

<b>REPORT TO:</b>	Executive Board
<b>DATE:</b>	16 <sup>th</sup> December 2024
<b>SUBJECT:</b>	2023/24 Outturn Report & 2022/23 Abbreviated Outturn including Audit Update
<b>PURPOSE:</b>	This report details the 2023/24 outturn position and the summary outturn position for 2022/23 and provides an update on the overall financial reporting and audit position.
<b>KEY DECISION:</b>	No
<b>PORTFOLIO HOLDER:</b>	Councillor Kemp – Portfolio Holder for Finance
<b>REPORT OF:</b>	Christine Marshall – Deputy Chief Executive Corporate s151
<b>REPORT AUTHOR:</b>	Stuart Leafe (Strategic Finance Manager PSPS)
<b>WARD(S) AFFECTED:</b>	N/A
<b>EXEMPT REPORT</b>	<i>No</i>

#### **SUMMARY**

This report details the 2023/24 outturn position and the summary outturn position for 2022/23 and provides an update on the overall financial reporting and audit position.

#### **RECOMMENDATIONS**

It is recommended that Executive Board:

- 1) Notes the General Fund outturn position for 2023/24 being an underspend of £914k as detailed in Table 1 of Appendix A and recommends to Full Council the transfer of the surplus to the Investment Volatility Reserve.
- 2) Recommends to Full Council to approve the reserves transactions and balances as set out in Appendix A - Table 3 for 23/24.
- 3) Recommends to Full Council to amend the Capital Programme for 2024/25 as set out in Appendix A – Table 4c.

- 4) Notes the outturn for 2022/23, reserve balances, including the final year-end adjustments, and that due to delay with the closure for 2022/23 all revenue, treasury and capital year-end adjustments have been dealt with through the year as part of the Quarterly Monitoring, reporting to Audit and Governance for Treasury matters and as part of the 2024/25 budget setting process.
- 5) Note that the 2022/23 and 2023/24 year end audits will be impacted upon, due to the “Backstop” dates implemented following the implementation of new regulations.
- 6) That Executive Board recommend to Full Council to approve the capital financing adjustments in Appendix B - Table 2, reserve transactions and balances for 2022/23 as set out in Appendix B – Table 3.

#### **REASONS FOR RECOMMENDATIONS**

To ensure the Council’s outturn financial position for 2023/23 and 2023/24 is considered and related decisions approved. It is important that the Executive Board are aware of the financial position of the General Fund to ensure that they can make informed decisions that are affordable and financially sustainable for the Council.

#### **OTHER OPTIONS CONSIDERED**

To not approve the revised capital programme, reserve adjustments and financing movements outlined.

### **1. BACKGROUND AND AUDIT UPDATE**

- 1.1 Nationally both 2022/23 and 2023/24 were challenging financial periods due to many factors, the residual impacts of covid and then international events which have impacted both on resourcing levels and directly on the Councils financial position through significant inflationary pressures across all areas in terms of contract pressures, service pressures, pay, power and fuel.
- 1.2 In addition to this challenge, from a resourcing perspective, many Councils and other key organisations such as external auditors have struggled to recruit the necessary expertise and we have been no exception. However, it is positive to report that following a recruitment drive by PSPS the service is now returning to a more resourced position and good progress being made with our new Auditors KPMG appointed through the PSAA contract arrangement.
- 1.3 There have been delays in producing the Statement of Accounts for 2021/22 due to resourcing issues, national audit challenges, accounting checks and changes required due to delay and new requirements. Following completion of this process the Audited Accounts were published on 30 October 2024. In addition, the 2022/23 and 2023/24 Unaudited Statement of Accounts were published 1 November 2024 and 19 November 2024 respectively. There is a backlog of outstanding audits on historical Financial Statements nationally, and this is being addressed by the ‘backstop’ arrangements, which were formalised in legislation (The Accounts and Audit (Amendment) Regulations 2024) on 30 September 2024. The outstanding audit for 2022/23

must be concluded and signed off by 13 December 2024. For 2023/24 the 'backstop' date for auditing accounts is 28 February 2025. The audit opinions for 2024/25 and 2025/26 may be modified in line with regulation requirements. The backstop regulations currently cover up to 2026/27.

## 2. GENERAL FUND OUTTURN 2023/24

2.1 Appendix A provides information on the full year financial performance at 31 March 2024 for the following areas:

- The General Fund Revenue Budget,
- The General Fund Reserves Position,
- The Capital Programme for 2023/24
- The Treasury Management Performance for the year.

