

Committee Name and Date of Committee Meeting

Cabinet – 20 June 2022

Report Title

Finance Update

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

This report provides an update to Cabinet on a number of financial matters, including those related to Covid-19. The report is provided as an interim update for Cabinet, following on from the approval of the Budget and Council Tax 2022/23 report at Council on 2 March 2022 and in advance of the Financial Outturn 2021/22 and Financial Monitoring 2022/23 reports to be submitted to Cabinet in July 2022. This report also provides an update on the Council's administration of the Local Council Tax Support Top Up payment for 2022/23, Council Tax (Energy) Rebate and Covid Additional Relief Fund (CARF).

Recommendations

1. That the update on the revenue budget financial outturn 2021/22 be noted.
2. That the Council's progress on the delivery of the Local Council Tax Support Top Up payment be noted.
3. That the Council's progress on the delivery of the Council Tax (Energy) Rebate be noted.
4. That the Council's progress on the delivery of the Covid Additional Relief Fund be noted.

5. That the Council's delivery of the Household Support Fund 2021/22 be noted.
6. That the Council's delivery of the Test and Trace Support Payments be noted.

List of Appendices Included

Appendix 1 - Equality Screening
Appendix 2 - Carbon Impact Assessment

Background Papers

Budget and Council Tax Report 2021/22 to Council on 3 March 2021
December Financial Monitoring Report to Cabinet 14 February 2022
Budget and Council Tax Report 2022/23 to Council on 2 March 2022

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Finance Update

1. Background

- 1.1 This report is provided to update Cabinet on a number of financial and budget matters following on from the approval of the Budget and Council Tax 2022/23 report at Cabinet on 14 February 2022 and at Council on 2 March 2022.
- 1.2 The report is an interim update to Cabinet in advance of the more detailed Financial Outturn 2021/22 and Financial Monitoring 2022/23 reports which will be submitted to Cabinet on 11 July 2022.

2. Key Issues

2.1 Revenue Budget Financial Outturn 2020/21

- 2.1.1 The Financial Outturn 2021/22 report to Cabinet in July 2022 will set out the full details of expenditure against budget for 2021/22, revenue and capital, along with an updated analysis of revenue reserves and an updated position of the Capital Programme.
- 2.1.2 That report will also set out the use of the various Government grants which have been provided to offset the cost impact of Covid, together with an analysis of the grant funding available to continue to support the additional costs due to the longer-term impact of Covid which may continue to be incurred in 2022/23. The reserving of any Covid grant balances is in accordance with the following approval at Council in March 2022 “Approval to transfer any remaining Covid funding balances into the Council’s reserves to meet Covid related pressures and costs in 2022/23.”
- 2.1.3 The Financial Monitoring Report 2021/22 submitted to Cabinet on 14 February 2022 was based on the financial monitoring position as at December 2021, which outlined that the Council anticipated a balanced budget position for 2021/22 or a slight underspend. This forecast position was also outlined in the Budget and Council Tax 2022/23 report which was submitted to the same Cabinet meeting and also to Council on 2 March 2022.
- 2.1.4 Both reports set out the inter-relationship between the impact of Covid-19 on the Council’s level of spend and loss of income and the Government grant funding compensation for Covid impact, as known or anticipated at that time. The December forecast outturn position showed a Directorate forecast overspend of £8.2m with the plan to mitigate through use of government’s provision of COVID-19 emergency support grant (£13.6m) and Sales, Fees and Charges Income Compensation (£0.4m), total Covid grant support £14.0m.
- 2.1.5 The 2021/22 Budget was supported by the use of £7.5m from the Budget and Financial Strategy Reserve, given the availability of the £14.0m of Covid Funding, a detailed piece of work was carried out to assess the financial impacts of Covid-19 on 2021/22. Following this the Council estimated that the

costs and income losses as a result of Covid-19 would be in excess of the resources provided by Government. Therefore, it would be appropriate to utilise during 2021/22 the maximum amount of Covid funding eligible. Therefore, as at December Financial Monitoring it was estimated that only £1.7m of the planned £7.5m Budget and Financial Strategy Reserve would be required. The remaining balance of £5.8m could be left in the Council's reserves.

