

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	REVENUE AND CAPITAL OUTTURN 2021/22		
DATE OF DECISION:	CABINET (19 JULY 2022) COUNCIL (20 JULY 2022)		
REPORT OF:	CABINET MEMBER FOR FINANCE & CHANGE		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director for Finance, Commercialisation & S151 Officer	
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STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

This report is a combined outturn report for revenue and capital.

The purpose of this report is to summarise the overall General Fund and Housing Revenue Account (HRA) revenue and capital programme outturn position for 2021/22 and that of the Collection Fund. This report also sets out the revised capital programme estimates for 2022/23 which take account of slippage and re-phasing.

The statement of accounts is still under external audit scrutiny, which means this report is provisional, although no material changes are anticipated.

RECOMMENDATIONS:

General Fund - Revenue

It is recommended that Cabinet:

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| i) | Notes the General Fund revenue outturn for 2021/22 is a balanced position after transfer of £10.93M surplus to reserves, as outlined in paragraph 4 and in paragraph 2 of Appendix 1. |
| ii) | Notes the performance of individual Portfolios in managing their budgets as set out in paragraphs 3 to 6 of Appendix 1 and Annex 1.1. |
| iii) | Recommends Council to approve the budget carry-forward requests totalling £4.12M as outlined in paragraph 8 of Appendix 1 and detailed in Annex 1.3 and recommends Council to delegate responsibility to the Executive Director for Finance, Commercialisation & S151 Officer, after consultation with the Cabinet Member for Finance & Change, to approve business cases for the release of the carry forwards. |
| iv) | Recommends Council to note the performance of the Property Investment |

	Fund (PIF) as detailed in paragraphs 9 to 11 of Appendix 1 and Annex 1.4.
v)	Notes that the level of General Fund balances at 31 March 2022 was £10.07M and the level of earmarked reserves was £101.89M as detailed in paragraph 18 and 19 of Appendix 1 and Annex 1.5.
vi)	Notes the accounts for the Collection Fund in 2021/22 detailed in paragraphs 24 to 30 of Appendix 1 and Annex 1.7.
	<u>Housing Revenue Account</u> It is recommended that Cabinet:
vii)	Notes the HRA revenue outturn for 2021/22 as outlined in paragraph 6 and paragraphs 21 to 23 of Appendix 1 and Annex 1.6.
	<u>Capital Programme</u> It is recommended that Cabinet:
viii)	Notes the actual capital spending in 2021/22 for the General Fund was £69.31M and for the HRA was £33.07M, as outlined in paragraphs 10 and 11 below and detailed in paragraphs 2 to 5 of Appendix 2.
ix)	Notes the capital financing in 2021/22 as shown in table 3 of Appendix 2.
x)	Notes the revised capital programme for 2021/22 to 2026/27 and its financing as summarised in paragraph 10 of Appendix 2 and detailed in Annex 2.2.
xi)	Notes the latest prudential indicators for the revised capital programme as detailed in Annex 2.3.
	<u>General Fund – Revenue</u> It is recommended that Council:
i)	Notes the General Fund revenue outturn for 2021/22 is a balanced position after transfer of £10.93M surplus to reserves, as outlined in paragraph 4 and in paragraph 2 of Appendix 1.
ii)	Notes the performance of individual Portfolios in managing their budgets as set out in paragraphs 3 to 6 of Appendix 1 and Annex 1.1.
iii)	Agrees the budget carry-forward requests totalling £4.12M as outlined in paragraph 8 of Appendix 1 and detailed in Annex 1.3.
iv)	Delegates responsibility to the Executive Director for Finance, Commercialisation & S151 Officer, after consultation with the Cabinet Member for Finance & Change, to approve business cases for the release of the carry forwards.
v)	Notes the performance of the Property Investment Fund (PIF) as detailed in paragraphs 9 to 11 of Appendix 1 and Annex 1.4.
	<u>Housing Revenue Account</u> It is recommended that Council:
vi)	Notes the HRA revenue outturn for 2021/22 as outlined in paragraph 6 and paragraphs 21 to 23 of Appendix 1 and Annex 1.6.
	<u>Capital Programme</u> It is recommended that Council:
vii)	Notes the actual capital spending in 2021/22 for the General Fund was £69.31M

	and for the HRA was £33.07M, as outlined in paragraphs 10 and 11 below and detailed in paragraphs 2 to 5 of Appendix 2.
viii)	Notes the capital financing in 2021/22 as shown in table 3 of Appendix 2.
ix)	Approves the revised capital programme for 2021/22 to 2026/27 and its financing as summarised in paragraph 10 of Appendix 2 and detailed in Annex 2.2.
x)	Approves the latest prudential indicators for the revised capital programme as detailed in Annex 2.3.