### General Fund Revenue Outturn

2.2 At 31 March 2024, the general fund outturn position was an underspend of £914k and it is recommended that this is transferred to an Investment Volatility Reserve. Budget pressures experienced by the services, largely a result of the inflationary environment and outstanding efficiencies targets, were offset by additional investment income earned due to high interest rates. The outturn position by Assistant Director/Corporate Finance areas is detailed at Appendix A - Table 1 together with an analysis of variations. Summary points include;

- Assistant Director area deficit £1.468m:
  - £397k pressure within Planning & Strategic Infrastructure associated with a reduction in planning income and increased staffing costs.
  - £365k pressure within Regulatory service areas associated with pay costs, emergency planning and income pressures.
  - £204k pressure within Wellbeing & Community Leadership associated with staffing costs and pressures within CCTV/Community Safety offset by repayment of Disabled Facility Grants.
  - £143k pressure within General Fund Assets largely due to economic and seasonal effects on Car Parking and Public Conveniences coupled with utility and staffing pressures partially offset by increased service charges for commercial units and increased occupancy of caravan pitches.
- Corporate Finance area surplus £2.247m:
  - The Council's 2023/24 net budget for investment income was £3.071m. The outturn for investment income for 2023/24 is £4.917m, contributing to a net overachievement of £1.846m before adjustments.
- Collection Fund surplus £0.135m

### Savings Target

2.3 An efficiency target of £1,380k was included in the 2023/24 budget. Saving opportunities have been monitored throughout the year, when the budgets were not required e.g. as budgets became more accurate these were being offset against the savings target and this information is detailed in Appendix A – Table 1b of the report. The outturn position is £1,077k (78%) of the efficiency savings were achieved.

## Reserves

2.4 General Fund Specific Reserves at 31 March 2024 had balances totalling £34.062m (31 March 2023 £21.677m). The General Fund Reserve Balance remains at £1.822m. Further specific details are set out in Appendix A – Table 3 with associated narrative. Significant growth in reserve balances can be attributed to contributions to reserve in respect of a business rate surplus and large additional NNDR Hereditament.

## Capital – General Fund

2.5 The total General Fund Capital Programme for 2023/24 was £48.058m, including year-end adjustments with the inclusion of slippage the revised capital programme for 2023/24 was £48.081m, as detailed in Appendix A Table 4a. Actual capital expenditure for 2023/24 was £27.207m.

2.6 The underspend in 2023/24 was £20.874m. Of this £6.7m related to Sustainable Warmth project, with delays in delivering this project due to the complex approval process for each individual project. In addition, the Towns Fund projects had an underspend of £8.6m with £2.955m relating to projects led by our external partners, £2.455m was for the Mablethorpe Leisure & Learning Hub which opened in summer 2024. The Local Authority Housing Fund underspent by £1.8m after being approved during Q3, purchases of the relevant properties are ongoing.

2.7 Table 4c details the revised capital programme for 2024/25 which includes the outturn slippage from 2023/24. The total revised General Fund Capital Programme for 24/25 is £75.120m which forms one of the recommendations to Full Council.

## 3. TREASURY MANAGEMENT OUTTURN 2023/24

3.3 Section 2.4 of Appendix A provides details of the Council's Treasury Investments as at 31 March 2024. The Council's 2023/24 budget for investment income was £3.071m, the outturn position for investment income was £4.918m an overachievement of £1.847m.

3.4 In addition, during the financial year 2023/24 the Council received liquidation distributions from the M&G Property Fund totalling £662k classified as a revenue receipt.

## 4. 2022/23 ABBREVIATED OUTTURN

4.1 In summary the financial outturn for 2022/23 was as follows:

- The revenue outturn concluded with a deficit position of £371k as at 31 March 2023, this was impacted by an unbudgeted Voluntary Revenue Provision of £1.301m due to the reduction in value of the Council's Property Fund investments of which £1m was financed from the Investment Volatility Reserve leaving a balance of £301k contributing to the deficit position. This is reversible and will be considered as part of the review of the MRP regulation changes and MRP policy currently being prepared by officers.
- General Fund specific and general reserves of the Council were £23.499m at 31 March 2023.

- General Fund Capital spend at the end of Quarter 4 was £17.265m against a full year budget of £52.267m.
- The Council held investments of £86.8m as at 31 March 2023.
- Investment income achieved £1.319m in excess of budget due to increased market rates.

## **CONCLUSION**

To ensure that the 2023-24 and 2022-23 outturn positions are reviewed and that the Executive Board is updated on progress with the Audit position.

## **IMPLICATIONS:**

None

## **SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP**

None

## **CORPORATE PRIORITIES**

None

## **STAFFING**

None

## **CONSTITUTIONAL AND LEGAL IMPLICATIONS**

None

## **DATA PROTECTION**

None

## **FINANCIAL**

As contained in appendices.

## **STAKEHOLDER / CONSULTATION / TIMESCALES**

None

## **REPUTATION**

None

## **CONTRACTS**

None

## **CRIME AND DISORDER**

None

## **EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

None

## **HEALTH AND WELL BEING**

None

## CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

<b>APPENDICES</b>	
Appendices are listed below and attached to the back of the report: -	
Appendix A	Q4 Outturn Report 2023/24
Appendix B	Q4 Outturn (Abbreviated) Report 2022/23

## BACKGROUND PAPERS

None

<b>REPORT APPROVAL</b>	
Report author:	Stuart Leafe, Strategic Finance Manager, PSPS
Signed off by:	Christine Marshall, Deputy Chief Executive (Corporate Development) and S151
Approved for publication:	Councillor Thomas Kemp, Portfolio Holder for Finance