

APPENDIX B – East Lindsey District Council – Q4 Outturn (Abbreviated) Report 2022/23

Finance Summary

This is a shortened report as many aspects of the 2022/23 outturn have already been dealt with through previous financial reporting processes as set out in the detail below. This final report on 2022/23 alongside 2023/24 and the publishing of the Statements for those years now means that the Council's Financial reporting is now fully caught up and all backlogs have been dealt with.

- The revenue outturn as at 31 March 2023 was a deficit position of £371k.
- General Fund Specific and general reserves of the Council at outturn 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 was £1.319m above budget.

Section 2 – Finance

- Section 2.1 Revenue Budget
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- Section 2.3 Reserves
- Section 2.4 Treasury Management
- Section 2.5 Debt Collection
- Section 2.6 Business Rates and Council Tax Collection

Section 2.1 – Revenue Budget

Table 1 details the outturn by Assistant Director. This shows an overspend of £371k.

Table 1 – Projected Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Corporate	242	193	(49)	Reduced costs within IT c£(149)k - Teams for Ring Central accompanied by reduced costs for licence renewals, system upgrades. Staffing additional costs of c£77k and third-party payments c£24k.
Economic Growth	740	519	(221)	Unbudgeted grant received in respect of additional COVID19 Burdens within services £(89)k, Staff vacancies £(56)k, Capitalisation of salaries £(49)k, Growth Funding £(23)k.

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Finance	4,287	3,728	(559)	Additional third-party payments relating to PSPS non base contract costs, £22K additional allowances, £21K overspend on Premises costs. Offset by £(530)K underspend on staff costs which relates primarily to s113 staff recharges held corporately, £(108)K reduction in Impairment Allowance, £(82)k Solar PV net income, £(290)k of additional funding from Central Government.
General Fund Assets	(1,836)	(1,271)	565	£347k underachieved in rental income against budget, net relocation costs £70k and increase in insurance costs of £55k, £85k increase in staffing costs.
Governance	1,262	1,282	20	Referendum costs compounded minor legal costs offset by reduced spend on mileage (post covid), allowances and vacancies.
Leisure & Culture	2,320	2,456	136	£70k underachieved rent, £42k service charge pressure, Reserve adjustment of £43k, Leisure Management contract £20k offset by underspends on premises of £(53)k.
Neighbourhoods	5,390	5,800	410	Overspend on pay/agency and overtime of £499k, Transport cost net impact of £181k primarily linked to fuel & oil £129k, coupled with an increase in bin purchases of £114k increase in partnership charge from BBC £50k. Partially offset by overachievement of income £465k with Green Waste charges being £260k.
Planning & Strategic Infrastructure	690	1,086	396	Planning Enforcement overspend due to agency costs of £185k to backfill staffing being using on project work and lower income of £30k. Arboriculture overspend of £45k linked to costs incurred on tree Removal and additional pension costs. Planning Policy overspend of £119k linked to Staffing of £110k comprising of SFRA £26k, Partnership £34k, staffing hours £50k.

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Regulatory	1,586	1,846	260	<p>Environmental Protection pressure of £46k linked to COVID outbreak work offset primarily by salary underspends.</p> <p>Food Safety overspend of £130k linked to additional staffing and overtime usage combined with professional & contractors.</p> <p>Additional costs within Climate Change of £117k as a result of a contribution to reserves following additional grant received in year used for staffing and associated costs aligned to multi year projects.</p> <p>Underachieved Animal Welfare licence income.</p>
Strategic Growth & Development	-	1	1	
Wellbeing & Community Leadership	1,862	1,630	(232)	<p>Household Support Fund £(152)k.</p> <p>£(224)k net benefit of DFG, admin support and capitalisation of salaries.</p> <p>Enabling Activities Housing Advice pressure of £53k linked to Staffing £27k pension costs, Furniture & Equipment £7k and Grant Contributions of £19k.</p> <p>Community Support pressure of £84k primarily due to staffing pressures.</p>
Sub Total Directorates – Net Costs	16,543	17,270	727	
Internal Drainage Boards and Parish Precepts	7,147	7,147	-	
Cost of Borrowing	494	494	-	
Investment Income	(1,304)	(2,623)	(1,319)	Increase in interest rates and a reduction in capital spending
Voluntary Revenue Provision	-	301	301	Provision for Voluntary Repayment of debt due to Property Funds
Impairment Allowance	50	191	141	£92k Council Tax cost provision £99k Sundry Debtor provision
Capital Expenditure Charged In Year	16,309	4,171	(12,138)	
Transfers to/(from) Earmarked Reserves - Capital	(16,309)	(3,933)	12,377	Aligned with reduced Capital Expenditure

