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**PART A: MATTERS DEALT WITH UNDER DELEGATED POWERS**

**REPORT TO: POLICY AND RESOURCES COMMITTEE**

**DATE: 16 JUNE 2022**

**REPORT OF THE: CHIEF FINANCE OFFICER (s151)  
ANTON HODGE**

**TITLE OF REPORT: REVENUE AND CAPITAL BUDGET MONITORING –  
OUTTURN 2021-22**

**WARDS AFFECTED: ALL**

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 The revenue budget for 2021-22 was approved by Council on 18 February 2021. This report and associated appendices present the financial performance against the budget. This summary shows the draft outturn position which is part of the Draft Accounts. The final audited accounts will be brought back to the Policy and Resources and Audit Committees in due course for approval.

### **2.0 RECOMMENDATION**

2.1 It is recommended that Policy and Resources Committee:

- i) Notes the contents of the report and that the draft surplus Balance of £10k has been transferred to the General Reserve.
- ii) Approves a carry forward of £242k from revenue budgets and £7.56m from the Capital Programme to ensure that key projects can be adequately resourced and completed.

### **3.0 REASON FOR RECOMMENDATION(S)**

3.1 To ensure that budget exceptions are brought to the attention of the Council in order to approve remedial action where necessary.

3.2 To note the treatment of the surplus balances and impact on reserves and to ensure that key projects can continue to be adequately resourced and completed.

## 4.0 POLICY CONTEXT AND CONSULTATION

4.1 The financial position and performance against budget is fundamental to delivery of the Council's Plan, achieving value for money and ensuring financial stability.

## 5.0 REPORT DETAILS

### 5.1 Summary

#### General Fund (Appendix A)

The year-end position is showing a surplus of £10k. This comes in the context of a difficult year with significant volatility as we continued to see the impact of Covid and rising inflation and presents a positive overall position and evidence of effective financial management. Further details are set out below. Planned savings and efficiencies of £377k for the year, identified as part of the 2021-22 budget setting process were built into the base budgets and are reflected in the numbers below and appendix A.

#### Capital (Appendix B)

The year-end position showed much less spend than originally envisaged (£3.3m as against a £12m budget). The majority of underspend relates to changes to planned project timescales and a carry forward will therefore be required to allow completion in 2022/23 and later years to support the programme agreed by Council In February.

### 5.2 Revenue

The table below sets out the summary position, with details of forecast variances included in **Appendix A**.

General Fund Account – Q4 2021/22	Budget	Actual	Variance
	£000's	£000's	£000's
Net Revenue Budget	8,192	8,752	560
Settlement Funding RSG/NDR	(3,751)	(4,321)	(570)
<b>Amount to be met from Council Tax</b>	<b>4,441</b>	<b>4,339</b>	<b>(10)</b>
Council Tax	(4,483)	(4,483)	0
Collection Fund Deficit	42	42	0
<b>Net Revenue Budget (Surplus) / Deficit</b>	<b>0</b>	<b>(10)</b>	<b>(10)</b>

The main variances are:

#### Expenditure

- **All Employee-related costs. £108k underspend.** The majority of services have ended the year with underspend salaries and employee related costs, mainly due

to turnover and vacancies, the main areas being Management Team £161k, IT services £87k, Projects & Performance £45k. Waste and Environmental services were overspent by £264k.

- **Supplies and Services – £183k underspent.** Across services there are numerous variances, with many showing underspends. Some of the main items relate to Waste service stock adjustment £28k, Green waste disposal charges £24k, underspends across various IT and Software related budgets £41k, Building Control Partnership charges fees £42k, £25k across printing and stationery budgets, along with £8k on postage and £7k on telephone/internet charges
- **Vehicles and Transport - £183k overspent.** The overspends mostly relate to additional costs within the Waste & Environment fleet, Hired Services costs £89k, Repairs and Vehicle parts £84k, Diesel £28k. This is partially offset by underspends in Tyres and Licences £13k. In addition, across the authority mileage expenses were £10k underspent.
- **Premises related – £230k overspent.** Major areas of additional spend relate to increased costs on repairs and maintenance to make properties safe and secure and taking account of inflation increases. Includes works in Ryedale House £42k, Former Waste Transfer site £95k and spend across investment properties £65k.
- **Housing Benefit Payments – £209k Overspent.** Benefit payments in year haven't reduced as far as predicted in year. This is partially offset in benefit subsidy receipts.
- **Additional Capacity and Provisions –** this is the budget set aside to cover additional agreed capacity and to account for savings included in main headings above
- **Capital Accounting - £131k underspent.** The underspend relates to finance lease payments, which are lower than budgeted due to delays in the Vehicle replacement programme. This partially offsets costs incurred within the vehicle heading where repairs and maintenance costs are higher than expected due to older vehicles in the fleet.

