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| Council Name | COTSWOLD DISTRICT COUNCIL |
| Name and Date of Committee | OVERVIEW AND SCRUTINY COMMITTEE – 21 JUNE 2022 |
| Report Number | AGENDA ITEM 11 |
| Subject | FINANCIAL, COUNCIL PRIORITY AND SERVICE PERFORMANCE REPORT – 2021-22 QUARTER FOUR |
| Wards Affected | All |
| Accountable Member | All relevant Cabinet Members |
| Accountable Officer | Robert Weaver, Chief Executive Email: robert.weaver@cotswold.gov.uk |
| Summary/Purpose | To provide an update on progress on the Council's priorities and service performance To provide information on the Council's financial position |
| Annexes | Annex A - Council Priorities report Annex B - Performance indicator report Annex C - Revenue Summary and Variances Annex D - Summary of gross capital expenditure |
| Recommendation(s) | <i>That the Committee reviews overall progress on the Council priorities, service delivery and financial performance for 2021-22 Q4</i> |
| Corporate Priorities | <ul style="list-style-type: none">● Delivering our services to the highest standards● Responding to the challenges presented by the climate crisis● Providing good quality social rented homes● Presenting a Local Plan that's green to the core● Helping residents and communities access the support they need for good health and wellbeing● Supporting businesses to grow in a green, sustainable manner, and to provide high value jobs |
| Key Decision | NO |
| Exempt | NO |
| Consultees/ Consultation | None |



1. BACKGROUND

- 1.1. The Corporate Plan 2020-24 was adopted by the Council in September 2020, and includes recovery work in response to the impact of Covid-19.
- 1.2. A high level commissioning statement was approved by Cabinet in January 2020 which sets out the relationship between Publica and the Council and their respective responsibilities. Publica must ensure that it provides the necessary information to the Council so it can assess whether the commissioned services are being delivered in accordance with the agreed quality and standard. The Council's Chief Executive is responsible for reviewing and approving the information provided in this report prior to its publication.
- 1.3. A selection of publicly available benchmarking data (2019-20) was included in last year's Q4 Performance Indicator report on a trial basis. This exercise has been repeated for the latest available data (2020-21) for inclusion in this report. Two comparator groups that are commonly used to benchmark Councils' performance are: all shire district councils and CIPFA Nearest Neighbours (NN). Whilst performance benchmarking can be useful as a tool for driving improvement, it is important to remember that performance needs to be viewed within context i.e. a range of both internal and external factors contribute to the level of performance achieved, therefore benchmarks should be used as a 'guide' and as a starting point for discussion.
- 1.4. Most notably, 2020-21 was the start of the Pandemic, and many services were affected. This Council's in-year collection rate for Council Tax and Business Rates in 2020-21 was lower than what has been previously achieved, and in comparison to the benchmarks. Recovery action was paused and Magistrates courts were closed. Each council has its own approach to recovery, and combined with when Magistrates were able to re-open would dictate when recovery action could re-commence. These factors are likely to have affected collection rates.
- 1.5. The Council's Chief Executive has received a report on progress towards achieving the Council's priorities and service performance. Having assessed performance in line with the high level commissioning statement, the Chief Executive has noted the progress that has been made to deliver the actions in the Corporate Plan as well as the high workloads in some services during the year, some of which was attributable to the impact of Covid-19; and the improvements that have been made in some services such as Benefits and Planning, supported by a range of improvement work.
- 1.6. Particular attention has been drawn to the following:
 - Following the surge in the Omicron variant in November 2021, the government announced the move back to Plan A on the 19 January 2022; and staff were no longer being asked to work from home and face masks were no longer mandatory. On 24 February 2022, the government confirmed the ending of domestic legal restrictions for Covid-19 including the legal requirement to self-isolate. Staff have been reminded to be cautious and retain the good habits learned over the last 20-24 months, especially as infection rates remain high.



- Publica's Agile Working Policy was launched in March 2022, and a transition to a more fluid mix of home and office working has commenced. Cabinet approved funding for the office layout changes, with the space created in the West wing of the building to be let to tenants.
- The rising energy prices and higher cost of living is affecting householders, in particular those on low incomes. In April 2022, the Council started to administer the £150 council tax rebate for homeowners in bands A-D, and those more vulnerable residents in Council Tax bands E to H;
- The Council's business rates collection figure (in year) continues to be affected by the cumulative impact of Covid-19 on businesses. The Government supported certain businesses with extended retail relief during the year, and the Council recently received £1.95m of Covid Additional Relief Fund (CARF) to be distributed to those businesses that are not eligible for the extended retail relief but have been affected by Covid-19. In addition, the Council administered 1,014 Omicron mandatory grants to businesses (mainly leisure and hospitality) totalling £2,502,704 during Q4;
- The Council is standing with Ukraine. A special email address has been set up as dedicated point of contact to help deal with the volume of enquiries. The Council is supporting the 'Homes for Ukraine' scheme in which people in the UK are sponsoring/hosting a Ukrainian individual or family. The Council is working with the County Council to ensure that sponsoring households' properties are inspected and the necessary safeguarding checks are completed; while the Gloucestershire councils in partnership with Gloucestershire Action for Refugees and Asylum Seekers (GARAS) are working together to provide support for sponsors and guests. As at 6 June 2022, 89 sponsors had registered in the District.

