

To Members of the Cabinet Executive

Cllr. Terry Richardson
Cllr. Maggie Wright

Cllr. Sharon Coe
Cllr. Nigel Grundy

Cllr. Les Phillimore
Cllr. Ben Taylor

Dear Councillor,

A meeting of the **CABINET EXECUTIVE** will be held in the Council Chamber - Council Offices, Narborough on **MONDAY, 4 JULY 2022 at 5.30 p.m.** Please find attached a number of supplemental items that are required for the meeting and are in addition to the agenda and report pack that has already been circulated.

Yours faithfully



Louisa Horton
Monitoring Officer

SUPPLEMENTAL ITEMS

5. Financial Performance 2021/22 (Pages 3 - 24)

To consider the report of the Accountancy Services Manager (enclosed).

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Blaby District Council

Cabinet Executive

Date of Meeting	4 July 2022
Title of Report	Financial Performance 2021/22 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Maggie Wright - Finance, People & Performance (Deputy Leader)
Report Author	Accountancy Services Manager
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 The report sets out details of the Council's financial performance against the General Fund revenue budget, Business Rates Retention, Council Tax, and the Capital Programme in respect of the financial year ended 31st March 2022.

2. Recommendation(s) to Cabinet Executive and Council

- 2.1 That the financial performance for 2021/22 is accepted.

3. Reason for Decisions Recommended

- 3.1 Following the Redmond Review, the Ministry of Housing, Communities and Local Government (MHCLG) put in place revised regulations that came into force on 31st March 2021. The Accounts and Audit (Amendment) Regulations 2021 extended the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities. As a result, the publication date for audited accounts moved from 31st July to 30th September for the two financial years in question. The public inspection period must now commence on or before the first working day of August, effectively requiring the unaudited accounts to be signed off and published by 31st July.
- 3.2 Members will be aware that the audit of the 2020/21 accounts has still not been finalised, some 8 months after it commenced. There is no doubt that the COVID-19 pandemic continues to have an impact on the audit process, but our auditors have also experienced resourcing issues, as have others in the public sector audit market, and this has also played a part in the delay in sign-off. EY have recommenced work on the 2020/21 audit during June and now expect to complete in early August. The Audit of the 2021/22 accounts will not commence until the 2020/21 audit is complete. Clearly this is disappointing but is outside of the Council's control. Naturally, if there is any change to the financial performance, due to amendments arising from the audit, this will be

reported to Cabinet as soon as practically possible following completion of the audit.
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4. Matters to consider

4.1 General Fund Revenue Account

The Council's net expenditure for 2021/22 is summarised by Portfolio in Appendix A, with a more detailed breakdown of the main variances shown below.

At the time of the Quarter 3 budget review, it was forecasted that a contribution from balances of £134,812 would be required. This was in recognition of the fact that whilst there were ongoing pressures arising from the COVID-19 pandemic on the Council's financial position, these could be managed from within existing budgets and by use of the emergency funding received. The Key Income streams had been reviewed and reductions to the budget were required at this stage to the leisure fees and charges, planning fees, and car parking charges. In addition to this the Council was continuing to experience spending pressures in areas such as homelessness, and the leisure centre contract, amongst others.

In 2021/22 the Council received £411,883 in COVID-19 emergency funding from the Government, and compensation towards loss of income for the first quarter of the financial year, amounting to a further £268,264. Along with the Council's own income loss provision (£458,200), this has been sufficient to offset any predicted loss of fees and charges, and to cover additional cost pressures, without further need to call on reserves.

During the year we also received new burdens grant funding towards the cost of ongoing administration of various business grant schemes (£130,680), and the test and trace programme (£166,800). Whilst some of this funding was required to cover additional costs such as backfilling of posts, and IT software upgrades, much of it has been used as a contribution towards existing management and administration costs. Therefore, only £39,100 of this funding has been carried forward to 2022/23, with the remainder, £258,380, contributing towards the overall surplus.

After taking all of this into account, the Council has been able to return a significant surplus of £1,124,232 for 2021/22. The main variances against budget that have contributed to this surplus are set out in the following paragraph.

Expenditure Variances

The variances in each portfolio are detailed below. These have been adjusted to reflect unspent budgets carried forward to 2022/23, and contributions to earmarked reserves.

Finance, People and Performance

	Variance £
Bank Charges – Card Transaction Costs (1)	19,848
Capital Costs of Early Retirement (2)	(25,085)
Court Costs reimbursed by HM Courts (3)	(31,813)
Staff Training & Development (4)	(21,888)
Insurance Premiums and Excess (5)	59,485
Other Variances individually less than £20,000	(12,642)
Portfolio Variance against Revised Estimate	(12,095)
Unspent budget carried forward to 2022/23	10,375
Transfers to Earmarked Reserves (6)	69,619
Adjusted Variance	67,899

1. The variance in the Banking Charges is due card transaction costs relating to the prior year being invoiced late.
2. This relates to the unexpected partial recovery of pension strain costs incurred in a previous financial year through the Council's ill health insurance policy.
3. HM Courts have reimbursed local authorities for overpaid court costs dating back to 2018.
4. Staff training and development costs have been covered within individual services. It is thought that Covid is continuing to have an impact on courses availability and take up, this budget will be reviewed and revised at Budget Setting if required.
5. The variance in Insurance premiums partially relates to a policy amendment due to additional vehicles, but mainly due to an estimation used for the number of claims to be settled under the Public Liability policy. It is unknown what the final amount will be at the time the budget is set.
6. Investment income from the Lothbury Property Fund has been transferred to the Property Fund Reserve to mitigate any future fluctuations in the fund value (£37,806). The court costs reimbursed by HM Courts have been transferred to a new reserve pending a decision as to how funds can be transferred back to council taxpayers.

