

FORM 1

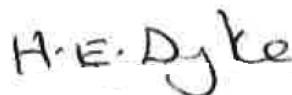
NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER

Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, Cllr Helen Dyke, as Strong Leader, delegate the decision to note the recommendations in the report on the draft Final Accounts Outturn 2021-22 Report to the Cabinet Member detailed below:

Cabinet Member for Finance and Capital Portfolio

Dated: 04.08.2022

Signed:


Leader of the Council

FORM 2**NOTICE OF DECISION OF CABINET MEMBER**

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me by the Leader, I have made the following decision:

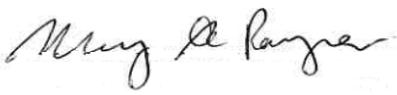
Subject	Decision	Reason for decision	Date for Decision to be taken
Provisional outturn position in relation to the Final Accounts for 2021-22	To note that as set out in the attached report: The key aspects of the provisional Final Accounts Outturn for 2021-22 which are summarised as follows: The final position was much improved over that projected in the MTFS with a reduction of £523k to the planned withdrawal from reserves for 2021-22; total withdrawal from reserves £559k. This is made up of a saving on Services of £744k that increases to £767k after contributions to/from and release of earmarked reserves (EMRs), plus additional income from local taxation (Council tax and Business rates) of £56k less £300k transferred to increase the working balance. This has been achieved by	To enable the 2021-22 Final Accounts closedown process to proceed in a timely fashion, to help towards an efficient external audit of the Statement of Accounts. To report the position of reserves taking into account the draft outturn position.	4th August 2022

FORM 2

	<p>prudent budget management across all teams and a rapid bounce back in many of our income streams following the lifting of Covid restrictions in the final quarter. The contributions to EMRs are for the Innovation Fund of £100k less the release of those reserves (£123k) no longer required.</p> <p>The proposed slippage of £15.672m from 2021-22 to 2022-23 within the approved Capital Programme</p>		
--	--	--	--

I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.

Dated: 04.08.2022

Signed: ... 

Councillor: Mary Rayner, Cabinet Member for Finance and Capital Portfolio

WYRE FOREST DISTRICT COUNCIL

STRONG LEADER REPORT

19th July 2022

REPORT ON THE DRAFT FINAL ACCOUNTS/OUTTURN 2021-22

OPEN ITEM	
CABINET MEMBER:	Councillor Mary Rayner Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Head of Resources
CONTACT OFFICER:	Helen Ogram Ext 2907 Helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson Ext 2120 Lisa.hutchinson@wyreforestdc.gov.uk Kath Pearsall Ext 2119 Kath.pearsall@wyreforestdc.gov.uk
APPENDICES	Appendix 1 - Explanation of Major Variations on Revised 2021-22 Budget Appendix 2 - Capital Programme Slippage 2021-22

1. PURPOSE OF REPORT

- 1.1 To receive the draft (pre-audit) outturn position in relation to the Final Accounts for 2021-22.

2. RECOMMENDATIONS

The Cabinet is asked to NOTE: -

- 2.1 the welcome news that a total saving of £523k has been achieved for 2021-22 against the revised budget. This is made up of a saving on Services of £767k plus additional Business Rates funding of £56k, less £300k increase in the working balance;
- 2.2 the proposed slippage of £15.672m from 2021-22 to 2022-23 within the approved Capital Programme;
- 2.3 that the pre-audit Statement of Accounts for 2021-22 was endorsed by the Head of Resources on the 18th July 2022 and shared with Grant Thornton for the commencement of the external audit on the 25th July 2022;
- 2.4 that there will be a meeting on the 23rd November 2022 for Members of the Audit Committee to receive the External Audit Findings Report and approve the audited Statement of Accounts.

BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 have been incorporated into the Council's Financial Regulations. These regulations ordinarily require the Council's Statement of Accounts be produced and approved by the Chief Financial Officer on or before 31st May. For this Council the Head of Resources is the Chief Financial Officer.
- 3.2 The Accounts and Audit (Amendment) Regulations 2021 extended the statutory deadlines for 2020-21 and 2021-22, as follows:
 - (i) the responsible financial officer, by no later than **31st July**, signs and certifies that the Statement of Accounts presents a true and fair view of the financial position of the Council for the year to 31st March previous, subject to the views of the External Auditor.
 - (ii) on or before 30th September (previously 31st July), approval needs to be given to the Statement of Accounts by resolution of a committee, which for this Council is the Audit Committee. This approval will take into account the views of the External Auditor.
- 3.3 In December 2021, proposed measures were announced by Government to support the timely completion of local government audits and the ongoing stability of the local audit market. The proposals include extending the published/audited deadline to **30th November 2022** for the 2021-22 accounts, then reverting to 30 September for five years until 2027-28. The draft accounts deadline is proposed to remain at 31st May, although for 2021-22 this is overridden by the Amendment Regulations outlined above, i.e. 31st July 2022.
- 3.4 To reflect this, there will be an Audit Committee on the 28th September 2022 to receive the pre-audit Statement of Accounts and one on the 23rd November 2022 for Members of the Audit Committee to receive the External Audit Findings Report and approve the audited Statement of Accounts.
- 3.4 The July Audit Committee considered the Accounting Policies, fundamental to the Statement of Accounts. This report summarises the Outturn position based on extracts from the Pre-Audit Statement of Accounts that has been endorsed by the Head of Resources. A full copy of the Pre-Audit Statement of Accounts was made available on the Council's Intranet for Members' perusal on the 19th July 2022 when they were also shared with the Grant Thornton external audit team, ready for the formal start of the audit on the 25th July 2022.
- 3.5 The Statement is now subject to audit. The Council's external auditor, Grant Thornton, has until 30th November 2022 to complete the audit.
- 3.6 Should it be necessary for Grant Thornton to agree technical changes with the Chief Financial Officer while the accounts are subject to audit, these will be made under delegated powers. All Members of the Council will be provided with an electronic copy of the completed audited Statement.
- 3.7 The Council's Accounts will be made available for public inspection, as required by the new regulations, for a period of 30 working days starting on or before the first working day of August 2022. It is the intention to commence the public inspection on 25th July 2022 to run until 5th September 2022. The current legal requirements no longer include an appointed day when external auditors must be available for questions or queries. If any local government elector for the area has any questions

on the Accounts for the external auditor an appointment should be made in advance, in writing.

- 3.8 **Revenue summary** - The provisional revenue outturn position has identified savings of £523k against the revised budget and an increased cost of £56k against the original budget approved by Council on 1st March 2021. The £523k is made up of a saving on Services of £767k plus additional funding from taxation (business rates and council tax) of £56k less £300k transferred to increase the working balance. This position is reported after a contribution of £100k to top-up the Innovation Fund and the release of £123k of previously Earmarked reserves back to General reserves. The net service expenditure saving before movements to and from reserves was £744k. The saving of £523k has been used to increase General Reserves. This is subject to audit. Appendix1 summarises major variations from the Revised Budget for Members' information.

2021-22 Draft (Pre audit) Revenue Outturn	[A] Original Budget	[B] Revised Budget	[C] Outturn	[C-A] Variance	[C-B] Variance
SERVICE EXPENDITURE	£000	£000	£000	£000	£000
Community and Environmental Services	4,626	5,083	4,365	(261)	(718)
Resources and Revenues, Benefits & Customer Services	3,940	3,577	4,037	97	460
Strategic Growth and Economic Development & Regeneration	1,945	2,376	1,950	5	(426)
Chief Executive and Solicitor to the Council	634	1,747	1,828	1,194	81
Capital Account	455	75	178	(277)	103
Corporate Covid contingency	11,600	12,858	12,358	758	(500)
COVID Support Grants	700	245	0	(455)	(245)
(948)	(798)	(797)	150		1
Service Expenditure reported to management	11,352	12,305	11,539	187	(744)
Increased income from business rates					(56)
Net release of Earmarked reserves					(23)
Increase in working balance					300
Total Savings					(523)
Planned use of reserves					1,082
Actual use of reserves					559

- 3.9 **Capital summary** - The original approved programme was £40.570m. The Revised Programme approved by Council on 23rd February 2022 after slippage brought forward from 2020-21 and reprofiling some schemes to 2022-23 is £25.188m. The Capital Programme for 2021-22 and draft outturn are enclosed as Appendix 2. The draft outturn is £9.515m. It is proposed that the unspent balance of the programme, £15.672 will be re-profiled (slipped) to the 2022-23 financial year.

