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## **Meeting of the Cabinet – 28<sup>th</sup> October 2021**

### **Joint Report of the Chief Executive and Director of Finance and Legal**

#### **Revenue Monitoring 2021/22**

##### **Purpose**

1. To report the forecast 2021/22 revenue outturn position.

##### **Recommendations**

2. That Cabinet:
  - Notes the forecast revenue outturn position for 2021/22 and the effect on Balances at 31<sup>st</sup> March 2022.

##### **Background**

3. The Council's final accounts for the year ended 31<sup>st</sup> March 2021 have been completed, subject to audit. As at 31<sup>st</sup> March 2020 Dudley's unringfenced reserves were 16% of net expenditure (compared with the national average of 45%). As at 31<sup>st</sup> March 2021 unringfenced revenue reserves as a proportion of net revenue spend were 24%<sup>1</sup> (comparisons with the national average are not currently available).

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<sup>1</sup> Excludes Section 31 funding of increased Business Rates Relief, and Local Tax Income Guarantee grant.

## Forecast revenue outturn 2021/22

4. In response to Covid-19, the Government has directed significant additional funding to councils. New allocations for the financial year 2021/22 are shown in Appendix A. We anticipate receiving £13.0m of unringfenced funding and further grants totalling £25.7m for specific purposes. It is expected that the latter are matched by specific increases in expenditure or reductions in income.
5. The forecast General Fund position after transfer from / to earmarked reserves is as follows.

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive Other	0.0	(0.1)	(0.1)
Adult Social Care	102.2	106.2	4.0
Children's Services	74.2	74.5	0.3
Health and Wellbeing	3.5	2.7	(0.8)
Finance and Legal	4.0	4.3	0.3
Digital, Commercial and Customer Services	0.5	0.7	0.2
Housing	6.8	6.6	(0.2)
Public Realm	51.4	52.8	1.4
Regeneration and Enterprise	11.3	13.5	2.2
Corporate, Treasury and Levies	18.1	10.2	(7.9)
<b>Total Service Costs</b>	<b>272.0</b>	<b>271.4</b>	<b>(0.6)</b>
<b>Total Resources</b>	<b>(263.0)</b>	<b>(265.6)</b>	<b>(2.6)</b>
<b>Use of Balances</b>	<b>9.0</b>	<b>5.8</b>	<b>(3.2)</b>

6. Further detail is provided in Appendix B. The variances can be summarised as follows:
  - Pressures of £8.0m from the impact of Covid, mainly in additional costs of Adult Social Care to support the health service and ongoing reduced levels of trading income in a number of services.
  - Favourable variances of £12.0m arising as a result of charging costs to Covid specific grants where services are continuing to support the pandemic response, additional grants to partially offset trading and tax income losses and application of the general Covid contingency to the pressures outlined above.
  - Net pressures of £0.8m that are unrelated to Covid, mainly from the national pay offer being higher than budgeted offset by lower than expected borrowing costs.

7. The impact of the outturn shown above leaves the main unallocated General Fund Balance at 31<sup>st</sup> March 2022 as follows:

	Budget £m	Latest Position £m
Forecast balance 31 <sup>st</sup> March 2021	24.5	24.5
2020/21 outturn (as reported to June Cabinet)		4.4
<b>Balance at 31<sup>st</sup> March 2021</b>	<b>24.5</b>	<b>28.9</b>
Planned use of Reserves approved by Council March 2021	(8.3)	(8.3)
Council Decision to amend budgets during 2021/22		(0.7)
Forecast favourable 2021/22 outturn		3.2
<b>General Fund Balance at 31<sup>st</sup> March 2022</b>	<b>16.2</b>	<b>23.1</b>

#### Other General Fund Reserves

8. Detail on other General Fund Reserves is provided within Appendix C.
9. Reserves arising from the Public Health Grant are expected to fall by £0.4m in year, resulting in a forecast balance as at 31<sup>st</sup> March 2022 of £4.4m.
10. Reserves arising from the Dedicated Schools Grant are expected to be maintained at £10.6m.

