

APPENDIX B - South Holland 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 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 £850k.
- The HRA outturn position was as a surplus of £303k.
- General Fund Specific and general reserves of the Council at outturn were £6.566m at 31 March 2023.
- HRA reserves were £27.876m at 31 March 2023.
- General Fund Capital spend at the end of Quarter 4 was £14.693m against a full year budget of £9.747m.
- HRA Capital spend at the end of Quarter 4 was £6.953m against a full year budget of £9.946m.
- The Council held investments of £43.2m as at 31 March 2023.
- Investment income was £970k above budget, split £584k GF and £386k HRA.

Section 2 – Finance

Section 2.1	Revenue Budget
Section 2.2	Housing Revenue Account Budget
Section 2.3	Capital Budget
Section 2.4	Reserves
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Section 2.1 – Revenue Budget

Table 1 details the outturn by Assistant Director. This shows an overspend of £850k.

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	2,353	2,404	51	The adverse variance was due to additional resources because of shared management arrangements ending.
Strategic Projects	194	146	(48)	The underspend was mainly due to a staffing vacancy.
Finance	2,399	2,346	(53)	The favourable variance was due to increased LCTS funding and the favourable assumptions on rent rebate/allowances return.
General Fund Assets	616	971	355	Overspends in planned maintenance, utility costs, staffing costs and refurbishment of toilets. There was also loss of income from reduced garage units.
Governance	1,090	1,084	(6)	Minor variances

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
Leisure & Culture	766	1,015	249	The overspend resulted from non-insured flooding costs at the swimming pool and post-covid impacts on the South Holland Centre.
Neighbourhoods	3,625	4,028	403	The main drivers of this variance were agency salary costs, high fuel prices, and lower than budget car park income.
Planning & Strategic Infrastructure	206	(99)	(305)	The favourable variance a result of additional income on Planning application Fees and savings on Planning Policy establishment.
Regulatory	580	546	(34)	Underspend due to the ending of shared management arrangements within the budget.
Strategic Growth & Development	293	508	215	Variance driven by employee costs.
Wellbeing & Community Leadership	947	1,316	369	Overspend mainly a result of high demand for homelessness services and rising emergency accommodation costs.
Covid Related Spend	2	(26)	(28)	Minor variances
Sub Total – Assistant Directors – Net Costs	13,071	14,239	1,168	
Recharges to HRA	(3,076)	(3,291)	(215)	
Internal Drainage Boards and Parish Precepts	3,782	3,847	65	Increase in IDB levies above budget assumptions.
Investment Income	(282)	(866)	(584)	Interest rate increases improved investment income
MRP	0	137	137	Internal borrowing on new vehicles
Impairment Allowance	-	43	43	Bad debt and provision for appeals and charges in year are as per the NNDR1
Capital Expenditure Charged in Year	3,120	3,066	(54)	
Transfers to/(from) Earmarked Reserves	(5,591)	(5,591)	0	
Efficiencies Requirement	(397)	(232)	165	Budget included an efficiency target of £397k, of which £232k was achieved.
Other Income and Expenditure	(2,444)	(2,887)	(443)	
General Fund Budget net costs	10,627	11,352	725	
Council Tax	(6,859)	(6,859)	-	
Business Rates	335	406	71	Includes prior year adjustment which is funded from reserves above.
Government Grants	(4,103)	(4,049)	54	
Total Funding	(10,627)	(10,502)	125	
Total Budget - (Surplus)/Deficit	0	850	850	

Section 2.2 – Housing Revenue Account Budget

Table 2 details the HRA outturn position. This shows a surplus of £303k.

Table 2 – Projected Net Spend by Service Area				
Service Area	Revised Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Rent Income – Dwellings	(15,910)	(15,854)	56	
Rental Income – Non-Dwellings	-	(7)	(7)	Minor variances
Charges for Services and Facilities	(1,182)	(1,168)	14	Minor variances
Contributions to Expenditure	(5)	(20)	(15)	Minor variances
Total Income	(17,097)	(17,049)	48	
Repairs and Maintenance	2,914	3,365	451	The ongoing impact of material prices, together with a higher than anticipated void rate during the year impacted on the general repairs spend. Higher than anticipated responsive repairs due to increase in damp inspections.
Supervision and Management	2,715	2,954	239	In-year pressures on insurance and legal costs which were unavoidable and are a direct response to in year events. There were salary related pressures mainly due to the pay settlement for 22/23 exceeding the original profiled budget. These have been offset by underspends elsewhere.
Rents, rates, taxes, and other charges	72	119	47	Minor variances
Depreciation and Impairment of Non-Current Assets	3,846	5,017	1,171	Buildings increased in value and depreciated accordingly, and revaluation losses.
Movement in Allowance for bad debts	271	51	(220)	Budget assumed major adverse effect of universal credit and effect of cost of living crisis, neither of which materialised.
Statutory recharge to the HRA for support services	3,047	3,291	244	
Total Expenditure	12,865	14,797	1,932	
Contribution from Operations	(4,232)	(2,252)	1,980	
Investment Income	(12)	(398)	(386)	
Interest Payable	2,347	2,347	-	
Net (Surplus)/Deficit	(1,897)	(303)	1,594	

