

CABINET

7 JUNE 2022

REVENUE AND CAPITAL BUDGET OUTTURN 2021/22

Portfolio Holder: Councillor Alan Jarrett, Leader of the Council

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Summary

This report details the final revenue and capital outturn position for the financial year ended 31 March 2022. These figures will form part of the Council's Statement of Accounts, which will be presented to the Audit Committee following the completion of the External Audit. The report also presents a summary of debts written off during the 2021/22 financial year in line with the constitutional requirement to submit a report to Cabinet on an annual basis setting out details of all debt written off.

1. Budget and policy framework

1.1. Cabinet is responsible for ensuring that income and expenditure remain within the budget approved by Council.

2. Background

2.1. At its meeting on 18 February 2021, the Council set a total revenue budget requirement of £351.862million for 2021/22. Since the budget was approved, additional grant funding related to the ongoing Covid-19 pandemic has been received, primarily to deliver the Restart Grants scheme to support Medway's businesses. These additions take the final revenue outturn budget requirement to a total of £371.472million. The final revenue outturn position is summarised in Table 1 overleaf.

2.2. The Capital Programme for 2021/22 and beyond was also agreed by the Council on 18 February 2021, at £467.618million. Additions and removals made during the year resulted in a final capital outturn budget of £476.971million. The final capital outturn position is summarised in Section 10.

- 2.3. Details of all debts written off in 2021/22 are provided at Section 8 in line with the constitutional requirement for this information to be provided to the Cabinet on an annual basis.

Table 1: 2021/22 Revenue Outturn Summary

Directorate	R3 Forecast Variance £000's	Budget 2020/21 £000's	Outturn £000's	Outturn Variance £000's
<i>Budget Requirement:</i>				
Children and Adult Services	8,621	256,174	265,820	9,646
Regeneration, Culture and Environment	(8,598)	88,636	75,772	(12,864)
Business Support Department	(1,741)	10,796	7,970	(2,826)
Business Support Centralised Services:				0
Interest & Financing	(4,891)	(10,754)	(16,205)	(5,451)
Levies	56	1,577	1,614	37
Medway Norse Joint Venture	(118)	(460)	(1,023)	(563)
Covid-19 Grant Expenditure	(522)	25,503	24,347	(1,155)
Budget Requirement	(7,192)	371,472	358,295	(13,177)
<i>Funded by:</i>				
Council Tax	0	(137,333)	(137,333)	0
Retained Business Rates & Baseline Need Funding	0	(59,900)	(59,900)	0
New Homes Bonus	0	(986)	(986)	0
Dedicated Schools Grant	(152)	(98,079)	(98,079)	0
Adult Social Care Grants	0	(13,911)	(13,911)	0
Public Health Grant	0	(17,581)	(17,581)	0
Use of Reserves	0	(4,005)	0	4,005
C-19 Non-ringfenced Grant Income	5,144	(14,173)	(8,912)	5,261
C-19 Ringfenced Grant Income	0	(25,503)	(25,503)	0
Total Available Funding	4,991	(371,472)	(362,206)	9,266
Net Forecast Variance	(2,200)	0	(3,911)	(3,911)

3. Children and Adults Services

3.1. The Directorate general fund outturn represents an overspend of £9.646million compared to budget, a worsening of £1.025million compared to the position reported at Round 3.

Adult Social Care	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Assistant Director Adult Social Care	(285)	(2,170)	(2,651)	(481)
Locality Services	1,322	73,404	75,259	1,854
Business Operations & Provider Services	(223)	3,932	3,644	(288)
Specialist Services/Principal Social Worker	341	1,875	2,058	183
Total	1,154	77,041	78,310	1,269

The Adult Social Care outturn is an overspend of £1.269million, a worsening of £115,000 compared to Round 3. The pressure primarily relates to Locality Services, with higher than budgeted number and unit cost of Supported Living placements in Disability Services and Mental Health Services broadly in line with previous forecasts. While the number of residential and nursing placements has increased since Round 3, the additional cost has largely been offset by the use of Covid related grants in respect of expenditure supporting vulnerable people and the cost of staffing across the division and there has been a reduction in staffing costs across the division. A contribution to the Adult Social Care provision for bad debt has also been reflected in the outturn.

