

Report to: Finance, Resource and Corporate Committee

Date: 4 August 2021

Subject: **Financial Performance Report**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1 To consider the 2020/21 final outturn and the 2021/22 financial position as at 30 June 2021.

2. Information

Financial Outturn 2020/21

- 2.1 The 2020/21 year had started with a balanced budget, though attention soon switched to revising the forecasts to take account of the national pandemic. These impacts were reported to committees throughout the year on a regular basis and action taken to manage the risks and impacts on budgets. This included successful representation to government for support grants alongside revised estimates and actions taken to reduce expenditure. In the final quarter of 2020/21, it became apparent from forecasting work that a balanced outturn would be achieved, and a surplus realised.
- 2.2 The final outturn for the year was a surplus, of which £1.4 million relates to a timing difference on election costs. A further £3 million has arisen primarily due to changes in concessionary fare reimbursement during the pandemic. The situation with regard to ongoing concessionary reimbursement and other

bus operator payments in the post-recovery period remains highly volatile and with significant levels of risk and uncertainty. Staff vacancies above forecasted levels, additional enterprise zone business rates receipts and investment income above previous forecasts and managed savings across a range of supplies and service budgets have also contributed. The table at **Appendix 1** summarises the final 2020/21 revenue budget position.

- 2.3 The final election costs are yet to be confirmed by partner authorities and there is a significant risk that the budgeted level of costs will be exceeded due to the additional requirements put in place to ensure COVID secure elections. It is expected therefore that up to £2 million may be required to meet the final costs which will be notified to the Combined Authority during 2021/22. Members will be aware of the pressures on the Combined Authority budget, and the work in updating the medium term financial strategy and preparing the 2022/23 budget will take this transfer to reserves into consideration and determine how this could contribute to meeting existing commitments and demands.
- 2.4 For information, the final 2020/21 Capital Programme expenditure budget position is attached at **Appendix 2**. The expenditure figures relate to the budgeted spend in 2020/21 rather than full programme life-time.

2021/22 Revenue Budget as at 30 June 2021

- 2.5 A summary of the 2021/22 current revenue spend to original budget as at June 2021 is attached at **Appendix 3**. A brief narrative and RAG rating is included to help identify those budget lines that are emerging as a concern. The ongoing impact of the national pandemic on this financial year are still emerging and will be brought to the attention of this committee at the earliest opportunity. These are related to the Covid-19 pandemic as mentioned above. Similar to last financial year, key impacts may be felt across commercial income, bus station costs, commission from travel card / MCard sales, bus revenues (for gross cost contracts) and transport service costs.
- 2.6 Regular forecasts will be undertaken during the year and key matters brought to future meetings. At present the key risk remains the impact of the pandemic, and in particular the way in which this impacts on bus recovery. It is still unclear what government funding is available to support this and how any funding will be distributed and how the bus industry will respond to the changing situation.
- 2.7 An update on the 2021/22 capital expenditure budgets will be provided to a future meeting, as quarter one claims from partners are still being processed at the time of writing.

3. Tackling the Climate Emergency Implications

- 3.1 There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report.

5. Equality and Diversity Implications

5.1 There are no equality and diversity implications directly arising from this report.

6. Financial Implications

6.1 These are contained in the main body of the report.

7. Legal Implications

7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the Committee notes the financial position as reported.

11. Background Documents

11.1 There are no background documents referenced in this report.

12. Appendices

Appendix 1 – 2020/21 Revenue Budget – final outturn

Appendix 2 – 2020/21 Capital budget – final outturn

Appendix 3 – 2021/22 Revenue Budget as at 30 June 2021