2. COUNCIL PRIORITY REPORT

- 2.1 It is now eighteen months since the Council adopted its Corporate Plan, a period in which there have been major changes, not least a move from Covid-19 lockdowns through to vaccination and a gradual lifting of Covid-19 restrictions.

Good progress has been made against actions identified in the current Corporate Plan. A key element of any plan review is to ensure it remains relevant, current, and continues to identify the key priorities. Following consultation with Cabinet Members, a Cabinet 'Away Day' was held in March 2022, facilitated by the Local Government Association (LGA), part of which focussed on a discussion around the Corporate Plan Update. This provided an opportunity for Cabinet Members to reflect on any revised priorities and performance against the Plan to date. The LGA endorsed this approach as a sensible part of the Plan refresh, acting as a critical friend during the discussion. A spring 2022 'refresh' of the Corporate Plan has taken place and this was approved by Council at its meeting in May. The refresh sought to reflect key achievements since the introduction of the Plan, and clarify the priorities over the remaining period of the Plan (April 2024). It is therefore appropriate to take the time to reflect on progress against the Council's Corporate Plan, to review achievements and to refresh priorities.



2.2 Progress on actions in the Corporate Plan include:

- As part of the Flood Warden programme, the Council is working in partnership with Gloucestershire Rural Community Council (GRCC) and Town and Parish councils to recruit local volunteer wardens to help improve local flood preparation and responses. Meetings have taken place with Towns and Parishes including Bibury, Bledington, Bourton on the Water, Cirencester, Lechlade, Moreton-in-Marsh, Naunton, Somerford Keynes and Upper Slaughter. At the end of March 2022, six volunteers had signed up from four Parishes and a first Flood Warden meeting took place on 9th June 2022 and was very well attended by new Flood Warden volunteers;
- The parking enforcement function has been brought back in-house on conclusion of the contract with APCOA on 31 March 2022 to allow for a closer alignment of its function/activities to the Council's priorities, including the Climate Change Emergency and supporting the Clean and Green programme;
- The Council agreed the revised office layout at Trinity Road in support of Agile working, and to seek tenants to occupy space that will be created in the West wing of the building;
- Following the success of the Town and Parish forums last Autumn, two more events took place during March 2022. The Moreton forum was particularly well attended with 29 participants, and 14 at Cirencester. Feedback from participants was gathered via a survey which indicated that 92% of those surveyed were satisfied.
- The construction of the Applied Digital Skills Centre at Cirencester College is nearing completion and a launch event is being held in May 2022. The new Applied Digital Skills Centre will give the District a great opportunity both to develop a workforce with the digital skills needed in the 21st century, and also to grow its digital and cyber sectors.
- The Council has been awarded £162,500 by the Government to assist with installing Changing Places toilets in locations across the District. The venues in the bid were Cirencester Abbey Grounds, Birdland at Bourton-on-the-Water, the Cotswold Country Park and Beach at South Cerney and Cotswold Farm Park at Guiting Power. It is anticipated delivery will take place in the 2022-23 financial year.
- In April 2022, the Council launched Gloucestershire's first Community Municipal Investment (CMI) named 'Cotswold Climate Investment', targeting an initial fundraise of £500,000. The CMI model is a way for local communities to invest in climate change projects to support the Council to meet its climate change targets; and is facilitated by the FCA-regulated investment firm Abundance Investment, and supported by the Green Finance Institute;
- Cabinet approved funding for the first phase of Electric Vehicle Charging Point installations with 20 charging connections (10 EVCPs) across locations in Bourton-on-the-Water, Cirencester and Moreton in Marsh during phase one. The provider Electric Blue Charging is supporting the Council in applying for Government funding to partially fund the capital cost of this project;
- The Council was awarded £63,000 from the PropTech fund to procure new consultation software which was used to deliver the Local Plan consultation between 4 February and 20 March 2022. The consultation generated 2,901 responses from 748 individual



respondents, more than has previously been achieved. The consultation generated useful remarks that will help to shape the emerging Local Plan, and ideas about how to make the next consultation even better;