Housing, Communities and Environmental Services

	Variance £
Establishment Costs (1)	(97,825)
Discretionary Relief (2)	(76,822)
New Burdens Grant – Business Rates/Test & Trace (3)	(389,400)
Homelessness (4)	(231,261)
Housing Benefits (5)	287,607
Residents Support (6)	(41,872)
Car Parking Income (7)	(26,122)
Children's Support (8)	(30,017)
Provision for Net Zero Projects (9)	(33,210)
DEFRA Air Quality Funding (10)	(48,003)
Local Authority Delivery Scheme (LAD2) (11)	(176,580)
Community Development – Youth Grants (12)	(47,910)
Other Variances individually less than £20,000	(180,525)
Portfolio Variance against Revised Estimate	(1,091,940)
Unspent budget carried forward to 2022/23	883,595
Transfers to Earmarked Reserves (13)	75,000
Adjusted Variance	(133,345)

1. Establishment variances equate to £97,825 of the overall surplus within the portfolio. This is mainly due to vacancies during the year within the Benefits section, Housing services, Environmental Health and Community Services Group Manager vacancy in the first period in the year.
2. Discretionary Relief for Council Tax Support was underspent by £76,822. This represents the balance of government-provided Hardship funding from 2020/21. This was carried forward to 2021/22 as a provision towards any increase in Council Tax Support that might have arisen due to the end of the furlough scheme. In 2021/22 there was no significant increase in the level of Council Tax Support awarded. £75,000 has been transferred to the Hardship Reserve (formerly Council Tax Support Reserve).
3. As detailed earlier in the report, the Council received New Burdens Grant in 2021/22, amounting to £297,480, to be used to offset additional costs incurred in administering payment of business grants and self-isolation payments. In addition to this we had already brought forward £175,900 in New Burdens Funding from 2020/21. Some of the additional work was able to be covered from within the existing establishment, whilst in some cases we have employed temporary staff. Where costs are ongoing, budget has been carried forward to 2022/23, but for those that have been accommodated internally the funding has been taken into balances.
4. Homelessness was significantly impacted by the COVID-19 pandemic, whilst we have seen a decrease in costs from the initial impact, the demand for homelessness support continues to be much higher than in previous years. External funding received is ringfenced to help offset some of these costs, and specific funding has been carried forward to be used in 2022/23.
5. Housing Benefits – approximately £83,000 relates to recovery of overpayments, which will vary year-on-year according to the level of

overpayments identified. In 2021/22 the Council recovered £117,000 against an estimate of £200,000. The remainder of the variance is due to a reduction in the proportion of benefits payable that can be recovered through subsidy. Historically, the Council has budgeted to receive 100% subsidy on all payments made and has generally not been too far from achieving this target. However, a larger number of payments now attract subsidy at a lower rate, or no subsidy at all, most notably benefit payable in respect of bed and breakfast accommodation. Subsidy is capped at approximately £90 per week and local authorities must cover any excess from their own resources. Since the onset of the pandemic, there has been an increase in the number of bed and breakfast benefit claims, and this has had an impact on the overall level of subsidy receivable in 2021/22.

6. Unspent funding within Residents Support has been carried forward to be used for staffing costs to provide support and services for Domestic Abuse and resident support in 2022/23.
7. The car parking income budget was reduced from £190,400, to £120,000 at the revised budget setting stage due to the reduced footfall seen at the Council Car Parks. The income fell short of the revised budget by just over £26,000 as at the 31st March 2022.
8. Unspent grant funding in Children's Support is to be used for projects, equipment and activities within Community Services, and has been carried forward to be utilised in 2022/23.
9. This represents the unused balance of the £50,000 pot set aside to fund net zero initiatives and has been carried forward to 2022/23.
10. The DEFRA Air Quality project is fully funded project that is due to continue in 2022/23. The unspent funds have been carried forward into 2022/23.
11. The externally funded Local Authority Development Scheme had £176,580 unspent budget at year end, this has been carried forward to be used on the project during 2022/23.
12. The variance within Community Development relates to Youth diversionary activities funding from Police and Crime commissioner which has been carried forward into 2022/23.
13. Unspent hardship funding transferred to earmarked reserve.

Health, Wellbeing, Community Engagement & Business Support

	Variance £
Partnerships – Grants & Funding (1)	(136,461)
Leisure Income (2)	393,032
Active Travel (3)	(81,773)
Positive Activity Referral Scheme (4)	(23,273)
Covid Recovery Funding (5)	(306,836)
Lightbulb Contingency Provision (6)	(47,191)
Housing Enablement Team (7)	(107,202)
Corporate Health Improvement (8)	(24,793)
Exercise Referral & Heart Smart (9)	(34,596)
Economic Development – Project Initiative Fees (10)	(69,035)
Building Control Partnership Income (11)	(92,884)
Capitalisation of Lightbulb Salary Costs (12)	(51,425)
Occupational Therapy & Assisted Technology (13)	(379,980)
Building Control Fees & Charges (14)	(74,439)
Other Variances individually less than £20,000	(138,018)
Portfolio Variance against Revised Estimate	(1,174,874)
Unspent budget carried forward to 2022/23	1,299,255
Adjusted Variance	124,381

1. Partnerships – Grants & Funding: this represents unspent community grants budgets that have been carried forward for use in next financial year.
2. Leisure Income – represents the loss in income arising from interim arrangements put in place during the pandemic.
3. The Active Travel project which is to increase physical activity around the district was impacted by the pandemic and the lockdown which was enforced. The unspent funding has been carried forward to be used in 2022/23.
4. The Positive Activity Referral Scheme was impacted by the Covid-19 pandemic. Due to this unspent funding was carried forward from 2020/21 and has been used within 2021/22. Part of the funding received in 2021/22 remains unspent and has been carried forward to be utilised in 2022/23 with majority of services returning to normal.
5. Covid Recovery Funding was received during January 2021, the funds are ringfenced to be spent on Covid recovery, and unspent funds have been carried forward to 2022/23.
6. This is the balance of funding remaining from the initial Lightbulb pilot, which is held to fund ad hoc partnership expenditure.
7. The Housing Enablement Team work with Health Professionals to prevent hospital discharge delays caused through Housing related issues. The unspent funding has been carried forward to 2022/23.
8. A proportion of unspent budget within Corporate Health Improvement has been carried forward to be used specifically for Dementia engagement event, for support of community activities to reduce the isolation and anxiety impact covid has had and Physical Activity on prescription schemes – projects delivered through Primary Care.

