance of £101,183)

- 5.6 It has been difficult to estimate the demand for trade waste collection services for 2021-22 due to the impact of the pandemic on businesses. The actual income achieved in Q3 and Q4 of the financial year shows a much more favourable position than anticipated at Revised Budget.

Off-street Owned Car Park (adverse variance of £183,380)

- 5.7 The Revised Budget accounted for the increased levels of income achieved over the summer period from a significant increase in visitor numbers to the Allerdale area and assumed favourable levels for the remainder of the year, based on UK residents taking holidays in the area. However, in late November, at a national level, the threat of a new strain of Covid was widely publicised and as a result the visitor numbers dropped significantly; this continued throughout December 2021 and January 2022. Although visitor numbers and car parking income began to recover to anticipated levels in February 2022, there had already been a significant impact on car parking income.

Sports Development (favourable variance of £33,718 offset by a contribution to reserves of £33,718)

- 5.8 The underspend represents the balance of payments awarded from Sellafield SIIF Funding in relation to Sports Development Grants. Ninety percent of the grant is paid to the recipient when the grant is awarded and ten percent retained, which becomes due on completion of the project. The balance has therefore been requested to be carried forward to meet these commitments.

Waste Company (favourable variance of £54,720)

- 5.9 Anticipated mobilisation costs associated with adopting new re-routing and re-rounding plans is no longer required as a result of alternative options being pursued.

Economic Growth, Community Development & Placemaking Resources Portfolio

- 5.10 Net gross favourable (underspend) on the Economic Growth, Community Development & Placemaking Portfolio is £295,153. £338,090 has been requested as a contribution to earmarked reserves, leaving a net adverse variance of £42,937.

Table 4 – Economic Growth, Community Development & Placemaking – gross variances exceeding £30k

Service	Gross Variance adverse/ (favourable) £	Unplanned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Tenanted Properties	31,200	0	31,200
Workington Town Centre	57,798	0	57,798
Building Control – Chargeable	122,769	0	122,769
Planning and Development	(122,420)	31,820	(90,600)
Strategic Partner	(114,632)	114,632	0
Sub Total	(25,285)	146,452	121,167
Activity variances not exceeding +/- £30k	(269,868)	191,638	(78,230)
Total variance	(295,153)	338,090	42,937

Tenanted Properties (adverse variance of £31,200)

- 5.11 The variance is due principally to the Covid pandemic during which businesses, especially retail businesses have been struggling and has resulted in some vacant properties, leading to an adverse variance on commercial income.

Workington Town Centre (adverse variance of £57,798)

- 5.12 The pandemic has hit town and city centre shopping developments like Washington Square particularly hard which has meant some significant closures of retail businesses, but it has also meant that due to a drop in demand for retail properties, new lettings and lease renewals of existing tenants have had to be done at a reduced market rent which is 30% to 40% lower than market rents 2 to 3 years ago.

Building Control - Chargeable (adverse variance of £122,769)

- 5.13 The adverse variance is underpinned by the following:
- £100k adverse variance on building control income. The Council have received a lower volume of applications than budgeted. The pandemic may have affected demand however the service is also subject to competition from the private sector. In addition, the income which can be recognised in the financial year, under financial standards, is based on the proportion of completed applications and not the cash value of applications received in the financial year. During the year, temporary arrangements to cover the Building Control Manager's vacant position have existed, reducing the overall resources and capacity within the team to complete applications.

Shared arrangement with Carlisle City Council commenced in May 2022, to address the resource requirements of the service.

- £23k adverse variance in relation to consultant costs. Specialist advice has been required on a number of matters to ensure the Council fulfils its statutory duties in this service area.

Planning and Development (favourable variance of £122,420 offset by a contribution to reserves of £31,820)

5.14 The favourable variance is underpinned by the following:

- £88k favourable variance on planning applications income. The income from planning applications allowed to be recognised within the financial year under financial standards, is based on the value of applications determined in the year. Due to a number of major applications being determined along with a number that have been withdrawn by the applicant, the income has significantly exceeded budget
- £32k favourable variance in relation to budget earmarked for additional external staff resources. An outstanding commitment exists in relation to the procurement of external agency staff resources, to support the processing of planning applications, due to the number in progress. The budget is therefore requested to be carried forward to meet this commitment
- £2k favourable variance from expenditure savings, comprising, £1k on statutory notices and £1k on professional services.