Children's Services	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Children's Care Management	(75)	997	831	(165)
Head of Safeguarding & Quality Assurance	(36)	3,114	2,807	(307)
Head of Safeguarding	12	2,970	2,459	(511)
Virtual Head	25	461	434	(26)
Children's Care Improvement	5	(622)	(610)	11
Children In Care	8,420	32,136	41,900	9,764
Children's Social Work Team	(456)	7,642	7,137	(505)
Early Help, Youth, Mash & Adolescents	(939)	6,400	5,750	(650)
Business Support	(127)	1,738	1,574	(163)
Total	6,828	54,835	62,283	7,447

The Children's Services outturn is an overspend of £7.447million, a worsening of £620,000 compared to Round 3. The pressure primarily relates to an overspend on placement costs of £5.735million and the underachievement of budgeted savings targets by £3.003million. These pressures are partly mitigated by an underspend against staffing budgets of £1.431million. The Round 3 forecast reflected the planned

delivery of five stepdown moves scheduled between January and March which were expected to deliver savings, with delays to this activity primarily driving the adverse movement since that forecast along with a provision for the settlement of legal claims of £140,000.

Directorate Management Team	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Directorate Management Team	(39)	641	633	(8)
Total	(39)	641	633	(8)

The Directorate Management Team outturn is broadly to budget, a worsening of £31,000 compared to the Round 3 forecast resulting from additional staffing costs.

Education	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
School Organisation & Student Services	225	1,279	1,759	480
Psychology & Special Educational Needs	156	33,325	33,420	95
School Improvement	90	(248)	(159)	89
Special Educational Needs & Disabilities Transport	510	6,190	6,932	742
Inclusions	(91)	2,784	2,771	(13)
School Online Services	20	26	(45)	(71)
Education Management Team	(44)	68	18	(50)
Early Years Sufficiency	0	15,416	16,644	1,227
Total	866	58,839	61,340	2,500

The Education outturn is an overspend of £2.500million, a pressure of £1.178million on the General Fund and £1.322million on the Dedicated Schools Grant (DSG). This is a worsening of £2.120million compared to the Round 3 forecast.

The majority of the pressure on DSG services and the movement from Round 3 relates to Early Years Sufficiency, driven by a reduction in early years funding and the repayment of an underspend on the Strategic School Improvement Fund to the Department for Education. However, this is offset by funding received in the schools grants section of the DSG which is shown in the Schools Retained Funding & Grants table below.

The majority of the pressure on DSG services and the entirety of the movement from Round 3 relates to Early Years Sufficiency and the reduction in early years funding, however this is offset by funding received resulting in an underspend reflected in the schools grants section of the DSG, shown in the Schools Retained Funding & Grants table below.

The outturn reflects the transfer of £6.070million overspend on the High Needs Block to the DSG reserve, taking the total cumulative deficit across all four blocks of the

DSG to £22.331million as 31 March 2022. This deficit will be managed through the Council's deficit recovery plan over the medium term.

Partnership Commissioning & Business Intelligence	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Adults Commissioning	0	298	298	(25)
Children's Commissioning	(3)	1,486	1,483	(75)
C&A Performance & Intelligence	11	512	523	(4)
Total	8	2,296	2,304	(105)

The Partnership Commissioning & Business Intelligence outturn is an underspend of £105,000, an improvement of £113,000 compared to Round 3. The underspend and movement is due to reductions in staffing and Agency cover along with a reduction in the cost of wellbeing services for young people being charged to the Partnership Commissioning and Business & Intelligence division.