## Income

- **Income from Housing Benefit – £50k surplus.** Housing benefit subsidy has been slightly more than expected as Benefit payments haven't decreased as far as forecast. Offsetting this, there is a slight increase in payments that do not attract 100% subsidy.

- **Waste Collection & Recycling – £249k surplus.** Significant increase in recycling material prices, March 22 v March 21 the most notable differences saw an increase of 418% in plastic bottles and 152% in Softmix Paper. Tonnages remained fairly consistent.
- **Fees and Charges – £124k surplus.** The main variance relates to the recovery of car parking income following covid restrictions, ending the year with a surplus of £148k. Housing rents and benefits generated a surplus of £54k, along with additional income for Gritting services £30k. There were some smaller losses within Land Charges £23k, DFG admin fee £25k and Markets £20k.
- **Government Grants – £293k Surplus.** LLC Transition Grant £24k, Covid response £14k, Housing Benefits New Burdens £25k, Various Housing Measures ( for example Domestic Abuse, Protect & Vaccinate) £221k

### Covid-19 impact on Revenue Budget

- 5.3 Covid costs monitoring has been prepared in year using the latest information gathered for the Financial impacts monitoring returns to MHCLG, the position reported here uses the final costs included within the year end accounts
- 5.4 Council approved additional funding from reserves of £788k to cover COVID costs as set out in the table below.
- 5.5 Final costs for year are:-

	Budget	Q4 Final
	£000	£000
Stand-by payments	25	24
Reduction in investment income	150	156
Additional Vehicle Hire (Streetscene)	23	27
Loss of car park income	155	-25
Loss of catering income	10	23
Additional finance resources	50	50
Ryecare Income	8	10
Procurement savings not achieved	50	50
Streetscene (reduction of income, offset by reduction in diesel, etc)	73	103
Customer Services Staff	90	84
COVID Grant Revenue Officers	25	25
COVID Marshall	12	9
Online meetings	25	83
Covid-secure workplace adjustments including PPE	45	5
Support for Vol and Community sector incl additional grant allocation	25	10
COVID implementation and coordination arrangements	22	17

- 5.6 Final costs were £137k less than estimated, giving a total of £651k for the year. The biggest difference related to the recovery of Car Park income exceeding expectations following the removal of lock-down restrictions.
- 5.7 The Council had agreed in the 2021-22 budget to fund these additional costs from reserves, and can therefore reduce the planned drawdown in light of the £137k saving. In addition, unexpected new burdens and Sales, Fees and Charges grants have been received in year, which will also ease the pressure on the use of Council reserves, where these have not been required to set aside for on-going Covid measures. Therefore the final call on this reserve is £474k.

Original Cost Pressures to be funded from Reserves	£788k
Less:	
Underspend	£137k
New Burdens Grants applied in year	£92k
Sales Fees & Charges compensation	<u>£85k</u>
Revised drawdown from Reserves	<u>£474</u>

### Requested Revenue Carry-forwards

- 5.8 The figures above include proposed revenue carry-forwards for budgets set aside in 2021/22 but not used. These will be transferred into an earmarked reserve for the purposes described

Nature of Budget	Amount to Carry Forward (£)
Repairs & maintenance	52,000
Climate change projects	48,800
Car parks security	4,500
Community grants	10,100
IDeA cyber security grant	8,000
Training budgets	7,500
Local Plan	71,140
Equipment	39,870
	<b>241,910</b>

### Capital Programme

- 5.9 The approved programme in 2021/22 was £12.026m.
- 5.10 Within the capital programme, the main headings are shown below (a detailed breakdown is shown in **Appendix B**).

- 5.11 The final outturn position is £3.312m, with slippage of £7.56m, and change in vehicle replacement financing arrangements of £1.153m
- 5.12 The main variances relate to the following areas:
- (i) Industrial Units development (£2.3m) all of which will slip into 22/23,
  - (ii) Livestock Market development, with £1.5m slipping into future years.
  - (iii) Affordable Housing, with £1.1m to slip into 22/23
  - (iv) Vehicle Replacement – Within the capital programme seven Refuse Vehicles were to be replaced under finance lease arrangements (£1.153m), however once the detailed assessments were carried out, it was determined that a purchase through Operating Leases was more appropriate, meaning that an annual cost is charged to the revenue account and therefore the capital allocation can be reduced. The vehicles have now been purchased and payments are being made. The revenue charge is covered by the existing budget for Minimum Revenue Provision (MRP).  
The remainder of the underspend (282k) is slippage due to investigating Electric options to move to a greener fleet.
- 5.13 £250k of the IT infrastructure budget was moved forward into 21/22 with £226k now slipping into 22-23. With the need to refresh a number of core systems, this area is likely to continue to be under pressure into the new financial year.