9. The Exercise referral project is delivered within local leisure facilities and community groups. The project is fully funded and the unspent funds have been carried forward to 2022/23.
10. Unspent funding within Economic Development was ringfenced for specific projects. The unspent funds have been carried forward to 2022/23 to enable the projects to continue.
11. Additional income from partners relating to recharge of salary costs including profit element for managing their Building Control service.
12. Salary costs relating to Lightbulb Technical Officers have been capitalised and funded by Disabled Facilities Grant.
13. During the year allocation of Disabled Facilities Grant funding was agreed by the DFG Management Board to fund specific projects covering occupational therapists and assisted technology. The top-sliced element was transferred from the Capital Programme to the revenue. The unspent balance has been carried forward into 2022/23 to continue the delivery of these projects.
14. Represents the excess Building Control fees and charges earned over and above the budget.

Leader

	Variance £
Establishment (1)	(53,015))
EU Exit Grant (2)	(30,700)
Information Management – transparency grant (3)	(22,901)
District Elections (4)	(29,506)
Electoral Registration (5)	(25,490)
Land Charges Fees and Charges (6)	(44,264)
Land Charges New Burdens Grant (7)	(24,000)
Other Variances individually less than £20,000	(38,480)
Portfolio Variance against Revised Estimate	(268,356)
Unspent budget carried forward to 2022/23	102,149
Transfers to Earmarked Reserves (8)	29,481
Adjusted Variance	(136,727)

1. Various vacancy savings in relation to Information Management, Electoral Registration, Land Charges. Underspend within Strategic Director budget due to interim Chief Executive cover.
2. External funding received in relation to preparations for the EU exit. The remaining funding has been utilised for emergency planning and business continuity purposes.
3. New Burdens funding received late in the financial year and carried forward to 2022/23.
4. The Council budgets for approximately £30,000 per annum to cover the cost of, e.g., by-elections. Where this budget is not required it is transferred to the Elections Reserve towards the cost of future district elections.
5. Ring-fenced IER grant unused and carried forward to 2022/23.

6. The Land Charges Income budget was expected to be achieved at year end so was not revised during the year. By the end of March, the budget had been surpassed with an additional £44,263 received.
7. New Burdens funding which is ring fenced for the migration to HM Land Registry has been carried forward to 2022/23 to offset against administration costs to be incurred for this project.
8. Unspent budget added to the Elections Reserve.

Neighbourhood Services and Assets

	Variance £
Establishment (1)	(92,853)
Huncote Leisure Centre – emergency works (2)	76,567
Refuse and Recycling Income (3)	(19,183)
Parks and Open Spaces Income (4)	(14,740)
Purchase of Domestic Bins (5)	(35,500)
Other Variances individually less than £20,000	(57,534)
Portfolio Variance against Revised Estimate	(143,243)
Unspent budget carried forward to 2022/23	38,500
Transfers from Earmarked Reserves (6)	(76,567)
Adjusted Variance	(181,310)

1. Establishment variances equate to £92,853 of the overall surplus, mainly due to vacant posts within the year in the Parks and Open Spaces team, Refuse and Recycling Team and the Vehicle Maintenance Team.
2. Approval was given in November 2021 for up to £500,000 of General Fund balances to be utilised for urgent works required at Huncote Leisure Centre for mitigation of methane gas. The revenue costs incurred totalled £76,567, and these have been covered by the reserve as shown in Appendix C.
3. The Garden bin rental income and bulky special collections continued to show a positive variance throughout the year. The budget was increased at the revised stage, however £70,000 was offset with costs for additional bin purchases and £10,000 towards temporary and Agency drivers. At the end of the year the revised budget had been further surpassed by £19,183, mainly due to garden waste, but also Trade refuse and Recycling reflected positively at the end of the year.
4. Income with the Parks and Open spaces surpassed the budget, for open space works carried out within the district e.g., grass cutting, rents for open space land and miscellaneous works carried out including installation of plaques in the district.
5. The purchase of domestic bins budget was increased at the revised stage, this was in line with the increase in demand seen over the last 2 years partly due to Covid and more people working from home, therefore an increase in waste. The budget was increased by £50,000 however at year end there was a budget of £35,500 unspent.
6. Application of earmarked reserves to cover revenue costs associated with the emergency landfill gas incident at Huncote Leisure Centre.

Planning Development, Enforcement and Community Engagement

	Variance £
Establishment (1)	(195,402)
Contact Magazine (2)	(27,100)
Planning Fees (3)	(54,264)
Consultants Fees – Planning (4)	(97,181)
Whetstone Garden Village funding (5)	(190,569)
Rail Freight Hub (6)	(28,703)
Lubbesthorpe funding (6)	(50,000)
ICT Supplies and Services (7)	(96,010)
Other Variances individually less than £20,000	(103,236)
Portfolio Variance against Revised Estimate	(842,465)
Unspent budget carried forward to 2022/23	317,665
Adjusted Variance	(524,800)

1. Establishment variances equate to £195,402 of the overall surplus, mainly due to vacant posts within the year in Customer Services, Corporate Services Group Manager, Strategic Growth Team and the Communications team.
2. Savings have been made with the ceasing of the Contact magazine and a saving of £27,100 contributing to the surplus.
3. The original income budget was reduced from £768,000 to £520,000 based on the expected impact of COVID-19 on income generation. This reduction was met from our income loss provision. However, actual performance was £54,264 better than the revised estimate.
4. Mainly relates to expected expenditure in support of the local plan which did not materialise. The funding for this expenditure is held within the Local Plan Reserve.
5. The Planning team has secured external funding towards the Whetstone Garden Village project. This has been carried forward to 2022/23, in part to offset salary costs of the project team.
6. Unused funding carried forward to 2022/23 to support ongoing project costs.
7. Provision amounts held as cover for the transition to the new ICT contract in the last 3 months of the year were not required and contribute towards the surplus.

