


Agenda Item No:	6	
Committee:	Cabinet	
Date:	17 July 2023	
Report Title:	Council Revenue and Capital Outturn 2022/23	

## Cover sheet:

### 1 Purpose / Summary

To inform Cabinet of the income and expenditure (known as “Outturn”) for the Council for 2022/23 and reasons for variations. To also inform Cabinet of the final settlement of the Council’s A14 contribution to the Department for Transport.

### 2 Key issues

#### Revenue

- The Council’s provisional General Fund services net underspend is £799,924 for the financial year 2022/23. This is an improvement of £730,826 compared to the projected surplus of £69,108 as reported to Council in February 2023.
- The under-spend of £799,924 has been transferred to the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9<sup>th</sup> January 2020 which established this reserve and approved that any underspend at financial year-end be transferred to this reserve. As at 31 March 2023, this reserve has a balance of £1,866,568.
- The General Fund balance at 31 March 2023 remains at the approved minimum level of £2m.
- Given the scale of the challenges faced by the Council in 2022/23, the financial position at the year-end represents a considerable achievement and demonstrates the focus from Members and officers throughout the Council in delivering the required savings.
- As a result of continuing prudent financial management, improved income performance and additional government grants, the Council is in an improved position to deal with the significant ongoing financial challenges in 2023/24 and over the medium term.
- The Council’s Draft Statement of Accounts 2022/23 (subject to external audit) is expected to be signed off by the Corporate Director and Chief Finance Officer by 31 July 2023. This is later than the date required by the Accounts and Audit Regulations (31 May 2023) due to the ongoing delays in finalising the audit of the 2021/22 accounts. No date has yet been scheduled by our external auditors EY for the audit of the 2022/23 accounts (see Section 1 of the main report).
- The Statement of Accounts 2022/23 will incorporate all the outturn figures, revenue and capital presented in this report.

- The Council has made a single payment to the Department for Transport (DfT) rather than 25 annual payments, for its' agreed contribution to the A14. The DfT offered a significant discount for a single payment which the Council accepted and paid in March 2023. Further details are in Section 4 of the main report.

### Capital

- The Capital Programme has been underspent by £949,000 (excluding Commercial and Investment Strategy). This compares with an under-spend of £1,233,000 in 2021/22. The variation principally relates to the re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. Additionally, the timing and extent of capital works which need to be undertaken at Council-owned buildings and facilities will be reviewed with an updated programme being presented to Cabinet in September. There is no loss of resources arising from the re-phasing set out shown in Appendix B(i).

### 3 Recommendations

- It is recommended that :-
  - (i) The Outturn for the Council's General Fund services in 2022/23, as detailed at Appendix A and Section 2 of this report be noted and that Members note the transfer of the underspend to the Budget Equalisation Reserve;
  - (ii) The reasons for the variations from revised estimate be noted;
  - (iii) The current position on the Cambridgeshire Horizons Reserve, as detailed in Section 3 of this report be noted;
  - (iii) The payment and funding of the A14 contribution, as detailed in Section 4 of this report be noted;
  - (iii) The proposed Capital Funding schedule for 2022/23 at Appendix B(i) be approved.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	
<b>Portfolio Holder(s)</b>	Cllr Chris Boden, Leader & Portfolio Holder, Finance
<b>Report Originator(s)</b>	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Contact Officer(s)</b>	Paul Medd, Chief Executive Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Background Paper(s)</b>	Budget Setting Reports Monthly Budgetary Control Reports 2022/23 Final Accounts Working Papers 2022/23