- The £1.2m Public Sector Decarbonisation Scheme has reached practical completion; energy efficiency and carbon reduction technologies have been installed at Cirencester and Bourton-on-the-Water leisure centres, and the Museum Resources Centres at Northleach, as well as lighting improvements at Moreton in Marsh Area Centre;
- Crowdfund Cotswold was put forward for a number of national awards, operated by the Local Government Chronicle (LGC) and the Management Journal (MJ), and has been shortlisted for the 'Community Involvement' award for the LGC. The outcome is expected in July 2022;
- The Council secured £130,000 from DWP (via the County Council) last November 2021 to protect vulnerable households in most need of support during the winter as the economy recovers. The funding has been used to provide supermarket vouchers and support to vulnerable households with energy and water bills, rent arrears and essential items to keep warm and well; and was delivered by Citizens Advice Stroud & Cotswold Districts Ltd on behalf of the Council. In addition, the Council has provided 1,300 supermarket vouchers to pensioners on benefits as well as 28 starter packs containing a microwave, bedding, small table top fridge and additional kitchen equipment for families and individuals that are moving from temporary to permanent tenancy.

2.3 The Council's Corporate Plan is attached at Annex A.

3. SERVICE PERFORMANCE REPORT

3.1 Over the last year, some services were unable to achieve their targets due to high workloads, some of which was caused by the impact of Covid-19, and a shortage of staff. An injection of additional resources, both temporary and permanent, as well as the implementation of improvement plans have had a positive effect on performance over the last six months in some key services such as Benefits and Planning. However, despite the introduction of career graded posts in the planning service, the service continues to experience difficulties in both recruiting suitable staff and retaining them. The Business Manager is exploring what further actions can be taken to attract qualified planning officers in the context of a national shortage.

3.2 Further improvements were made in benefit processing times in Q4 but as expected, it was not possible to totally recover the shortfall. The improvement was facilitated by the software fix to restore the automatic upload (of changes of circumstances) function, and the launch of the OpenPortal which allows clients to self-serve. Initial signs suggest that performance will return to more normal levels in Q1.

3.3 Some of the performance indicators that were short of their targets or showing a downward trend are considered below together with rectifying actions:

- Processing times for all three Benefit indicators showed significant improvements at the end of Q4. The average days to process Council Tax Support (CTS) new claims improved by over five days, while the average days to process changes for CTS and Housing Benefit, both improved by over eight and a half days. The increase in processing times was



primarily due to high workloads related to the increase in Universal Credit claims since the start of the pandemic (with much of the New Claims time delays beyond the Council's control), the implementation of the new benefits system, Covid-19 related work, and supporting the administration of discretionary housing grants to the most vulnerable residents in the District. The backlog of work that was created following the implementation of the new benefits system was exacerbated by a software failure that prevented the automatic upload of changes of circumstances from the Department for Work and Pensions (DWP). A partial fix was applied nationally, but still required some cases to be processed manually; and was finally resolved in January 2022.

Resolution: Additional resources were brought in during Q3 to deal with the backlog and support the service; and a recovery plan is being developed to improve performance. The OpenPortal was officially launched in January 2022 and clients are now able to start self-serving. Other benefits of the new system are increased automation and better monitoring of workflows and individual workloads which will help the service to actively manage resources and identify any training requirements.

Although it will take time for the system to be fully exploited, the initial signs are promising with performance starting to return to previous levels.

- Overall planning performance has improved and stabilised over the last six months, in particular, for 'Minors' and 'Others' (mainly householder) applications. Performance for both 'Majors' and 'Minors' achieved their targets at the end of Q4. This follows a downward trend in performance since summer 2020 when the number of 'Other' applications increased in line with the national trend, which coincided with a shortage of staff. The service reports that there are signs that the total number of applications coming through has slowed and is around 2% lower than a year ago, but remains well above historic trends.

Despite multiple rounds of recruitment and the introduction of career graded posts, there continues to be a shortage of Development Management officers in the service. Three new appointments and a series of internal appointments were made recently (starting in May 2022), but due to the competitiveness of this specialist area, it has been equally difficult to retain staff, and there are still 3.5 vacant posts to fill. Performance is expected to be affected in the next quarter until such time as the full complement is secured. In the interim the use of agency staff has been agreed. The Business Manager is exploring what further can be done over and above the measures outlined below to make the recruitment and retention of staff more attractive against a national background of a shortage of qualified planning officers.

Resolution: A bespoke recruitment programme was designed and resulted in three appointments, however, new staff will need to be trained up and supported by more experienced staff over many months. Given the number of new starters, a new training programme was developed to build the professional capacity of the service, and so far, has been well attended and has yielded positive feedback. Planning staff are back in the



office for part of the week which is helping to support the less experienced staff and improve morale.