Key Income Streams

The following table provides an analysis of the performance of the Council's key income streams during the year:

	Approved Budget (£)	Revised Budget (£)	Actual Income (£)	Variance against Approved Budget (£)	Variance against Revised Budget (£)
Planning Fees	(768,000)	(520,000)	(574,264)	193,736	(54,264)
Building Control Fees	(245,000)	(245,000)	(318,288)	(73,288)	(73,288)
Building Control Partnership	(490,840)	(490,840)	(583,723)	(92,883)	(92,883)
Land Charges	(247,000)	(247,000)	(291,263)	(44,263)	(44,263)
External Investment Interest	(185,000)	(55,000)	(56,018)	128,982	(1,018)
Refuse and Recycling	(1,365,910)	(1,485,910)	(1,505,093)	(139,183)	(19,183)
Car Parks	(190,400)	(120,000)	(99,938)	90,462	20,062
Leisure Income	(683,963)	(683,963)	(260,088)	423,875	423,875
Total	(4,176,113)	(3,847,713)	(3,688,675)	487,438	159,038

NB: brackets indicate excess income

The key income continued to be impacted by the pandemic at the start of the financial year. As a result, expectations were scaled back for income streams that weren't expected to achieve the original approved budget, these included planning fees, external investment Interest, car parking and leisure income.

As the table above shows, many of the income streams not only achieved the revised budget but also surpassed the budget, with the exceptions being car parks and leisure income. The latter was covered by emergency COVI-19 funding received from government.

Overall key income streams were £487,438 lower than the original budget. At its meeting in July 2021, Cabinet agreed to set aside £700,000 in a new COVID Support Reserve in order to offset some of the ongoing cost pressures and loss of income which was likely to arise in 2021/22. In addition to the amount set aside in reserves, we received a further £411,883 in emergency funding from the Government, and also further compensation towards income losses in the first quarter only, which totalled £168,279 in respect of a reduction of income for car parking, leisure income and planning fees.

Carry Forward of Unspent Budgets

As part of the closedown process an exercise has been undertaken to identify where it is reasonable to carry forward unspent budgets from 2021/22 to the next financial year. As a general rule this applies to one-off project related budgets, which are often externally funded. A total of £2,702,978 has been carried forward to 2022/23, of which £2,133,093 relates specifically to external funding, which is ring fenced and cannot be used for anything other than what it is initially intended for. £15,277 relating to Community Lottery money and £483,595 Local Plan funds which were carried forward to 2021/22 in previous years remains unspent and is carried forward to 2022/23.

Earmarked Reserves

In addition to the General Fund balance the Council also maintains a number of Earmarked Reserves. Some of these are set aside for specific purposes whilst others have been created to mitigate the uncertainties that still surround local government funding. A detailed breakdown of the movement on Earmarked Reserves appears at Appendix B. The overall balance on Earmarked Reserves has decreased from £18,593,838 at the beginning of the financial year to £14,080,669 at 31 March 2022. However, it should be noted that £4,270,355 of the year-end balance is technically not available for use. This is the balance set aside, as described in the following paragraph – Business Rates Retention – to mitigate the Collection Fund deficit at 31st March 2022.

The Council Tax Support Reserve has been renamed as the Hardship Reserve. This reserve will be held to help mitigate against potential hardship faced in future years due to the current economic climate.

General Fund Balances

As a result of the outturn referred to above, £1,124.232 has been added to the General Fund balance. This leaves a year-end balance of £4,698,909, representing 34.71% of the budgeted net revenue expenditure for 2021/22, but only 31.67% when taking into account planned contributions to support the budget in 2022/23. The Council's upper limit, set as part of its policy on reserves, is 35%.

4.2 Business Rates Retention

The Council's income from business rates has again felt the ongoing impact of COVID-19, although to a lesser extent than in 2020/21. When setting the budget for 2021/22 it was expected that business rates income would be approximately £49.7m, of which Blaby's share would be £19.9m (40%). However, the Government subsequently announced its intention to continue to fund expanded retail relief to many businesses on a tapering basis for 2021/22. Although local authorities have been compensated for the loss of

rates resulting from the expanded retail relief, this measure reduced business rates income by around £5.5m in 2021/22.

The outturn income from business rates in 2021/22 was ultimately reduced to £43.9m of which Blaby's share was just under £17.6m.

The following table below shows the main variances between the estimated position on the NNDR1 return, and the final outturn.

	NNDR 1	NNDR 3	Variance
	£	£	£
Gross Rates Payable	57,521,135	51,494,339	(6,026,796)
Transitional Arrangements	115,891	675,518	559,627
Small Business Rate Relief	(1,361,818)	(1,628,492)	(266,674)
Mandatory Reliefs	(1,334,617)	(1,384,204)	(49,587)
Discretionary Reliefs	(70,031)	(85,440)	(15,409)
Unoccupied Property	(1,200,000)	(1,584,658)	(384,658)
Discretionary Relief funded by S31 Grant	(9,995)	(5,527,179)	(5,517,184)
Net Rates Payable	53,660,565	41,959,884	(11,700,681)
Provision for Bad Debts/Write-offs	(537,000)	(265,655)	271,345
Provision for Appeals	(3,220,000)	3,050,000	6,270,000
Transitional Protection Payments	(115,891)	(675,518)	(559,627)
Cost of Collection Allowance	(101,284)	(101,284)	0
Non Domestic Rating Income	49,686,390	43,967,427	(5,718,963)

Besides the expanded retail relief, the other more significant variances are those in respect of gross rates payable and the appeals provision. Gross rates were £6.0m lower than predicted when the budget was set. The main reason for this was due to delays in new growth being rated and added to the valuation list. This growth will certainly add to the business rates base in the future, with Fosse Park West having opened in April 2021. The other factor affecting gross rates is that some significant appeals were settled late in the financial year, resulting in a reduction to the overall liability. One particularly large reduction in rateable value had not been recognised in the existing appeals provision. However, offsetting the loss in gross rates payable, the appeals provision has been reduced by around £3.0m in recognition of the number of appeals that have already been settled.

The Business Rates Collection Fund has moved from a deficit of £27,177,940 on 31st March 2021 to a reduced deficit of £11,035,638 on 31st March 2022. Blaby's share of that deficit is £4,414,254.