Public Health	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Public Health Management	296	1,199	1,703	504
Public Health Commissioning	(107)	5,608	5,165	(442)
Business Development	4	196	207	11
Drug and Alcohol Action Team	(23)	1,944	1,761	(183)
Health Improvement Programmes	(122)	3,321	3,417	96
Stop Smoking Services	(26)	396	381	(14)
Supporting Healthy Weight	(22)	1,329	1,356	27
Total	0	13,991	13,991	0

The Public Health outturn is to budget, reflecting an underspend of £599,000 having been transferred to the Public Health Reserve. This transfer represents funding for specific purposes and programmes of work continuing into 2022/23.

Schools Retained Funding & Grants	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Finance Provisions	(947)	5,255	4,438	(816)
Hr Provisions	(272)	677	402	(274)
School Grants	1,023	42,598	42,567	(31)
Total	(196)	48,529	47,408	(1,121)

The Schools Retained Funding & Grants outturn is an underspend of £1.121million, an improvement of £925,000 compared to Round 3. This reflects the increase in DSG funding through the schools block and offsets the funding reduction and pressure reflected in the Early Years Sufficiency service within the Education section of this report.

In addition, maintained schools have reported an underspend of £0.336million against their devolved budgets which will be transferred into the school's reserves.

4. Regeneration, Culture and Environment

4.1. The Directorate outturn is an underspend of £12.864million, an improvement of £4.266million compared to the position reported at Round 3.

Communications & Marketing	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Communications & Marketing	13	18	1	(17)
Total	13	18	1	(17)

The service outturn is an underspend of £17,000, an improvement of £29,000 as reduced income from capital schemes and sponsorship has been is offset by further savings on supplies and services.

Culture & Community	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Sport, Leisure, Tourism & Heritage	651	7,780	7,849	69
Cultural Services	463	2,244	2,439	195
Planning	(145)	1,483	1,335	(148)
South Thames Gateway Partnership	(7)	135	127	(7)
Strategic Housing	(793)	6,341	5,063	(1,277)
Libraries & Community Hubs	(1)	4,157	4,093	(64)
Culture & Community Support	(4,509)	4,640	73	(4,567)
Total	(4,341)	26,779	20,979	(5,800)

The Culture & Community division outturn is a net underspend of £5.800million, an improvement of £1.459million compared to the Round 3 forecast.

The underspend and majority of the improvement from Round 3 relates to the one-off budget allocation of £4.371million to compensate for anticipated income shortfalls across Culture & Communities held in the Culture & Community Support division. This reflects that the pace of recovery following the pandemic restrictions across the Sport, Leisure, Tourism and Heritage and Cultural Services divisions is faster than our initial expectations.

The underspend on Strategic Housing is an improvement of £484,000 compared to Round 3 reflecting the continued focus of the service on homelessness prevention reducing previously anticipated overspends on temporary accommodation provision.

The forecast for the remainder of the services in the Division is broadly in line with that reported at Round 3.

Deangate Golf	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Deangate Golf	0	37	37	0
Total	0	37	37	0

The service outturn is to budget.

Director's Office	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Director's Office	(4,701)	5,920	1,188	(4,731)
Total	(4,701)	5,920	1,188	(4,731)

The outturn is an underspend of £4.731million, broadly in line with that reported at Round 3 as the additional one-off budget allocation of £4.582million to compensate for anticipated income shortfalls in Front Line Services was held here. As the recovery of income generation across the services was faster than anticipated, the one-off budget allocations to offset income shortfalls anticipated has not been required.

Front Line Services	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Front Line Services Support	(145)	784	646	(138)
Highways	(58)	15,930	15,251	(679)
Parking Services	1,211	(3,695)	(2,618)	1,077
Environmental Services	(1,294)	28,360	25,590	(2,771)
Integrated Transport	4	7,034	7,038	4
Regulatory Services	(207)	1,309	978	(331)
Greenspaces	100	5,291	5,307	16
Total	(388)	55,014	52,192	(2,823)

The Front Line Services division outturn is an underspend of £2.823million, an improvement of £2.435million compared to the Round 3 position.

The most significant underspend and movement from Round 3 relates to the Environmental Services division, including additional income from Kent County Council for Kent residents' use of the Medway Household Waste & Recycling Centres and further operational savings on the Norse contracts.

