



<b>REPORT TO:</b>	South Holland District Council
<b>DATE:</b>	Wednesday, 31 July 2024
<b>SUBJECT:</b>	Report from Cabinet meeting on 16 July 2024
<b>PURPOSE:</b>	To consider the recommendations of the Cabinet in respect of: 23/24 Outturn Report & 22/23 Abbreviated Outturn including Audit Update (Cabinet minute 18) (Cabinet agenda item 11)
<b>KEY DECISION:</b>	No
<b>PORTFOLIO HOLDER:</b>	Portfolio Holder for Finance
<b>REPORT OF:</b>	Deputy Chief Executive - Corporate Development (S151)
<b>REPORT AUTHOR:</b>	Christine Morgan
<b>WARD(S) AFFECTED:</b>	
<b>EXEMPT REPORT?</b>	No

## SUMMARY

This report provides Members of the Council with details on issues considered by the Cabinet at its meeting on 16 July 2024, which require decisions by Full Council. Relevant extracts from the Cabinet minute are detailed at Section 2 below, and the relevant Cabinet report and appendices are attached as appendices to this report.

## RECOMMENDATIONS

That as recommended from Cabinet that Full Council:

- 1) Approves the reserves transactions and balances as set out in Appendix A - Table 2.
- 2) Amends the Capital Programme for 2024/25 as shown in Table 7 to take into account the changes set out in Appendix A.
- 3) Amends the HRA Capital Programme for 2024/25 as shown in Table 10 to take into account the changes set out in Appendix A.

- 4) Approve the capital financing adjustments – Table 3, reserve transactions and balances for 2022/23 as set out in Appendix B – Table 5.

#### **REASONS FOR RECOMMENDATIONS**

The reasons for recommendation are detailed within the individual report attached and are summarised in the relevant Cabinet minute below.

#### **OTHER OPTIONS CONSIDERED**

Other Options considered are detailed within the individual report attached and are summarised in the relevant Cabinet minute below.

### **1. BACKGROUND**

- 1.1** Article 4 of the Council's Constitution provides that only the full Council may exercise the functions of approving, adopting or amending the policy framework and budget, adopting or changing the Constitution. Staffing matters are also a Council function. The Cabinet however has responsibility for advising the Council on such matters. At its meeting on 16 July 2024, the Cabinet made recommendations to Council in respect of the above item which may affect budget and policy framework, constitution or compromise staffing issues.
- 1.2** The remainder of this report details the recommendations of the Cabinet which must be read in conjunction with the individual report to Cabinet, a copy of which is attached as appendices.

### **2. 23/24 OUTTURN REPORT & 22/23 ABBEVIATED OUTTURN INCLUDING AUDIT UPDATE (Report submitted to Cabinet – Agenda item 11 attached)**

Consideration was given to the report of the Deputy Chief Executive – Corporate (S151) which detailed the 2023/24 outturn position and the summary outturn position for 2022/23 and provided an update on the overall financial reporting and audit position.

The Portfolio Holder – Finance presented the report.

The Financial outturn reporting was on track with all backlogs addressed. The 2022/23 and 2023/24 Statement of Accounts were to be published imminently. It was to be noted that the 'backstop' proposals (detailed in Appendix C), to clear the backlog of 2022/23 local authority audits in England by 30 September 2024, awaited a decision to be made by the new Government. The outturn report and reserves position in 2023/24 were deemed positive due to the excellent work of the finance teams and which continued in 2024/2025 with the close monitoring of budgets, savings and efficiency targets.

In respect of 2023/2024 outturn at Appendix A:

### **General Fund revenue outturn**

As at 31 March 2024, the General Fund outturn position was an underspend of £116,000 against an overspend of £340,000 at Q3, with the detail set out at Appendix A. The largest changes since the Q3 forecast were as follows:

- Planning & Strategic Infrastructure improved £114,000 from Q3 due to vacancy savings and forecasted agency costs not materialising;
- Wellbeing & Community Leadership position improved £118,000 from Q3 forecast due to proactive management of demand in the Homelessness Service and additional income for Private Sector Housing;
- A Minimum Revenue Provision £75,000 higher than Q3 had resulted from the refinancing of 2022-23 capital financing.

Treasury management return on investment continued to perform well, with the General Fund having received £327,000 interest in excess of the full year budget.

The 2023/24 budget included an efficiency target of £877,000 of which £695,000 was achieved, representing 79% against the target. This was considered a good achievement.

A release from reserves of £300,000 of the New Homes Bonus received in Q2 was included in the outturn provision.

### **Housing Revenue Account (HRA) revenue outturn**

As at 31 March 2024, the HRA showed a surplus of £701,000 compared to the budgeted surplus of £2m. Significant contributing factors in the variance from budget included: the inflationary environment, demand for services, new and more demanding statutory responsibilities and depreciation. The HRA outturn position was detailed at Table 3 of Appendix A.

### **Capital**

Table 5 detailed the General Fund capital outturn position with spend of £7m against a revised budget of £9.2m (representing 76% of planned spend). Table 7 detailed the revised 2024/25 budget with the inclusion of the slippage from 2023/24 which formed one of the recommendations to Full Council.