There is an improvement programme and roadmap in place. The new validation team has had good results in improving the speed at which applications are registered and validated, and keeping customers informed. In addition, new planning checklists are being created to help improve the quality of the applications submitted, and clear guidance to applicants to help reduce the impact of invalid applications on the validation team. Other plans include implementing the next phase of the Enterprise software to improve case management, as well as exploring how customer contact can be improved using customer services 'champions' embedded within the planning service who can also support case officers.

- The Council's collection rates for both Council Tax and Business Rates have remained depressed for a second year due primarily to the cumulative impact of Covid-19 which has been further exacerbated by inflationary pressures and the rise in energy prices. Furthermore, there was a pause in recovery action following government guidance and Member decision, and the closure of the Magistrates courts over a number of months. This Council re-started recovery action in 2021-22 Q1.

Resolution: Many businesses have been supported by extended retail relief and a range of mandatory and discretionary grants including the Omicron mandatory grant in Q4. Extended retail relief will continue through 2022-23 at a relief of 50%, and for those businesses that are not eligible for extended retail relief and have been impacted by Covid-19, there is £1.95m in Covid-19 additional relief fund (CARF) to support them. A large proportion of these businesses have already been identified although the window for applying will remain open until September 2022. These businesses will have their business rates accounts credited which will help to reduce the debt owed in 2021-22.

Some homeowners will receive a council tax rebate to help with the rising cost of living. This process started in April 2022, and the rebate will be administered via their bank accounts or other means, rather than as a credit on the council tax account.

The service is continuing to support homeowners and businesses; sending out reminders, phoning and emailing to encourage them to contact the Council so that they can be supported via manageable repayment plans, or refer them on to other services both internally and externally. The debt, however, can only be secured through recovery action and issuing of a liability order. The dedicated team responsible for the recovery of rates will continue to recover debts owed to the Council.

3.4 In spite of the challenges over the year, there have been a number of areas where indicators have improved or are noteworthy:

- The Council's customers are highly satisfied with services delivered by phone, with over 95% of customers responding positively;
- After a difficult year with construction delays due to Covid-19 and the rising cost and lack of availability of building materials, 48 affordable homes for individuals and families were completed in Q4 bringing the total for 2021/22 to 99 units, one short of the target



of 100. The forecast for 2022/23 is currently 125 affordable units, with potentially 65 units completing in Q1;

- The Council has increased its enforcement activity supported by its Clean and Green initiative. During Q4, 101 fly tips were referred for investigation resulting in six FPNs, making a total of 15 enforcement actions since the beginning of 2021-22. The Council takes a proactive and preventative approach to fly tipping, and duty of care work has been carried out with businesses and households to support them to manage their waste responsibly. More recently, the Council has commenced some targeted work in locations which are attracting high levels of fly tipping using a combination of proactive measures to deter fly tipping such as signage as well as enforcement activity. Further targeted work is expected in the coming months;
- In spite of staffing issues due to high Covid-19 infection rates, Storm Eunice (requiring the rescheduling of collections) and relatively high levels of waste due to home working (in response to Omicron variant), the number of missed bins per 100,000 scheduled collections continues to perform well within the target. The implementation of In-Cab technology a year ago is having positive benefits.

3.5 A full report is attached at Annex B.

4. FINANCIAL PERFORMANCE

4.1 Financial Performance (Revenue)

4.2 At the 31 March 2022, the Council had spent £13,525,527 against the net cost of services budget of £13,589,911 resulting in an underspend against budget of £64,384. After taking account income from Council Tax, NNDR, government grant and transfers to/from reserves this equates to an underspend against the budget of £18,982 and includes the underspends from the Council's contracts with Publica and Ubico as detailed in 4.13 and 4.14.

4.3 A full list of all cost centres and budget variances is attached to this report at Annex C. The report highlights a number of budget variances across a range of service areas. A commentary against the most significant variances, excluding those where the income and expenditure variance are comparable (net nil variance), are set out below. These figures are subject to external audit review during the autumn, however, the figures are not expected to change materially from those being reported.

4.4 Annex C includes details of both the original and 'Budget Q4', the variances have been reported against the 'Budget Q4' this is the budget adjusted to reflect technical accounting adjustments such as changes in depreciation and movements to/from reserves. These adjustments have no overall impact on the net budget.

Income

4.5 Income from car park fees, fines and permits continued to be impacted by Covid-19 and the rise of the Omicron variant in the last quarter of 2021/22 with the 2021/22 outturn position



being 75% of budget for the year, £749,000 less than budget. The impact of this is partially offset by the Government's sales fees and charges compensation grant of £245,225 as detailed at 4.29.