#### Outlook

11. Further work is being undertaken to assess the impact of financial pressures in future years, in particular (though not confined to) the ongoing impact of rising numbers of people receiving Adult Social Care. There is uncertainty at this stage about future funding. At the time of writing the Government is expected to publish the outcome of its Comprehensive Spending Review on 27<sup>th</sup> October. We will analyse the impact on our forecast resources and a further report will be brought to Cabinet in December, setting out the draft budget and Medium-Term Financial Strategy (MTFS).

#### External Audit

12. The External Auditors (Grant Thornton) have issued their Audit Findings Report. They anticipate giving an unqualified opinion on the Financial Statements. It is anticipated that the External Auditors will produce their Value for Money opinion in December 2021.

## **Finance**

13. This report is financial in nature and information is contained within the body of the report.

## **Law**

14. The Council's budget setting process is governed by the Local Government Finance Acts, 1988, 1992, and 2012, and the Local Government Act 2003.

## **Risk Management**

15. The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget so as to meet its statutory obligations within the resources available. This risk is currently assigned a rating of High.

## **Equality Impact**

16. The recommendations in this report comply with the Council's policy on Equality and Diversity.

## **Human Resources / Organisational Development**

17. There are no Human Resource or Organisational Development issues arising directly from this report.

## **Commercial / Procurement**

18. The financial impact of Covid-19 includes disruption to traded services as a result of the pandemic as well as supplier support to the care market.

## **Council Priorities**

19. Dudley operates a One Council ethos to build an effective and dynamic organisation aligned to its three core priorities to grow the economy and create jobs; create a cleaner and greener place and support stronger and safer communities.



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**List of Background Papers**  
Council Tax Setting report to Council on 1<sup>st</sup> March 2021

## Appendix A

### Funding provided by Government in response to Covid-19 2021/22

Name	£m	Comment
General Covid-19 grant	8.8	
Compensation for sales, fees and charges	1.2	Latest estimate
Local Council Tax Support	3.0	
<b>Total Unringfenced</b>	<b>13.0</b>	
Section 31	10.7	Compensates for additional Business Rates relief
Additional Restrictions Grant (ARG)	1.8	
Contain Outbreak Management	2.3	
Infection control and Rapid Testing	3.0	
Extension to Infection Control	TBC	Announced Sept 30 <sup>th</sup> , awaiting allocation from £363m national pot
Practical Support Grant	0.4	
Track and Trace Support Payments and administration	0.6	
Local Elections	0.2	
Covid Catch up grant for schools	0.8	
Local Support Programme – Winter scheme	1.2	
National Testing	0.2	
Holiday Activities	1.2	
Other DFE – Workforce/ Free School Meals and Mental Health	0.1	
Recovery Premium	0.2	
School Led Tutoring	0.2	
WMCA – Transport	0.2	
Household Support Fund	2.6	
<b>Total Ringfenced</b>	<b>25.7</b>	
CCG	TBC	Support hospital discharges, £0.4m claimed to date

## General Fund Revenue Forecast Service Spend Summary 2021/22

	Budget £m	Outturn £m	Variance £m	Of which Covid £m	Of which Other £m	Comment
Chief Executives	0.0	(0.1)	(0.1)	(0.1)	0.0	Covid - Proportion of salaries charged to COMF (£0.1m).
Adult Social Care	102.2	106.2	4.0	4.0	0.0	Covid - Increased number of clients, bed based £4.6m and community care £1.0m, offset by; release of BCF reserve (£0.3m) and inflation contingency (£0.5m), COMF (£0.3m), salary savings (£0.4m), other savings (£0.1m)
Children's Services	74.2	74.5	0.3	0.3	0.0	Covid - loss of traded income £0.3m.
Health & Wellbeing	3.5	2.7	(0.8)	(0.8)	0.0	Covid - 6 months of Env Health and Trading standards salaries charged to COMF (£0.8m)
Finance and Legal	4.0	4.3	0.3	0.0	0.3	Covid - loss of summons income £0.3m, offset by one off grant income (£0.3m). Non covid - Housing Benefit subsidy £0.2m and offsite processing and Council Tax discount £0.1m.
Digital, Commercial and Customer Services	0.5	0.7	0.2	(0.2)	0.4	Covid - Mortuary costs and Registrars income pressures £0.1m offset by grant switches (£0.3m). Non Covid - Legal fees £0.1m, ICT loss of traded services income and workspace pressures £0.2m

