



**REPORT of  
DIRECTOR OF RESOURCES**

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**to  
STRATEGY AND RESOURCES COMMITTEE  
15 JULY 2021**

**PROVISIONAL FINANCIAL OUTTURN 2020 / 21**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide Members of the Committee the provisional Outturn position for the year ended 31 March 2021.
- 1.2 To inform Members of movements in relation to the Council's General Fund, Earmarked Reserves and Capital Commitments as at 31 March 2021.

**2. RECOMMENDATIONS**

- (i) That the provisional outturn position for the 2020 / 21 financial year be noted;
- (ii) That the movement in Earmarked Reserves in **APPENDIX 2** be approved;
- (iii) That Revenue Commitments in **APPENDIX 3** be approved to be brought forward to 2021 / 22;
- (iv) That the Capital Commitment roll forwards into 2021 / 22 be approved.

**3. SUMMARY OF KEY ISSUES**

- 3.1 The Outturn report provides financial results for Council for the year ending 31 March 2021. It shows performance against the original budget agreed by the Council on 13 February 2020 and is used for management purposes. The annual statement of accounts is prepared for statutory reporting purposes.
- 3.2 The draft statement of accounts was published 22 June 2021 and the audit of these financial statements is due to conclude in September. As such the figures in the Outturn report are subject to change and therefore provisional.
- 3.3 **Provisional Outturn**
  - 3.3.1 The table overleaf is an overview of the provisional outturn position for the whole Council. It shows that services ended up underspending by £1.2m and other comprehensive income and expenditure turned out close to budget leaving the total outturn variance still at a £1.2m underspend.

**Table 1 – Provision Outturn**

	<b>Budget £000</b>	<b>Actuals £000</b>	<b>Variance £000</b>
Net Cost of Services	9,944	8,742	-1,202
Investment Income	-283	-233	50
Pension Deficit Funding	1,556	1,556	0
Pension Adjustment	622	553	-69
Statutory Adjustments	-2,292	-2,307	-15
Other Grants	-777	-774	3
Council Tax (CTAX)	-5,078	-5,078	0
National Non-Domestic Rates (NNDR)	-2,393	-2,393	0
Collection Fund Adjustment	-36	-36	0
New Homes Bonus (NHB)	-897	-897	0
<b>Total</b>	<b>366</b>	<b>-867</b>	<b>-1,233</b>
Movement in Earmarked Reserves	504	548	44
<b>Transfer to / (from) General Fund</b>	<b>-872</b>	<b>319</b>	<b>1,191</b>

3.3.2 The above variances include Covid-19 and other budget variances. The following two tables itemise these.

**Table 2 – Covid Pressures**

<b>Pressure</b>	<b>£000</b>
Additional Expenditure*	720
Reduction in Income*	2,153
Reduction in Council TAX and NNDR Income	200
Income Compensation Grant	-1,427
Government COVID Grant	-898
Leisure Recovery Fund Grant	-121
<b>Net COVID Pressures</b>	<b>627</b>

\* These are described in more detail at **APPENDIX 1**.

**Table 3 – All Variances**

<b>Items</b>	<b>£000</b>
Pension Adjustment Overbudgeted	-505
Prior Year Accounting Adjustment	-269
Salaries	-227
Release of Commitments from Reserves	-185
Housing Benefit Overpayments	-165
Recycling Credits	-120
IT Software	-94
Office Expenses and Running Costs	-67

<b>Items</b>	<b>£000</b>
Overprovision of Audit Fees	-49
Election costs relating to canvassing	-38
Charge for Services	-29
COVID Pressures	627
Other variances under £15,000	-70
<b>Underspend</b>	<b>-1,191</b>

### 3.4 Variances Analysis

3.4.1 The pension adjustment relates to over budgeting where the accounting treatment requires that the amount be recognised in the income and expenditure statement but then it should be reversed out in compliance with International Accounting Standard 19 so there is no impact on the General Fund. The reversal was not included in the budget. The 2021 / 22 budget has correctly included the reversal.

3.4.2 While preparing the 2020 / 21 accounts an over provision of £269,000 from a prior year has been identified relating to the pension fund adjustment. Final confirmation of this is still subject to audit.

3.4.3 The salaries underspend was due to periodic vacancies across the three directorates and broken down as follows:

- Service Delivery ..... £143,800
- Resources..... £55,200
- Strategy, Performance and Governance ..... £28,500

3.4.4 Year End revenue commitments carried forward to future years were £185,000 less at the end of 2020 / 21 than at the end of 2019 / 20.

3.4.5 There is a deficit between what the Council pays out in Housing Benefit and what the Central Government Subsidy covers of this due to claimant error overpayments, which the Council budgets for. However, most of this is recovered by billing claimants directly, causing the underspend.