Section 2.3 – Capital Budget

General Fund Capital Outturn

Table 3 - General Fund 2022/23 Capital Funding and Outturn			
Financing	Revised Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (under)/overs £'000
Borrowing	(3,193)	(4,598)	1,405
Grants & Contributions	(2,128)	(8,858)	6,730
Capital Reserves	(150)	(150)	-
Direct Revenue Financing	(4,276)	(1,087)	(3,189)
Total	(9,747)	(14,693)	4,946

Housing Revenue Account (HRA) Capital Outturn

Table 4 - HRA 2022/23 Capital Funding and Outturn			
Financing	Approved Budget 2022/23 £'000	Outturn 2022/23 £'000	Variance (under)/over £'000
Capital Receipts	(304)	(227)	(77)
Grants and Contributions	(602)	(673)	71
Major Repairs Reserve	(3,726)	(3,799)	73
Direct Revenue Financing	(5,314)	(2,254)	(3,060)
Total	(9,946)	(6,953)	(2,993)

Revised 2023/24 Capital Programmes

Both General Fund and HRA 2023/24 capital programmes were affected by slippage/re-profiling from 2022/23. The revised programmes were approved as part of Quarter 1 Finance Report to Cabinet on 26 September 2023 and Full Council on 27 September 2023.

Section 2.4 – Reserves

At 31 March 2023, General Fund specific reserves had a balance of £4.488m, after a net transfer from reserves of £1.407m to cover revenue and capital expenditure. HRA reserve balances were £27.875m at 31 March 2023. **Table 5** reflects the outturn position.

Table 5 – Specific and General Reserves Balance Outturn				
Reserve	Balances at 1 April 2022 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2023 £'000
General Fund				
Council Tax	1,585	40	(969)	656
Investment and Growth	4,136	3,152	(3,585)	3,703
Replacement and Refurbishment	77	99	(176)	-
Transformation	97	32	-	129
Specific Reserves Total	5,895	3,323	(4,730)	4,488
General Fund	2,078	-	-	2,078
Total	7,973	3,323	(4,730)	6,566

Table 5 – Specific and General Reserves Balance Outturn				
Reserve	Balances at 1 April 2022 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2023 £'000
Housing Revenue Account				
HRA Working Balance	24,464	303	(2,254)	22,513
Insurance	200	-	-	200
Major Repairs	3,944	5,018	(3,799)	5,163
Total	28,608	5,321	(6,053)	27,876

Section 2.5 – Treasury Management

The Annual Treasury Management Review 2022/23 was approved by Governance and Audit Committee on 19 September 2023 and Full Council on 27 September 2023.

Section 2.6 – Debt Collection

A review of debts is undertaken every month, and monitoring is reported against targets. In line with the financial procedure limits debts below £1,050 require sign off by the Chief Finance Officer with all debts for this amount or over requiring Cabinet approval.

An analysis of the sundry debts the Council held as at 31st March 2023 is show in **Table 6**.

Table 6 – 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 £
132,901	9,359	13,192	23,228	58,089	371,526	248,528	856,823

Section 2.7 – Council Tax and Business Rates

Business Rates

Table 7 – 2022/23 Business Rates Retention			
	Base Estimate 2022/23 budget £	Outturn position at 31 March 2023 £	(Surplus)/Deficit in 2022/23 £
Non-Domestic rating income for the year	(22,682,719)	(22,748,887)	(66,168)
Less: LCC share (10% for 22/23)	2,268,272	2,274,889	6,617
Less: Government Share (50% for 22/23)	11,341,360	11,374,443	33,083
South Holland District Council's income (excluding renewables) (40% for 22/23)	(9,073,087)	(9,099,555)	(26,468)

Business Rates – 2022/23 In-Year Collection

The collectable debit for the year on 31 March 2023 was £24m with a collection rate of 81.62% achieved at 31 March 2023 (81.63% 31 March 2022). Whilst this is above pre-covid levels, the annual collectable debit remains below pre-covid levels because 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 but who had not been supported through other relief schemes. £1,516,204.35 relief was awarded in 2022/23.

Council Tax – 2022/23 In-Year Collection

The collectable debit for the year at 31 March 2023 was £58.1m with a collection rate of 96.55% achieved at 31 March 2023 (96.91% at 31 March 2022). The collection rate had been affected by the re-profiling of instalments due to an increase in direct debits this year associated with the energy rebate scheme.