	Budget £m	Outturn £m	Variance £m	Of which Covid £m	Of which Other £m	Comment
Housing and Community	6.8	6.6	(0.2)	0.0	(0.2)	Non covid - Electrical and Mechanical productivity pressures £0.1m, offset by vacancies and release of PCSOs budget (£0.3m)
Public Realm	51.4	52.8	1.4	1.4	0.0	Covid - net pressure on waste services £0.8m (additional tonnages collected and agency staff), shortfall in car parking income £0.5m, other pressures £0.1m.
Regeneration and Enterprise	11.3	13.5	2.2	2.2	0.0	Covid – Shortfall of income; Leisure centres £1.2m, Catering £0.8m, Himley/Halls and events £0.2m. Non Covid - one off receipt from LLP (£0.3m), offset by pressures on Land Development and other Corporate Landlord services, £0.3m
Corporate, Treasury and Levies	18.1	10.2	(7.9)	(8.8)	0.9	Covid – released contingency (£8.8m). Non Covid - payaward of 1.75% compared to budget 0.3% £2.0m, EZ payment to the LEP 0.3m; offset by Pension over recovery (£0.1m), Capital Slippage and borrowing costs (£1.2m), other (£0.1m)
<b>Total Service Costs</b>	<b>272.0</b>	<b>271.4</b>	<b>(0.6)</b>	<b>(2.0)</b>	<b>1.4</b>	



	Budget £m	Outturn £m	Variance £m	Of which Covid £m	Of which Other £m	Comment
Funding	(263.0)	(265.6)	(2.6)	(2.0)	(0.6)	Covid - Sales, Fees and Charges compensation grant (£1.2m), Local Tax Guarantee grant (£0.8m)  Non Covid - additional section 31 grant to compensate for Business Rates relief (£0.6m)
<b>Use of Balances</b>	<b>9.0</b>	<b>5.8</b>	<b>(3.2)</b>	<b>(4.0)</b>	<b>0.8</b>	

General Fund Reserves

	Opening Balance 1.4.2021 £m	Forecast change in year £m	Forecast closing balance 31.3.2022 £m
<b>General Fund Balance</b>	<b>28.9</b>	<b>(5.8)</b>	<b>23.1</b>
Insurance	5.6	0.6	6.2
DGFL/ Paragon	3.2	0.1	3.3
Impact project	0.7	(0.7)	0.0
Other Covid 19 Grants	0.6	(0.6)	0.0
Contain Outbreak Management Fund (COMF)	3.7	(3.7)	0.0
Business Rates sec 31 & Local Tax guarantee	47.3	(36.7)	10.6
OFSTED	1.1	(1.1)	0.0
Successor	1.0	(1.0)	0.0
BCF	0.3	(0.3)	0.0
Community Forums	<b>0.3</b>	<b>(0.1)</b>	<b>0.2</b>
Homelessness grant	0.3	0.2	0.5
MIPIM	0.2	(0.2)	0.0
Community Infrastructure Levy	0.2	0	0.2
Other GF reserves	1.2	(1.1)	0.1
<b>Total Unringfenced</b>	<b>94.6</b>	<b>(50.4)</b>	<b>44.2</b>
Schools Trading	1.8	0.0	1.8
Public Health Grant	4.8	(0.4)	4.4
Schools Delegated <sup>2</sup>	10.6	0	10.6
<b>Total General Fund</b>	<b>111.8</b>	<b>(50.8)</b>	<b>61.0</b>

<sup>2</sup> Accounting rule change, the negative Central DSG balance is recorded as an adjustment account rather than a negative General Fund Reserve until March 2023