## **1 Introduction**

- 1.1 The Council's income and expenditure figures for General Fund services and the Capital Programme for the financial year 2022/23 (known as 'Outturn') are presented in this report.
- 1.2 The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts be signed off by the Corporate Director and Chief Finance Officer by the end of May following the financial year ended 2020/21 and for the final audited Statement of Accounts to be published by the end of July.
- 1.3 The Accounts and Audit (Amendment) Regulations 2021 extended these deadlines for the 2020/21 and 2021/22 accounts. For these years, the draft accounts were to be signed off by 31 July following the year-end by the Corporate Director and Chief Finance Officer and the publication of the final audited accounts moved to 30 September for the 2020/21 accounts. The Accounts and Audit (Amendment) Regulations 2022 extended the publication deadline to 30 November 2022 for the 2021/22 accounts.
- 1.4 Due to resource issues, the Council's external auditors EY (Ernst & Young) were unable to meet the deadline for the audited accounts for 2020/21 which were approved by Audit & Risk Management Committee on 17 October 2022 and finally published on 30 November 2021.
- 1.5 Continuing resource pressures affecting both EY and this Council, together with ongoing issues regarding the Pension liability valuation has resulted in significant delays in completion of the audit of 2021/22 accounts. This has affected a significant number of Council's nationally. Subject to the resolution of this issue, we are anticipating that the final Statement of Accounts 2021/22 together with EY's audit results report will be presented to Audit & Risk Management Committee at their meeting in September 2023. None of the outstanding issues relating to the 2021/22 accounts audit affect the Council's outturn position for that year (as reported to Cabinet on 11 July 2022) and are primarily accounting adjustments required by regulations.
- 1.6 For 2022/23, the deadline for signing and publishing the draft accounts has reverted back to the 2015 regulations timescale of 31 May 2023. Due to the ongoing issues relating to the 2021/22 accounts audit, we are now expecting to publish the draft 2022/23 accounts by 31 July 2023. We have published the required notice on our website advising that we will not meet the timescales specified in the regulations and the reasons for this. In addition, due to EY's continuing resource pressures and the ongoing impact of delays in a significant number of Council's 2021/22 audits, we have been notified by EY that the earliest they will be able to start any Council's 2022/23 audit is November 2023. The regulations require audited accounts to be published by 30 September 2023.
- 1.7 The 2022/23 draft accounts, which are subject to external audit, will be published on the Council's website along with the required notice of the Exercise of Public Rights to inspect the accounts (30 days from 1 August 2023).
- 1.8 The figures presented in this report are all provisional pending audit by the Council's external auditors EY (Ernst & Young). Any significant or material changes will be reported back to Members at a later stage.
- 1.9 As a result of EY's scheduled timescale for completing the audit, the publication of the final audited accounts for 2022/23 will be later than the 30 September date specified in the regulations. EY will present their Audit Plan for the 2022/23 accounts to the Audit and Risk Management Committee on 25 September 2023 where they will explain their reporting timetable and the reasons for not meeting the 30 September date. There are no consequences to the Council of these revised audit dates.

## **2 The Revenue Budget**

- 2.1 In February 2023 the Council's year end position was estimated as a surplus of £69,108. It is important to note that this figure was based on projections as at the end of December 2022 and the report to Council also noted that there were still many uncertainties around the year-end position, particularly around projected income levels, government grants for new burdens and the projected support required by Freedom Leisure.
- 2.2 Following the closure process, the full position shows a net underspend of £799,924, an improvement of £730,825 compared to the previous projection. The net underspend of £799,924 represents 2.75% of the gross budget of £29.1m and compares with an underspend of £584,010 in 2021/22.
- 2.3 An analysis of the overall position is shown at Appendix A(i) and explanations of variances are detailed in Appendix A(ii).
- 2.4 Of the additional under-spend for the year, one-off variations total £680k. Of this amount,
- £507k relates to additional fees and charges received,
  - £53k relates to additional government grants, mainly for new burdens administration of the various business grant assurance schemes, Land Charges and Transparency,
  - £27K relates to higher income from Investments and Property Funds,
  - £121k relates to higher income from the RTB/VAT sharing arrangement with Clarion,
  - £123k relates to a lower contribution to the Anglia Revenues Partnership (ARP) costs due to higher New Burdens grants received in March 2023,
  - £151k relates to higher support costs to Freedom Leisure for their additional energy costs, up to the Cabinet approved limit.
- 2.5 Service underspends amount to £51k, which includes lower employee costs (-£13k) across a variety of services. Lower Premises costs (-£46k) and Supplies and Services costs (-£131k) have been off-set by higher Transport costs (£55k), Third Party payments (£57k) and Capital Financing costs (£29k).
- 2.6 Together with the projected surplus of £69,108 (as detailed in the budget report to Cabinet and Council on 20 February 2023), the additional underspend of £730,825 (detailed in 2.3 – 2.5 above) brings the total underspend in 2022/23 to £799,924. This has been transferred to the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9th January 2020 which established this reserve and approved that any underspend at financial year-end be transferred to this reserve. As at 31 March 2023, this reserve has a balance of £1,866,568.
- 2.7 As a result of continuing prudent financial management together with better than expected income performance and the receipt of additional funding from government, the Council is in an improved position to deal with the significant ongoing financial challenges in 2023/24 and over the medium term.
- 2.8 The Council's reserves will be reviewed again as part of the 2024/25 budget process during the Autumn of 2023.