- 4.6** Income from planning fees slowed during the financial year but still resulted in an over achievement of income of £15,000. Planning appeals expenditure was £64,000 less than budgeted due to fewer appeals than estimated during 2021/22. Income from land charges has also continued to perform below budget with income received being £41,000 below budget at the end of the financial year due to a combination of Covid-19 and the significant rise in free unofficial Personal Searches (through Personal Search Agents).
- 4.7** Council tax collection income from fines and court cost were £57, 000 lower due to continuing impact of Covid-19.
- 4.8** Conversely, £156,000 more income has been received in respect of garden waste annual subscriptions in comparison to the full year budget as a result of higher take up than anticipated. Licensing income also performed better than budgeted with income £54,000 higher than budgeted.
- 4.9** Income from recycling has also exceeded budget, recycling credits from Gloucestershire County Council were £252,000 higher than estimated as a result of higher levels of recycling. Increased demand for bulky waste collection has also resulted in an £54,000 overachievement of income.
- 4.10** Rental income from Dyer Street property is no longer required to be transferred to earmarked reserves resulting in £119,000 of income not previously budgeted for. The 2022/23 budget has been adjusted to reflect this.
- 4.11** To support the implementation of the Redmond Review recommendations the Government provided principal local government bodies with additional funding in 2021/22. An unbudgeted grant (£17,000) was received to offset increases in audit fees resulting in an overall underspend on external audit fees of £23,000.
- 4.12** The Council has received some further New Burdens grant funding from Government in recognition of the additional resources required to administer Covid-19 business grants. £166,000 of this grant is recognised in the revenue account to reflect additional expenditure included in service areas. (see 4.30 below)

Expenditure

- 4.13** The Council's Environmental Services (grounds maintenance, street cleaning, domestic waste collection, recycling collections etc.) are provided by Ubico Ltd. The Ubico contract costs were under budget (excluding unavoidable additional costs incurred as a result of Covid-19) by £401,000. This includes an underspend of £112,000 in respect of street cleaning, £102,000



in respect of food waste and £89,000 in respect of recycling. The underspend was largely a result of savings on budgeted fuel costs, savings in repairs partly as a result of utilising new vehicles and lower corporate costs recharged. After taking into account additional costs reported as incurred as a result of Covid-19 of £555,000 this represents a net overspend of £154,000.

- 4.14** The Council's own service company, Publica provide the majority of staffing resource which is used to provide services. The 2021/22 contract sum, which was agreed prior to the start of the year, with Publica is £8,919,148 (excluding the cost of the Service Modernisation Programme). At the end of the year Publica reported an overall underspend of £77,803 against its contract sums with the Council. These savings can be seen in 'Corporate Management' (COR400).
- 4.15** Repairs and maintenance expenditure in respect of the Corinium Museum remained below budget with an expenditure underspend of £21,000. The Trinity Road Office expenditure exceeded budget by £28,000 due to the purchase of a replacement boiler and new furniture. These overspends are funded from underspends on the building maintenance funds in other areas.
- 4.16** Car park expenditure is £32,000 overspent which includes an overspend of £27,000 in respect of work to resolve network issues following the move to cashless technology and other associated 4G and technology costs.
- 4.17** The costs of minor contracts for recycling were £138,000 below budget. An additional £78,000 budget was included for 2021/22, £100,000 was removed as part of 2022/23 budget setting based on forecast outturn.
- 4.18** The Government's Everyone In and Protect & Vaccinate policies continued into 2021/22 which required the Council to house more people at risk of homelessness than was required under our pre Covid statutory responsibilities. Even though the Council received additional Government funding for homeless services, the Council has been adversely affected financially by £65,000 as Housing Benefit subsidy is lower in relation to temporary emergency accommodation. Overpayments recovered were £43,000 less than budgeted. Software, licences and maintenance agreement costs were also higher than budgeted.
- 4.19** The Council has had to utilise Hotel & Bed & Breakfast accommodation throughout the year but the Government has provided additional grant funding to offset these additional costs. Some of the Council's initiatives i.e. Flexible Prevention Fund, Complex Needs Officers and Temporary Accommodation Move On Officers have relied on a combination of Rough Sleeper Initiative and Homelessness Prevention funding. The Rough Sleeper Initiative funding programme has now come to an end but provided the Council with additional income of £83,144 in the year together with additional Homelessness Prevention Grant of £161,215.



