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| Report to: | Council | 30 November 2023 |
| Lead Cabinet Member: | John Williams - Lead Cabinet Member for Finance | |
| Lead Officer: | Peter Maddock - Head of Finance | |

2022/23 Provisional General Fund Revenue and Capital Outturn

Executive Summary

1. The report reviews the General Fund Revenue and Capital outturn position for the financial year 2022/23 with Reserve balances as at 31 March 2023, and to agree proposed changes to the Capital Programme.
2. The report provides a statement of the year-end financial position and progress with approved capital investment projects.
3. The General Fund net cost of services was underspent by £0.472 million and whilst operational costs were overspent, non-operational costs were underspent, and this was entirely due to pension related and revenue expenditure funded from capital under statute (REFCUS) costs which are properly charged to service expenditure but must be reversed out under non-operational costs to avoid being charged against the Council Tax.
4. Income from grants and taxation was £0.628 million higher than expected mainly related to Business Rates and related grant income. The overall position being an underspend of £1.099 million against the revised budget.
5. As a result of this £3.258m was added to the General Fund rather than £2.159m expected in the revised position. Compared to the original estimate the addition to reserves was £1.320 higher than expected.
6. All comparisons are made to the revised estimate.

Key Decision

7. No

Recommendations

8. It is recommended that Council consider the report and, if satisfied, to:
 - (a) **Acknowledge the 2022/23 general fund revenue outturn position and the net underspend (after income from Taxation and Government Grants) in the year of £1.099 million as summarised in Appendix A, and the explanations provided for the variances compared to the revised 2022/23 revenue budget;**

- (b) Acknowledge the consequent increase in the General Fund as at 31 March 2023 of £3.258m to around £18.4m;**
- (c) Approve the carry forwards of £0.316 million in relation to General Fund revenue projects which were not undertaken during the year as planned.**
- (d) In relation to the Capital Programme:**
 - (i) Note the 2022/23 capital outturn of £15.520 million.**
 - (ii) Acknowledge the performance achieved in relation to the Capital Programme schemes substantially completed in 2022/2023, summarised in Appendix B.**
 - (iii) Approve the carry forwards of £3.720 million in relation to General Fund capital projects due mainly to slippage.**
 - (iv) To note that a full review of the Capital Programme will be submitted to Cabinet at its December 2023 meeting to include re-phasing of the existing programme and new Capital bids for the next budget cycle.**

Reasons for Recommendations

9. To advise the Council of the 2022/23 revenue and capital outturn position, the impact that this will have on the General Fund and to consider the carry forward of slippage within the 2022/23 capital programme. Also, to note that a full review of the Capital Programme including new bids will be carried out and presented to Cabinet on 05 December 2023.

Details

2022/23 Revenue Budget – Outturn

10. This report sets out the 2022/23 Outturn position with a brief commentary on some of the variances. The Council's draft Statement of Accounts for 2022/23 are unlikely to be approved until next calendar year; and given that 2021/22 accounts are unaudited it is quite possible the outturn may change and therefore the figures in this report need to be considered as 'provisional'.
11. The table below sets out the outturn position for each Directorate. The variance reported is against the revised budget. The overall position when compared to the revised is an underspend of £472,000:

| Directorate | Revised 2022/23 £'000 | Outturn 2022/23 £'000 | Variance 2022/23 £'000 | Variance % |
|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|-----------------------|
| Chief Executive | 2,271 | 2,376 | 105 | 4.6 |
| Head of Climate, Waste & Environment | 9,975 | 9,369 | (606) | (6.1) |
| Head of Finance | 3,786 | 7,174 | 3,388 | 89.5 |
| Head of Housing | 2,542 | 2,455 | (87) | (3.4) |

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|---|----------------|----------------|----------------|--------------|
| Director of Greater Cambridge Shared Planning | 6,553 | 6,120 | (433) | (6.6) |
| Head of Transformation, HR & Corporate Services | 2,563 | 2,260 | (303) | (11.8) |
| Contingency and Unallocated | 70 | - | (70) | (100) |
| Operational Net Cost | 27,760 | 29,755 | 1,994 | 7.2 |
| Income from Investments | (5,603) | (5,995) | (392) | (7.0) |
| Other Levies & Contributions | 1,858 | 2,028 | 170 | 9.1 |
| Interest Payable (inc HRA) | 1,727 | 1,831 | 104 | 6.0 |
| Accounting Reversals & MRP | (3,011) | (3,303) | (292) | 9.7 |
| Appropriation to/(from) Earmarked Reserves | (574) | (2,630) | (2,056) | 358.2 |
| Non Operational Budgets | (5,603) | (8,069) | (2,466) | 44.0 |
| Total | 22,157 | 21,686 | (472) | (2.1) |

12. The Operational Net Cost of the Council relates to the day to day spending/service areas of the Council. The outturn for Net Operational Cost is £29.755 million which is £1.994 million above the revised estimate. When the budget was revised additional service related expenditure due to the inflationary rises added in. The aforementioned overspend is offset by an underspend of £2.466 million in relation to Non-Operational Budgets.