### 3 Cambridgeshire Horizons Reserve

- 3.1 Members will recall that in May 2021, the Council received £3,891,500 as its' share of the surplus generated by Cambridgeshire Horizons Ltd. Of this, £1,050,000 was an agreed contribution to the A14 improvements (see Section 4 below). This left £2,841,500 available for this Council's future use and was set-aside in an earmarked reserve. There are numerous conditions attached to the use of this money, mainly around regeneration and future economic development of the district, which restricts its future use.
- 3.2 The following table summarises the use of the reserve to date together with current commitments leaving the balance currently uncommitted.

**Table 1: Cambridgeshire Horizons Reserve Current Position**

Description	Actual 2021/22	Actual 2022/23	Estimate 2023/24	Forecast 2024/25
	£	£	£	£
Consultancy support to produce Levelling Up Fund Proposal for Wisbech	61,866	52,642		
Consultant support for regeneration schemes - fixed term to 31 March 2024	87,955	92,610	92,610	
Economic Development - Technical Support		18,058	34,800	35,500
Consultant support for Accommodation Strategy Review		13,125	59,000	
Economic Growth Strategy - to 31 March 2025			367,000	198,000
<b>Total Utilised</b>	<b>149,821</b>	<b>176,435</b>	<b>553,410</b>	<b>233,500</b>
Balance 1st April	<b>2,841,500</b>	2,691,679	2,515,244	1,961,834
Utilised during year	-149,821	-176,435	-553,410	-233,500
<b>Balance 31st March</b>	<b>2,691,679</b>	<b>2,515,244</b>	<b>1,961,834</b>	<b>1,728,334</b>

- 3.3 After taking into account current commitments, there remains a balance uncommitted of £1.728m. Consideration is currently being given to the optimum funding strategy for the works to properties in the High Street, Wisbech and other regeneration initiatives which may result in the use of part of this reserve. Further details will be provided to Cabinet at future meetings regarding the use of this reserve.