REASONS FOR REPORT RECOMMENDATIONS

1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	None, as the outturn position for 2021/22 has been prepared in accordance with statutory accounting requirements.
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DETAIL (including consultation carried out)

	<u>Revenue</u>
3.	The outturn positions for the General Fund Revenue Account, Housing Revenue Account (HRA) and Collection Fund for the Council are summarised in Appendix 1.
4.	The overall outturn on the General Fund was a year end surplus of £10.93M which was transferred to reserves to give a final balanced position. This surplus comprised a favourable variance of £9.88M on General Fund business as usual activities and £1.05M favourable variance on COVID-19 budgets, both of which were forecast to be balanced to nil through use of corporate resources in the quarter 3 forecast. Details of the significant movements since the last quarter are provided in Annex 1.1.
5.	The level of General Fund balance at 31 March 2022 remained at £10.07M, which is in line with the Medium Term Financial Strategy as agreed at the 22 February 2022 Council meeting. Earmarked reserves totalled £101.89M at the end of 2021/22, of which £5.70M relates to schools' balances. Included within reserves is the carry forward of £14.08M of COVID-19 grant funding, of which £11.60M relates to compensation for additional business rates reliefs given by the government during the pandemic. The funding is being carried forward via reserves to meet the Council's share of the deficit on the Collection Fund arising from these reliefs, which will be charged to the General Fund in 2022/23. Earmarked reserves do not include the £11.09M cumulative deficit on the Dedicated Schools Grant (DSG), which is being held in an unusable reserve so that it does not impact on the revenue account in accordance with regulations. Reserves (excluding schools' balances) are £18.64M higher than the estimated position at quarter 3. More detail is provided in paragraph 18 to 20 of Appendix 1.
6.	The outturn position for the HRA was a favourable variance of £0.92M. This is in line with the Medium Term Financial Strategy as agreed at the 22 February 2022 Council meeting. The £0.92M favourable variance all relates to HRA business as usual activities and there is no change from the quarter 3 forecast. Details of the significant movements on individual budget lines since the last quarter are provided in Annex 1.6.
7.	The Council collects business rates and council tax not only for itself, but also for the Hampshire and Isle of Wight Fire and Rescue Authority and Hampshire Police and

	<p>Crime Commissioner and accounts for this via the Collection Fund. At the year end the Collection Fund had an overall deficit of £14.35M, comprising a £17.11M business rates deficit offset by a £2.76M council tax surplus. The Council's share of the overall deficit is £6.05M (£8.39M business rates deficit offset by £2.34M council tax surplus). The £17.11M total business rates deficit is largely due to £23.30M of additional reliefs to support businesses during the pandemic, offset by £6.19M reductions in other reliefs and expenditure. £11.60M of government grant funding to compensate for rates reliefs has been carried forward via reserves to offset the deficit that will be charged to the General Fund in 2022/23.</p>
	<u>Capital</u>
8.	The General Fund and HRA capital expenditure and its financing for 2021/22 and the revised Capital Programme are summarised in Appendix 2.
9.	The total General Fund capital expenditure in 2021/22 was £69.31M compared to the agreed programme of £89.80M, giving a variance of £20.49M (£21.49M net slippage and £1.00M of overspend).
10.	The total HRA capital expenditure in 2021/22 was £33.07M compared to the agreed programme of £37.94M, giving a variance of £4.88M (£3.31M net slippage and £1.57M of underspend).
	<u>Statement of Accounts 2021/22</u>
11.	The draft statement of accounts will be presented to Governance Committee on 25 July 2022.
12.	The annual audit, carried out by our auditors Ernst & Young LLP, commenced on 22 June 2022. The audit is expected to be completed in September 2022. Changes to the statement of accounts (if any) arising from the annual audit are expected to be reported to the 26 September 2022 Governance Committee.
RESOURCE IMPLICATIONS	
	<u>Capital/Revenue</u>
13.	The revenue and capital implications are contained in the report.
	<u>Property/Other</u>
14.	There are no specific property implications arising from this report other than the schemes already referred to within Appendix 2 of the report.
LEGAL IMPLICATIONS	
	<u>Statutory power to undertake proposals in the report:</u>
15.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
	<u>Other Legal Implications:</u>
16.	None.
RISK MANAGEMENT IMPLICATIONS	
17.	None.
POLICY FRAMEWORK IMPLICATIONS	
18.	The proposals contained in the report are in accordance with the Council's Policy Framework Plan.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Revenue Outturn 2021/22
2.	Capital Outturn 2021/22

Documents In Members' Rooms

1.	None
2.	

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	The Revenue Budget 2021/22, Medium Term Financial Forecast 2021/22 to 2024/25 and Capital Programme 2020/21 to 2025/26 (Approved by Council February 2022)	
2.		