Strategic Partner (favourable variance of £114,632 offset by a contribution to reserves of £114,632)

5.15 The favourable variance relates to the timing of expenditure against budget assigned for committed external professional services to support business case development and early design works for regeneration and economic growth projects undertaken by the Council. The budget has therefore been requested to be carried forward to meet these costs, for current and future projects.

Finance & Legal Portfolio

5.16 The gross favourable variance (underspend) on the Finance & Legal Portfolio is £1,301,710. Of this, £896,059 has been requested as a contribution to earmarked reserves, leaving a net favourable variance of £405,651.

Table 5 – Finance & Legal – gross variances exceeding £30k

Service	Gross Variance adverse/ (favourable) £	Unplanned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Contingencies	(541,067)	541,067	0
AIP Investment Returns	(219,621)	0	(219,621)
Internal Audit Pay Group	(52,688)	48,000	(4,688)
HMRC Disclosures	(175,597)	0	(175,597)
Finance and Accounting Pay Group	(37,941)	26,125	(11,816)
Business Grants COVID-19	(214,851)	214,851	0
Sub Total	(1,241,765)	830,043	(411,722)
Activity variances not exceeding +/- £30k	(59,945)	66,016	6,071
Total variance	(1,301,710)	896,059	(405,651)

Contingencies (favourable variance of £541,067 offset by contribution to reserves of £541,067)

- 5.17 The revised budget included a contingency amount to cover unexpected expenditure. Within the favourable variance, £338k has been earmarked for specific items, including:
- £87k provision towards the potential impact of the McCloud judgement, based on an estimate made at the 2019 round of actuarial valuations of additional liabilities arising from the judgement made by the Court of Appeal, in respect of the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015
 - £162k to support recruitment and agency costs of vacant positions where recruitment is proving unsuccessful
 - £89k in respect of staff redundancy costs.
- 5.18 The balance of £203k includes £100k set aside to address any Local Government Reorganisation issues, leaving the remaining available to address any one-off items that may emerge during 2022-23.

AIP Investment Returns (favourable variance of £219,621)

- 5.19 During the current financial year, the Authority has received a total of £825,000 in part repayment of principal and interest on its holding of Secured 12% Investor Loan Notes, issued by Allerdale Investment Partnership LLP (AIP loan notes). Following the variation made to the original AIP loan note agreement, which removed the requirement for the AIP to pay noteholders interest with effect from April 2017, and in recognition of the uncertainty over the timing of loan note repayments and realisation of interest accrued prior to April 2017, the 2021-22 revenue budget excludes any potential interest receipts from the Authority's AIP loan note holding.

5.20 Following the repayment of principal and interest of £825,000, the recognition of interest receipts of £204,574 along with the reversal of fair value losses of £15,047, therefore results in a favourable variance for the year to March 2022 of £219,621.

Internal Audit Pay Group (favourable variance of £52,688 offset by a contribution to reserves of £48,000)

5.21 The favourable variance is due to the number of staff vacancies existing within the audit team. A contribution to reserves is requested to cover the costs of procuring external professional support due to the vacancies.

HMRC Disclosures (favourable variance of £175,597)

5.22 Following a review of the provision on the balance sheet, this variance reflects a reduction in the provision set aside for potential additional tax and national insurance liabilities in respect of agency staff and contractors.

Finance and Accounting Pay Group (favourable variance of £37,941 offset by a contribution to reserves of £26,125)

5.23 The favourable variance is underpinned by the following:

- £10.2k favourable variance on staffing costs. £10k is requested to be carried forward to allow for staff resources to support the work required in connection with the Local Government Reorganisation during 2022-23
- £19.1k underspend in relation to budgeted external professional services. This includes a one-off bid of £15.6k which was built into the 2021-22 budget to fund external tax advice in relation to the large capital schemes being undertaken such as the Future High Streets and Town Fund schemes. The budget has not been required during 2021-22 and is requested to be carried forward to meet such costs during 2022-23, whilst the projects are ongoing
- £11.8k favourable variance relating to the recognition of aged unallocated income
- £4.3k favourable variance due to income received in relation to support services provided to Allerdale Waste Services Ltd, above budget
- £1.3k underspend against travel and subsistence budgets
- £8.8k adverse variance due to unbudgeted external professional support required in relation to the Council's income management software system.