## **4 A14 Contribution**

- 4.1 Members will recall that as part of the funding for the A14 improvement works, this Council (along with all other Councils within Cambridgeshire and Peterborough and the CPCA) agreed to fund £800,000 over a 25 year period, equating to £32,000 per year. Each Council included in the funding arrangement had agreed varying amounts of funding. The CPCA had agreed to fund £50m over 20 years.
- 4.2 The annual amount of £32,000 had been included in the Council's revenue budget for the last two years. In addition, following receipt of its' share of the Cambridgeshire Horizons money (£3,891,500) in May 2021 (see Section 3 above), a further £1,050,000 had been earmarked from this share for the A14 and set-aside in an earmarked reserve. Consequently, in total an amount of £1,850,000 was due from this Council for the A14, payable over 25 years, equating to £74,000 per year (£32,000 funded from the revenue budget and £42,000 funded from the Horizons A14 reserve).
- 4.3 In February 2023, the DfT contacted the Council and offered a significant discount (4.86%) for a single lump sum payment rather than 25 annual payments. This had the effect of reducing the total contribution due from £1,850,000 to £1,114,600, a reduction of £735,400 over the 25 years.
- 4.4 Officers considered this to be a good deal and after discussions with the Leader accepted this offer from the DfT, which had to be completed by the end of March 2023. The lump sum of £1,114,600 was paid to the DfT in March 2023.
- 4.5 As the payment of the lump sum was completed in March 2023, this transaction had to be accounted for in the revenue outturn for 2022/23. As the Council had already accrued for £106,000 of contributions (£64,000 in the revenue account and £42,000 from the Horizons A14 reserve), the balance of £1,008,600 (£1,114,600 less £106,000 already accounted for) has been accounted for in the 2022/23 outturn. This is included in the Resources and Customer Services outturn figure as detailed in Appendix A(i).
- 4.6 To fund this, the balance on the Horizons A14 reserve of £1,008,000 (£1,050,000 less £42,000 already accounted for) has been transferred to the revenue account as detailed in Appendix A(i).
- 4.7 Consequently, the impact on the Council's revenue account for 2022/23 is just £600 (£1,008,600 less £1,008,000 funded from reserve). In addition, the Council will be saving £32,000 per annum from its' revenue budget going forward.

## **5 Capital Programme**

- 5.1 The Capital Programme has been underspent by £949,000 (excluding Commercial and Investment Strategy). This compares with an under-spend of £1,233,000 in 2021/22. The variation principally relates to the re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. Additionally, the timing and extent of capital works which need to be undertaken at Council-owned buildings and facilities has been reviewed and this has resulted in changes in the budget required.
- 5.2 There is no loss of resources arising from this re-phasing as shown in Appendix B(i), which has been input to the 2023/24 programme as appropriate.
- 5.3 An updated Capital Programme for 2023-26 will be presented to Cabinet at the September meeting.

## FENLAND DISTRICT COUNCIL

## Summary of Revenue Estimates

Service Summary	Revised Estimate 2022/23 £	Outturn 2022/23 £	Variation compared with Revised £
Growth & Infrastructure	1,443,724	1,156,511	-287,213
Communities, Environment, Leisure & Planning	4,561,575	3,905,999	-655,576
Resources & Customer Services	8,836,910	9,644,643	807,733
<b>NET COST OF GENERAL FUND SERVICES</b>	<b>14,842,209</b>	<b>14,707,153</b>	<b>-135,056</b>
<b>Corporate Items</b>			
Drainage Board Levies	1,707,900	1,707,909	9
Contributions to(+)/from(-) Earmarked Reserves	-522,008	9,506	531,514
Contribution from(-) Business Rates Reserve	-983,656	-965,340	18,316
Contributions from(-) Horizons A14 Reserve	0	-1,008,000	-1,008,000
RTB/VAT Sharing Income	-128,350	-249,281	-120,931
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	864,814	893,827	29,013
Investment Income and Property Funds	-695,000	-722,365	-27,365
New Homes Bonus	-823,959	-823,959	0
Lower Tier Services Grant	-169,351	-169,350	1
Services Grant	-255,198	-255,198	0
Business Rates Levy Account Surplus allocation	-31,046	-31,046	0
Corporate Adjustments	<b>-1,035,854</b>	<b>-1,613,298</b>	<b>-577,453</b>
<b>Net Expenditure after use of balances/reserves</b>	<b>13,806,355</b>	<b>13,093,856</b>	<b>-712,509</b>
<b>Core Funding</b>			
Revenue Support Grant	<b>-589</b>	<b>-589</b>	0
<b>Business Rates - Income due in Year</b>			
Business Rates Funding	-9,319,912	-9,319,912	0
Tariff Payment to Government	6,027,242	6,027,242	0
Renewable Energy Rates Retained	-1,954,839	-1,954,839	0
Business Rates Pool - FDC Share of Benefit	-300,000	-474,529	-174,529
Business Rates S31 Grants due in year	-2,860,107	-2,887,825	-27,718
Business Rates Levy due in year	727,714	911,645	183,931
	<b>-7,679,902</b>	<b>-7,698,218</b>	<b>-18,316</b>
<b>Business Rates Collection Fund Deficit(+)</b>	<b>1,835,529</b>	<b>1,835,529</b>	0
<b>Council Tax Collection Fund Deficit(+)/Surplus(-)</b>	<b>-43,760</b>	<b>-43,760</b>	0
<b>Council Tax</b>	<b>-7,986,741</b>	<b>-7,986,741</b>	0
<b>Business Rates and Council Tax Funding</b>	<b>-13,875,463</b>	<b>-13,893,779</b>	<b>-18,316</b>
<b>Surplus(-)/Shortfall(+)</b>	<b>-69,108</b>	<b>-799,924</b>	<b>-730,825</b>