Due to the way in which local authorities are required to account for business rates income, the year-end deficit will not be felt until 2022/23 and beyond. The Council has already allowed for an estimated deficit of £2,768,199, when setting the 2022/23 budget; the remainder of the actual deficit will be brought into account in the 2023/24 budget setting process. There is a balance of £4,270,355 remaining in the Section 31 Grant Reserve, which will cover much of the actual deficit on 31st March 2022. The remaining balance can be met from the NNDR Income Reserve.

4.3 Council Tax

The Council Tax Collection Fund has moved from a deficit of £1,010,334 on 31st March 2021 to a reduced deficit of £730,652 at the end of 2021/22. This represents an in-year surplus of £279,683. The outturn deficit was, however, slightly higher than anticipated when setting the 2022/23 budget (£686,503). This is because the net debit was lower than anticipated, although this was offset by a lower level of Council Tax Support entitlement than budgeted, and a reduction in impairment for bad debts.

Blaby's share of the deficit as at 31st March 2022 is £104,874.

4.4 The Capital Programme

In 2021/22 the Council spent £2,146,862 on Capital schemes, compared with the latest Capital Programme budget of £5,036,744. This represents an underspend of £2,889,882 or 57.38% against planned capital expenditure, of which £2,847,013 has been carried forward to 2022/23 to enable the schemes to be completed.

Appendix C shows expenditure against the budget by scheme.

<u>Capital Expenditure:</u>	Approved Budget £	Revised Budget £	Actual Outturn £	(Under)/ Overspend £
Corporate Aims & Objectives	655,500	2,415,925	1,026,964	(1,388,961)
Asset Management Planning	883,000	1,909,558	700,535	(1,209,023)
Other Capital Schemes	0	54,419	31,200	(23,219)
Section 106 Funded Schemes	0	631,878	388,163	(243,715)
Contingency Budgets	50,000	24,964	0	(24,964)
Total Capital Expenditure	1,588,500	5,036,744	2,146,862	(2,889,882)
<u>Financed by:</u>				
Borrowing	509,500	1,057,232	444,119	(613,113)
Capital Receipts	279,000	741,357	285,983	(455,374)
Earmarked Reserves	215,000	701,398	357,455	(343,943)
Revenue Contributions	0	126,888	75,452	(51,436)
External Funding	585,000	2,409,869	983,853	(1,426,016)
Total Capital Financing	1,588,500	5,036,744	2,146,862	(2,889,882)

The main variances against the budget are explained below:

- Disabled Facilities Grants (DFGs) – Underspend of £1,116,451. Despite the Covid-19 restrictions in place for the start of the financial year and the ongoing supply problems for materials, nearly £500,000 worth of projects were completed during 2021/22.
- ICT Infrastructure Projects - £213,000. The projects include contributions towards the implementation of a new data centre, installing a new version of Microsoft Office software and the update of Blaby's network infrastructure. These schemes have been delayed due to the ICT service moving from being run by Steria to HBBC. Also the rollout of new ICT homeworking kit has been prioritised and

this has contributed to the delay in the completion of these projects. These projects have been carried forward in to 2022/23

- Bouskell Park: Bridge and Car Park Improvements. This project was delayed for completion of the Car Park Strategy and has now been carried forward in to the 2022/23 programme.
- HR and Payroll System - £250,000 – The project was delayed due to other work pressures and exploring framework options with our current supplier. The full budget has been carried forward to 2022/23, however, it is expected that only around £50,000 will be required due to the alternative purchasing model used.
- Section 106 Contributions - £243,715: A total of £342,419 was carried forward from 2020/21 with additional contributions to the value of £289,459 being allocated to various community projects during the financial year. Projects to the value of £388,163 were completed by 31st March 2022 with the remaining balance being carried forward for completion in 2022/23.

5. What will it cost and are there opportunities for savings?

5.1 Financial implications are detailed in the main body of this report.

6. What are the risks and how can they be reduced?

6.1	<table><tr><th>Current Risk</th><th>Actions to reduce the risks</th></tr><tr><td>That the unaudited accounts are misstated and require amendment</td><td>The accounts are subject to independent examination by the Council's external auditors, Ernst & Young (EY). The Council are awaiting confirmation of the date that the audit of the 2021/22 accounts will take place. The deadline for publication of the audited accounts is by 30th September 2022. If any amendments are required as a result of the audit, financial implications will be reported back to Cabinet Executive at the earliest opportunity following publication.</td></tr></table>	Current Risk	Actions to reduce the risks	That the unaudited accounts are misstated and require amendment	The accounts are subject to independent examination by the Council's external auditors, Ernst & Young (EY). The Council are awaiting confirmation of the date that the audit of the 2021/22 accounts will take place. The deadline for publication of the audited accounts is by 30 th September 2022. If any amendments are required as a result of the audit, financial implications will be reported back to Cabinet Executive at the earliest opportunity following publication.
Current Risk	Actions to reduce the risks				
That the unaudited accounts are misstated and require amendment	The accounts are subject to independent examination by the Council's external auditors, Ernst & Young (EY). The Council are awaiting confirmation of the date that the audit of the 2021/22 accounts will take place. The deadline for publication of the audited accounts is by 30 th September 2022. If any amendments are required as a result of the audit, financial implications will be reported back to Cabinet Executive at the earliest opportunity following publication.				

7. Other options considered

7.1 None.

8. Environmental impact

8.1 None arising directly from this report.

9. Other significant issues

- 9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

- 10.1 Appendix A – General Fund Revenue Account: Performance against Budget
- 10.2 Appendix B – Earmarked Reserves
- 10.3 Appendix C – Capital Expenditure against Budget

11. Background paper(s)

- 11.1 None.