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Transfers to/(from) Earmarked Reserves	(4,554)	(4,930)	(376)	
Efficiencies Requirement	(685)	-	685	
Other Income and Expenditure	1,148	819	(329)	
General Fund Budget net costs	17,691	18,089	398	
Council Tax	(10,459)	(10,459)	-	
Business Rates	(3,626)	(3,640)	(14)	
Government Grants	(3,606)	(3,619)	(13)	
Total Funding	(17,691)	(17,718)	(27)	
Total Budget - (Surplus)/Deficit	-	371	371	

Section 2.2 – Capital Budget

General Fund Capital Outturn

Table 2 - General Fund 2022/23 Capital Funding and Outturn

	Revised Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (under)/overspend £'000
Financing			
Grants & Contributions	(50,117)	(11,627)	(38,490)
Capital Reserves	(4,788)	(1,224)	(3,564)
Capital Receipts	(3,105)	(1,467)	(1,638)
Direct Revenue Financing	(11,522)	(2,947)	(8,575)
Total	(69,532)	(17,265)	(52,267)

Section 2.3 – Reserves

At 31 March 2023, General Fund specific reserves had a balance of £21.677m, after a net transfer from reserves of £9.746m to cover revenue and capital expenditure. **Table 3** reflects the outturn position.

Table 3 – Specific and General Reserves Balance Outturn				
Reserve	Balances at 1st April 2022	Contributions into Reserves	Use of Reserve	Balances at 31st March 2023
	£'000	£'000	£'000	£'000
General Fund				
Investments Volatility Reserve	1,000	-	1,000	-
Economic Growth Reserve	7,181	2,693	2,343	7,531
Business Rates Volatility Reserve	7,901	-	6,000	1,901
Property Fund Reserve	547	-	409	138
Housing Reserve	2,031	213	-	2,244
Repairs and Maintenance Reserve	1,358	278	601	1,035
Carbon Reduction Reserve	106	292	-	398
Insurance Reserve	827	-	-	827
Capital Reserve	6,173	1,244	2,595	4,822
Service Transformation Reserve	1,093	37	105	1,025
Legal and Appeals Reserve	431	116	27	520
Technology Reserve	792	68	458	402
Wellbeing Reserve	805		342	463
*COVID-19 Budget Pressures Smoothing Reserve	1,178	293	1,100	371
Specific Reserves Total	31,423	5,234	14,980	21,677
General Fund	1,822	-	-	1,822
Total	33,245	5,234	14,980	23,499

*22/23 Deficit of £371k funded from reserve

The funds are defined by different reserves and their usage has been closely monitored throughout 2022/23:

- Investments Volatility Reserve:
 - This fund was used to offset the reduction in fair value of property funds (voluntary revenue provision).
- Economic Growth Reserve:
 - This fund received additions from transfers from other reserves to support ongoing projects. It also benefitted from Business Rates pooling, Levelling-Up funding, payback of capital expenditure from previous years and leisure investment payback.
 - This fund was used to drive growth by funding the Public Sector Hub, post-Covid support projects, providing town centre grants, etc.
- Business Rates Volatility Reserve:
 - The purpose of this fund is to smooth heavy fluctuations in the Business Rates fund.
 - The drawdown in year was to fund the budgeted Business Rates deficit.
- Property Fund Reserve:
 - Receipts received in 2021/22 were allocated to this reserve and drawn down in 2022/23 to fund the minimum revenue provision charge in year.
- Housing Reserve:
 - Additions to the housing reserve are for future funding requirements.

