

## Statement of Accounts for 2021-22

Analysis of major variations

The outturn position for 2021-22 is a surplus of £1.042m against the original budget that is transferred to the General Fund Reserve.

Reconciliation of the outturn position to the financial statements

	<u>£000</u>	<u>£000</u>
<b>(Surplus) or Deficit on Provision of Services</b>		
Comprehensive Income and Expenditure Statement (CIES) on page 23, and shown as Total Comprehensive Income and Expenditure in the Movement in Reserves Statement on page 26		(11,592)
<b>Adjustments between accounting basis &amp; funding under regulations</b>		
The reversal of accounting transactions contained within the CIES required in accordance with proper accounting practice but under statutory provisions not met by the resources of the Council. As per Note 10 on page 46, and shown as Adjustments between accounting basis & funding under regulations in the Movement in Reserves Statement on page 26		<u>16,710</u>
<b>Net (Increase) / Decrease on the General Fund before transfer to or (from) Earmarked Reserves</b>		5,118
<b>Transfer to or (from) Reserves:</b>		
As per the Note 9 on page 44		
Transfers from the General Fund to Earmarked Reserves	(8,646)	
Transfers from Earmarked Reserves	(6,525)	
Transfers to Earmarked Reserves	<u>15,767</u>	
		596
Transfer from Retained Business Rates Equalisation Reserve		(6,756)
<b>(Surplus) / Deficit for the year on the General Fund Balance</b>		<u><u>(1,042)</u></u>

The main variances between the General Fund latest approved budget and the outturn position in 2021-22 are as follows:

Ref	Overspends / Shortfall in Income	£000
1	Planning Applications	394
2	Provision for bad debts - Bed and Breakfast Accommodation	218
3	Correction to the accounting treatment for asset disposal costs	124
4	Vehicle Hire	151
5	Car Parks Service and Maintenance of Equipment	80
6	Provision for Bad Debts - Council Tax	72
7	Waste Services fuel	70
	<b>Sub-total</b>	<b>1,109</b>
Ref	Underspends / Additional income	£000
8	Leisure Centre Support	(390)
9	Insurance	(314)
10	Car Parks Pay and Display	(302)
11	Housing Benefit Overpayment	(269)
12	Investment interest	(255)
13	Estates rents	(217)
14	Bed and Breakfast Accommodation	(208)
15	Trade Waste	(153)
16	Green Waste	(137)
17	Rent Allowances	(121)
18	On Street Parking	(115)
19	Planning Performance agreements	(82)
20	Housing Contingency Fund	(81)
21	Public Conveniences NNDR	(77)
22	Provision for bad debts - Rent Allowances	(75)
23	Housing Benefits Court Costs income	(73)
24	Vehicle Workshop	(66)
25	Mileage/Public Transport	(64)
26	Car Parks Season Ticket income	(60)
27	Car Parks licence income	(51)
	Other variations less than £50,000 (net)	(494)
	<b>Sub-total</b>	<b>(3,604)</b>
	<b>Total Service Variations</b>	<b>(2,495)</b>
	<b>Corporate Variations</b>	
28	NNDR and council tax credits	(83)
	<b>Total Corporate variations</b>	<b>(83)</b>
	<b>Total variation before additional Government Support</b>	<b>(2,578)</b>
	<b>Additional Government Support</b>	
29	Sales, fees and charges compensation scheme	(274)
30	Business Rates Retention Scheme (BRRS)	(257)
31	Non ringfenced Government grants	(50)

	<b>Total additional government support</b>	<b>(581)</b>
	<b>Total budget variations</b>	<b>(3,159)</b>
32	Budgeted deficit on the General Fund	2,117
	<b>(Surplus) / Deficit for the year –</b>	<b>(1,042)</b>

The following paragraphs provide an explanation by the budget manager for the main variances:

### **Overspend / Shortfall in Income**

1. Planning applications income - shortfall in income £393,700  
This variance is due to the lack of high value applications during the year. This will be reviewed as during the 2023-24 budget process.
2. Provision for bad debts - Bed and Breakfast Accommodation - Additional cost £218,600  
The bad debt provision was erroneously not increased in line with Housing debts increasing. As a result, there is a need for the budget to be increased to reflect the need for an adequate bad debt provision. Additionally Housing debt is being focussed on during 2022-23 to ensure sufficient management of it moving forward.
3. Correction to the accounting treatment for asset disposal costs – Additional cost £124,000  
An error relating to the treatment of disposal costs for council assets held for sale was identified during the closedown of accounts for 2021-22. This error dates back over many prior financial years whereby an allowance from the income generated by sale of these assets to offset the costs of disposal had been accounted for before the sale had been realised. This error has now been corrected.
4. Vehicle hire - Additional cost £150,700  
Vehicle hire has increased due to the current fleet breaking down more often than expected. The fleet is nearing its end of life and will be replaced shortly. We have also gained the school waste contract and added an additional route for trade and green waste. This has put additional strain on current resources which have been unreliable again resulting in additional vehicle hire. As the fleet gets replaced unexpected hire costs will reduce allowing the expenses to be more predictable. The total life costs of Refuse Collection Vehicles are also being reviewed to ensure the vehicle replacement occurs at the appropriate time.
5. Car Parks - Service and Maintenance of Equipment - Additional Cost £80,400  
There has been an increase in cost of maintenance of parking payment machines as they have been in place for several years and starting to require more maintenance. Some of the element of cost is recharged to WSCC. Some of the overspend has been absorbed into underspends on Building Works and Contract Payment to give a net variance of £80,400.

6. Provision for bad debts - Council Tax additional Cost £71,700  
Council Tax collection rates are being impacted by the wider economic pressures faced by households, leading to a potential rise in bad debts.
7. Waste Services fuel - Additional Cost £70,300  
Waste Services fuel overspend caused by increased cost of fuel and additional rounds.

### **Underspends / Additional Income**

8. Leisure Centre support - Underspend (£390,300)  
Leisure Management support less than estimated due to better performance than forecast and the receipt of National Leisure Recovery Funding.
9. Insurance - Underspend (£314,000)  
This underspend occurred because of:
  - The outcome of the procurement exercise for Insurance services.
  - The move to an 18-month insurance period for the initial period; and,
  - The budget not reflecting the contract period change.
10. Car Parks Pay and Display - Additional income (£302,000)  
Pay and Display income received performed better than the budget as things begin to return to normal.
11. Housing Benefit Overpayments - Additional income (£269,300)  
Recovery from invoices (debtors) during 2020-21 was paused due to the Covid pandemic. Recovery from ongoing benefit deductions continued. This attributed to a reduction in overpayments recovered for 2020-21. As a result in 2021-22 total recovered Housing Benefit overpayments increased. Recovery is expected to stabilise during 2022-23 to pre-pandemic levels although it is difficult to be certain of this and will be regularly monitored to inform future budget requirements.
12. Investment interest - Additional income (£255,000)  
Investment return performance for pooled funds was expected to be affected negatively by the pandemic. In reality some were affected, others less so. The biggest variations between budget and actual relate to funds with an equity investment component which overperformed the budget by £180k between them. In effect, company distributions appear to have been more resilient to the effects of the pandemic than we expected. The Local Authority Property Fund (LAPF) also proved more resilient than expected (favourable variance £80k). Outside of this, there was a bump up in interest returns from the portfolio during the last quarter of the year as the base rate began its continuing rise.
13. Estates rents - Additional income (£217,200)  
Originally budgeted for was an overall shortfall of £90k in property rents. The actual shortfall across all budget lines is now estimated at £34k to year end, giving a £56k surplus. In addition, there is unbudgeted income from completed rent reviews £70k, and additional income secured from a new lease £91k.
14. Bed and Breakfast Accommodation - Net underspend (£208,000)  
The usage of nightly paid accommodation has not been as high as had been anticipated. Whilst Freeland Close units became available in March 2022 the reliance on nightly paid accommodation is unpredictable and is expected to remain

so due to the cost of living increase and potential implications of this on housing need.