- 2.1.6 The final outturn position reflects a positive movement of £4.1m in the Directorate outturn positions since December's Financial Monitoring position, reported to Cabinet on the 14 February 2022. The main reasons for the movements per directorate are indicated below, however, a more detailed narrative will be provided in the Financial Outturn report to Cabinet in July 2022. This positive improvement removes the need for the Council to use £1.7m of the Budget and Financial Strategy Reserve to support the 2021/22 outturn position.
- 2.1.7 In addition, this improvement generates a £2.4m underspend as the Council remains able to use the full £14.0m of Covid grant to support the outturn position. This has therefore allowed the Council to transfer £2.4m into the Council's Budget and Financial Strategy Reserve, as per the recommendation within the Council's Budget and Council Tax report 2022/23, approved at Council 2 March 2022, "Approves the transfer of any 2021/22 revenue outturn underspend into the Council's reserves, to be held within the Budget and Financial Strategy Reserve". This will help the Council to manage some continuing budget pressures in 2022/23 e.g. a further upward trend in the demand for home to school transport, along with the general pressures of the current high level of inflation and the significant increases in energy prices. Taken together, these issues are likely to impact on the 2022/23 budget at a level greater than £2.4m.
- 2.1.8 The main reasons for the improvement in the Directorate outturn position are as follows, though more detailed narratives will follow in the Financial Outturn report to Cabinet in July 2022:
- Children & Young People's overspend has reduced with the main savings relating to further reduced costs of £0.4m on Placements, and a £0.2m saving from the South Yorkshire Regional Adoption Agency (SYRAA). The SYRAA is funded in part by contributions from Local Authorities. As the service has made a saving during 2021/22 an element of that has been passed back to partners.
 - Adult Care, Housing & Public Health forecast underspend has increased as a result of the reduced financial impact of Placement costs, of £1.3m, due to increased income (mainly additional Covid grants). In addition, forecast PPE costs reduced by £0.4m following a full review of stock/valuations.
 - Regeneration and Environment Services outturn overspend has improved following reduced costs within Asset Management spend on repairs and maintenance, £0.5m. In addition, there has been increased income generation within Green Spaces due to greater visitor numbers, £0.4m and Network Management where there was

an increase in chargeable work carried out by the Highways team, £0.4m.

- Central Services outturn position includes a £0.5m transfer to the Budget and Financial Strategy Reserve in respect of 2021/22 Revenue Budget Investments where the delivery was delayed. Typically, these delays have centred around difficulties the Council is experiencing with recruitment. This £0.5m will be re-provided from the reserve when the 2021/22 investment plans have been completed.
- 2.1.9 These improvements in the Directorate forecast outturns represent a positive direction of travel for the Council's finances, with the level of cost pressures reducing across many of the key service areas and income generation beginning to recover post Covid. This prudent financial management will be important in managing future budget pressures given the known volatility in external factors.
- 2.1.10 In addition, the Council is able to report secured delivery of planned savings for 2022/23. The table below provides an update on the £11.5m of planned savings to be delivered over the medium term.

Table 1: Planned delivery of £11.5m savings

Saving	2022/23	2023/24	2024/25 & Total FYE	Secured as at 31 st March 2022
	£000	£000	£000	£000
ACHPH	2,800	2,800	2,800	2,400
ACHPH – One off saving	500	0	0	500
CYPS	971	4,739	7,411	971
R&E	374	762	784	TBC
R&E Customer & Digital	200	500	500	TBC
Total Savings	4,845	8,801	11,495	3,871

- 2.1.11 This is a strong outturn position that includes a positive trend of cost reduction within some of the Council's key services, an increase of £2.4m into the Budget and Financial Strategy Reserve, along some planned savings for 2022/23 already being achieved. This places the Council in a more robust position heading into the financial year 2022/23. Therefore, more able to mitigate against cost pressures and the financial challenges that were not evident at the time of setting the 2022/23 Budget, such as the War in the Ukraine and the significant rise in Energy prices and inflation and more able to manage the impact rather than needing to consider making cuts in services.

2.1.12 These financial challenges are being considered as part of the Council's ongoing Medium Term Financial Planning. The energy price rises, and inflation will impact the Council's costs in the provision of services. However, some of this cost impact will be mitigated in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for two years before returning to a more normal level. As such the Council will face short term financial pressures that will need to be managed and mitigated through the Medium-Term Financial Strategy and the Council's reserves. As such the Council's ability to build further capacity into those reserves as part of the 2021/22 outturn position is a benefit. The Council is currently reviewing the reserves balances as at the 2021/22 outturn to assess the capacity to provide this budget risk mitigation and will report further on reserves within the Financial Outturn report to Cabinet in July.

2.2 Local Council Tax Support Top Up Scheme 2022/23

2.2.1 Council approved as part of the Council's Budget and Council Tax Report on the 2 March 2022, a Local Council Tax Support Top Up Scheme to run during 2022/23. The scheme provides an additional award of up to £112.65 Council Tax Support to working age claimants on the Council's Local Council Tax Support Scheme for 2022/23. The application of the scheme includes all those becoming eligible up to and including 31 March 2023. At the time of writing a total of £1.387m has been awarded across 14,567 accounts, with 10,403 of these accounts being reduced to nil. Those bill payers in receipt of this award have been provided with a Council Tax bill that shows the top up support from the Council along with a letter explaining the reason for the award.