Business Grants COVID-19 (favourable variance of £214,851 offset by a contribution to reserves of £214,851)

5.24 The favourable variance relates to the receipt of additional New Burdens funding in relation to the administration of business grants in response to the Covid-19 pandemic. Staff resources were reallocated within the Authority to deal with the additional work created by Covid-19 and therefore the cost of administering the grants was absorbed within the staffing budgets. The additional funding received to support the administration of the grants is to be transferred into reserves to support the costs of any issues arising from the Local Government Reorganisation.

Policy, Governance & People Resources Portfolio

- 5.25 The gross favourable variance (underspend) on the Policy, Governance & People Resources Portfolio is £328,571. £277,856 has been requested as a contribution to earmarked reserves, leaving a net adverse variance of £50,715.

Table 6 – Policy, Governance & People Resources – gross variances exceeding £30k

Service	Gross Variance adverse/ (favourable) £	Unplanned Contr. to Reserves £	Net Variance adverse/ (favourable) £
Assistance – Housing Services	53,867	0	53,867
Grants to Voluntary Organisations	(56,100)	56,100	0
Planning Policy	(53,799)	50,047	(3,752)
Housing Studies	(100,000)	70,500	(29,500)
Sub Total	(156,032)	176,647	20,615
Activity variances not exceeding +/- £30k	(172,539)	101,209	(71,330)
Total variance	(328,571)	277,856	(50,715)

Assistance – Housing Services (adverse variance of £53,867)

- 5.26 The Council receives fees and charges income associated with the administration of the disabled facilities grant scheme, which supports individuals to meet the cost of housing adaptations that enable people to stay living in their own home for longer.
- 5.27 This adverse variance reflects the shortfall in income against budget as a result of a reduced number of adaptations carried out during the year. This has been due to the inability of key framework contractors to take on any more adaptation work during the period November 2021 to March 2022, as a result of Covid-19 related issues, staff constraints and a back log of work built up during the pandemic.
- 5.28 In addition to the pressure of contractor and supply issues to deliver the DFG grants, there has also been an added internal staffing resource pressure in supporting the administration of grant applications from initial contact to the service through to completion of grants. This has restricted the number of applications able to be processed.

Grants to Voluntary Organisations (favourable variance of £56,100 offset by a contribution to reserves of £56,100)

- 5.29 This underspend relates to funding which was allocated for a small grant fund to support delivery of the Resilient Communities Strategy. The Resilient Communities Community Project Grant Fund was launched late in 2021-22 and payments will fall into the early part of 2022-23, requiring the budget to be carried forward.

Planning Policy (favourable variance of £53,799 offset by a contribution to reserves of £50,047)

5.30 The favourable variance is underpinned by the following:

- £40k underspend in relation to the Settlement Characterisation Study. It is now a statutory requirement for all local authorities to have local design codes, which are a collection of design principles for the local area. The Settlement Characterisation Study will provide the evidence base for this. This study has commenced but will not be completed until December 2022. Procurement of this study was delayed due to other priorities and therefore completion of this work has run over into 2022-23 requiring the budget to be carried forward.
- £10k underspend in relation to a DEFRA Biodiversity Grant. This is additional new burdens funding given to all local planning authorities for biodiversity net gain duties. It is the intention to pool the funding with other Cumbrian authorities to procure specialist ecologist support and will need to be carried forward to enable this.
- £3.8k underspend across a few expenditure items.

Housing Studies (favourable variance of £100,000 offset by a contribution to reserves of £70,500)

5.31 The £100k favourable variance relates to £50k budget for a housing needs assessment and £50k budget for a stock condition survey. The housing needs assessment has been commissioned at a cost of £20.5k and a stock condition survey is likely to be developed in 2022-23. A request to contribute £70.5k to reserves has therefore been made to meet the costs expected in 2022-23.

Customer Experience & Innovation Portfolio

5.32 The gross favourable variance (underspend) on the Customer Experience & Innovation Portfolio is £33,039. Of this, £69,608 has been requested as a contribution to earmarked reserves, leaving a net adverse variance of £36,569.