12. Report author's contact details

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OUTTURN SUMMARY BY PORTFOLIO 2021/22

	Revised Estimate 2021/22 £	Outturn 2021/22 £	Variance vs Revised £
<u>Expenditure by Portfolio:</u>			
FINANCE, PEOPLE & PERFORMANCE	2,321,103	2,309,008	(12,095)
HOUSING, COMMUNITY & ENVIRONMENTAL SERVICES	3,100,297	2,008,357	(1,091,940)
HEALTH, WELLBEING, COMMUNITY ENGAGEMENT & BUSINESS SUPPORT LEADER	943,605	(231,268)	(1,174,874)
NEIGHBOURHOOD SERVICES & ASSETS	1,500,503	1,232,147	(268,356)
PLANNING DELIVERY & ENFORCEMENT AND CORPORATE TRANSFORMATION	2,833,258	2,690,015	(143,243)
Net Direct Service Expenditure - all Portfolios	3,207,425	2,364,960	(842,465)
<u>Central Items:</u>			
Revenue Contributions towards Capital Expenditure	824,814	432,907	(391,907)
Minimum Revenue Provision	1,145,597	1,145,597	0
Unallocated COVID-19 Emergency Funding	338,233	0	(338,233)
Other Appropriations and Accounting Adjustments	0	18,244	18,244
Total Direct Expenditure	16,214,835	11,969,966	(4,244,869)
Contribution to/(from) Earmarked Reserves (excluding NNDR)	(2,797,037)	444,952	3,241,989
Contribution to/(from) General Fund Balances	(116,752)	1,124,232	1,240,985
	13,301,046	13,539,150	238,104
<u>Redistributed National Non Domestic Rates:</u>			
- Blaby Share of NNDR Income	(18,399,697)	(19,962,745)	(1,563,048)
- Tariff	14,528,846	14,528,846	0
- Levy Payable to Pool Lead	2,359,405	1,921,932	(437,473)
- NNDR Collection Fund Deficit	8,781,353	8,781,353	0
- Section 31 Grants	(3,437,895)	(3,330,197)	107,698
- Transfers from Earmarked Reserves re 2021/22 Deficit	(8,366,913)	(6,510,969)	1,855,944
	(4,534,901)	(4,571,780)	(36,879)
<u>Council Tax:</u>			
- Demand on Collection Fund	(5,888,778)	(5,888,787)	(9)
- Council Tax (Surplus)/Deficit	73,302	73,302	0
- Transfers from Earmarked Reserves re 2021/22 Deficit	0	(87,152)	(87,152)
	(5,815,476)	(5,902,637)	(87,161)
<u>Other Government Grants:</u>			
New Homes Bonus	(1,607,070)	(1,607,070)	0
COVID-19 Emergency Funding	(411,883)	(411,883)	0
COVID-19 Sales, Fees & Charges Compensation	(54,200)	(168,264)	(114,064)
Lower Tier Services Grant	(786,461)	(786,461)	0
Local Council Tax Support Schemes Grant	(91,055)	(91,055)	0
	(2,950,669)	(3,064,733)	(114,064)
Total Funding	(13,301,046)	(13,539,150)	(238,104)

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NOTES TO THE FINANCIAL STATEMENTS 2021/22

APPENDIX B

TRANSFERS TO/FROM EARMARKED RESERVES

	GL Code	Balance at 31/03/20 £	Contributions from I&E A/c £	Utilisation of Balances £	Balance at 31/03/21 £	Reallocated Reserves £	Contributions from I&E A/c £	Utilisation of Balances £	Balance at 31/03/22 £
Leisure Centre Renewals Fund	9999/VBA	(79,364)	0	0	(79,364)	0	0	17,004	(62,361)
Computer Room Environment	9999/VBB	(164,641)	0	36,623	(128,018)	(140,000)	0	12,611	(255,407)
Licensing Reserve	9999/VBC	(27,868)	0	0	(27,868)	0	0	0	(27,868)
Insurance Reserve Fund	9999/VBD	(100,000)	0	0	(100,000)	0	0	0	(100,000)
Blaby Plan Priorities Reserve	9999/VBJ	(614,406)	0	50,799	(563,607)	(200,000)	0	310,940	(452,667)
General Reserve Fund	9999/VBK	(1,722,764)	0	25,000	(1,697,764)	0	0	0	(1,697,764)
Ongoing Projects Reserve	9999/VBM	(1,663,849)	(2,179,548)	1,663,849	(2,179,548)	0	(2,697,123)	1,953,608	(2,923,063)
Elections Reserve	9999/VBQ	(62,463)	(30,000)	0	(92,463)	0	(29,481)	0	(121,944)
Choice Based Lettings Reserve	9999/VBR	(952)	0	0	(952)	0	0	0	(952)
Lubbesthorpe New Town Reserve	9999/VBS	(20,527)	0	20,527	0	0	0	0	0
New Homes Bonus Reserve	9999/VBT	(41,327)	0	0	(41,327)	0	0	0	(41,327)
COVID Support Reserve	9999/VBU	0	0	0	0	(700,000)	0	0	(700,000)
Economic Development Initiatives	9999/VBX	(50,000)	0	0	(50,000)	0	0	0	(50,000)
Provision - ERIE Sinking Fund	9999/VCA	(38,900)	(2,817)	0	(41,717)	0	0	7,063	(34,654)
Community Rights Reserve	9999/VCB	(48,724)	0	0	(48,724)	0	0	0	(48,724)
Hardship Reserve	9999/VCD	(250,000)	0	0	(250,000)	0	(75,000)	0	(325,000)
Parish New Homes Bonus Reserve	9999/VCE	(881)	0	0	(881)	0	0	0	(881)
NNDR Income Reserve	9999/VCF	(2,009,155)	0	306,981	(1,702,174)	0	0	0	(1,702,174)
Flexible Working Reserve	9999/VCG	(94,678)	0	0	(94,678)	(100,000)	0	32,000	(162,678)
Planning Fee Income Reserve	9999/VCH	0	0	0	0	0	0	0	0
Local Plan Reserve	9999/VCJ	(483,595)	0	0	(483,595)	0	0	0	(483,595)
Lottery Reserve	9999/VCK	(15,277)	(5,435)	0	(20,712)	0	(5,855)	5,435	(21,132)
IT System Replacement Reserve	9999/VCL	(71,315)	0	0	(71,315)	0	0	16,900	(54,415)
Property Fund Reserve	9999/VCM	(14,266)	(36,390)	0	(50,656)	0	(37,806)	0	(88,462)
Tax Income Guarantee Reserve	9999/VCN	0	(1,379,731)	0	(1,379,731)	0	0	1,379,731	0
S31 Grant Reserve	9999/VCO	0	(9,488,745)	0	(9,488,745)	0	0	5,218,390	(4,270,355)
Huncote Major Reserve	9999/VCP	0	0	0	0	(500,000)	0	76,567	(423,433)
Court Fees Income Reserve	9999/VCQ	0	0	0	0	0	(31,813)	0	(31,813)
		(7,574,952)	(13,122,665)	2,103,779	(18,593,838)	(1,640,000)	(2,877,079)	9,030,248	(14,080,669)
Less Earmarked Reserves set aside to meet the Collection Fund Deficit					10,868,476				4,270,355
Usable Earmarked Reserves					(7,725,363)				(9,810,314)
General Fund Balance		(4,021,212)	(1,193,465)	0	(5,214,677)		(1,124,232)	1,640,000	(4,698,909)