The underspend on Highways primarily relates to energy savings from the installation of LED street lighting, with the improvement from Round 3 driven by savings on carriage maintenance and repairs following a mild and dry winter.

The forecast for the remainder of the services in the Division is broadly in line with that reported at Round 3.

Kyndi Services	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Kyndi Services	0	673	673	0
Total	0	673	673	0

The outturn is to budget.

Regeneration	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Medway Norse	76	(0)	128	128
Property & Capital Projects	382	1,424	1,777	352
Regeneration Delivery	(157)	869	681	(188)
Valuation & Asset Management	585	(2,914)	(2,553)	361
Economic Development	(129)	558	332	(227)
Skills & Employability	63	206	286	80
Total	819	144	650	507

The Regeneration division outturn is a net pressure of £507,000, an improvement of £313,000 compared to the position reported at Round 3.

The movement primarily relates to the Pentagon Centre, with the forecast a worsening of £484,000 compared to Round 3, reflecting a loss of rental income and the resultant pressures on business rates and service charges in respect of vacant units falling to the Council. In addition, further income pressures have been identified on budgets for miscellaneous receipts and the management of shops.

The forecast for the remainder of the services in the Division is broadly in line with that reported at Round 3.

5. Housing Revenue Account

Housing Revenue Account	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Housing Revenue Account	126	352	113	(239)
Total	126	352	113	(239)

The outturn on the HRA is an underspend of £239,000, which is an improvement of £365,000 compared to the Round 3 forecast position. The underspend and movement primarily relate to savings on responsive and planned repairs and on interest costs on the HRA borrowing as a result of delayed start to phase 4 new build programme.

Though an increase in number of voids has resulted in a substantial overspend on voids budget as well as loss of rental and service charges income, there are also further staff vacancy savings on client side, estate services and homes for independent living.

6. Business Support & Centralised Services

- 6.1. The Directorate outturn is an underspend of £2.826million while the outturn on Centralised Services is an underspend of £5.978million, bringing the total underspend to £8.803million. This is an improvement of £2.110million compared to the Round 3 forecast.

Corporate Management	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Corporate Management	(526)	1,479	959	(520)
Total	(526)	1,479	959	(520)

The Corporate Management outturn is an underspend of £520,000, broadly in line with the position forecast at Round 3 reflecting additional unbudgeted income from previous years.

Finance & Business Improvement	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Internal Audit & Counter Fraud	(42)	0	(43)	(43)
Rural Liaison Grants	0	73	73	0
Finance Strategy	(139)	0	(171)	(170)
Revenues & Benefits	400	4,136	4,073	(63)
Finance Operations	(152)	(54)	(221)	(167)
ICT	(263)	862	143	(719)
Community Interpreters	76	(83)	(1)	82
Digital	(29)	1,265	1,235	(30)
Business Change	(632)	647	53	(594)
Business Intelligence	(52)	0	(79)	(79)
Customer & Business Support	(157)	(1)	(228)	(227)
Total	(990)	6,845	4,835	(2,009)

The Finance & Business Improvement outturn is an underspend of £2.009million, an improvement of £1.019million compared to the Round 3 forecast.

The most significant underspend and movement is on ICT, primarily arising from savings on the delivery of the Council's networks and ICT security arrangements including reductions in the cost of firewalls and the Kent Public Services Network line rental, alongside negotiated savings on centralised software costs and increased vacancy savings.

The Revenues and Benefits Service outturn is an underspend with the variance and improvement from the Round 3 position both primarily driven by higher than anticipated income from court costs (including a refund from previous years). Though the benefits subsidy reflects a pressure at year end of £456,000, the outturn is an improvement of £212,000 compared to the Round 3 position as full subsidy is payable on a higher proportion of claims than anticipated.

The forecast for the remainder of the services in the Division is broadly in line with that reported at Round 3.

