



**REPORT of
INTERIM CHIEF FINANCE OFFICER**

**to
COUNCIL
13 JULY 2023**

**PROVISIONAL OUTTURN 2022/23 REPORT PRESENTED TO THE STRATEGY AND
RESOURCES COMMITTEE ON 22 JUNE 2023**

1. PURPOSE OF THE REPORT

- 1.1 To seek approval by the Council of the recommendations within the Provisional Outturn 2022/23 report at **APPENDIX A**, that were previously not approved by the Strategy and Resources Committee on 22 June 2023.

2. RECOMMENDATION

That the Council approves the recommendations set out in the Provisional Outturn 2022/23 report at **APPENDIX A**.

3. SUMMARY OF KEY ISSUES

- 3.1 The Strategy and Resources Committee receives an annual report setting out the provisional year-end position for the previous financial year, for their consideration and approval. The 2022/23 Provisional Outturn report was considered by the Committee on 22 June 2023.
- 3.2 As part of this report the following recommendations were made:
- (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.
- 3.3 It should be noted by the Council that recommendations (ii) and (iv) relate to the approval of existing revenue and capital commitments made by the Council, and that the carry forward of these monies is therefore required in order to continue normal operation of the Council. If these recommendations are not approved, the Council will be unable to fulfil all its statutory and legal commitments and many existing projects will have to cease or be paused while a review of all commitments is undertaken. In

addition, many of these commitments are funded through grants, which may have to be returned to the grant body if not used for the purpose intended.

- 3.4 It should also be noted by Council that recommendation (iii) relates to the movement in ear-marked reserves, and that the majority of the movements detailed in Appendix 3 have already been actioned, by prior approval given through individual decisions made by the Council during previous financial years, and these cannot be altered retrospectively. There are a smaller number of reserve movements which relate to items recommended to the Committee as part of the outturn process to manage the overall financial position of the Council, for example the use of the 'Council Tax and Business Rates equalisation reserve' to counter the timing differences in Business Rates funding and mitigate the risks associated with fluctuations in income. Approval of the overall reserve movements was therefore sought by the Strategy and Resources Committee for completeness, although many of the individual lines were just for noting.
- 3.5 In relation to recommendation (v) that £421k of additional business rates income is used to close the budget gap for 2023 / 24, this recommendation was made based on an assessment of the expected level of ongoing business rates in future years which would help to ensure the Council can remain financially sustainable instead of relying on general balances to make up the budget shortfall. If this recommendation is not agreed the 2023 / 24 budget would instead be balanced through a drawdown on the Council's general balances, as agreed by the Council on 22 February 2023, and any additional business rates income would be returned to the equalisation reserve.
- 3.6 At the Committee meeting Members discussed the content of the report, asked several questions about individual items contained within the report and requested further detail in some cases. Officers answered the questions put by the Committee where possible, or agreed to provide further detail in writing, and suggested that items requiring further scrutiny should be approved in principle but referred to the Finance Working Group for a more detailed review and brought back to the Committee for their assurance at a later date. This was agreed by the Chairperson at the meeting.
- 3.7 Following the discussion, it was agreed that the Committee should vote for the recommendations within the report on block, and following a recorded vote two members approved the recommendations, four rejected the recommendations, and three abstained, resulting in all the recommendations not being agreed by the Committee.
- 3.8 It is the Section 151 (S151) Officer's view that, while the Committee had legitimate questions and concerns, they wished to raise regarding individual items contained within the report, overall the intention of the Committee by not approving the recommendations was not to prevent the Council from fulfilling its statutory and legal obligations in relation to its revenue and capital commitments, or to prevent the Council from carrying out its normal operations and previously agreed projects.
- 3.9 The S151 Officer is therefore making a recommendation to the Council that it approves the recommendations set out in Provisional Outturn 2022/23 report at **APPENDIX A**, for the reasons set out above.
- 3.10 Items of individual concern noted by the Committee can be referred to the Finance Working Group for further review, and additional recommendations pertaining to these items may be made by that Group to the Strategy and Resources Committee for their approval at a future meeting if required.

4. CONCLUSION

- 4.1 It is recommended that Council approves the recommendations set out in Provisional Outturn 2022/23 report at **APPENDIX A**. If these are not approved the Council will be unable to fulfil all its statutory and legal commitments and many existing projects will have to cease or be paused while a review of all commitments is undertaken.

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

5.1 Supporting our communities

- 5.1.1 If the recommendations are not agreed there will be a detrimental impact on the 'Supporting our Communities' Corporate Plan priority due to projects such as Magnox - Community Hub project being impacted through lack of funding.

5.2 Enhancing and connecting our place

- 5.2.1 If the recommendations are not agreed there will be a detrimental impact on the 'Enhancing and Connecting our Place' Corporate Plan priority due to important work such as the Local Development Plan being impacted through lack of funding.

5.3 Helping the economy to thrive

- 5.3.1 If the recommendations are not agreed there will be a detrimental impact on the 'Helping the economy to thrive' Corporate Plan priority due to projects such as Levelling Up and UK Shared Prosperity Fund being impacted through lack of resources.

5.4 Smarter finances

- 5.4.1 If the recommendations are not agreed there will be a detrimental impact on the 'Smarter Finances' Corporate Plan priority due to reserves and carry-forwards not being used effectively to manage the overall financial position of the Council.

5.5 A greener future

- 5.5.1 If the recommendations are not agreed there will be a detrimental impact on the 'A Greener Future' Corporate Plan priority due to projects such as the Climate Action Plan being impacted through lack of resources.

5.6 Provide good quality services.

- 5.6.1 If the recommendations are not agreed there will be a detrimental impact on the 'Provide Good Quality Services' Corporate Plan priority due to significant Council resources being diverted to undertake a review of all current revenue and capital commitments to decide which existing projects will have to cease or be paused.

6. IMPLICATIONS

- (i) **Impact on Customers** – If the recommendations are not agreed there will be a detrimental impact on Customers due to due to significant council resources being diverted to undertake a review of all current revenue and capital commitments to decide which existing projects will have to cease or be paused.

- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – If the recommendations are not agreed there will be an increased risk that the Council will not be able meet its statutory and legal commitments in relation to existing contracts.
- (iv) **Impact on Resources (financial)** – If the recommendations are not agreed there is likely to also be additional costs associated with exiting previously made commitments e.g. penalty clauses on contracts, redundancy costs and loss of grant income.
- (v) **Impact on Resources (human)** – If the recommendations are not agreed there will be a detrimental impact on human resources due to the significant additional officer time that will be required to review existing commitments and unwind previously agreed projects. It will also mean that posts currently planned to be funded from carry-forwards and reserves are likely to end.

Background Papers:

Enquiries to: Naomi Lucas, Interim Chief Finance Officer (Section 151).