2.3 Council Tax (Energy) Rebate

2.3.1 On 3 February 2022 Government announced a package of support known as the Energy Bills Rebate to help households with rising energy bills, worth £9.1 billion in 2022-23. This included:

- A £150 non-repayable rebate for households in England in Council Tax bands A – D, known as the Council Tax Rebate (property must be occupied and not a second home). This scheme is to be administered by Local Authorities.
- £144 million of discretionary funding for billing authorities to support households who are in need but are not eligible for the Council Tax Rebate, known as the Discretionary Fund. This scheme is to be designed and administered by Local Authorities within predetermined parameters.

2.3.2 Cabinet approved a report outlining the Council's proposed approach to delivering this scheme on 28 March 2022. This set out that the Council intended to commence making payments to eligible households who pay their Council Tax via Direct Debit from the end of April and then make a cheque payment to eligible households who pay their Council Tax via other means from the end of May. Cabinet agreed to the approach of issuing cheques to

non-Direct Debit paying households, this should be a more efficient process than asking households to claim for the support. In addition, the report approved the use of the discretionary funding to be distributed equally across eligible households within Bands E-H. The Cabinet report estimated this figure to be £82, however, following review of eligibility the payment has been set at £90.

2.3.3 The Council commenced paying households that pay their Council Tax via Direct Debit from the end of April 2022, for both the Governments main scheme to Band A-D household (£150) and the Council's discretionary scheme for Band's E-H (£90). To date 74,143 payments have been made to Band A-D households and 6,415 discretionary payments to Band's E-H. In all cases households will receive a letter explaining the reason for the payment. Cheques started to be issued from the end of May, they will allow recipients 3 months to cash them. If households do not cash these cheques the Council may be able to apply the £150 to their Council Tax account, but only if they have a liability for 2022/23. If this is not possible and the cheque is not cashed, the household will lose the ability to claim the funding as Government requires the scheme and all related payments to be completed by the end of September 2022.

2.4 Covid Additional Relief Fund

2.4.1 On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The fund was made available to support those businesses affected by the pandemic but that had been ineligible for existing support linked to business rates. The Council's allocation is £4,851,486, to be used to provide business rates relief for the financial year 2021/22. The Councils scheme and eligibility criteria was approved at Cabinet in February 2022.

2.4.2 To ensure that businesses were given fair opportunity to apply for support, the Council's scheme opened for applications on the 1 March 2022 and remained open until the 30 April 2022. The scheme base award was to provide business rates relief of 50% of the business rates bill up to a maximum of £6k of relief. Where a business meets the eligibility criteria that the Council proposes within this report, the business will have its business rates bill re-issued, taking account of the rates relief awarded. If there was a residual balance at the end of the process, the Council would need to arrange for top up payments of targeted awards to fully utilise the funding. The following recommendation was approved in the February 2022 Cabinet report to allow for this.

"That the authority to make any final further payments to ensure that the Fund is fully utilised is delegated to the Strategic Director – Finance and Customer Services, in consultation with the Cabinet Member for Corporate Services, Community Safety & Finance and the Leader of the Council."

2.4.3 Following the closure of the applications process the Council has received and approved a total of 120 businesses, with a total relief value of £528k based on the Cabinet approved awards. Therefore, the Council needed to

agree an approach to topping up the businesses that did apply for the award to further utilise the funding and potentially, providing a smaller award to those businesses that could benefit from the scheme but haven't come forward for support. An officer decision was taken to allow the Council to increase the award for businesses that have been approved via the Council's application process to 100% businesses rates relief, up to a maximum of £30k. This will cost £1.9m. The remaining funding will then be used to provide a smaller payment to businesses that are eligible but have not applied, a payment of up to £2,900 per business will be made and it is estimated this will cost £2.9m. Businesses provided with an award will receive a revised 2021/22 business rates bill.

2.5 Household Support Fund 2021/22

2.5.1 Cabinet approved on the 22 November 2022 the Council's proposed delivery of the Household Support Fund for 2021/22. The Council's grant allocation was £2.489m and it was proposed to use the funding across the following themes:

- a) £1.1m for food vouchers to children eligible for free school meals for school holidays through to Easter 2022.
- b) £1.3m to reduce Council Tax liability for working age households eligible for Council Tax Support on 31st October 2021.
- c) £30k to support local VCS organisations to support vulnerable households over Christmas / New year as a supplement to the Crisis Support SLA.
- d) £30k to be available to meet eligible need for households not passported through means.
- e) £30k contingency to support the above grant programme.