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	Approved Capital Programme 2021/22 £	Budgets Brought Forward from 2020/21 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2021/22 £	Capital Expenditure to 31st Mar. 2022 £	Variance as at 31st Mar. 2022 £
Corporate Aims & Objectives							
Disabled Facilities Grants - 2021/22	555,000	1,052,419	6,463	0	1,613,882	497,431	1,116,451
Green Capital Grant Programme - 2021/22	16,000	0	0	0	16,000	12,496	3,504
Capital Grant Programme - 2021/22	54,500	13,976	0	0	68,476	53,902	14,574
Housing Support Grants - 2021/22	30,000	0	0	0	30,000	6,756	23,244
Conversion Of The Old Bank, NARBOROUGH	0	284,296	40,500	0	324,796	286,513	38,283
Refurbishment Of Enderby Leisure Centre	0	159,815	(159,815)	0	0	0	0
Refurbishment Of The Pavilion, Huncoate	0	165,477	(165,477)	0	0	0	0
Huncoate Landfill Gas Remedial Works	0	0	127,516	0	127,516	127,516	0
Blaby Town Centre Improvement Works	0	0	100,000	0	100,000	18,374	81,626
Install Led Lighting At Council Offices	0	0	30,000	0	30,000	4,508	25,492
Council Offices Refurbishment Project - 2021	0	0	50,000	0	50,000	0	50,000
Air Quality Action Plan	0	7,734	0	0	7,734	0	7,734
Install Electric Vehicle Charge Points	0	37,606	(18,135)	0	19,471	19,471	0
Empty Property Grants & Loans	0	28,049	0	0	28,049	0	28,049
Sub Total Corporate Aims & Objectives	655,500	1,749,372	11,052	0	2,415,324	1,026,967	1,388,957
Asset Management Planning							
Idox Software Upgrade	20,000	0	3,000	0	23,000	22,610	390
Ict: Cctv Upgrade	0	14,933	(14,933)	0	0	0	0
Ict: Windows Server Migrations	0	3,472	(3,472)	0	0	0	0
Mobile Working Devices	0	4,185	3,472	0	7,657	7,648	9
Ict: Data Centre	118,000	0	0	0	118,000	0	118,000
Ict: Microsoft Office 365 Consultancy	38,000	0	0	0	38,000	0	38,000
Ict: Network Refresh	43,000	0	14,000	0	57,000	0	57,000
Ict: Equipment for Agile Working	0	0	288,000	0	288,000	258,017	29,983
Cctv Upgrade At Council Offices	0	30,000	0	(30,000)	0	0	0
Replace Refuse & Recycling System	0	1,024	0	0	1,024	0	1,024
Revenues And Benefits System	0	400,000	0	(299,350)	100,650	0	100,650
Upgrade To Huncoate Landfill Gas Monitoring	0	18,098	64,237	0	82,335	71,541	10,794
Council Offices: Green Heating Solution	115,000	0	0	0	115,000	3,066	111,934
Council Offices: Workstation Upgrades	55,000	0	0	0	55,000	37,704	17,296
Replace Exterior Lighting & Signage At Council Offices	0	33,622	0	0	33,622	32,080	1,542
Replacement Fire Escape Doors At Council	0	9,028	0	0	9,028	3,275	5,753
Resurfacing Of Car Parks	0	91,268	0	0	91,268	0	91,268
Fleet Replacement Programme - 2021/22	135,000	116,256	(185,412)	0	65,844	11,947	53,897
Bouskell Park: Bridge & Car Park Improvements	200,000	0	0	0	200,000	0	200,000
Crow Mills: Steps, Fencing & Footpaths	11,500	0	0	0	11,500	11,500	0
Copt Oak Fencing	15,000	0	0	0	15,000	15,000	0
Fosse Meadows: Gates, Fencing & Footpaths	31,000	0	0	0	31,000	30,985	15
The Osiers: Entrance & Path Improvements	17,000	0	0	0	17,000	17,000	0
Whistle Way: Bridge & Path Improvements	10,500	0	0	0	10,500	10,500	0
Whetstone Way: Bridge & Path Improvements	31,000	0	0	0	31,000	31,000	0
Bouskell Park: Bridge & Carpark Improvements	0	10,486	0	0	10,486	10,475	11
Whetstone Way: Oda Compliance Works	0	160	0	0	160	0	160
The Osiers: Footpaths	0	15,000	0	0	15,000	0	15,000
Fosse Meadows: Flood & Access Works	0	16,000	0	0	16,000	16,000	0
Fosse Meadows: Footpaths	0	11,500	0	0	11,500	11,500	0
Ice House Renovation Project	0	22,846	14,368	0	37,214	35,565	1,649
Replace Air Quality Analysers	27,000	17,000	0	0	44,000	15,146	28,854
Performance Management System	0	250,000	0	0	250,000	0	250,000
Deployment Of Teams Communication System	0	20,142	14,933	0	35,075	25,106	9,969
Replacement Edm System	0	100,000	(100,000)	0	0	0	0
Upgrade Of Cash Receipting System	16,000	0	(16,000)	0	0	0	0
Land Charges & Customer Portal	0	26,675	0	0	26,675	0	26,675
Hr & Payroll System	0	250,000	0	0	250,000	0	250,000
Financial Management System	0	55,718	0	(45,718)	10,000	5,970	4,030
Replacement Corporate GIS System	0	0	35,020	0	35,020	16,900	18,120
Sub-total Asset Management Planning	883,000	1,284,413	117,213	(375,068)	1,909,558	700,535	1,209,023
Other Capital Schemes							
Active Blaby Computer System - Phase 2	0	18,977	(4,000)	0	14,977	11,500	3,477
Update To Social Prescribing System	0	12,000	(12,000)	0	0	0	0
Purchase And Install 20 X Fox Statues	0	19,885	0	0	19,885	19,700	185
Contribution: Flood Defences, Thurlston	0	16,500	0	0	16,500	0	16,500
Hardware For Iar Implementation	0	3,057	0	0	3,057	0	3,057
Sub-total Other Capital Schemes	0	70,419	(16,000)	0	54,419	31,200	23,219
Asset Management Group Contingencies	50,000	0	(25,036)	0	24,964	0	24,964
CAPITAL PROGRAMME excluding S106 Schemes	1,588,500	3,104,204	87,229	(375,068)	4,404,866	1,758,699	2,646,163