Re-Phasing from 2021-22 to 2022-23	Original 2021-22 Capital programme £	Current Approved Capital programme £	Draft Capital Outturn £	Draft Outturn Slippage £
Community and Environmental Services	1,674,550	1,414,910	391,450	1,023,460
Resources and Revenues, Benefits & Customer Services	488,000	556,290	97,150	459,140
Strategic Growth and Economic Development & Regeneration	33,814,250	16,163,380	8,836,440	7,326,920
Capital Portfolio Fund	3,175,620	6,050,830	0	6,050,830
Chief Executive and Solicitor to the Council	413,610	0	0	0
Vehicle, Equipment and Systems Renewal Schedule	1,004,000	1,002,130	190,390	812,130
Total	40,570,030	25,187,540	9,515,430	15,672,480

3.10 Details of all schemes are provided in Appendix 2.

4. **KEY ISSUES**

4.1 **The key aspect of the Final Accounts Outturn for 2021-22 is a total saving and increase in income of £823k. This been achieved by prudent budget management, and a rapid bounce back in income from fees and charges in the final quarter of the financial year following the lifting of restrictions. The saving will be used to increase the working balance in light of the risks facing the council (£300k) with the remaining £523k being used to increase General Reserves. The outturn saving is most welcome given the scale of future reductions on top of those already made by the Council and the additional pressures on budgets from high inflation and wage growth.** The most significant issue facing the Council nevertheless remains its financial position. Preparation of the 2022-25 MTFS was strongly influenced by the continued need to make significant reductions in expenditure whilst still progressing Council priorities and coping with the changes in some income streams as a result of the Covid-19 pandemic. The Council has seen a steady reduction in its core funding over recent years and the overall reduction in Central Government grants over the last decade continues to have a significant impact on the way we are able to fund our services. The Medium-Term Financial Strategy was updated in February and the 2022-25 MTFS forecasts a funding gap of £1.68m by 2024-25. This funding gap will need to be closed by significant transformation in the way services are delivered. The stronger than expected recovery in the final quarter and the reduction in the planned use of general reserves in 2021-22 will help the council to respond to the post pandemic landscape and the unprecedented pressures that cost-of-living increases, rising inflation and wage growth are now placing on Council finances.

4.2 **Business Rates – Draft Outturn for 2021-22**

4.2.1 For 2021-22 this Council was in a Pan-Worcestershire 50% Business Rates Pilot. The pool is a voluntary arrangement which allows retention a greater share of local growth in business rates income. The operation of the pool is governed by a formal agreement between authorities. In 2021-22 membership of the pool remained the same as in 2020-21, consisting of all Worcestershire districts, the County Council and the Fire Authority. The benefit of being in the Worcestershire Pool in 2021-22 was the retention of £345k which otherwise would have been paid to the Government as a growth levy. This balance will be carried forward to 2022-23.

4.2.1 The Council has exceeded its revised budget estimate of £3.243m including its estimated share of retained growth of £400k over baseline. This has facilitated a release to General Reserves of £56k and a transfer to the business equalisation risk reserve of £500k to mitigate the significant inherent risk of Funding Reform. The Business Rates Equalisation Risk Reserve at 31st March 2022 is £3.638m, which is proportionate to potential risks and is in line with risk reserves held by neighbouring Worcestershire districts. The reserve will be kept under review and released into General Reserves in due course if it is not required.

4.3 Included within Appendix 1 is the identification of the significant variances against the Revised Budget for 2021-22. These variances include:

- i) Positive pay variance of £217k.

Reductions have been made in expenditure across the authority but most notably in Community Well-being and Environment where recruitment has taken longer than anticipated for operational posts. The savings include pay reductions plus savings in pension costs from vacancies.

- ii) Saving on pension deficit funding and unfunded benefits of £82k.
Reduction resulting from in year reconciliation of upfront payment of employers pension contributions and reduced cost of unfunded benefits due to reducing membership.
- iii) Community Well-being and Environment – favourable variance of £546k (£718k including pay variances and admin)
There are a number of favourable variances across these services including a net saving (£80k) from the garage account due to a reduction in reactive repairs resulting from the fleet replacement programme and £116k improved income position across Trade, Garden and Domestic waste. Details of all major variances are set out in Appendix 1.
- iv) Strategic Growth and Economic Development and Regeneration – positive variance of £406k (£426k including pay and admin variances)
There are favourable variances across these services including additional net income from property (£114k) and an improved income position from Land charges, Planning and Building Control (£144k). Details of all major variances are set out in Appendix 1.
- v) Additional External Interest income/lower interest paid on loans of £48k
This additional interest on investments has resulted from slightly longer durations and robust treasury management of funds together with lower interest rates paid on external borrowing compared to budget assumptions.
- vi) Cost of restructuring £550k - Costs of management restructure contained with the revenue accounts due to the positive pay variance, savings on pension deficit funding and improved income position rather than from a contribution from the innovation fund.