CAPITAL SCHEME	BUDGET 2021/22	FINAL OUTTURN 2021/22	VARIANCE
	£'000	£'000	£'000
Vehicle Replacement Programme	1,788	353	-1,435
Trade Waste Equipment	33	4	-29
Replacement of Garage Inspection pit	50	0	-50
Property Condition Survey: Investment Operation Assets	32	0	-32
Property Condition Survey: Leisure Facilities	-4	1	5
Property Condition Survey: Milton Rooms	216	4	-212
Property Condition Survey: Public Conveniences	0	26	26
Property Condition Survey: Car Parks	30	0	-30
Property Condition Survey: Streetlights	201	141	-60
Property Condition Survey: St Leonard's Wall	80	0	-80
Property Condition Survey: Former Transfer Waste Site	65	53	-12
Property Condition Survey: Unallocated	42	37	-4
Property Condition Survey: Riverside View Play Area		44	44
Car Park Action Plan	50	0	-50
Industrial Units - New Development	2,290	0	-2,290
Milton Rooms	500	468	-32
Ryedale House - COVID safe adjustments	55	47	-8
Livestock Market	1,500	0	-1,500
Community Facilities in Pickering	200	0	-200
Malton and Norton Infrastructure	350	0	-350
Ryedale Hub	0	0	0
Malton to Pickering Cycle Route	670	520	-150
IT Infrastructure Strategy	477	251	-226
Aff HSG Init: Exception Sites Land Purchases	100	0	-100
Aff HSG Init: Railway Tavern	724	620	-104
Aff HSG Init: Extended Programme Delivery	1,506	357	-1,149
Aff HSG Init: Property Improvement Loans	75	9	-66
Aff HSG Init: Landlord Improvement Loans/Grants	50	0	-50
Privates Sector Energy Efficiency Grants	40	40	0
Private Sector Renewal - Disabled Facility Grants	496	339	-157
Community Housing Fund	289	0	-289
Mortgage Rescue Scheme	21	0	-21
Flooding Contingency	100	0	-100
<b>TOTAL</b>	<b>12,026</b>	<b>3,312</b>	<b>-8,713</b>

5.14 The proposed carry forward of £7.564m is therefore £8.713m as above, less the £1.149m no longer required for the vehicle leases, as set out in the further details which can be found at Appendix B. The draft position on funding sources, subject to final checks, is also shown in that Appendix.

## Reserves

- 5.15 As a result of planned activity, lower than expected capital costs and the transfer of the surplus to reserves, the position as at 31.03.22 is shown below with reserves of **£14.446m**, (excluding Collection Fund Equalisation Reserve of which £600k was used, as per budget). This is a decrease from the previous year's position of £0.9m. Balances, including use of other funding sources, are subject to finalising the Collection Fund accounts and completion of the Accounts Audit.

	31.03.21	31.03.22	change	Notes
	£'000	£'000	£'000	
General Reserve	3,981	3,517	-464	1
Capital Fund	5,405	4,196	-1,209	2
New Homes Bonus Reserve	3,582	3,582	0	
Strategic Reserve	2,133	2,311	178	3
Election Reserve	7	37	30	4
Council Tax Hardship Fund	77	49	-28	
Pension Reserve	81	306	225	5
Grants Reserve	99	448	349	6
	<b>15,365</b>	<b>14,446</b>	<b>-919</b>	

### Notes:

1. Use of General Reserve to fund Covid pressures and allocation of £10k year-end surplus.
2. Reflects spend within Capital Programme
3. Net movement reflects use of £64k carry forward requests from 20/21, against £242k requests to carry forward budgets into 22/23
4. Fund created to set aside costs of future elections
5. Savings from Pension rate reduction set aside to mitigate against future increases.
6. Grants received required to be set aside for future use.

- 5.11 It should be noted that a number of these reserves are already earmarked for spend in 2022/23 and future years and further information will be provided to the Committee as part of the normal quarterly monitoring reports. For example, £5.957m to support the Capital Programme slippage in 22/23, along with £1.95m to support the future programme.

## 6.0 IMPLICATIONS

- 6.1 The following implications have been identified:

- a) Financial  
Included in the body of the report



- b) Legal  
There are no legal implications identified as part of this report
- c) Other  
None to report, although in any report to Committee and Council, it will be noted that any proposals which may impact on Equalities, Staffing, Planning, Health & Safety, Climate Change, Environmental, Crime & Disorder will be assessed as part of the budget process.

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**Background Papers:**  
None

**Background Papers are available for inspection at:**  
N/A