Table 7 – Customer Experience & Innovation – gross variances exceeding £30k

Service	Gross Variance adverse/ (favourable) £	Unplanned Contr. to Reserves £	Net Variance adverse/ (favourable) £
IT Services	92,847	0	92,847
Revenue	(56,116)	38,694	(17,422)
Customer and Transformation	(45,608)	0	(45,608)
Sub Total	(8,877)	38,694	29,817
Activity variances not exceeding +/- £30k	(24,162)	30,914	6,752
Total variance	(33,039)	69,608	36,569

IT Services (adverse variance of £92,847)

- 5.33 Delays in getting contracts signed, due to legal issues, has postponed the full implementation of a new Telephony system and the ability to remove an expected 6 months of BT OnePhone costs. Costs associated with the replacement system have also overlapped with the original system.
- 5.34 During the financial year, the council have experienced higher than expected costs in relation to utilising services available from the Microsoft cloud platform, including back up services to ensure business continuity.
- 5.35 Due to a number of corporate projects being delayed, the Council have had to acquire extended support licences to cover the period to January 2023. These additional licences have been required to meet regulatory and legislative security requirements.
- 5.36 Additional costs have been incurred in the year as a result of introducing the Digital Workplace, the Council's new Intranet system. This has been offset in part by costs associated with the previous system, Workplace, however, another group of services will not be removed until 2022-23.

Revenue (favourable variance of £56,116 offset by a contribution to reserves of £38,694)

- 5.37 The favourable variance is underpinned by the following:
- £6.5k underspend in relation to budgeted court and tribunal costs
 - £2.6k underspend on equipment, materials, and office supplies
 - £8.3k favourable variance from receipt of government grants, primarily council tax family annexe s31 grant, reimbursing the Authority for the cost of this council tax discount
 - £38.7k favourable variance due to the receipt of monies from government in relation to Council Tax Liability Orders overpayments made by Council Taxpayers due to incorrect charges being made by HM Courts & Tribunals Service. A refund, in the region of £2.50 per person is expected to be made to eligible claimants. The funding is therefore required to be transferred into earmarked reserves to be available for repayments claimed by residents.

Customer and Transformation (favourable variance of £45,608)

- 5.38 The favourable variance is underpinned by the following:
- £52k favourable variance due to staff vacancies within the service, primarily the position of Strategic Advisor – Capital Programmes which was vacant throughout the financial year until March 2022, and the net effect of cover arrangements within the team.
 - £6.4k adverse variance due to a budgeted income target which the service no longer has potential to meet.

Other portfolios

- 5.39 There are no significant variances (i.e. variances of +/- £30k) to report within the following portfolios:
- Leisure & Tourism

6.0 Contributions to Earmarked Reserves

6.1 Contributions to earmarked reserves allow the Authority to manage its budget effectively without impacting on the 2022-23 budget and assists in developing a stable medium term financial plan.

6.2 Contributions totalling £5,890,460 will be made to earmarked reserves. A detailed list of these contributions is provided in Appendix C and comprises:

Revenue Expenditure:

- £90,000 planned contributions
- £1,726,841 additional contributions in relation to the re-profiling of the 2021-22 budget. This re-profile will enable expenditure plans to be met without any impact on the 2022-23 budget.

Revenue Funding:

- £3,354,435 additional contribution in respect of section 31 grants. This will be required to offset the significant reduction in business rates income in 2022-23, as noted in paragraphs 6.24 and 6.25 of the Budget 2022-23 Revenue and Capital report. Because the demand on the Collection Fund is fixed prior to the start of the year, the impact of the business rate reliefs awarded by the government in response to the Covid-19 pandemic, extended into 2021-22, will be incurred against the general fund in 2022-23.
- £719,184 retained business rates income as a result of Allerdale Borough Council being a member of the Cumbria Business Rates Pool. As noted in paragraph 6.28 of the Budget 2022-23 Revenue and Capital report, this income would have been payable to central government through the levy payment, if the Council had not been party to the pooling arrangement. It was also noted that at the time of setting the 2022-23 revenue budget, significant uncertainty existed over the value of the retained levy expected from the pool in 2021-22, due to the economic environment and multiple potential risks that had not been present in previous years. Consequently, a planned contribution to reserves of the retained levy was accounted for within the 2021-22 revenue budget. The amount of £719k is based on the latest information provided by the Cumbria Business Rates Pool and is still subject to final calculations.

7.0 Use of Earmarked Reserves

7.1 The 2021-22 Revised Budget for projects funded through Earmarked Reserves was £3.780m. The outturn for these projects was £2.631m; £1.149m less than budget.

7.2 From the underspend of £1.149m, £1.110m will be re-profiled for spend in future years and £39k will be released to the general fund reserve.