- 4.4 The Innovation Fund set up in 2011/12 for one-off implementation costs to support the Wyre Forest Forward programme has been extremely successful in delivering the change programme. The unspent and uncommitted balance is £1.054m at the year-end.
- 4.5 It should also be noted that, the Working Balance was increased from £1.2m to £1.5m in light of the risks facing the council, in particular the scale of future reductions on top of those already made and the additional pressures on budgets from high inflation and wage growth as well as the significant financial risks faced by this Council as a result of the planned fundamental changes to the Government Funding Regime.

5. FINANCIAL IMPLICATIONS

- 5.1 The positive variance of £744k on net Service expenditure, along with additional net Business Rates income of £56k and the release of £23k of Earmarked reserves, less the increase in minimum level of reserves results in an overall variance of £523k and a contribution from General Reserves of £559k rather than the £1.082m planned use

of reserves. The saving is greater than the £227k saving reported at Quarter 3 budget monitoring due to rapid recovery of many income streams in the last quarter coupled with new burdens funding negating the use of the Corporate Covid contingency and year-end transactions.

- 5.2 These remain challenging times for the Council given the current cost of living crisis and the continuing threat of new strains of COVID-19 and the further delayed changes to the landscape of the Government's funding regime that will continue to emerge. The provisional saving on outturn is welcomed and has been utilised to create resilience and also to increase General Balances compared to forecast, to mitigate the potential future impact of funding volatility and other emerging cost pressures.
- 5.3 Total general reserves available for the 2023-26 Financial Strategy should now stand at £3.841m compared to the previous forecast of £3.318m.
- 5.4 The provisional outturn is subject to validation as part of the Final Accounts external audit process.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 None.

7. RISK MANAGEMENT

- 7.1 There is a risk to the Council of non-achievement of the revised statutory deadline, in respect of production and approval of the Statement of Accounts before 30th November 2022, and qualification of the Accounts by the Council's External Auditors. Officers continue to work in close liaison with Grant Thornton to response to queries or additional evidence requests to mitigate the risk of not meeting the deadline.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

9. CONCLUSION

- 9.1 This report details the provisional outturn position as at 31st March 2022.

10. CONSULTEES

- 10.1 CLT/Cabinet
- 10.2 Grant Thornton – External Auditors

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit Regulations 2015
Financial Strategy 2022-25

- 11.2 Regulations implementing measures to allow more time for the accounts closure were laid on 7th April and came into force on 30th April 2020:
The Accounts and Audit (Amendment) Regulations 2021
<https://www.legislation.gov.uk/uksi/2021/263/regulation/2/made>
- 11.3 The Redmond Review: <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-auditindependent-Review>

Budgetary Control Report
Major Revenue Variations 2021-22 Draft Revenue Outturn

Total Revised Budget 2021-22 - Net Expenditure on Services	13,102,940
Less: Covid Support grants - Local Authority Support (tranche 5)	(563,800)
Covid Support grant - Co-funding Fees and charges loss	(234,000)
	<u>12,305,140</u>
Actual Net Expenditure - pre audit	11,561,040
Reduced Expenditure on Services	(744,100)