13. The key variances in operational areas are detailed below with a little commentary on each area:

| Directorate | £000 | Reason for Variance |
|---|-------|--|
| Chief Executive & Chief Operating Officer | 105 | The overspend in service provision relates mainly to some additional expenditure that wasn't expected. This is made up of £11,000 for the Cottenham ward by-election held in March, £41,000 for increased pension costs, £9,000 for advertisements costs related to tourism initiatives and £36,000 for external audit fees. |
| Head of Climate, Waste & Environment | (606) | <p>Climate and Environment is a directorate which provides a range of diverse services, the variance is made up of several under and overspends.</p> <p>£86,000 of the underspend relates to the operational running costs of the fleet which was impacted by the volatility of the fuel market and £127,000 related to salary expenses.</p> <p>Additional income received in commercial and trade waste. was £315,000 above the revised budget. This is from supply of wheeled bins to new developments, trade waste fees and charges and income received through the recycling contract.</p> |
| Head of Finance | 3,388 | The contribution to the A14 upgrade is charged here in its entirety (£3.8m). A decision was made to pay the contribution upfront instead of over a 25 year period saving the Council £2.3m. Whilst this expenditure is of a capital |

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| | | <p>nature it does not result in the creation of a Council asset and cannot therefore be included on the Council's balance sheet hence have to be charged to revenue in the year of spend. The cost is met from earmarked reserves rather than the general fund.</p> <p>Housing Benefits has also seen improved levels of Overpayment recovery during 2022/23 which reduced the expected provision for doubtful debts as some debts expected to turn bad did not do so. This is somewhat masked by the contribution to the A14.</p> |
| Head of Housing | (87) | Majority of the variance is driven by a lower level of disabled facilities grants being awarded during the year compared to the revised budget, though these are fully funded from grant monies received from County Council. |
| Director of Greater Cambridge Shared Planning | (433) | Most of the positive difference is from additional income of £444,000, comprising of £313,000 strategic sites fees and charges and £131,000 planning performance agreement monies for Wellcome Genome, Grafton Centre and Cambridge South. In addition, there were £164,000 savings related to salary budgets whereby posts were vacant and £167,120 lower than expected expenditure on the Greater Cambridge Local Plan. These offset the shortfall in development management fees. |
| Head of Transformation, HR & Corporate Services | (303) | The underspend relates mainly to the use of temporary buildings in Northstowe for the community centre which was expected to be up and running in the latter part of 2022/23, though will now not be available until June 2023. Additional contributions were received for the Ukraine project above the revised budget of £409,432 offset by further expenditure of £288,711 for supporting guests to settle within the district. |
| Contingency and Unallocated | (70) | Expenditure against unallocated and contingency budgets are included within the individual services. |
| Non Operational Budgets | (2,056) | <p>This is made up of two main variances. The pension related accounting adjustments is the biggest negative variation, this increase is somewhat masked by other accounting adjustments relating to Capital Financing charges and Minimum Revenue Provision (MRP).</p> <p>The second variation is due to the capital financing from revenue reserves of the payment to the Department for Transport for the A14 contribution that was agreed after the budget was set.</p> |

14. It is usual practice to submit any requests for rollover to 2023/24 as part of this report. The rollover request for unspent revenue budgets totals £315,500. This comprises of:

Head of Climate, Waste & Environment

An amount of £30,000 for the housing condition survey which was not undertaken in 2022/23 and will need to be carried out during 2023/24.

Head of Transformation, HR & Corporate Services

A total of £285,500 comprising of £270,000 for internal works related to South Cambridgeshire Hall and £15,500 for community, sports and health projects which have slipped into 2023/24.

15. In addition to operation and non-operational income and expenditure above the following table shows the outcome for Council Tax, Business rates and the various other non-ringingfenced grants received from Central Government.

| Directorate | Revised 2022/23 £'000 | Outturn 2022/23 £'000 | Variance 2022/23 £'000 | Variance % |
|---|-----------------------------|-----------------------------|------------------------------|---------------|
| Total Expenditure (from above) | 22,157 | 21,686 | (472) | (2.1) |
| Government Grants | (2,923) | (2,931) | (8) | (0.27) |
| Council Tax | (10,489) | (10,489) | - | - |
| Business Rates Income | (12,755) | (12,936) | (181) | (1.42) |
| Business Rates Pool gain | (740) | (1,179) | (439) | 59.3 |
| Business Rates – Collection Fund Deficit | 2,786 | 2,786 | - | - |
| Council Tax - Collection Fund Surplus | (195) | (195) | - | - |
| Income from Taxation and Government Grants | (24,316) | (24,944) | (628) | 2.6 |
| Appropriation (to)/from General Fund Unearmarked Reserve | (2,159) | (3,258) | (1,099) | 50.9 |