Section 106-Backed Schemes							
Cemetery Extension - Blaby Rd, Enderby	0	23,286	0	0	23,286	0	23,286
Contribution For New Pavilion & Car Park	0	17,213	0	0	17,213	0	17,213
Cemetery Landscaping Scheme At Countesthorpe	0	363	54	0	417	417	0
Install Footpaths & Driveway - Countesthorpe	0	571	0	(571)	0	0	0
Air Quality Monitoring - Castle Acres	0	13,394	0	0	13,394	0	13,394
All Weather Footpath - Blaby Oaks	0	20,741	259	0	21,000	21,000	0
Entrance Gate - Victory Park, Cosby	0	4,120	(40)	0	4,080	4,080	0
All Weather Footpath At Blaby Oaks	0	30,000	0	0	30,000	30,000	0
Perimeter Path - Kings Drive, LFE	0	1,000	0	(1,000)	0	0	0
Benches & Picnic Tables, Sapcote	0	23	0	0	23	0	23
Works At Recreation Ground - Sapcote	0	2,080	0	0	2,080	0	2,080
Picnic Table - Willoughby Road, Countesthorpe	0	2,647	40	0	2,687	2,687	0
Bespoke Entrance Gates - Ellis Park	0	3,416	0	0	3,416	3,416	0
Play Equipment - Bins & Notice Boards - Ellis Park	0	16,565	0	0	16,565	16,565	0
Community Room At Sapcote Parish Hall	0	0	16,462	0	16,462	16,462	0
Gates & Fence - Sharnford Community Hall	0	0	4,050	0	4,050	4,050	0
Archaeological Watching Brief & Report	0	0	12,290	0	12,290	12,290	0
Replace Pirate Ship - Carey Hill Park	0	0	36,913	0	36,913	36,913	0
Extension To Palisade Fencing	0	0	1,018	0	1,018	1,018	0
Purchase Event Lighting - Stoney Stanton	0	0	2,475	0	2,475	2,475	0
Churchyard Path - St. Helens, Sharnford	0	14,700	0	0	14,700	14,700	0
Create Play Trail - Ellis Park, Glenfield	0	0	6,361	0	6,361	6,361	0
Dog Exercise Area - Glenfield	0	0	8,729	0	8,729	8,729	0
Install LED Lighting - Trinity Rd. Park	0	0	6,593	0	6,593	0	6,593
Play Equipment - Shakespeare Park, Braunstone	0	0	3,546	0	3,546	0	3,546
Affordable Housing - Warwick Rd, Littlethorpe	0	207,000	0	0	207,000	207,000	0
Affordable Housing - Barry Close, Kirby Muxloe	0	0	26,000	0	26,000	0	26,000
Affordable Housing - Henson Park, Whetstone	0	0	76,580	0	76,580	0	76,580
Affordable Housing - Grove Road, Blaby	0	0	75,000	0	75,000	0	75,000
Sub Total	0	342,419	291,030	(1,571)	631,878	388,163	243,715
TOTAL CAPITAL PROGRAMME 2021/22	1,588,500	3,446,623	378,260	(376,639)	5,036,744	2,146,862	2,889,878

	Approved Capital Programme 2021/22 £	Budgets Brought Forward from 2020/21 £	Virements / Additions etc within the year £	Project completed Saving realised £	Latest Capital Programme 2021/22 £	Capital Expenditure to 31st Mar. 2022 £	Variance as at 31st Mar. 2022 £
FINANCED BY:							
Internally Resources							
Prudential Borrowing	509,500	1,321,831	(429,031)	(345,068)	1,057,232	444,119	613,113
Usable Capital Receipts	279,000	408,719	53,637	0	741,357	285,984	455,373
Blaby District Council Plan Priorities Reserve	81,000	112,746	288,000	(30,000)	451,746	310,940	140,806
General Reserve Fund	16,000	0	30,000	0	46,000	17,004	28,996
IT Reserve	118,000	22,589	0	0	140,589	12,611	127,978
IT Systems Replacement Reserve	0	0	35,020	0	35,020	16,900	18,120
New Homes Bonus Reserve	0	28,049	0	0	28,049	0	28,049
Revenue Funded Capital Expenditure	0	69,114	57,775	0	126,888	75,452	51,437
External Resources							
Disabled Facilities Grant	585,000	1,052,421	(32,297)	0	1,605,124	465,424	1,139,696
DFG Contribution from East Midland Housing	0	0	38,762	0	38,762	38,762	0
IER Hardware Implementation Grant	0	3,057	0	0	3,057	0	3,057
S106 Contributions - Various	0	342,419	291,029	(1,571)	631,877	388,162	243,715
DEFRA - Air Quality Grant	0	7,734	0	0	7,734	0	7,734
National Lottery Funding	0	20,479	13,501	0	33,980	33,980	0
LLEP Funding	0	19,885	50,000	0	69,885	38,074	31,811
Office For Low Emissions Vehicles Grant	0	19,451	0	0	19,451	19,451	0
Capital Grant Funding - Eb Ltd.	0	18,135	(18,135)	0	0	0	0
TOTAL FUNDING	1,588,500	3,446,623	378,260	(376,639)	5,036,744	2,146,862	2,889,878

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