Human Resources	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Human Resources	(61)	63	(23)	(86)
Total	(61)	63	(23)	(86)

The HR outturn is an underspend of £86,000 which is an improvement of £24,000 compared to the Round 3 position and primarily relates to increased staff vacancy savings.

Legal & Governance	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Democratic Services	(72)	662	578	(84)
Members & Elections	(42)	1,660	1,582	(78)
Category Management	(77)	190	115	(74)
Legal, Land Charges & Licensing	29	(103)	(76)	27
Total	(162)	2,409	2,199	(210)

The divisional outturn is an underspend of £210,000, an improvement of £48,000 compared to Round 3. The underspend on Category Management reflects the realignment exercise across Business Support Department services alongside staff vacancy savings, with the latter also driving the underspends on Democratic Services and Members & Elections. The overspend on Legal, Land Charges and Licensing reflects the cost of locum lawyers following difficulties recruiting and retaining in-house staff, and posts above the establishment necessary to cope with high workloads.

Centralised Costs	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
Interest & Financing	(4,891)	(10,754)	(16,205)	(5,451)
Levies	56	1,577	1,614	37
Medway Norse Profit Share	(118)	(460)	(1,023)	(563)
Total	(4,952)	(9,637)	(15,615)	(5,978)

The collective outturn on these costs is an underspend of £5.978million, an improvement of £1.025million compared to the Round 3 forecast. The Interest & Financing underspend reflects that the contribution to the Minimum Revenue Provision for 2021/22 budgeted at £4.1million will not be necessary as the Council has overprovided in prior years. The underspend is furthered by a reduction in interest cost owing to delays in the capital programme reducing the borrowing need in year. The Medway Norse Profit share reflects an overexcitement of income as savings in the Joint Venture resulted in a higher than budgeted rebate to the Council.

7. Covid-19

Covid-19 Expenditure	R3 Forecast Over/(Under) £000's	Budget 2021/22 £000's	Outturn £000's	Outturn Over/(Under) £000's
C&A related - Holiday Activities & Food Programme	0	1,002	1,002	0
C&A related - Testing	0	0	(6)	(6)
C&A related - Ringfenced Covid grants	(91)	9,063	8,807	(256)
C&A related - COMF expenditure	(737)	2,030	1,315	(714)
RCE related - COMF expenditure	495	0	518	518
BSD related - COMF expenditure	242	0	196	196
BSD related - Business grants	0	11,456	11,456	(0)
BSD related - Admin grants	(432)	729	88	(641)
BSD related - Isolation grants	0	833	583	(250)
RCE related - Additional Restrictions Grant expenditure	0	390	390	0
RCE related - Reopening High Streets Fund	1	0	(3)	(3)
Total	(522)	25,503	24,347	(1,155)

During 2021/21 the Council implemented the following schemes to support businesses in Medway:

- Restart Grants, through which we awarded £9.021million,
- Omicron Hospitality and Leisure Grant, through which we awarded £1.179million,
- Covid Additional Relief Fund, through which we awarded £4.875million,
- Additional Restrictions Grant: the unspent grant funding received in 2020/21 that was transferred to reserves along with an additional in year top up allocation of £390,000 resulted in a total of £7.897million to fund support for businesses through to the end of the 2021/22 financial year. During the 2021/22 financial year a total of £7.885million was distributed to businesses or used in accordance with the grant conditions, with the balance remaining due back to the government after a reconciliation exercise.

The Council implemented the following schemes to support individuals in Medway:

- Test and Trace Isolation Payments Scheme, through which we awarded £724,500 through the mandatory scheme, and a further £591,500 through the discretionary scheme.
- Covid Local Support Grant: the Council received an allocation of £1.069million to support vulnerable households and distributed or used in accordance with the conditions of the grant £977,000. The excess allocation of £92,000 has been returned to the Government.

- Household Support Grant: the Council received an allocation of £2.262million to support vulnerable households and distributed or used in accordance with the conditions of the grant £1.908million. The excess allocation of £354,000 has been returned to the Government.
- Holiday Activities & Food Programme: the Council received £1.002million to support disadvantaged children through the School holidays; this funding was used in 2021/22 alongside the amount transferred to reserves in 2020/21.

