

# East Herts Council Report

## Executive

## Audit & Governance

**Date of meeting:** 29 September 2022

**Report by:** Councillor Geoffery Williamson, Deputy Leader & Executive Member for Financial Sustainability

**Report title:** Provisional General Fund Revenue & Capital Outturn 2021/22

**Ward(s) affected:** All

**Summary** – This report sets out the provisional revenue and capital outturn for 2021/22, subject to external audit. The General Fund revenue outturn is provisionally a £91k surplus. The capital programme has experienced some slippage on projects as a result of supply chain disruption, the effects of the COVID-19 pandemic and Brexit. As a result of these slippages £4.1 million of budgets are recommended for carry forward.

### **RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE;**

- a)** Note the General Fund revenue outturn of £91k underspend to be transferred to the general reserve
- b)** Capital budgets of £4.1m are recommended to be carried forward to 2022/23 to fund ongoing capital schemes.

## 1.0 Proposal(s)

**1.1** To advise members on the general fund revenue outturn for 2021/22 and provide explanations for significant variances against approved budgets.

**1.2** To advise members of the final capital outturn position and the financing arrangements for the 2021/22 capital programme.

## 2.0 Background

**2.1** The 2021/22 budget was approved by Council on 2 March 2021.

**2.2** In year budget monitoring and management actions have sought to deliver the Council's plans. Members have been kept updated throughout the year through quarterly budget monitoring reports where significant variances have been reported.

## 3.0 Reason(s)

**3.1** The final outturn for the year, detailed in this report is still subject to external audit. The audit of the 2021/22 is due to commence in January 2023, the final audited accounts will be presented to Audit & Governance Committee on completion of the audit.

**3.2** An underspend of £91k is reported against the 2021/22 revenue budget. This is summarised in table 1. It is recommended that this is transferred to the Councils General reserve.

Table 1: Summarised 2021/22 Outturn Position

	<b>2021/22 Original budget</b>	<b>2021/22 Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Cost of Services	16,787	14,843	(1,944)
Corporate budgets	(166)	(159)	7
Net use of reserves	2,485	(2,030)	(4,515)

Funding	(8,050)	(1,689)	6,361
Council Tax	(11,056)	(11,056)	-
<b>Underspend</b>		<b>(91)</b>	<b>(91)</b>

**3.3** Details on the significant variance against the 2021/22 Revenue budget are shown in appendix A.

**3.4** The progress of the capital programme has been reported to Audit and Governance throughout the year as part of the budget monitoring process. Capital Expenditure in 2021/22 was £25.2m as set out in table 2.

Table 2: 2021/22 Capital Outturn & budget carry forwards to 2022/23

	<b>2021/22 Revised budget</b>	<b>2021/22 Outturn</b>	<b>Variance</b>	<b>Carry forward to 2022/23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Strategic Finance & Property	28,730	11,767	(16,962)	939
Shared IT service	1,235	207	(1,026)	417
Operations	32,923	13,043	(19,880)	2,777
Housing & Health	173	133	(40)	-
Planning	20	15	(5)	-
<b>Total</b>	<b>63,080</b>	<b>25,167</b>	<b>(37,914)</b>	<b>4,133</b>

**3.5** An underspend of £37.9m is reported in respect of 2021/22. This is largely due to schemes not commencing or progressing in line with initial expectations. The capital programme was re-profiled as part of the budget report that was approved at Council in March 2022 and the majority of these underspends were captured in this re-profiling.

**3.6** It is recommended that a further £4.1m of budgets be carried forward from the 2021/22 to the 2022/23 capital programme. This relates to the slippage of projects against the assumed spend profile at 31 March 2022. Further details can be found in Appendix B.

**3.7** The 2021/22 capital programme expenditure has been financed from the following sources:

Table 3: Capital financing

	<b>£'000</b>
Capital receipts	557
Third party contributions	1,818
External borrowing	22,580
CERA	212
<b>Total</b>	<b>25,167</b>

## **4.0 Options**

**4.1** The Executive can chose to increase the general fund balance by the underspend amount rather than increasing the general reserve.

**4.2** The Executive can chose not to carry forward capital budgets although this would cause budget shortfalls and overspends on major projects that span financial years. This is not recommended.

## **5.0 Risks**

**5.1** There is a risk that the external auditors will require the accounts to be adjusted after audit which may decrease or increase the revenue under spend reported.

## **6.0 Implications/Consultations**

6.1

## **Community Safety**

No

## **Data Protection**

No

## **Equalities**

No

## **Environmental Sustainability**

No

## **Financial**

Contained within the body of the report

## **Health and Safety**

No

## **Human Resources**

No

## **Human Rights**

No

## **Legal**

Regular monitoring and forecasting of the budget and capital programme are required to ensure that the Council is managing its resources effectively and complies with section 28 of the Local Government Act 2003 and the Council's Financial Procedure Rules.

## **Specific Wards**

Yes/No

## **7.0 Background papers, appendices and other relevant material**

**7.1** Appendix A – revenue outturn position

**7.2** Appendix B – 2021/22 Capital Outturn

**Contact Member**

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