Table 8 – Summary of projected expenditure from earmarked reserves

Reserve Funded projects	Annual Budget £'000	Outturn £'000	Variance £'000	Re-profiled to future years £'000	Released to GF £'000
Environmental Services	298	54	(244)	244	0
Economic Growth, Community Development & Placemaking	541	343	(198)	198	0
Finance & Legal	2,643	2,094	(549)	549	0
Policy, Governance & People Resources	135	45	(90)	51	39
Leisure & Tourism	98	17	(81)	81	0
Customer Experience & Innovation	65	78	13	(13)	0
Total held for service expenditure	3,780	2,631	(1,149)	1,110	39

8.0 Taxation and non-specific grant income & expenditure

8.1 Details of the Council's taxation and non-specific grant income and expenditure for the year compared with budget, are shown in the following table. This includes income received from:

- Non-ring fenced government grants such as Revenue Support Grant and New Homes Bonus
- Council tax and Non Domestic Rates (NNDR).
- Government grants in response to Covid-19, including the sales, fees and charges compensation scheme

Table 9 – Taxation and non-specific grant income

	Budget £'000	Outturn £'000	Variance £'000
Revenue support grant	200	200	0
Rural Services Delivery Grant	342	342	0
New Homes Bonus	261	261	0
Other Gov. grants (Lower Tier Services Grant)	156	156	0
Other Gov. grants (Covid expenditure pressures grant)	565	565	0
Other government grants – LCTS	151	151	0
NNDR funding	9,585	9,675	90
Collection fund surplus/(deficit) – NNDR	(6,140)	(6,140)	0
Council tax - excluding parish element	5,552	5,552	0
Council tax - parish precepts	2,567	2,567	0
Collection fund surplus/(deficit) - Council Tax	4	4	0
Other – Covid-19 income guarantee	72	72	0
	13,315	13,405	90
Transfer from/(to) Earmarked Reserves	2,177	2,087	(90)
	15,492	15,492	0

8.2 Taxation and non-specific grant income exceeded the budgeted amount by £90k, comprising:

- £102k additional income against the estimated contribution in respect of section 31 grants compensating the Authority for loss in business rates income resulting from reliefs awarded by the government in response to the Covid-19 pandemic, also noted in paragraph 6.2
- £12k additional levy payable, net of pool gains from the Cumbria Business Rates Pool.

8.3 As noted in section 6 above, and in line with the approach taken in setting the Revised Budget, the excess of income will be transferred into Earmarked Reserves.

8.4 A summary of the NNDR income included in the 2021-22 budget and the actual income to be credited to the Council's general fund in 2021-22, is shown in the following table:

Table 10 – NNDR funding 2021-22

Funding element	Approved Budget £'000	Outturn £'000	Variance £'000
Fixed Elements:			
Allerdale Share of NNDR Income	11,679	11,679	0
Renewable Energy 'disregard' retained	519	519	0
Net tariff payable to Central Government	(7,418)	(7,418)	0
Share of estimated collection fund deficit	(6,140)	(6,140)	0
'Fixed' element of NNDR income	(1,360)	(1,360)	0
Variable Elements:			
Reconciliation adjustment (prior year disregarded income)	(36)	(36)	0
Section 31 grant	5,315	5,417	102
Levy payable (net of reduction under pool arrangements)	(474)	(486)	(12)
Variable element of NNDR income	4,805	4,895	90
Total Fixed & Variable Elements	3,445	3,535	90
Transfer from Earmarked Reserve – 2020-21 s31 grant	6,160	6,160	0
Transfer to Earmarked Reserve – 2021-22 retained levy	(649)	(719)	(70)
Transfer to Earmarked Reserve – 2021-22 s31 grant	(3,334)	(3,354)	(20)
Net Credit to the General Fund	5,622	5,622	0

9.0 In Year Monitoring

- 9.1 The Council's Financial Regulations require the Section 151 Officer (Chief Officer Assets & S151) to report the latest financial position against budget to Executive on a regular basis. Regular monitoring of the financial performance forms an integral part of the framework of financial controls and procedures used by the Council to manage financial risks.
- 9.2 The quarter 3 monitoring report to Executive, identified a potential favourable variance after planned contributions to reserves, and before unplanned contributions to reserves, of £357k. This compares to a favourable variance at the year-end of £2.044m, a change of £1.687m. After taking into account all contributions to reserves (both planned and unplanned), the net variance compared to budget is £317k (favourable).
- 9.3 The difference of £1.687m, is underpinned by the variances reported in Section 5 of this report and has resulted in the additional contributions to earmarked reserves explained in Section 6.