16. The Outturn position set out in the table above reflects the following:

- Business Rates income to the General Fund is set at the start of the financial year. In recent years there have been a significant number of new reliefs coming in for which the Council is compensated for by the section 31 grants scheme. The difference here is related to additional grant over and above that expected.
- In 2020/2021 a business rates pool was set up involving South Cambs, East Cambs, Fenland, Peterborough, the County Council and Fire Authority. The purpose of this is to 'pool' all of the business rate tariffs (Districts and Peterborough) payable to and top ups (County Council and Fire) receivable from central government of the authorities involved and any business rates growth that has been achieved since the current business system was brought in. Each authority if remaining outside the pool would have had to pay half of the growth they achieved to Central Government. By setting up a pool this half can be retained within the county and shared between the pool members in line with the signed memorandum of understanding. South Cambridgeshire is the administering authority and our contribution to the pool was the most significant of all

members due to the growth seen in the district. The pool gain was estimated at £0.740 million the actual was £1.179 million. A pool cannot function without the involvement of a top up authority namely the County Council.

- The Council tax figure quoted remains unchanged as this was fixed when the budget was set in February 2022.

17. The original budget assumed a £1.938 million addition to the General Fund Balance and the revised a £2.159 million increase. However, the actual position is an increase of £3.258 million, so £1.099 million more added to the General fund Reserve compared to that expected when the budget was revised.

Reserves

18. The reserves are reviewed from time to time a full review occurred as part of the budget process for 2023/24, but effective for 31st March 2023 however there were only a few minor amendments made. Their needs to be a regular review process to ensure they are adequate and relevant to the priorities of the Council and the budget cycle is the best time for that to happen. As at 31st March 2023 the balance on General Fund earmarked reserves was over £45 million.

19. The major reserves the Council holds are detailed below with some commentary on each:-

New Homes Bonus (NHB) GCP Reserve

£4.330 million: This reserve was set up in 2015-16 as a result of the agreement between South Cambs, Cambridge City and Cambridge County Councils to fund the work of Greater Cambridge Partnership (GCP). An agreed proportion of the NHB monies the authorities receive from the Government was agreed to be dispersed for this purpose. The amount set aside was 30% until August 2020 and 10% thereafter. The Partnership has requested the remaining funding is paid in 2023/24. The reserve is expected to be fully utilised by the end of the 2023/24 for this purpose.

Infrastructure and A14 upgrade Reserve

£2.293 million: An amount of £3.757m was paid over to the Department for Transport in March 2023 for the Council's contribution to the A14 upgrade. The original intention was to pay over £242,000 per year for 25 years from 2023/24. A decision will be made during the current budget cycle on what to do with the remaining amount.

Renewables Reserve

£5.778 million: Set up at the end of 2015/16 to fund an investment programme to build new sources of renewable energy. The funds are built up from amounts retained in respect of Renewable Energy Schemes as per NNDR3 returns and the pool gain from the business rates pool. The fund has increased by £408,000 on the previous year with Additions totalling £1.494 million and usage of £1.087 million the largest element being on the South Cambs Hall greening project.

Property Investment Reserve

£3.420 million: The funds are available to meet any costs that do not fall within the responsibility of the tenant under tenant repairing leases such as improvements to environmental standards. During the year an amount of £627,536 was used to meet

expenditure against an expected usage of £755,000. An amount of £200,000 is added annually, though this was revised to £100,000 during the 2023/24 budget cycle.

Transformation Reserve

£1.501 million: Set aside to meet one off costs associated with the Council's transformation programme. The programme will be running over the next two years or so and any unused balance once the programme is completed will be returned to the General Fund. £1,229,860 of the reserve was used to cover expenditure incurred during the year against an expected usage of £1,024,430.

General Fund Capital Programme 2022/23 – Outturn

20. The outturn in relation to the 2022/23 Capital Programme identifies an expenditure overspend of £5,000 and equivalent financing overspend. The budget for comparison purposes is the revised budget that was reported to Council as part of the 2023/24 budget papers:

| General Fund Capital Programme | Revised 2021/22 £'000 | Outturn 2022/23 £'000 | Variance 2022/23 £'000 | C/Fwd £'000 |
|---|--------------------------------------|--------------------------------------|---------------------------------------|------------------------|
| Gross Directorate Budgets: | | | | |
| Chief Executive | 955 | 783 | (172) | 44 |
| Head of Climate, Waste & Environment | 1,635 | 1,204 | (431) | 463 |
| Head of Finance | - | 3,757 | 3,757 | - |
| Head of Housing | 5,458 | 3,060 | (2,398) | 2,610 |
| Director of Greater Cambridge Shared Planning | - | - | - | - |
| Head of Transformation, HR & Corporate Services | 1,967 | 1,336 | (631) | 603 |
| Advances to Housing Company | 5,500 | 5,380 | (120) | - |
| Gross Total | 15,515 | 15,520 | 5 | 3,720 |
| Financed By: | | | | |
| Grants / Contributions | 3,687 | 2,097 | (1,590) | |
| Revenue | 2,808 | 6,190 | 3,382 | |
| Capital Receipts | 3,520 | 1,853 | (1,667) | |
| Borrowing | 5,500 | 5,380 | (120) | |
| Total Financing | 15,515 | 15,520 | 5 | |

21. The only area with an overspend compared to the revised budget is Finance services. This relates to the A14 contribution, whereby a decision was made to pay the contribution upfront instead of £242,000 annually for 25 years saving the Council £2.3m. This is treated as Revenue expenditure funded from capital (ReFCuS) as it does not result in the creation of a Council asset, but the expenditure is of a capital nature.

22. The area of highest underspend is within Housing Services, expenditure totalling £5.458m was proposed to be spent in the period 1 April 2022 to 31 March 2023, however only £3.060m was spent compared to the allocated budget. This was because some of the allocation made in 2022/2023 for the Northstowe Civic Hub and Community Centre has had to be rolled forward to be spent in 2023/2024 in recognition of delays to the programme. The sports pavilion build is now complete and handover to the Council occurred during October 2023.
23. The revised allocation within Chief Executive Services includes £755,000 for the repairs and preparation work on the Science Park which were completed in 2022/23. An amount of £156,000 was spent on the preliminary work relating to the Waterbeach Renewable Energy Network (WREN) during 2022/23.
24. The Head of Climate, Environment and Waste budget is provided in the main for vehicle replacements for the waste fleet. The underspend was primarily due to a delay in the delivery of the electric refuse vehicle which was ordered during the year. Expenditure was £431,000 below the budget so this underspend needs to be carried forward to 2023/24 to complete the project.
25. Expenditure within the Head of Transformation, HR and Corporate Services budget includes ICT projects and Capital works at the Camborne offices. Overall, there was an underspend of £631,000.
26. The Greening of South Cambs Hall is close to completion with remedial work taking place for unforeseen issues discovered with existing works. Expenditure was £214,000 below the budget so this underspend needs to be carried forward to 2023/24 to complete the project.
27. The budget in relation to the Camborne office adaption and enhancement works was set at £966,000 but expenditure was £673,000 at the end of 2022/23. The expenditure is lower than the revised estimate due to some projects being put on hold until the future use of the building has been confirmed. £227,000 underspend is required to be carried forward to 2023/24 to facilitate the completion of works associated with adapting the office space.
28. The ICT projects totalled around £177,000 within the revised programme though expenditure at the end of 2022/23 is £43,000. A significant amount of work was committed during 2022/23 but was not completed before year end. £162,000 underspend is required to be carried forward to 2022/23 to facilitate the completion of the outstanding works.
29. The amount advanced to Ermine Street Housing for purchasing houses was £5.38m which is within the £100m originally agreed for lending purposes.
30. All sources of funding were lower than expected due to the underspend on the capital programme.
31. A summary of the performance achieved in relation to the Capital Programme schemes (excluding rolling programmes) substantially completed in 2022/2023 is detailed in Appendix B.
32. A more detailed post implementation review of key capital projects has been undertaken by relevant Officers in accordance with the Capital Strategy and a summary of the scheme progress is also identified in Appendix B.

Options

33. Options involve not agreeing some or all the carry forward amounts or the additional funding for the lighting scheme. This is not recommended as delays would be introduced and unfinished works would occur.

Implications

34. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered: -

Financial

35. As detailed in the report.

Consultation responses

36. None.

Alignment with Council Priority Areas

Growing local businesses and economies

37. The report provides the 2022/23 outturn position on expenditure related to this priority.

Housing that is truly affordable for everyone to live in

38. The Council provides the 2022/23 outturn position on the New Homes Bonus and Property Investment Reserves which supports the business plan of providing homes which are truly affordable.

Being green to our core

39. The 2022/23 outturn provides an update on a number of schemes which relate to the green to our core element of the Councils business plan, most notably the Waterbeach Renewable Energy Project.

Background Papers

- Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- Capital Programme Update – Report to Cabinet: 12 December 2022
- Budget Report – Report to Cabinet: 06 February 2023
- Business Plan – Report to Council: 21 February 2023

Appendices

- Appendix A: Revenue Outturn 2022/2023: Summary
- Appendix B: Capital Projects 2022/2023: Performance

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