The HRA capital outturn, detailed at Table 8, showed that £16.5m had been spent against the approved budget of £23.9m (representing 69%) as at 31 March. Table 10 illustrated the revised 2024/25 budget with the inclusion of slippage, which was a further recommendation to Full Council.

In respect of the 2022/23 outturn position at Appendix B:

Members were asked to note that this was an abbreviated report as many aspects of the 2022/23 outturn had already been addressed through previous financial reporting processes. The highlighted points were as follows:

- Table 1 of Appendix B detailed a deficit position of £850,000 for the revenue outturn as of 31 March 2023;
- Table 2 detailed the HRA outturn surplus position of £303,000;

- The General Fund Capital outturn was £14.7m and the HRA Capital outturn £6.9m. Slippage from 2022/23 was added to the 2023/24 programme as part of the Q1 Finance Report through Full Council approval;
- The Council held investments of £43.2m as at 31 March 2023; and
- Investment income was £970,000 above budget, which constituted £584,000 improvement for the General Fund and £386,000 for the HRA.

The following points were raised:

- Members relayed credit to officers for the good work outlined within the report and added an understanding that a standard nationally agreed caveat was to be in place for the 2022/23 accounts.
- Members expressed concern regarding the following areas: general budget misalignments; the circumstances should the Council's finances not had been unexpectedly cushioned in 2023/2024 by £500,000 of increased investment income; and the accuracy of budget forecasting, especially in relation to the South Holland Centre.
  - The Deputy Chief Executive – Corporate Development (S151) referred to the misalignments noted in 2023/24 and responded that enhanced budget monitoring processes were in place for 2024/25 which included regular budget meetings held between Budget Holders and Business Partners and that a clear narrative had been relayed to Budget Holders regarding accountability, specifically 'no budget, no spend'. A proactive approach was being taken in respect of 'controllable issues', whilst 'uncontrollable issues' were dealt with on an ad hoc basis, such as the reduction of income received from Planning fees. Whilst budgets were inevitably subject to change, positivity was expressed regarding the budget management systems that were now in place to deal with such eventualities; and
  - The Portfolio Holder for Finance added that Assistant Directors were being held to account by Portfolio Holders regarding their budgets, and that there was a greater understanding of the purpose behind each budget line. Through the work of the current and previous Portfolio Holders, it had been possible to reduce the financial support of the South Holland Centre significantly, from £250k to £100k.

#### **DECISION:**

- 1) That Cabinet notes the general fund outturn position for 2023/24 being an underspend of £116k as detailed in Table 1 of Appendix A and approves the transfer of the surplus to the Transformation Reserve.
- 2) That Cabinet notes the outturn revenue position of the HRA for 2023/24, a surplus of £701k against a budgeted surplus of £2.016m, as detailed in Table 3 of Appendix A.
- 3) Cabinet note 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.

- 4) That Cabinet note that the 2022/23 year end audit will likely be impacted upon, due to the “Backstop” following the letter from the Minister for Local Government on 8 February 2024 and subsequent uncertainty following the 4<sup>th</sup> July General Election.

**RECOMMENDATIONS TO COUNCIL:**

- 5) That Cabinet recommends to Full Council to approve the reserves transactions and balances as set out in Appendix A - Table 2.
- 6) That Cabinet recommends to Full Council to amend the Capital Programme for 2024/25 as shown in Table 7 to take into account the changes set out in Appendix A.
- 7) That Cabinet recommends to Full Council to amend the HRA Capital Programme for 2024/25 as shown in Table 10 to take into account the changes set out in Appendix A.
- 8) That Cabinet recommend to Full Council to approve the capital financing adjustments – Table 3, reserve transactions and balances for 2022/23 as set out in Appendix B – Table 5.

*(Other options considered:*

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

*Reasons for decision:*

- *To ensure the Council’s outturn financial position for 2023/23 and 2023/24 was considered and related decisions approved. It was important that the Cabinet were aware of the financial position of the General Fund and HRA to ensure that they could make informed decisions that were affordable and financially sustainable for the Council.)*

<b>APPENDICES</b>	
Appendices are listed below and attached to the back of the report: -	
APPENDIX A	Cabinet Agenda Item 11 – 23/24 Outturn Report & 22/23 Abbreviated Outturn including Audit Update (Cabinet covering report)
APPENDIX B	Cabinet Agenda Item 11 – 23/24 Outturn Report & 22/23 Abbreviated Outturn including Audit Update (Appendix A to original Cabinet report)
APPENDIX C	Cabinet Agenda Item 11 – 23/24 Outturn Report & 22/23 Abbreviated Outturn including Audit Update (Appendix B to original Cabinet report)
APPENDIX D	Cabinet Agenda Item 11 – 23/24 Outturn Report & 22/23 Abbreviated Outturn including Audit Update (Appendix C to original Cabinet report)

**BACKGROUND PAPERS**

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

**CHRONOLOGICAL HISTORY OF THIS REPORT**

<b>Name of body</b>	<b>Date</b>
Cabinet	16 July 2024

**REPORT APPROVAL**

Report author:	Christine Morgan cmorgan@sholland.gov.uk
Signed off by:	The individual report has previously been signed off by the relevant Director and Portfolio Holder
Approved for publication:	As above