

# 2021/22 Provisional Outturn

Corporate Policy and Scrutiny Committee  
23<sup>rd</sup> June 2022

# Purpose and key messages

## Purpose

1. To provide an overview of the 2021/22 Provisional Outturn position
2. To respond to the Committee on questions around the 2021/22 financial position

## Key messages

- **The current economic outlook is unprecedented in modern times**
- Continued impact of the pandemic, with over £100m of grants received from government to support this with the focus on maximising grants against our core spend
- **Revenue under spend of £15.6m (1.7%)** predominantly driven by impacts of lower demand in Adult Social Care service user numbers and Home to School Transport where the cost escalation has not been realised at the rate budgeted
- Savings target has not only been achieved but has been exceeded this financial year.
- Material movements to reserves are proposed with a proportion of these are already committed for future purposes
- Capital delivery of **94%** compared to latest budget, despite the aftermath impact of the pandemic (**76%** compared to original budget).
- With unprecedented levels of inflation, growing interest rates, expecting GDP growth to slow sharply, the financial position will continue to be volatile in 2022/23

# Provisional Outturn 2021/22

## Revenue



Under spend **£15.6m / (1.7%)**

## Savings



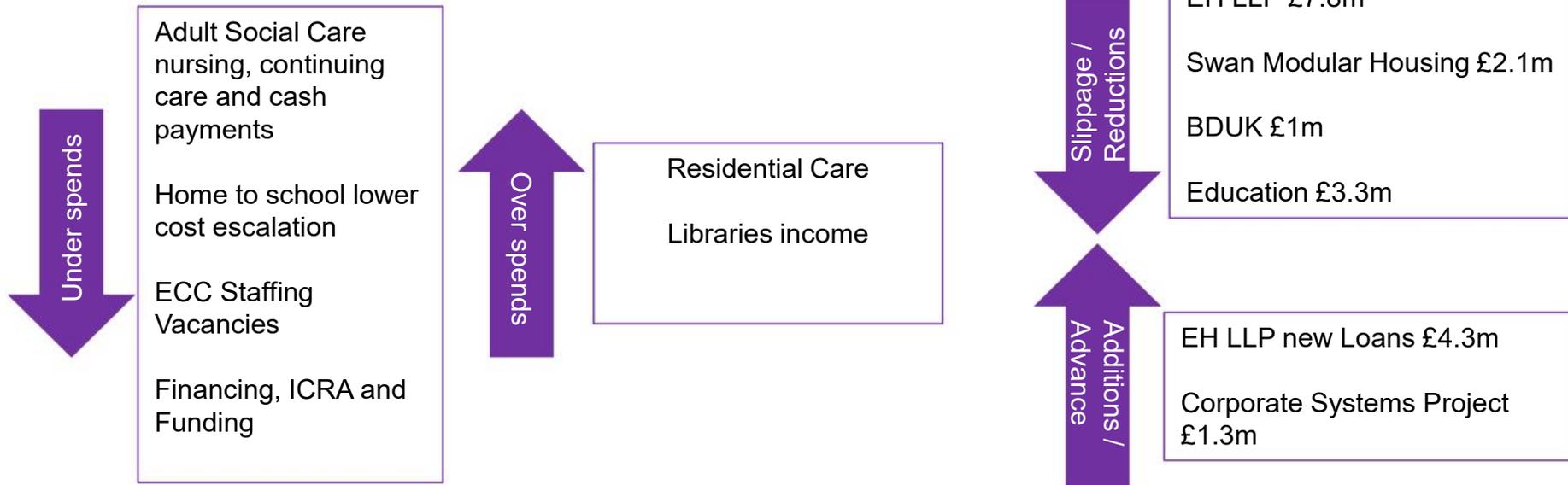
**£40.3m** delivered 2020/21. Higher than the saving target of £36.1m for 2021/22.

## Capital



**£14.5m** under spend vs budget (6%)

## Key Drivers



# Financial Impact of Covid-19

- Final spending pressures and income losses of circa **£124m in 2021/22**. Some of the larger elements include:
  - ❑ **£38m** Adult Social Care Infection Control Fund, Rapid Testing Fund and Workforce Recruitment and Retention Fund
  - ❑ **£28m** for Contain Outbreak Management Fund
  - ❑ **£14m** Household Support Fund and Local Support Grant
  - ❑ **£10m** for the Adult Social Care Covid Resilience Fund
  - ❑ **£4m** for Public Health testing
  - ❑ **£4m** for lost income in Essex Outdoors, Libraries and Park & Ride
  - ❑ **£3m** for Waste pressures as a result of increased volumes
- Total Covid grant funding of circa **£159m** for 2021/22 (across general and specific grants and carry forward from 2020/21)
- We have **£40m** remaining in the Covid Equalisation reserve – of this half is already committed from decisions already taken

# Reserves – Summary of Proposals

**£54.4m (net)** to be transferred to earmarked reserves mainly relating to setting aside resources to help manage the growing pressure from the current high levels of inflation, together with utilising under spends from 2021/22 to support delivery of activities in 2022/23.