2.5.2 As at 31 March 2022 the Council had fully spent this grant allocation, delivering over 11,000 Free School Meals vouchers across the school holidays during October half term 2021 up to and including Easter 2022, at a cost of £1m. Through the Local Council Tax Support Top Up scheme, 16,730 applicants benefited from the support of up to £100, with 8,135 having their Council Tax bill reduced to nil. The total cost of LCTS support was £1.4m. In addition the VCS support scheme provided support to vulnerable households over Christmas and the New Year as planned, with £30k support fund for households referred in for emergency assistance seeing 385 households supported with hampers valued up to £100.

2.6 Test and Trace Self-Isolation Support Payments

2.6.1 From 28 September 2020, individuals having to self-isolate and losing income as a result became eligible for a Test and Trace Self-isolation payment. If they met the following criteria, they would be entitled to a Test and Trace Support Payment of £500:

- Have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested

positive. They should have a unique NHS Test and Trace ID number that they must provide for the application process.

- Are employed or self-employed
- Are unable to work from home and will lose income as a result
- Are currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit.

- 2.6.2 The payment was designed to support people on low incomes, who would lose income as a result of self-isolating and to encourage them to get tested if they had symptoms. This was seen as important step to help stop the transmission of Covid-19 and avoid further economic and societal restrictions. The scheme was to last until 31 January 2021, however, due to ongoing restrictions and impacts of Covid-19, the scheme ran through to April 2022.
- 2.6.3 The Council had a main and a discretionary fund, the Council's approach to the discretionary funding was approved by Cabinet on 25 January 2022. The discretionary schemes still had to meet Government's base criteria, except for needing to be on a qualifying benefit. Government's guidance however, stated that discretionary schemes should only be aimed at those households in financial hardship. As such the Council also set up its own Local Test and Trace Support Payment, of £250 approved at Cabinet on 25 January 2022, so that households who had lost income but were not viewed as being in financial hardship were still able to receive some support for doing the right thing and self-isolating.
- 2.6.4 In administering the Government schemes the Council has reviewed and assessed over 11,000 applications, approving and paying 3,876 of these applications that met the Government's scheme criteria. Whilst there was a large number of rejections, these were applicants who did not meet Government's base scheme criteria, principally from applicants who did not lose income as a result of self-isolating or that did not have a valid NHS Test and Trace ID number as they had not engaged in the Test and Trace process.
- 2.6.5 However, due to the Council's Local Self-Isolation Support scheme, 1,851 of the rejected discretionary applications were able to be referred on the Council's local scheme and receive a payment of £250. The schemes have now been brought to a close and the Council is working with Government to work through the final reconciliation process. Additionally, the Council has been selected for a Government audit, there initial concerns about dashboard reporting (claims paid and rejected), however, the auditor expressed their view that the Council's process, approach and attention to detail on the Test and Trace application process was one of the best they had seen.

3. Options considered and recommended proposal

- 3.1 This report is retrospectively updating on outcomes and outputs from the Councils revenue outturn position and a host of key schemes where the approach has already been approved by Cabinet.

4. Consultation on proposal

4.1 Consultation with residents, business and partners was undertaken as part of the development of the 2021/22 budget setting and then again as part of budget setting for 2022/23.

5. Timetable and Accountability for Implementing this Decision

5.1 The report is mainly an update on a range of financial matters.

6. Financial and Procurement Advice and Implications

6.1 The financial implications are contained within the main body of the report.

6.2 There are no direct procurement implications arising from this report.

7. Legal Advice and Implications

7.1 No direct implications.

8. Human Resources Advice and Implications

8.1 No direct implications.

9. Implications for Children and Young People and Vulnerable Adults

9.1 The report includes reference to the cost pressures on both Children's and Adult Social care budget.

10. Equalities and Human Rights Advice and Implications

10.1 No direct implications.

11. Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

12.1 The Council is maintaining close liaison and joint working with Partners on Covid matters, with particular regard to Health and Social Care.

13. Risks and Mitigation

13.1 Budget management and spending controls remain as set out within the Council's Financial and Procurement Procedure Rules. Financial Monitoring reports to Cabinet will include information on Covid related spend and financial risk and also outline how this spend and risk is being managed and mitigated.

14. Accountable Officers

Rob Mahon – Head of Corporate Finance
Graham Saxton - Assistant Director, Financial Services

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	03/06/22
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	31/05/22
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	31/05/22

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