- Repairs and Maintenance Reserve:
 - This fund was built up when services made savings, e.g., Solar PV FIT income. It received vehicle purchases payback during the year.
 - This fund was used for fleet maintenance works and fitness suite refurbishment.
- Carbon Reduction Reserve:
 - This reserve holds the sustainable warmth funding for future years spend.
- Insurance Reserve:
 - There has been no movement on this reserve in year, though the purpose is to fund de minimis insurance claims.
- Capital Reserve:
 - The capital reserves fund received transfers to specifically fund the Capital Programme
 - The fund was used for the capital projects: capitalised planned enhancements, PSPS investment, and other capital works. A transfer of £1.5m was made into the Economic Growth Reserve to support ongoing capital projects.
- Service Transformation Reserve:
 - This fund received underspends from staff training budgets to be utilised next year. Where services made savings, funds were returned back into this fund from when they originated.
 - This fund was used for local plan development.
- Legal and Appeals Reserve:
 - This fund is used to hold receipts from legal agreements.
- Technology Reserve:
 - This fund received additions from previous savings in the IT budget (6 years at £68K) and other service contributions.
 - The fund was used for IT projects in the Capital Programme.
- Wellbeing Reserve:
 - This reserve funded costs relating to the Wellbeing contract.
- COVID-19 Budget Pressures Smoothing Reserve:
 - This fund was used to fund the General Fund deficit (£371k) in year, along with budgeted drawdowns for the General Fund shortfall, climate change and community support.

Section 2.4 – Treasury Management

The Annual Treasury Management Review 2022/23 was reported alongside the accounts to Audit and Governance Committee on Wednesday 30th October 2024 and is due to Full Council on Wednesday 11th December 2024.

The outturn position takes into account a number of technical adjustments relating to the liquidation of one property fund and the valuation of the remaining property funds. Part of these adjustments is voluntary revenue provision £301.4k, which will need to be completely reviewed as part of the implementation of the new regulation requirements and is reversible.

Section 2.5 – Debt Collection

A review of debts was undertaken regularly and monitored against corporate targets. In line with financial procedure limits, there were no debts over £50,000 that required Executive Board approval prior to being written off. Debts below this level were submitted to the Section 151 Officer and Portfolio Holder for write off.

An analysis of the sundry debts the Council held as at **31 March 2023** is shown in **Table 12**.

Table 12 – Sundry Debt Analysis							
0-30 days	31-60 days	61-90 days	91-120 days	121-183 days	184-365 days	Over 365 days	Total
£	£	£	£	£	£	£	£
1,340,767	111,653	-11,601	10,252	448,758	14,131	106,777	2,020,737

Note: This does not include details of invoice amounts (£712,632) not yet due.

Section 2.6 - Business Rates and Council Tax Collection

Business Rates – 2022/23 In-Year Collection

Business rates received for 2022/23 was £37.4m with a collection rate of 86.59% achieved at 31 March 2023 (95.19% at 31 March 2022). The 2022/23 end of year position was impacted by the late inclusion of a very large hereditament in the rating list, with the subsequent business rates payment not received until the new financial year.

The total business rates received for the year remained below pre-covid levels because of the availability of ongoing retail rate relief.

The Covid Additional Relief Fund (CARF) scheme provided rate relief support against 2021/22 financial year for businesses impacted by Covid and not supported through other relief schemes. This relief was awarded in 2022/23.

Council Tax Support Scheme (CTS)

The 2022/23 scheme remained unchanged from the previous year, allowing for national up-ratings. Up rating of allowances ensured that the scheme provided benefit to the most vulnerable and low-income households.

Council Tax – 2022/23 In-Year Collection

Council tax collected for 2022/23 was £90.8m with a collection rate of 95.92% achieved at 31 March 2023 (96.29% at 31 March 2022).

There was uncertainty over the ongoing impact on collection and recovery because of the knock-on effect of Covid and due to the cost of living and energy cost crises. We have remained prudent in setting the bad debt provision in this area.