3.4.6 More tonnage of recycling was collected by Maldon District Council (MDC) during 2020 / 21 which led to receiving higher recycling credits.

3.4.7 IT software licensing and maintenance underspent as more was spent on purchase of new software to support remote working during 2020 / 21. This will translate back into licensing and maintenance from 2021 / 22 onwards.

3.4.8 As Council Offices were largely empty during 2020 / 21, utility, maintenance and other running costs were reduced.

### 3.5 Table 4 – General Fund Balance

	<b>£000</b>
<b>Opening General Fund Balance</b>	<b>5,481</b>
Budgeted Use of Reserve	(872)
Variance	1,191
<b>Closing General Fund Balance</b>	<b>5,800</b>

3.5.1 This table shows that the general fund balance would remain above the minimum recommended level of £2.6m. A minimum level of reserve is set to ensure the Council has the financial resilience to respond to emergencies and unforeseen events such as the current pandemic. However, if it did fall below the minimum level it would need to be replenished in future years.

### 3.6 Earmarked Reserves

3.6.1 **APPENDIX 2** provides a breakdown of the Earmarked Reserves. Earmarked Reserves balances as at 31 March 2021 are £4.6m. This is a net increase of £0.5m from 1 April 2020. Increases include a £646,000 contribution from the New Homes Bonus Scheme, £406,000 of revenue commitments carried forward to spend in 2020 / 21 (detailed at **APPENDIX 3**), £200,000 to contribute towards low Council Tax and Business Rates collection during the pandemic and £127,000 towards Strategic Priorities following the halt to the Bradwell B project. Drawdowns during 2020 / 21 include £591,000 to cover revenue commitments as at 31 March 2020, £116,000 to help pay for the triennial contribution to Essex Pensions and £96,000 towards local development plan costs.

### 3.7 Capital Commitments

3.7.1 The Council's approved capital programme was £1.1m in 2020 / 21. This includes the prior year programme roll forwards, and supplementary estimates. During the year £453,000 was spent, leaving a Capital underspend of £647,000. This is mainly due to the inability to access people's homes during the pandemic to carry out disabled facility capital works. Other underspends are captured in paragraph 3.7.2.

3.7.2 As at 31 March 2021, a number of capital projects were still on-going and the following budget amounts, totalling £169,000, are requested to be carried over into 2021 / 22:

**Table 5 – Capital Commitments**

Capital Project	Description	Budget 2020 / 21 £	2020 / 21 Expenditure £	2020 / 21 Balance £	Carry forward £
PWC	Supplier not able to deliver until May 2021	17,000	1,583	15,417	15,417
Accessible Playsite	Unsuccessful tender process, new tender in 2021 / 22 financial year.	48,000	0	48,000	48,000
Splash Park	Splash Park not opened 2020 due to Covid restrictions	30,000	0	30,000	30,000
Blackwater Leisure Centre (LC) Air Handling Unit	Leisure Centre not open 2020 due to Covid restrictions, works still to be undertaken	24,500	0	24,500	24,500
Cemetery Toilets	Order placed, off-site build in progress, delivery due May 2021	25,000	0	25,000	25,000
Riverside Park (Multi-Use Games Area (MUGA))	Riverside Park (MUGA)	26,000	0	26,000	26,000
<b>Total</b>		<b>170,500</b>	<b>1,583</b>	<b>168,947</b>	<b>168,947</b>

## 4. CONCLUSIONS

- 4.1 Actual net expenditure for 2020 / 21 was below budget. This position will support the Medium-Term Financial Strategy (MTFS) positively.
- 4.2 A number of capital projects have been completed in year, however, some projects were unable to be completed by 31 March 2021 and budgets have therefore been committed at year end accordingly.
- 4.3 The advent of the Coronavirus Pandemic has had a direct impact on the Council's ability to operate within its budget. It has resulted in huge income shortfalls and large overspends. However, Government grants have mitigated these, as well as other underspends, meaning a surplus can be credited to the General Fund at the end of 2020 / 21.
- 4.4 Nevertheless, the restrictions due to the coronavirus pandemic are still ongoing to an extent, which is still costing the Council money in terms of additional costs and lost income in areas such as leisure services, attractions & events, building & development control, elections, communication and democratic services. This requires vigilant budgetary control going forward.

## 5. IMPACT ON CORPORATE GOALS

- 5.1 This report links to the corporate core values of being open and transparent, and accountable for our actions.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – None directly.
- (ii) **Impact on Equalities** – None identified.
- (iii) **Impact on Risk** – No corporate risk issues associated with this report.
- (iv) **Impact on Resources (financial)** – Variances from the budget will impact upon the level of balances and/or reserves available in the future.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

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