- 4.20** There is a net overspend of £43,000 in respect of temporary emergency accommodation due to lower than budgeted income due to void periods at Ridgeway House, impact of social distancing restricting room use. Utility costs and reactive repairs were higher than estimated during first year of operation.
- 4.21** Overspends within NNDR collection reflect costs associated with the administration of Covid relief including postage overspend of £26,000 which are funded through new burdens grant funding recognised within 'financing'.
- 4.22** The Council approved a further financial support package of £280,403 for the Council's Leisure Operator, SLM for the period April to July 2021 whilst the leisure centres were closed due to Covid restrictions. £178,334 was paid to SLM under open book arrangements. This has been funded from contingency in the 2020/21 budget and grant funding of £104,298 received from the National Leisure Recovery Fund. The management fee for the period April to July 2021 was also waived and this forms part of the net overspend of £15,000.
- 4.23** There have only been a small number of planning appeals during 2021/22, resulting in an underspend in the appeals costs budget of £64,000.
- 4.24** ICT costs in relation to software and system maintenance agreements have experienced unavoidable increases in costs resulting in an overspend of £37,000. The 2022/23 budget has been adjusted to reflect these increases.
- 4.25** Interest payable on investments was underspent by £15,900 as no borrowing took place in 2021/22. Bank charges are £19,000 higher than budgeted which reflects an increase in transactional volume. The additional costs are offset by new burdens funding which is recognised within financing.
- 4.26** Discretionary pension payments paid to Gloucestershire LGPS were £111,000 less than budgeted.
- 4.27** The 2021/22 budget includes contingency funding for expenditure related directly to the impact of Covid-19 and reduced income from fees and charges. The contingency budget is funded from Government Covid-19 grant. The largest expenditure impact is from Ubico Ltd. As Ubico Ltd is a wholly local authority owned company, the Council pays for the actual cost of service delivery. Due to a combination of additional waste being presented by households for collection and Ubico needing to protect its own employees in response to Covid-19 health and safety requirements, Ubico incurred unavoidable additional costs. These costs including: agency staff, hire vehicles and personal protective equipment have amounted to £555,000.



FUNDING

General Grant Income

- 4.28** The total general Covid-19 funding received by the Council in 2021/22 is £377,000 excluding any amounts due from the income compensation scheme. This is in line with the amount estimated in the budget. In addition to various other grants there is also passported funding to support residents and businesses.
- 4.29** The Government reimbursed authorities for 75% of Covid-19 related income losses (after the first 5% of losses is absorbed by local authorities) in the first quarter of 2021/22. To qualify, income losses must be related to the delivery of services. The compensation scheme excluded commercial and rental income. The Council received £242,255 for 2021/22 reducing the impact of Covid-19 in this year's outturn. This was £110,956 less than estimated in the budget due to income losses in the first quarter of 2021/22 being lower overall than budgeted.
- 4.30** The government provided various allocations of 'New Burdens' funding throughout the year in relation to Covid-19 business grants. £190,389 of funding has been received. A balance of £496,000 was held in earmarked reserves at 1 April 2021 from funding provided in 2020/21 and further funding of £190,389 was received in 2021/22. As outlined in 4.40 below, the outturn report includes a proposed transfer of £115,390 of Government New Burdens grant in to earmarked reserves and a transfer of £90,000 to the Council Priorities Fund from the 'New Burdens' Reserve. This will leave a balance of £95,000 after funding known commitments of £315,063 (business grant post payment related resource and other commitments) in 2022/23.

Retained Business Rates and Pooling

- 4.31** The accounting arrangements for Business Rates are complex and statute requires recognition of items charged in one financial year to be resolved in the following year i.e. the deficit arising in 2021/22 (the shortfall in collectable rates vs expected due to the Government reliefs) will be repaid to the Collection Fund in 2022/23. This deficit has therefore been budgeted for in 2022/23 and is funded by the exceptional S31 grant received in 2021/22. The S31 grant of £3.919 and will be held in earmarked reserve and used to fund the contribution to the Collection Fund in 2022/23. The Council has benefitted from being part of the Gloucestershire 50% Pool in 2021/22. An estimated gain of £350,000 was recognised in the 2021/22 outturn which has been transferred to the Council Priorities Fund in line with the 2021/22 budget assumptions. Any further windfall associated with the pool will also be transferred to the Council Priorities Fund.



