



REPORT TO:	Cabinet
DATE:	16 th July 2024
SUBJECT:	2023/24 Outturn Report & 2022/23 Abbreviated Outturn including Audit Update
PURPOSE:	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.
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Redgate – Portfolio Holder for Finance
REPORT OF:	Christine Marshall – Deputy Chief Executive Corporate s151
REPORT AUTHOR:	Lizzie McGrath (Strategic Finance Manager PSPS) N/A
WARD(S) AFFECTED:	
EXEMPT REPORT	No

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 TO CABINET:

It is recommended:

- 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 4th July General Election.

RECOMMENDATIONS TO COUNCIL FROM CABINET:

It is recommended:

- 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.

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 Cabinet are aware of the financial position of the General Fund and HRA 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 we are now returning to a full cohort of staff and good progress being made with our new Auditors KPMG appointed through the PSAA contract arrangement.

1.3 There had been delays in producing the Statement of Accounts 2021/22 not least due to delays in signing off as a result of national audit challenges, this was completed on 20 September 2023. In addition, the 2022/23 and 2023/24 Statement of Accounts are on track to be published imminently. However due to the backlog of audits nationally there has been significant debate as to how 2022/23 audits will be completed, and our auditors still await the final legislation which will implement any proposed arrangements. We do currently expect that whilst the 2021/22 accounts have been audited and signed off this will not be the case for the 2022/23 accounts, however the 2023/24 account audit will commence shortly once they have been published.

1.4 On 8th February 2024, Minister for Local Government issued a consultation on the 'Backstop' proposals to clear the backlog of local audits in England, as attached at Appendix C. The proposals set out measures to address the audit issues, including a 'reset' involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024 (the 'Backstop date'). Following the announcement of a General Election on 4th July 2024, the 'Backstop' proposals cannot proceed until a new Parliament is formed and has considered the issues. The Council faces a further period of uncertainty while we await updated policy decisions and guidance.

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 HRA Revenue Budget,
- The HRA Reserves Position,
- The HRA Capital Programme for 2023/24, and
- 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 £116,000. 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 Table 1 together with an analysis of variations.

Savings Target

- 2.3 An efficiency target of £887,000 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 £695,000 (78%) of the efficiency savings were achieved.

Reserves

- 2.4 General Fund Specific Reserves at 31 March 2024 had balances totalling £4.322m. The General Fund Reserve Balance remains at £2.078m. Further specific details are set out in Appendix A – Table 2 with associated narrative.

Capital – General Fund

- 2.5 The total General Fund Capital Programme for 2023/24 was £27.081m, including year-end adjustments and the inclusion of slippage the revised capital programme for 23/24 is £9.235m, as detailed in Appendix A Table 5. Actual capital expenditure for 2023/24 is £7.006m.
- 2.6 Table 7 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 £10.605m which forms one of the recommendations to Full Council.

3. HRA OUTTURN 2023/24

HRA Revenue Outturn

- 3.1 The outturn net surplus for the HRA is £701,000 (budgeted surplus of £2.020m). The inflationary environment, demand led costs and depreciation have been significant contributing factors in the variance from budget, further detail is provided at Appendix A - Table 3.

HRA Reserves

- 3.2 HRA Reserve balances at 31 March 2024 totals £19.974m, an overall decrease of £7.9m as a result of capital financing. More detail is provided at Appendix A – Table 2.

Capital - HRA

- 3.3 The total HRA Capital Programme for 2023/24 was £23.897m, with the inclusion of year end adjustments and slippage, the revised HRA capital programme for 23/24 is £16.979m. Outturn position for capital expenditure is £16.547m, as detailed in Appendix A Table 8.
- 3.4 Table 10 details the revised capital programme for 2024/25 which includes slippage from 2023/24. The total revised HRA Capital Programme for 24/25 is £21.851m which forms one of the recommendations to Full Council.

4. TREASURY MANAGEMENT OUTTURN 2023/24 – HRA & GF

- 4.1 Section 2.5 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 £1.861m, the outturn position

for investment income was £2.406m. Investment income is split £0.895m HRA and £1.511m General Fund.

4.2 The Council has external loans held with Public Works Loans Board totalling £67.456m. Interest costs to the HRA on this external borrowing was £2.347m for 2023/24.

5. 2022/23 ABBREVIATED OUTTURN

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

- The revenue outturn concluded with a deficit position of £850k as at 31 March 2023.
- The HRA concluded with a surplus of £303k.
- General Fund specific and general reserves of the Council were £6.566m at 31 March 2023.
- HRA reserves were £27.875m 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 achieved £970k in excess of budget due to increased market rates, split £584k GF and £386k HRA.

5.2 Some final adjustments to the Capital Programme financing have been undertaken which have reduced the draw on reserves and moves to a Minimum Revenue Provision financing approach, which we are seeking to move towards in the longer term.

CONCLUSION

To ensure that the 2023-24 and 2022-23 outturn positions are reviewed and that the Cabinet is update 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

APPENDICES	
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
Appendix C	Audit letter

BACKGROUND PAPERS

None

REPORT APPROVAL	
Report author:	Lizzie McGrath, Strategic Finance Manager, PSPS
Signed off by:	Christine Marshall, Deputy Chief Executive (Corporate Development) and S151
Approved for publication:	Councillor Paul Redgate Portfolio Holder for Finance