Description of Estimated Major Variances	Extra Costs/ Reduced Income £	Savings/ Additional Income £
Strategic Growth and Economic Development and Regeneration		
1. Improved income position - Land Charges, Street Naming, Planning & Building Control		(143,660)
2. Property (net)		(114,000)
3. Homelessness Service - emergency accommodation		(47,500)
4. WRS reduced cost (share of surplus)		(37,000)
5. NWEDR reduced cost (share of surplus)		(14,030)
6. Improved income from licensing		(14,610)
7. Pay		(20,000)
Community and Environmental Services		
1. Parks and Green spaces impact of Covid 19 on programme of works		(140,100)
2. Trade, Garden and Domestic waste		(115,500)
3. Transport, Fleet maintenance, parts and fuel		(79,800)
4. Cemetery including National Assistance Act burials		(61,400)
5. Street Cleansing, Street furniture and nameplates		(47,850)
6. Grounds maintenance		(32,000)
7. Arboricultural Services		(19,700)
8. Driver training	17,000	
9. Pay		(172,000)
Resources		
1. Costs of restructuring	550,000	
2. Bad debt provision	23,000	
3. Employer pension fund deficit costs and unfunded benefits		(82,000)
4. ICT - External income		(38,000)
5. Pay		(6,000)
Chief Executive and Solicitor to the Council		
1. WFF savings (met from in year savings)	158,750	
2. Elections		(28,000)
3. Member Allowances		(19,000)
4. Pay		(19,000)
Capital Account		
1. Interest on investments		(48,360)
2. Contribution from EMR re bridging finance	39,960	
Other small variances (Net)	10,360	
	799,070	(1,299,510)
Covid Contingency		
Release Earmarked reserves		(245,000)
Transfer final account savings to Earmarked reserves (Innovation Fund £100k)	100,000	(122,710)
Reduction on Revised Budget (based on Draft Outturn - subject to audit)		(768,150)
Increase in net income from local taxation (Business Rates and Council Tax)		(55,240)
Increase in working balance	300,000	
Net saving against budget after transfers to Earmarked Reserves (EMRs)		(523,390)

Capital Programme 2021-22 Outturn

Appendix 2

	2021-22 Revised Budget £	2021-22 Actual Expenditure £	Slippage to 2022-23 £
COMMITTED EXPENDITURE			
COMMUNITY AND ENVIRONMENTAL SERVICES			
Green Street Depot Investment	153,410	104,840	48,570
Stourport Riverside	119,770	111,770	8,000
Community Safety CCTV Upgrade (Grant Funded)	24,860	19,400	5,460
Brinton Park HLF Scheme (subject to successful HLF bid)	1,116,870	155,440	961,430
SUB TOTAL	1,414,910	391,450	1,023,460
STRATEGIC GROWTH & ECONOMIC DEVELOPMENT AND REGENERATION			
Housing Strategy:			
Disabled Facilities Grants	1,200,000	796,790	403,210
BCF Energy Efficiency	50,000	-	50,000
BCF Disabled Adapted Units	150,000	-	150,000
Property Flood Grants	602,340	101,790	500,550
Castle Road Development	100,000	-	100,000
Housing Assistance - Private Sector Measures (including Decent Homes Grant)	100,200	36,400	63,800
Flood Relief	28,410	-	28,410
Flood Recovery Support (expenditure is conditional upon receipt of grant)	190,000	-	190,000
Green Homes Grants Phase 1	300,000	28,250	271,750
Green Homes Grants Phase 2	525,000	-	525,000
Future Investment Evergreen Fund (unallocated balance)*	466,250	21,600	444,650
Acquisition of Land at Horsefair, Kidderminster	50,000	410	49,590
Industrial Units Development - Silverwoods	1,960,020	1,829,860	130,160
Industrial Units French Development - Silverwoods	409,930	360,890	49,040
Electric Vehicle Chargepoints	271,000	-	271,000
Levelling Up Fund	3,000,000	550	2,999,450
Car Park (former Crown House site)	3,180	3,160	-
Property Conversion, Stourport	19,110	19,110	-
Churchfields Development (Grant Funded)	166,520	166,520	-
Capital Portfolio Fund*	6,050,830	-	6,050,830
Development Loans Fund*	2,000,000	1,732,250	267,750
Future High Streets Fund**	4,571,420	3,738,860	832,560
* Subject to Business Cases & Due Diligence			
** Co-funding subject to full Business Case following the principles of the Capital Portfolio Fund			
SUB TOTAL	22,214,210	8,836,440	13,377,750
RESOURCES & REVENUES, BENEFITS AND CUSTOMER SERVICES			
ICT Strategy	556,290	97,150	459,140
SUB TOTAL	556,290	97,150	459,140
VEHICLE, EQUIPMENT & SYSTEMS RENEWAL SCHEDULE			
Vehicles & Equipment & Systems Renewal Schedule	1,002,130	190,390	812,130
SUB TOTAL	1,002,130	190,390	812,130
TOTAL COMMITTED EXPENDITURE	25,187,540	9,515,430	15,672,480