



**REPORT of
INTERIM CHIEF FINANCE OFFICER**

**to
STRATEGY AND RESOURCES COMMITTEE
22 JUNE 2023**

PROVISIONAL OUTTURN 2022 / 23

1. PURPOSE OF THE REPORT

- 1.1 To provide Members of the Committee with the Provisional Outturn position for the year ended 31 March 2023.
- 1.2 To inform Members of movements in relation to the Council's General Fund, Earmarked Reserves and Capital Commitments as at 31 March 2023.

2. RECOMMENDATIONS

- (i) That the Provisional Outturn position for the 2022 / 23 financial year be noted;
- (ii) That the Revenue Commitments detailed in **APPENDIX 2** be approved to be brought forward into 2023 / 24;
- (iii) That the movement in Earmarked Reserves in **APPENDIX 3** be approved;
- (iv) That the Capital Commitments in **APPENDIX 4** be approved to be brought forward into 2023 / 24;
- (v) That £421k of additional business rates income is used to close the budget gap for 2023 / 24.

3. SUMMARY OF KEY ISSUES

- 3.1 The Provisional Outturn report provides financial results for the Council for the year ending 31 March 2023. It shows performance against the original budget agreed by the Council on 22 February 2022 including subsequent approved amendments and is used for management purposes. The annual statement of accounts is prepared for statutory reporting purposes.
- 3.2 The statutory deadline for the publication of the draft 2022 / 23 statement of accounts was 31 May 2023, which was met by the Council; however the audit of these accounts is yet to commence and as such the figures set out in this 2022 / 23 Provisional Outturn report are subject to change.
- 3.3 **2022 / 23 Final Budget**
 - 3.3.1 The final revised service budget for 2022 / 23 was £14.6m. This was based on the original budget approved by the Council on 22 February 2022 and subsequent approved amendments, as summarised in Table 1 below.

Table 1 – 2022 / 23 Budget Movement Reconciliation

Description	Amount £000
Original 2022 / 23 Service Budget	13,736
Revenue Commitments brought forward from 2021 / 22	350
Approved Supplementary estimates	486
Approved Use of Earmarked Reserves	9
Final 2022 / 23 Service Budget	14,581

Note - The services budget includes statutory adjustments of £3,201k which do not impact on the general fund per accounting requirements.

3.4 2022 / 23 Provisional Outturn

- 3.4.1 Table 2 below is an overview of the 2022 / 23 provisional outturn position including statutory accounting adjustments. There is a budget underspend of £235k, giving a required drawdown from the general fund of £702k.

Table 2 – 2022 / 23 Provisional Outturn

	Final Budget £000	Provisional Actuals £000	Provisional Variance £000
Net Cost of Services	14,581	12,286	
Statutory Adjustments	(3,201)	(1,121)	
Net Cost of Services exc. Adj.	11,380	11,165	(215)
Investment Income	(214)	(622)	(408)
Funding and Reserves	(10,229)	(9,841)	388
Transfer from General Fund	937	702	(235)

- 3.5 An analysis of the major variances attributed to the £235k underspend are detailed in **APPENDIX 1**.
- 3.6 Although there is an underachievement in Funding and Reserves this is mainly due to timing differences around when additional income can be recognised in the business rates retention system. The Council has to pay a levy on business rates income above its baseline and this is recognised in the year it occurs. However, where the additional income is above that budgeted, that can only be recognised in future years creating a mismatch. It is proposed the additional income is used in 2023 / 24 to close the budget gap of £421k.
- 3.7 The outturn position takes into account revenue commitments, where underspends in year have occurred but need to be carried forward into the next financial year to fund expenditure commitments. These are shown in **APPENDIX 2**.
- 3.8 The impact on the general fund balance as a result of the provisional 2022 / 23 outturn is shown in Table 3 below.

Table 3 – General Fund Balance

	£000
Opening General Fund Balance	5,783
Transfer from General Fund	702
Closing General Fund Balance	5,081

- 3.8.1 Table 3 shows that the general fund balance remains above the minimum recommended level of £2.6m. A minimum level of general reserves is set to ensure the Council has the financial resilience to respond to emergencies and unforeseen events such as the current pandemic. However, if it did fall below the minimum level it would need to be replenished in future years.

4. EARMARKED RESERVES

- 4.1 The Council holds a number of earmarked reserves for specific purposes. Movements on these reserves during 2022 / 23 are detailed in **APPENDIX 3**. Drawdowns totalled £2.9m during 2022 / 23, with transfers into the reserves of £3.3m. Earmarked Reserves balances as at 31 March 2023 are £7.8m. This is a net increase of £0.4m from 1 April 2022. The purpose of each reserve is set out in the **APPENDIX 3**.

5. 2022 / 23 PROVISIONAL CAPITAL OUTTURN

- 5.1 The Council's approved capital programme was £1.0m in 2022 / 23. During the year £0.5m was spent, leaving a Capital underspend of £0.5m. A total carry forward into 2023/24 of £0.5m is requested.
- 5.2 The capital programme outturn with requested carry forwards is detailed in **APPENDIX 4**, alongside reasons for the slippage during 2022 / 23.

6. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2023 - 2027

6.1 Smarter finances

- 6.1.1 Regular reporting and monitoring of the Council's financial position is a key control in ensuring the Council makes the best use of its resources and is able to make informed decisions.

7. IMPLICATIONS

- (i) **Impact on Customers** – None directly.
- (ii) **Impact on Equalities** – None directly.
- (iii) **Impact on Risk** – This is an outturn report stating the provisional financial position for 2022 / 23. There is a risk with ongoing audits that these figures change.

- (iv) **Impact on Resources (financial)** – There was an underspend of £235k against the final budget in 2022 / 23 leaving the general fund balance standing at £5.1m, which is above the minimum level required.
- (v) **Impact on Resources (human)** – None directly.
- (vi) **Impact on the Environment** – None directly.

Background papers: None.

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