Adult Social Care Funding – Medway Council received a total of £5.676million in respect of Infection Control, Rapid Testing, Omicron Support and Workforce Recruitment and Retention Grants of which £5.246million was passported to providers or used to deliver additional social work capacity. However, based on returns from providers about the use of the various grants a total of £430,000 is in the process of being returned to the issuing government departments in respect of these grants.

Public Health Funding – Medway Council received a total of £2.668million through a series of grants for the purpose of containing and managing the outbreak, providing support to vulnerable people needing to isolate:

- Contain Outbreak Management Fund £2.030million; In line with the grant conditions, £231,000 of this funding has been transferred to reserves for use in 2022/23, this is in addition to the amount transferred to reserves in 2021/22.
- Practical Support Funding £638,720.
- In addition, the Council's symptom free testing programme was fully funded by the Department of Health and Social Care in 2021/22 and continued until the end of March 2022.

The following other specific grant schemes have been implemented:

- Wellbeing for Education Return Grant – the Council received and spent £37,000 to support schools to improve wellbeing and mental health support.
- Home to School and College Transport – the Council received £261,000 to support social distancing in transport for return to school and education settings.

In terms of direct financial support for local authorities, during 2021/22 the Council received a final payment of non-ringfenced emergency support funding of £7.864million. In addition, many of the ring-fenced Covid-19 grant allocations included funding for local authority administration costs; however the relevant expenditure is reflected within the service budgets resulting in an underspend against the Covid-19 budgets.

As previous budget monitoring reports have set out, the expenditure referred to in this section of the report is funded from the 2021/22 allocation of the Contain Outbreak Management Fund, and from the element of Covid-19 related grants received in 2020/21 and held in the Council's reserves. The expanded analysis presented here reflects that expenditure being funded from grant/grant held in reserves and also reflects the underspends forecast where these grants are not required to be returned to the government if unspent and primarily represent administration/new burdens funding.

The budget for 2021/22 assumed that the government's Sales, Fees and Charges Income Compensation Scheme would continue to operate until pressures caused by Covid-19 were significantly reduced, and services could therefore resume income generating operations. As such, the budget assumed income pressures in

Regeneration, Culture and Environment and Business support totalling £9.657million would be partially mitigated by income received through the scheme of £6.309million. The scheme ended on 30 June 2021, and as such the forecast against this grant has been reduced, resulting in a pressure on the Revenue Budget Funding of £5.261million.

8. Irrecoverable Debt written off in 2021/22

8.1. Chapter 3, Part 5, section 5.4 of the Council's Constitution sets out the financial limits in place with respect to writing off irrecoverable debts, with Directors having authority to write off debts relating to the services which are their responsibility of up to £5,000. The Chief Finance Officer has authority to write off debts as follows:

- Council Tax – within the approved provision held within the accounts,
- Business Rates – within the approved provision held within the accounts,
- Other debts of the Council – up to £25,000 in consultation with the director responsible for services to which the debt relates.

The rules also require a report to be submitted to Cabinet on an annual basis setting out details of all debt written off, and as such the required information is presented below:

Table 2: Debt Written Off

Debt Category	2019/20		2020/21		2021/22	
	Raised	Written Off	Raised	Written Off	Raised	Written Off
	£000s	£000s	£000s	£000s	£000s	£000s
Council tax ¹	146,546	695	151,384	612	164,509	1,470
Business Rates ^{1 & 5}	96,738	679	58,904	745	78,476	436
Housing Benefit Overpayments ¹	3,500	310	2,057	197	2,301	281
Housing ¹	13,969	89	14,055	130	14,342	51
Temporary Accommodation ²	N/A	N/A	3,113	103	2,820	100
Penalty Charge Notices (PCN's) ³	4,276	436	3,264	266	3,901	299
Sundry Debt ⁴	45,406	8	59,976	0	46,490	6
Adult Social Care ⁴	15,096	0	15,234	0	16,721	40
Total	325,531	2,217	307,987	2,053	329,560	2,683

1) Amounts written off each year are cumulative, including amounts raised in previous years.