- 4.32** In the 21/22 budget Retained Business Rates income accounted for 25% of funding for Council services but our ability to collect it was impacted by the continuation of Extended Retail Discount announced by the Government in March 2021. This provided eligible businesses with 100% relief from Business Rates for Q1 of 2021/22 and a 66% relief for the remainder of the year. As a result the amount of Business Rate income collected this year fell to £23.623m against an original budget of £33.969m.
- 4.33** As the Billing Authority the Council collects 100% of the 'payable' income but distribute 50% of the 'budgeted' income (regardless of whether the actual cash collected has reduced significantly due to Government reliefs) to Central Government & 10% to the County Council on a monthly basis.
- 4.34** In the same way as in 2020/21 this resulted in an enormous pressure on Billing Authorities' cash flow, which the Government recognised and accordingly gave monthly compensation payments to the Council for income that had been lost due to the extension of Retail Relief.
- 4.35** The table below shows the calculation of the budgeted / expected Business Rate income for the Council vs the Actual. The distribution of income is set through the NNDR I at budget setting with the uncollectable income being compensated through S31 grant. As in the previous financial year, in 2021/22, we must repay £3.919m of deficit in 2022/23 and therefore will move that amount to earmarked reserves.

| | Budget 2021/22 £m | Actual 2021/22 £m | |
|---------------------------------|----------------------------------|----------------------------------|--|
| Total Business Rate Income | 33.969 | 23.623 | Expected vs Collectable |
| CDC Business Rates Income (40%) | 13.585 | 13.587 | CDC receive 40%. 50% goes to Central Government with 10% going to the County, fixed through NNDR I at Budget Setting. Uncollectable income compensated by exceptional S31 Grant. |
| Renewable Energy | 0.069 | 0.067 | Income retained by CDC for renewable energy schemes |
| Less Tariff | (11.485) | (11.485) | This is a Government specified adjustment to reduce our collected rates to the baseline funding level they determine. |



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|--|--------------|--------------|---|
| S31 Grant | 2.203 | 2.203 | Grant received to compensate for lost business rates income due to Central Government policy |
| Less Levy | (0.996) | (1.004) | This represents 50% of excess funding over baseline |
| Net Business Rates Income | 3.376 | 3.368 | |
| NDR Deficit Payable from the Collection Fund | -7.521 | -7.521 | Fixed at Budget Setting |
| Movement from reserves | 7.425 | 7.425 | To fund the deficit paid out in the year relating to 2020/21. |
| Net Business Rates | 3.280 | 3.272 | |
| Exceptional S31 Grant | 0 | 3.919 | Grant received to compensate for lost business rates income due to Extended Retail Discount given to businesses in the year |
| Movement to Reserves | 0 | (3.919) | To fund the Collection Fund deficit repayable in 2022/23 Therefore, this will increase earmarked reserves by £3.9m in 2021/22, but be used in 2022/23 to fund the forecast Collection Fund deficit repayable in 2022/23. |
| Prior year Levy | | (0.007) | Prior year accrual for levy was £7k higher than estimated. |
| Tax Income Guarantee | | 0.003 | Additional compensation ref 2020/21 for 75% of Business Rate income losses compared to budget. |
| Retained Business Rates | 3.280 | 3.268 | |

4.36 The Council has benefitted from being part of the Gloucestershire 50% Pool in 21/22. A gain of £350,000 is recognised in the 2021/22 outturn based on estimated figures and has been transferred to the Council Priorities Fund. Any further windfall associated with the pool will also be transferred to the Council Priorities Fund.



4.37 Changes to the Business Rate Retention Scheme were due to be implemented by Central Government in 2020/21 but were delayed due to the impact on businesses of the pandemic. These changes are now expected in 2023/24 and a significant reduction in funding from Retained Business Rates has been reflected in the Council's Medium Term Financial Strategy, which will be updated as further advice is received from the Government.

Council Tax

4.38 Retained Council tax income amounts to £5.8m in 2021/22. The impact of Covid-19 on Council tax been reflected in the 2021/22 budget. A compensation grant (Tax Income Guarantee) of £120,917 received in the general fund in 2020/21 to fund 75% of the Council's irrecoverable losses for Council Tax and Business Rates was transferred to earmarked reserves in 2020/21 and £32,000 was used in 2021/22 to cover the corresponding Collection Fund loss, which feeds into the General Fund balance. The remaining balance will be used to cover the losses over the next two years.

Transfer to Earmarked Reserves

4.39 The outturn includes £7,425,000 in Business Rates compensation transferred from reserves and £3,919,000 transferred to as detailed in 4.35 above.

4.40 The government provided various allocations of 'New Burdens' funding throughout the year in relation to Covid-19. The outturn report includes a transfer of £115,390 of Government New Burdens grant in to earmarked reserves to support resource costs relating to post payment and reconciliation of business grants.

4.41 This report proposes that £90,000 of new burdens funding should be released to the Council Priorities Fund to support other Council priorities, this would leave an uncommitted balance of £95,000 in the new burdens earmarked reserve as contingency for any unforeseen costs in relation to the post payment and reconciliation of business grants.

4.42 Arrangements for the transfer of the funding outlined in paragraph 4.41 are to be reviewed by the Cabinet at its meeting on the 4th July.