Proposals within the report include:

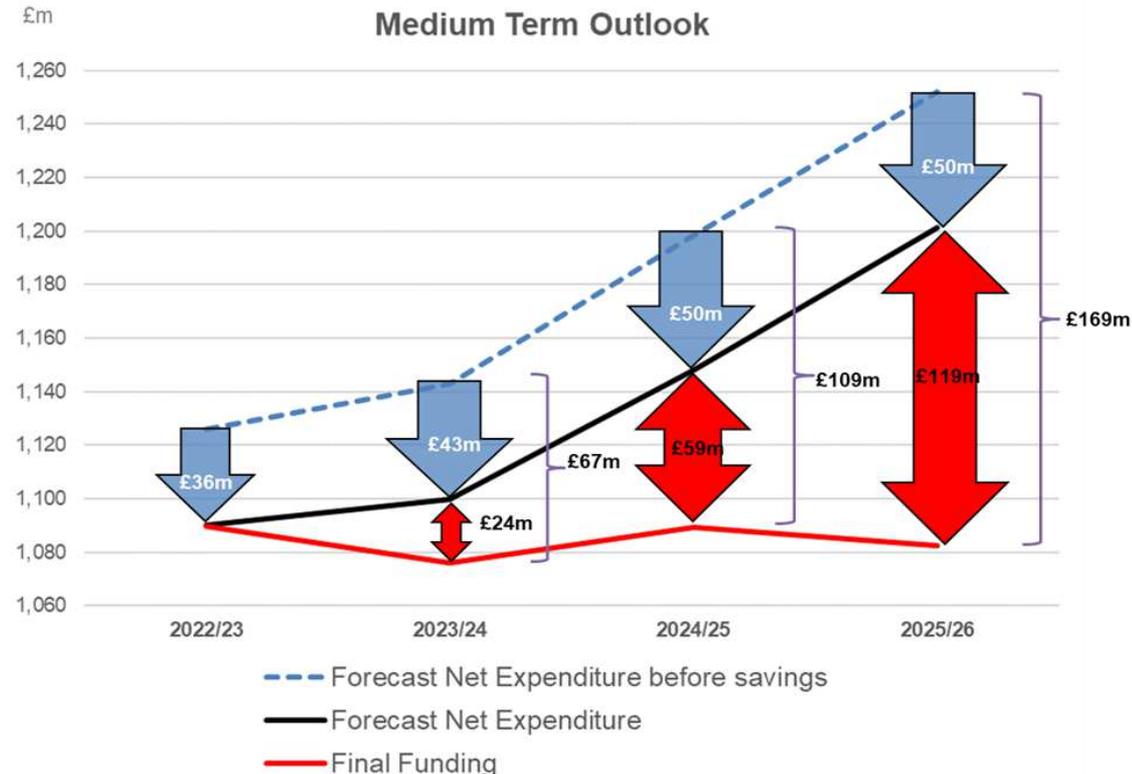
1. **£11m relates to restricted funds**, particularly specific grants, which are funds held for medium to long term contractual commitments or on behalf of others and not available for alternative use by the Council
2. **£14m relates to carry forward** of under spends into 2022/23 for specific purposes
3. Approximately **£19m** relates to sums set aside to support and mitigate both general economic risks and service specific risk
4. Approximately **£9m** relates to funds set aside and reprofiling of budget to support future years budgets and transformational activities
5. Approximately **£8m** is for investment in Everyone's Essex and the Council's strategic priorities
6. Approximately **£5m** relates to Covid related costs where either additional funding is required to offset pressures, or funding is returned to the reserve as pressures are lower than originally estimated, or where commitments are now anticipated in 2022/23
7. Approximately **£2m** for technical adjustments in respect of Essex Housing LLP

# Medium term

Whilst we set a balanced budget for 2022/23, there already remained significant challenge over the medium term with a forecast gap of £119m by 2025/26, before the current :

**Does not reflect estimated pressures faced due to rising inflation**

- Will need to **continue to make difficult choices to maintain financial balance** whilst focusing on our strategic aims
- Position assumes no Council Tax increases beyond 2022/23



We set a balanced budget for 2022/23 against a backdrop of uncertainty. We have a level of financial resilience, have enabled investment opportunities for Everyone's Essex, and have historically delivered significant levels of savings

# Next steps

- The Council's External auditor, has yet to formally conclude the audit of the Council's Accounts for 2020/21 (national issues and ongoing audit work)
- However it is anticipated that the 2021/22 Audit Plan will be presented to the Audit, Governance and Standards Committee in **September 2022** and that the statutory deadline for completion of the 2021/22 audit will be **30 November 2022**
- The results of the external audits for 2020/21 and 2021/22 will be reported to the Audit, Governance and Standards Committee upon conclusion of the audits, at which stage the Committee is expected to approve the Accounts.