

7a. REFERRAL FROM FAR 15 JUNE 2022: REVENUE BUDGET OUTTURN

RECOMMENDED TO CABINET: That Cabinet:

- (1) Notes this report.
- (2) Approves a decrease of £592k in the 2021/22 net General Fund expenditure, as identified in table 4 and paragraph 8.1, to a total of £16.892million.
- (3) Approves the changes to the 2022/23 General Fund budget, as identified in table 4 and paragraph 8.3, a total £179k increase in net expenditure.

That Cabinet recommends to Council:

- (1) That Council approves the net transfer from earmarked reserves, as identified in table 9, of £8.123million.

REASONS FOR DECISIONS:

- (1) Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.
- (2) Changes to the Council's balances are monitored and approved.

Audio Recording – 53:03

The Service Director – Resources presented the report entitled Revenue Budget Outturn 2021/22 along with Appendix A, and clarified to Members that it was the addendum reports enclosed in the supplementary agenda to which they should refer.

The Service Director – Resources highlighted points including:

- The purpose of this report was to inform members of the position of the revenue budget which concerned day to day running expenses including service delivery contracts and staff payment;
- The report concerned the position at the end of the last quarter and a survey of the last financial year in total;
- Tables 1 and 2 showed the budget set at the start of the year and the report covers amendments that have been made to the budget throughout the preceding financial year;
- Table 4 covered the last quarter and highlights any significant variances with the agreed budget, many of which were underspends;
- One of the significant underspends related to the Welcome Back fund provided by the EU to support projects that encouraged a return to high streets. This funding was not paid out due to a missed deadline; EU funding rules required payments be made before a cut-off point, whereas central government funding or similar grants only required that the expense be incurred before the relevant cut-off. Lessons had been learned to avoid this again though it was noted that EU funding streams would now tail off.
- The overall variance for underspend reported in that quarter was £592,000 with a request to carry forward £172,000 of that money into the next financial year;

- Paragraph 8.15 onwards covered the impact of covid-19 with the main elements being additional support to Stevenage Leisure Ltd; the actual impact was lower than what had originally been budgeted for totalling £765,000 from a budget of up to £2million.
- Table 7 highlighted the General Fund reserves which were currently significantly above the minimum level which given the uncertainty facing the Council with regards future funding formulae was positive;
- It was the role of the Chief Financial Officer to monitor the reserve levels;
- Higher reserves allowed the Council to respond to changing financial circumstances in a measured and considered way;
- The general fund had increased in the last year mostly due to previously earmarked reserves being recombined into the general fund;
- Net expenditure was at around £16.9million with funding coming in at £15.1million which represented a significant unsustainable funding gap; the majority of that overspend related to the impact of covid-19 that had not been mitigated for;
- Table 9 highlighted the earmarked reserves and movement of funds in and out of specific ringfenced funds which were subject to approval by Full Council.

Councillor Terry Hone asked for clarification on Table 6 which noted a balance not covered by Sales Fees and Charges (SFC) funding which suggested the Council incurred £723,000 of additional cost as a result of covid-19 that was not covered by funding from central government.

The Service Director – Resources advised that the figure in Table 6 plus the additional loss of income from Stevenage Leisure Ltd in the region of £765,000 covered at paragraph 8.16 amounts to £1.5million of additional cost and lost income not covered by SFC compensation. £558,000 of central government funding had been received which offset some of that amount but the Council still had to rely on its own reserves.

With the consent of the meeting it was:

RECOMMENDED TO CABINET: That Cabinet:

- (4) Notes this report.
- (5) Approves a decrease of £592k in the 2021/22 net General Fund expenditure, as identified in table 4 and paragraph 8.1, to a total of £16.892million.
- (6) Approves the changes to the 2022/23 General Fund budget, as identified in table 4 and paragraph 8.3, a total £179k increase in net expenditure.

That Cabinet recommends to Council:

- (2) That Council approves the net transfer from earmarked reserves, as identified in table 9, of £8.123million.

REASONS FOR DECISIONS:

- (3) Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.
- (4) Changes to the Council's balances are monitored and approved.

The reports and papers associated with this item can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 15th June, 2022, 7.30 pm - North Herts Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk/agenda/finance-audit-risk-committee-wednesday-15th-june-2022-7.30-pm)