4.43 The table below details the proposed movements made between the revenue account to/from earmarked reserves in 2021/22.



| | Transfers to/(from) Earmarked Reserve £000' | |
|---|--|---|
| Business Rate Smoothing | (7,425) 3,919 | Business rates compensation grants transferred from the Business Rate Smoothing Reserve to fund the 2021/22 collection fund deficit and transfer to the same reserve to fund the forecast collection fund deficit in 2022/23. |
| New Burdens Funding | (90) 115 | Covid-19 new Burdens grant |
| Additional Restrictions Support Grant (ARG) | (398) | Balance of ARG grant funding at 31 March 2021 used in 2021/22. |
| Council Priorities Fund | 350 | Surplus on Business Rate Pool transferred to Council Priorities Fund |
| Contain Outbreak Management Fund | (197) | Funding committed to be spent on resource costs in 2021/22 in respect of Covid-19 compliance and enforcement |
| Recovery Investment Strategy | (95) | Use of reserve to fund expenditure in respect of recovery investment strategy including option appraisal, due diligence and resource costs. |
| Local Plan | (76) | Expenditure in respect of Local Plan (Feasibility and consultancy costs) |
| SLM Contract Support | (74) | Use of underspend earmarked in 2021/22 to fund financial support provided to SLM in 2021/22. |
| Other unbudgeted movements to/(from) earmarked reserves | 301 | Net transfer to various reserves which are set aside for specific service purposes. Transfers reflect the actual requirement in year. |
| Budgeted movements to/(from) earmarked reserves | (110) | Transfers to earmarked reserves made as planned in the 2021/22 budget. |



| | | |
|--|---------|--|
| Total Movement from earmarked reserves | (3,780) | |
|--|---------|--|

General Fund Balance

4.44 As at 1 April 2021, the Council's General Fund balance stood at £894,613. The budget set in February 2021 estimated that there would be a revenue surplus of £6,507 resulting in an increase to the General Fund. The lump sum payment to the LGPS in 2020/21 of £3,268,000 provided capacity in the revenue budget to top up the General Fund Balance by £1.634 million in the current and next financial year. As a result of the small surplus achieved this year (after movements to earmarked reserves and the budgeted transfer of £6,257) the contribution to General Fund balance will result in a further transfer of £25,239, and will stand at £2,554,000.

| | 2021/22 Budget £000' | Outturn £000' |
|---|-------------------------|------------------|
| Opening Balance | 651 | 895 |
| Transfer to General Fund to 'pay back' lump sum LGPS contribution | 1,634 | 1,634 |
| Revenue budget surplus/(deficit) | 6 | 25 |
| Closing Balance | 2,291 | 2,554 |

4.45 This combined with transfers made to specific earmarked reserves (see 4.43) enables the Council to withstand the potential impact of reduced funding from the Government's fairer funding review and the slightly later delivery of some savings through the Council's Recovery Investment Strategy.

Capital Activity

4.46 The Council's capital budget for 2021/22 was £26,060,000. A total of £2,629,213 was spent against these schemes with further committed expenditure in relation to the projects listed of £4,103,631 expected in 2022/23. The most significant variances include £15.2m (Recovery Investment Strategy – nil expenditure against budget), opportunities and options are being explored by officers and detailed reports seeking approval will be presented to Cabinet and Council as appropriate. Council approved a loan to a local housing association as part of the Recovery Investment Strategy, this is reflected in Annex D as a commitment of £3.8m.

4.47 A further variance of £4.3m (nil expenditure against budget) is reported in relation to the 'Investment in Strategic Property Acquisition'. Discussions with landowner are on-going. A



full list of expenditure and explanation for variances against budget is attached to this report at Annex 'D'.

Capital receipts and disposals

4.48 £941,580 in capital receipts was received from Bromford Housing Association during 2021/22 in relation to housing stock sold previously owned by the Council. Capital receipts for the financial year were received of £47,000 from the disposal of Ubico vehicles for scrap. All capital receipts will be transferred to the Capital Receipts Reserve to fund future capital expenditure.

5. CABINET

5.1 This summary performance report will be reviewed by the Cabinet at its meeting on 4th July 2022; and any comments from this Committee will be reported to the Cabinet.

6. FINANCIAL IMPLICATIONS

6.1 As described in Section 4 of the report.

6. LEGAL IMPLICATIONS

6.1 There are no legal implications arising directly from this report.

7. RISK ASSESSMENT

7.1 Contained in this report.

8. EQUALITIES IMPACT

8.1 None.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

9.1 Contained in this report.

10. ALTERNATIVE OPTIONS

10.1 None.

11. BACKGROUND PAPERS

11.1 None

(END)