2) Temporary Accommodation moved from being raised as a Sundry Debt to on the Housing database (Academy) from 2020/21.

3) PCNs are 'cancelled' rather than written off but included here for transparency.

4) Amounts written off relate only to debt raised in those years.

5) 2020/21 raised reduced due to Covid-19 government measures and difference funded through Section 31 grants

9. Irrecoverable debt to be written off 2022/23

9.1. Chapter 3, Part 5, section 5.4 of the Council's Constitution sets out the financial limits in place with respect to writing off irrecoverable debts, with Directors having authority to write off debts relating to the services which are

their responsibility of up to £5,000. The Chief Finance Officer has authority to write off debts as follows: - Council Tax – within the approved provision held within the accounts, - Business Rates – within the approved provision held within the accounts, - Other debts of the Council – up to £25,000 in consultation with the director responsible for services to which the debt relates. The rules also require a report to be submitted to Cabinet on an annual basis setting out details of all debt written off. Requests for debt to be written off beyond the delegated authority set out in paragraph 5.4 are a matter for the Cabinet.

- 9.2. Client A was in nursing care from May 2015 until their death in December 2019 and due to their income/assets were required to make a financial contribution to the cost of their care. Their finances were managed by their son as appointee, however no payments were made to the care account. The Adult Social Care Team made attempts to recover this debt and in June 2016 the appointee agreed to make payment by Standing Order of £600 every four weeks, however no payments were received. After continued attempts to engage and recover the debt in Adult Social Care, the case was referred to the Council's Legal Services and a court judgement was awarded in the Council's favour in February 2020, with the appointee being instructed to pay £100 per month. However to date, no payments have been received. The appointee has since approached the Council for social care support but is not currently in receipt of services. The Council's Legal Services advised that the Appointee has no significant assets or income and that action to recover the debt will result in further unrecoverable cost to the Council. Therefore Cabinet is asked to agree that this debt in the value of £33,047.01 be written off against the Council's Debt Provisions.

10. Capital Outturn

- 10.1. The capital programme year end position is shown in Table 2 below. A carry forward budget of £392.752million is committed on existing schemes and will be added to the new schemes agreed by Council on 24 February 2022.

Table 3: Capital Outturn 2021/22

Directorate	Budget	2021/22 Outturn	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Outturn/ Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Children and Adults	27,395	7,565	18,430	1,526	0	126
Regeneration, Culture and Environment	426,170	68,790	116,873	65,161	175,354	7
Housing Revenue Account	21,656	7,362	14,294	0	0	0
Business Support Department	1,498	834	594	70	0	0
Members Priorities	363	0	123	140	100	0
Total	477,083	84,551	150,314	66,897	175,454	133

10.2. The outturn on the Children and Adults programme is an overspend of £126,000 on the Basic Needs programme, primarily arising from increased building and materials costs and unexpected costs relating to the removal of asbestos on the following schemes:

- Brompton Academy – £90,000,
- Greenacre – £43,000,
- Victory Academy – £28,000,
- Thomas Aveling – £18,000, and
- Sir Joseph Williamson's - £29,000.

These have however been partially offset by underspends at:

- Robert Napier – £25,000,
- The Rowans – £10,000,
- Riverside – £47,000.

10.3. The outturn on the Regeneration, Culture and Environment programme is an underspend of £40,000, relating to works at Pottery Road Recreation Site Improvements scheme. The works at this site are being managed directly by the Hoo Parish Council and section 106 monies have been paid directly to them as a source of funding. Therefore, the scheme is no longer required and on 21 April 2022 the Council agreed to remove the scheme and unspent budget from the capital programme for 2022/23 as set out in section 10.5 of this report.

