

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2288

Record of Decision by Executive

Monday, 5 July 2021

Portfolio	Policy & Resources
Subject:	General Fund & Housing Revenue Account Outturn 2020/21
Report of:	Deputy Chief Executive Officer
Corporate Priority:	Dynamic, prudent and progressive Council

Purpose:

This report provides the Executive with details of the actual revenue expenditure for 2020/21 for the General Fund and Housing Revenue and Repairs Account and seeks approval for the completion, in 2021/22, of two of the 2020/21 expenditure programmes.

The General Fund actual net revenue expenditure on services for 2020/21 totals £12,182,435 which is **£2,575,935** more than was originally budgeted for the year. This is due to the extraordinary impacts of the Covid-19 pandemic on income streams and costs incurred year.

These were recognised early on in the year and the Council adopted a replacement emergency budget in September. This forecast the potential need to use £1.1 million of the Council's reserves to plug the funding gap for its services in 2020/21. At the same time the Council introduced a Financial Recovery Plan to mitigate the impacts arising where it could, which included a tightened control over expenditure.

Financial forecasts were updated as the government implemented further periods of lockdown and announced support packages for local authority services. The Council has benefitted from Government COVID grants totalling £3.8 million during the year; £0.8 million of these were not anticipated and therefore not incorporated into the emergency and revised budgets.

The final net budget outturn position is **£1,211,254** less than the final revised budget agreed by the Executive in February 2021. This has meant that the anticipated drawing from reserves has not materialised. This is partly due to some services, such as planning application income, starting to recover towards the end of the year, and also due to the corporate efforts in reducing spend where it was possible. There has also been additional council tax income of £35,739. However, the largest contributing factor has been the unplanned additional Government support.

It has not been possible to complete a number of expenditure programmes in 2020/21 and approval is sought to complete two programmes where expenditure had already been committed during 2020/21, at a cost of £51,900. This will reduce the underspend to **£1,195,093**.

This underspend will need to be transferred to reserves to help protect the council's financial position going forward. Some trends in increased expenditure and reduced income have continued into 2021/22 and income streams such as car parking may never recover, whilst the Government's financial support schemes may start to disappear. The Council's underlying financial position has therefore worsened. We will be reviewing this in more detail when the Medium-Term Finance Strategy is completed later in 2021 along with a plan to address the forecasted funding gaps.

The final figures for the Housing Revenue and Repairs Account (HRA) in 2020/21 show that the HRA revenue reserve has been reduced by £218,844 to fund the net expenditure for the year. Overall, total HRA Reserves have decreased by £746,834.

Options Considered:

The comments of the Policy and Resources Scrutiny Panel were taken into account in considering this item.

As recommendation.

Decision:

RESOLVED that the Executive:

- (a) approves the carry forward of £51,900 to fund the completion of the committed General Fund expenditure programmes in 2021/22, as contained in this report;
- (b) approves the carry forward of £470,000 for the HRA Capital Programme to re-align budget and expenditure phasing and to support the forthcoming programme for 2021/22; and
- (c) notes the contents of the report.

Reason:

To enable the completion of the General Fund expenditure programme for 2020/21 and to ensure that the balances on the Housing Revenue and Repairs Accounts at 31 March 2021 will be available in future years and that 2021/22 budgets are sufficient to meet the level of work programmed.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 5 July 2021