10.0 General Fund and Earmarked Balances

- 10.1 The impact of the provisional revenue outturn on the Council's general fund (GF) and earmarked (E/M) general fund reserves is summarised in the table below:

Table 11 – Movement in Balances

	Budget		Actual	
	General Fund £'000	Earmarked Reserves £'000	General Fund ¹ £'000	Earmarked Reserves £'000
Opening Balances	3,168	10,460	3,168	10,460
Transfers to/(from) Reserves:				
Release of E/M Reserves to GF	0	0	39	(39)
Use for capital programme	(13)	0	0	0
Use to support Revenue Budget	(419)	0	(102)	0
Planned use of E/M Reserves	0	(3,780)	0	(2,631)
Planned contribution to E/M Reserves	0	65	0	90
Transfer from Earmarked Reserve – 2020-21 s31 grant	0	(6,160)	0	(6,160)
Transfer to Earmarked Reserve – 2021-22 retained levy	0	649	0	719
Transfer to Earmarked Reserve – 2021-22 s31 grant	0	3,334	0	3,354
Requested cont. to E/M Reserves	0	0	0	1,727
Increase/(Decrease) in Balance	(432)	(5,892)	(63)	(2,940)
Balance at 31 March 2022	2,736	4,568	3,105	7,520
Retained - Minimum Balance	(2,700)	0	(2,700)	0
Available for Use	36	4,568	405	7,520

Impact on General Fund Balances

- 10.2 This reserve plays an important part in managing unforeseen risk and cash flow management of the Authority.
- 10.3 The opening General Fund Balance at 1 April 2021 was £3.168m.
- 10.4 After accounting for the transfers to/from Earmarked Reserves referred to in the preceding paragraphs, a net decrease in general fund balances of £63k is made during 2021-22.
- 10.5 The following allocations have been made from the general fund at 31 March 2022:
- £2.7m to be held as a minimum balance.
- 10.6 This leaves an available for use balance at 31 March 2022 of £405k, compared to a budgeted available for use balance of £36k.

Impact on Earmarked Reserves

- 10.7 The opening balance on earmarked reserves at 1 April 2021 was £10.460m. The revised budget for 2021-22 included planned net contribution from earmarked balances of £5.892m.
- 10.8 Actual use of earmarked reserves in 2021-22 was £8.830m (£2.631m for revenue expenditure, £39k release to General Fund balances and £6.160m use of s31 grants to offset the deficit on the business rates collection fund as at 31 March 2020, distributed in 2021-22).
- 10.9 Planned contributions of £90k and requested contributions to reserves, totalling £1.727m are detailed in Section 5.
- 10.10 Additional contributions from Taxation and Government Grants of £4.073m are detailed in Section 6.

11.0 Delivery arrangements

- 11.1 Not applicable to this decision/report.

12.0 Implications and Impact

Contribution to Council Strategy Priorities, Outputs and Outcomes

- 12.1 Sound financial management is essential to successful delivery of the Council's financial plans, achievement of value for money, financial sustainability and the stewardship and safeguarding of public money.

Finance/Resource implications

- 12.2 Financial issues and implications are included within the main body of this report.

Legal and governance implications

- 12.3 There are no legal or governance issues arising from this decision/report.

Risk analysis

12.4 Not applicable to this decision/report.

Increasing satisfaction and service

12.5 Not applicable to this decision/report.

Equality impacts

12.6 Not applicable to this decision/report.

Health and Safety impacts

12.7 Not applicable to this decision/report.

Health, wellbeing and community safety impacts

12.8 Not applicable to this decision/report.

Environmental/sustainability impacts

12.9 Not applicable to this decision/report.

Other significant implications

12.10 There are no other significant implications arising from report.

Appendices attached to this report:

Appendix	Title of appendix
A	2021-22 Outturn by Portfolio
B	Earmarked Reserves
C	Contributions to Earmarked Reserves

Background documents available:

Name of background document	Where it is available
None	N/A

Report author(s) and contact officer(s):

Claire Felters
Senior Manager - Finance
telephone no: 01900-516935
email: claire.felters@allerdale.gov.uk