10.4. The outturn on the Business Support, Housing Revenue Account and Members Priorities programmes is to budget.

10.5. On 21 April 2022, Council agreed the removal of the following completed schemes and unspent budget from the capital programme:

- 9X532 – Hundred of Hoo Primary Expansion Phase 2 (£5,000)
- 9X550 – Rainham Mark Expansion (£3,000)
- 9X554 – Halling Primary Phase 2 (£32,000)
- 9X567 – Rainham Girls Bulge (£6,000)
- 9X838 – Abbey Court Relocation & Expansion (£3,000)
- 9L286 – Pottery Road Recreation Site Improvements (£40,000)
- 9C714 – Licensing Shared Service Setup (£34,000).

At that meeting Council also agreed to the addition of £235,000 to the Medway City Estate Connectivity scheme, funded from Section 106 developer contributions to assist with funding the required works.

11. Risk management

11.1. There are no risk management implications to this report; the revenue and capital outturn position is reported to Cabinet for information only, with the final audited Statement of Accounts presented to the Audit Committee following the completion of the External Audit in due course.

12. Consultation

- 12.1. The results of each round of the revenue and capital budget monitoring have been presented to Members of Cabinet and Overview and Scrutiny Committees throughout the 2021/22 year.

13. Financial implications

- 13.1. The 2021/22 budget set in February 2021 required the use of £4.005million from General Reserves to balance the projected cost of services for the year. The significant underspends delivered across Regeneration, Culture and Environment and in Business Support and Centralised Services collectively offset the pressure arising in Children and Adults and result in an underspend on the overall budget requirement of £13.177million. Despite a funding pressure of £5.261million on Covid-19 funding, it has been possible to fund the budget requirement for 2021/22 without the planned use of reserves. This, along with the outturn position of an underspend of £3.911million will mean the Council's General Reserves will be £7.916million higher than projected as at 31 March 2022. Members are reminded that the 2022/23 budget was set including the planned use of £4.853million of general reserves to fund the budget requirement.

14. Legal implications

- 14.1. There are no legal implications arising from this report.
- 14.2. Chapter 3, Part 5, section 5.4 of the Council's Constitution sets out the financial limits in place with respect to writing off irrecoverable debts, with Directors having authority to write off debts relating to the services which are their responsibility of up to £5,000. The Chief Finance Officer has authority to write off debts as follows:
- Council Tax – within the approved provision held within the accounts,
 - Business Rates – within the approved provision held within the accounts,
 - Other debts of the Council – up to £25,000 in consultation with the director responsible for services to which the debt relates.

The rules also require a report to be submitted to Cabinet on an annual basis setting out details of all debt written off. Requests for debt to be written off beyond the delegated authority set out above are a matter for the Cabinet.

15. Recommendations

- 15.1. Cabinet is asked to note the 2021/22 revenue and capital outturn position.
- 15.2. Cabinet is asked to agree that the debt in the value of £33,047.01 be written off against the Council's Debt Provisions as set out in Section 9 of this report.

16. Suggested reasons for decision

- 16.1 Cabinet is the body charged with the executive management of the Council's budget and it is therefore important for the final outturn to be reported to Cabinet.

Lead officer contact

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Appendices

None

Background papers

Revenue Budget Monitoring 2021/22 Round 1:

<https://democracy.medway.gov.uk/ielssueDetails.aspx?IId=31083&Opt=3>

Capital Budget Monitoring 2021/22 Round 1:

<https://democracy.medway.gov.uk/ielssueDetails.aspx?IId=31082&Opt=3>

Revenue Budget Monitoring 2021/22 Round 2:

<https://democracy.medway.gov.uk/ielssueDetails.aspx?IId=31564&Opt=3>

Capital Budget Monitoring 2021/22 Round 2:

<https://democracy.medway.gov.uk/ielssueDetails.aspx?IId=31563&Opt=3>

Revenue Budget Monitoring 2021/22 Round 3:

<https://democracy.medway.gov.uk/ielssueDetails.aspx?IId=32459&Opt=3>

Capital Budget Monitoring 2021/22 Round 3:

<https://democracy.medway.gov.uk/ielssueDetails.aspx?IId=32458&Opt=3>