*Surplus at year-end transferred to Budget Equalisation Reserve*

## APPENDIX A(ii)

## Summary of Revenue Provisional Out-turn 2022/23 - Main Variances

Service Area	Description	Over(+) / Under spend (-)	
		£000	£000
<b><u>One-Off Variations</u></b>			
Fees and Charges	Income variations across a variety of services		
	Enforcement Fees (Housing Standards)		17
	Marine Services		-55
	Planning & Pre-App Fees		-221
	Waste Services - bulky waste and recycling		-115
	Trade Waste		-22
	Licence Fees		-23
	Cemeteries		-35
	Economic Estates		-53
			<hr/>
			-507
Other Income/Costs			
	Additional Government New Burdens - Business Grants assurance, Land Charges, Transparency etc		-53
	Investment Income and property funds		-27
	RTB/VAT Sharing arrangement with Clarion		-121
	Lower contribution to ARP costs due to higher New Burdens grants		-123
	Leisure Contract - support costs to Freedom up to Cabinet approval		151
			<hr/>
	<b>Sub-Total One-Off Variations</b>		<b>-680</b>
<b><u>Service Base Variations</u></b>			
Employee Costs	Variance across a variety of services mainly resulting from vacancies		-13
Premises Costs	Lower costs across a variety of services		-46
Transport Costs	Lower car allowance & mileage costs across a variety of services		-16
	Higher vehicles/vessel maintenance costs		71
Supplies and Services	Lower ICT costs - Telephones/Software/Maintenance		-62
	Homelessness - higher accommodation costs		14
	Lower costs across all services		-83
Third Party Payments	Net impact of Housing Benefit subsidy claim and overpayments		46
	Higher Bad Debts Provision		11
Capitl Financing Costs	Higher Minimum Revenue Provison (MRP)		29
Other variations	Other cost/income variations		-2
			<hr/>
	<b>Sub-Total Service Base Variations</b>		<b>-51</b>
			<hr/>
	<b>Additional Surplus</b>		<b>-731</b>
			<hr/>
	Projected Surplus 2022-23 at Revised Estimate (Cabinet/Council February 2023)		<b>-69</b>
<b>Net Surplus 2022-23</b>	<b>Transferred to Budget Equalisation Reserve</b>		<b>-800</b>
<b>Net savings as a % of Gross Budget (£29.117m for 2022/23)</b>			
			<b>2.75%</b>
	Balance on Budget Equalisation Reserve as at 01.04.22		1,067
	Transfer of Surplus in 2022-23		800
	<b>Balance on Budget Equalisation Reserve as at 31.03.23</b>		<b>1,867</b>



## CAPITAL PROGRAMME AND FUNDING OUTTURN 2022/23

	Budget £000	Actual £000	Variance £000
Capital Programme (excluding Commercial and Investment Strategy Schemes)	10,436	9,487	(949)
Commercial and Investment Strategy	700	0	(700)
<b>TOTAL EXPENDITURE</b>	<b>11,136</b>	<b>9,487</b>	<b>(1,649)</b>
<b>RESOURCES AVAILABLE</b>			
Capital Grants	8,042	7,822	(220)
Usable Capital Receipts - In Year	540	390	(150)
Reserves used in year to fund Capital Section 106's and Other Contributions	106	50	(56)
Borrowing (Internal and Prudential)	1,551	1,002	(549)
	10,436	9,487	(949)
Borrowing (Prudential) - CIS	700	0	(700)
<b>Total Available Resources to fund Expenditure</b>	<b>11,136</b>	<b>9,487</b>	<b>(1,649)</b>