15. Trade Waste - Net surplus (£153,100)  
Increase in trade waste business as new contracts secured in 2021-22.
16. Green Waste - Net surplus (£136,800)  
Additional income received due to an increase in green waste customers.
17. Rent Allowances - Net underspend (£120,800)  
Expenditure for Rent Allowances was less than estimated. This is always difficult to predict as estimates are based on reduced expenditure because of migration to Universal Credit. This doesn't always follow the national picture at local level. This underspend represents a 0.5% variation when compared to the budgeted cost of housing benefit payments to claimants of some £24.5m.
18. On Street Parking - Additional Income (£114,900)  
More running costs have been reimbursed than estimated for the Civil Parking Enforcement (CPE) 'on street' service, where the costs of the CPE service are split between (WSCC) 'on street' patrolling and (CDC car parks)'off street'. The sharing of costs is dependent upon on how many penalty charge notices issued either 'on street' in CDC car parks or 'off street' on the streets and highways.
19. Planning Performance Agreements - Additional income (£82,400)  
Additional Planning Performance Agreement (PPA) income received due to strategic scale applications submitted. This will continue into 2022-23 to be reviewed as part of the 2023-24 budget process.
20. Housing Contingency Fund - Underspend (£80,900)  
There was £144,100 spent from the Housing Contingency Fund leaving an unallocated amount of £80,900. The intention was to use this amount to cover Housing salary overspends but in 2021-22 we received the Homeless Prevention Grant which was ringfenced to be spent within the current financial year so this grant was drawn down upon instead and there was no call to use the Housing Contingency Fund.
21. Public Conveniences National Non Domestic Rate (NNDR) - Underspend (£77,000)  
Public Conveniences have been granted 100% business rates relief back to 1 April 2020, so a refund was received in 2021-22 for 2020-21.
22. Provision for bad debts - Rent Allowances - Underspend (£120,800)  
Bad debt provision for Housing Benefit overpayments – As a result of the amount of Housing Benefit overpayment debt reducing, the bad debt provision held has been lowered to reflect this.
23. Housing Benefits Court Costs income - Additional income (£72,900)  
Due to the Covid pandemic recovery action suspended in 2020-21. This resulted in more debts being rolled forward and collected in 2021-22 and as a result an increase in court costs.

24. Vehicle Workshop - Underspend (£66,000)

An additional £100k was added to the Budget 2021-22 for vehicle repairs, as the current aging fleet cost an additional £100k in repair costs during 2020-21. In 2021-22 only essential works have been carried out on fleet vehicles where they are due to be replaced in 2022-23.

25. Mileage/Public Transport- Underspend (£64,500)

The introduction of flexible working arrangements and a change to the way of working during and after the pandemic has led to a reduced need for officers to travel either by car or public transport to perform their role. Many meetings and training events are now held virtually rather than in person resulting in an underspend on travelling costs across council services. This budget was reduced as part of the 2023-24 budget process.

26. Car Parks Season Ticket income - Additional income (£60,000)

Pay and Display income received performed better than the budget as things begin to return to normal.

27. Car Parks licence income - Additional income (£50,900)

This relates to Car Parks and some of this is due to ad hoc requests such as temporary access licences, use of parking bays for skips or shopmobility vans parking up for day and is therefore difficult to accurately predict. For 2022-23 there has been a £20,000 budget increase to try and reflect this reoccurring trend.

### **Corporate Variations**

28. Write off of CTAX & NNDR credits - Additional income (£83,000)

Council tax and business rate accounts that are overpaid are monitored to ensure that all steps are taken to refund the account holder. If after a period of six years attempts to make a refund have failed, these sums are transferred to the general fund. This task is performed annually with an estimate of £30,000 being provided in the base budget for these transactions. In 2020-21 this work was not undertaken as staff resource was focussed on the Council's response to the pandemic. This work was subsequently performed as part of the process for 2021-22.

### **Additional Government Support**

29. Sales fees and charges compensation scheme - Additional income (£274,000)

As a consequence of lock downs, government restrictions and social distancing measures the government set up a scheme to compensate local authorities for irrecoverable and unavoidable lost income from sales, fees and charges generated in the delivery of services that was provided for in their 2020-21 budgets. Under the scheme authorities must absorb losses of up to 5% of its planned 2020-21 income from sales, fees and charges, with the government compensating them for 75p of every pound of relevant loss thereafter. This scheme was extended to include the first three months of 2021-22, and an estimate of £227k was included in the base budget. The actual sum claimed under this scheme for 2021-22 was £501k, £274k above the estimate.

30. Business Rates Retention Scheme (BRRS) - Additional income (£257,100)

BRRS has been subject to significant variability due to the pandemic and the Government response in terms of additional reliefs and grants. The outturn variation of £256,729

represents a 7.8% difference to the £3.25m estimate for BRRS in the 2021-22 base budget.

31. Non ringfenced Government grants - Additional income (£50,000)

The government provided the council with additional non ringfenced funding support during the financial year. This includes:

- Council Tax Annexe Discount grant of £42k, and,
- Transparency code set up grant of £8k.

These grants have been used to support the general fund in 2021-22.

32. Budgeted deficit on General fund

When the base budget was agreed by Council in March 2021, it included a sum of £2,099,300 that was to be transferred from the council's general fund to provide for the forecasted budget deficit for the year. During the year this sum was increased to £2,116,700 as commitments to and from the general fund changed. This budgeted deficit is therefore included within the overall surplus on the fund for the financial year.