## GENERAL FUND CAPITAL EXPENDITURE VARIATIONS 2022/23

SCHEME	VARIATION £000	REASON
<b>Leisure Centres</b>		
Building Improvements	(183)	Roofing works at Hudson Leisure centre is now complete. Other scheduled improvement works have been re-profiled to the 2023/24 financial year.
<b>Regeneration Programmes</b>		
Heritage Lottery Fund - Non-FDC Properties	(98)	Some minor works to other privately-owned properties on the High Street have been re-profiled to reflect revised timelines received from property owners and other works on the High Street are being appraised.
Heritage Lottery Fund - 24 High Street, Wisbech	(89)	Works ongoing and re-profiled to 2023/24. Appointed contractor started on site early June 2023. Cabinet receives regular updates on the High Street works.
Railway Station Master-Planning	33	This project is now complete and the car park at Manea Station is due to open in July 2023.
Future High Street Fund, March	1,050	The works on the March High Street have started and progressing well. This over-spend is mainly due to the purchase of 1 Broad Street, March which is the old Barclays bank building and funded from DLUHC grant.
Growing Fenland - Capital Grants	(33)	Work remains ongoing to finalise the allocation of funds to local businesses in line with applications received and assessed during 2022-23.
<b>Cemeteries</b>		
Cemetery Chapels Condition Survey Works	(57)	Work remains ongoing to complete the works required in the findings of the conditions surveys.
<b>Highways</b>		
Street Light Improvements - FDC (Cat 2)	(10)	Expenditure re-profiled and due to be incurred over the life of the project.
<b>Environment</b>		
Replacement and Grant-Funded Additional Litter Bins	(27)	Replacement programme ongoing and expected to be complete in 2023/24.
Pollution Monitoring Equipment	(14)	Capital Budget not required, revenue budget has been utilised.
<b>Parks and Open Spaces</b>		
Parks, Play Areas and Open Space - Doddington	(30)	The project is completed and final costs were less than required.
Wisbech Water Park and Pavillion	(11)	Wisbech Water Park has been completed and the Wisbech Pavillion works have now started with budget re-profiled to 2023/24.
<b>Vehicles and Plant</b>		
Vehicles	(136)	Replacement vehicle purchases have been reprofiled into 2023/24.
CCTV Cameras	(6)	The works are ongoing and due to be completed in 2023/24.
<b>ICT System Replacement Programme &amp; Infrastructure Upgrades</b>		
Information Technology	(17)	This scheme reflects a multi-year investment in the Council's transformation programme. Total planned investment across three years to 31 March 2024 remains unchanged.
<b>Improvement of Assets</b>		
March Mooring Improvements	9	Pump-out facilities improvement works completed in 2022/23.
Energy Efficiency Improvements to Clarion Properties	(850)	This project is now complete with fewer properties improved than originally anticipated. The scheme was funded by government grant and the underspent grant will be returned to BEIS in 2023/24.
Nene Waterfront Infrastructure Improvements	(20)	The works are ongoing and will be completed in 2023/24.
<b>Economic Estates</b>		
Replacement of AV Equipment/WiFi at Business Centres	(39)	The works are ongoing and will be completed in 2023/24.
<b>Private Sector Housing Support</b>		
Disabled Facilities Grants	(414)	Expenditure dependant on throughput of grant applications. Remaining budget committed but not spent and carried forward to 2023/24.
<b>Other Minor Variations</b>		
	(7)	Minor budget variations.
<b>Total</b>	<b>(949)</b>	

**Key**

() indicates the scheme is underspent by the amount shown  
+ indicates scheme is overspent by the amount shown