

## **Report to Cabinet**

**Subject:** Budget Outturn and Budget Carry Forwards 2022/23

**Date:** 6 July 2023

**Author:** Senior Leadership Team

### **Wards Affected**

Borough-wide

### **Purpose**

This report presents the Budget Outturn and Budget Carry Forwards for 2022/23.

Cabinet is asked to note the final outturn position for 2022/23 and:

- a) Approve the movements on earmarked reserves and provisions;
- b) Approve the Chief Finance Officers recommendation to reclassify Earmarked Reserves into the General Fund Balance;
- c) Note the capital carry-forward budgets approved by the Chief Financial Officer in accordance with Financial Regulations;
- d) Approve the carry forward of non-committed capital budgets from 2022/23 as additions to the 2023/24 budget in accordance with Financial Regulations.
- e) Recommend that Council approve the method of financing the 2022/23 capital expenditure which includes making the determinations required for the minimum revenue provision.

### **Key Decision**

This is a key decision because the proposal includes financial implications that are above the threshold of £0.5m determined by Council for decisions to be regarded as a Key Decision

## **Recommendation(s)**

**Members are recommended to:**

- 1) Note the Budget Outturn figures for 2022/23;**
- 2) Approve the Chief Finance Officers decision to reclassify £253,500 of Earmarked Reserves to the General Fund Balance as detailed in paragraph 2.2;**
- 3) Approve the movements in Earmarked Reserves and Provisions as detailed in paragraphs 2.6;**
- 4) Note the capital carry forwards approved by the Chief Financial Officer included in Appendix 6, being amounts not in excess of £50,000 and committed schemes above £50,000.**
- 5) Approve the capital carry forwards of £2,186,100 included in Appendix 6 for non-committed schemes in excess of £50,000.**
- 6) Refer to Council for approval:**
  - i) The overall method of financing of the 2022/23 capital expenditure as set out in paragraph 3.4;**
  - ii) The determination of the minimum revenue provision for the repayment of debt as set out in paragraph 3.5.**

## **1 Background**

- 1.1 The refreshed Gedling Plan for 2022-23 was approved by Council in March 2022. The Plan sets out the priorities, objectives and top actions for the Council along with the associated budgets.
- 1.2 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.

- 1.3 To deliver this commitment, systems to monitor performance against revenue and capital budgets, improvement activity and performance indicators have all been brought together and are embedded in the way the Council works. Whilst the budget and performance information is presented in 2 separate reports, they are reported to Cabinet together and will appear on the same agenda.
- 1.4 This report highlights continued good management of the Revenue and Capital budgets.
- 1.5 During 2022/23 Cabinet received the usual Gedling Plan quarterly monitoring reports and approved a number of budget amendments to align resources to meet identified budget pressures, managing within the overall maximum revenue budget of £12,374,100 approved by Council. Capital budgets have also been monitored by Cabinet to ensure schemes are appropriately profiled, with the current estimate for 2022/23 being approved at £11,932,800.
- 1.6 The Council's Financial Regulations allow for the carry forward of capital and revenue budgets to the new financial year where there is an underspend against the approved budget. Approval of Cabinet is required for schemes, which are not contractually committed, with a value over £50,000 for Capital and £10,000 for Revenue. There are twelve capital schemes that require Cabinet approval. The Chief Financial Officer has delegated authority to approve all other carry forwards subject to reporting the source of the underspend and the subsequent use of the carry forward to the Portfolio Holder.

## **2 General Fund Revenue Budget Outturn 2022/23**

- 2.1 The actual net revenue expenditure for each Portfolio during 2022/23 is detailed in Appendix 1, together with explanations of major variances in expenditure and income.

The table below summarises the actual net expenditure for each Portfolio in 2022/23 compared to the current estimate. The current estimate is that approved by Cabinet in January 2023, adjusted by budget virements in the fourth quarter. During the financial year Cabinet approved a number of budget amendments as part of the quarterly monitoring process all of which were contained within the original budget of £12,374,100.

The table shows an net underspend of **£213.633** against the current approved Net Council Budget, equating to **1.73%**. This underspend is primarily due to additional income in Leisure Centres, interest on investments and staffing savings across numerous services due to vacant posts. Whilst budgets have been changed as part of quarterly monitoring to reflect the current position at that time. During the year there still remained a level of uncertainty due to the current economic climate and increasing rates of interest and inflation.

Given the extent of financial challenges facing the Council this underspend presents a positive outturn position for the Council and allows a contribution to reserve balance prior to adjustments which is above the estimated position as detailed in Appendix 2. However adjustments made to the business rates accounts have made the final overall financial position for the Council a net withdrawal from reserves.

### General Fund Revenue Outturn 2022/23

<b>General Fund Outturn Position 2022/23</b>			
	<b>Current Estimate 2022/23</b>	<b>Actual 2022/23</b>	<b>Variance to Current Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Local Pride & Community Engagement	881,200	754,542	(126,658)
Lifestyles, Health & Wellbeing	1,913,000	1,585,609	(327,391)
Environment	6,609,400	6,346,328	(263,072)
Sustainable Growth and Economy	1,580,400	2,297,408	717,008
Corporate Resources and Performance	3,123,900	611,519	(2,512,381)
<b>Net Portfolio Budget</b>	<b>14,107,900</b>	<b>11,595,406</b>	<b>(2,512,494)</b>
Transfers to/(from) Earmarked Reserves	(1,733,800)	565,061	2,298,861
<b>Net Council Budget</b>	<b>12,374,100</b>	<b>12,160,467</b>	<b>(213,633)</b>
Less Financing:			
Business Rates (net of coll. fund deficit)	(730,883)	(183,800)	547,083
Council Tax	(6,726,800)	(6,726,800)	0.00
Lower Tier Grant	(140,739)	(140,739)	0.00
Services Grant	(212,082)	(212,082)	0.00
Business Rates Levy	(25,801)	(25,801)	0.00
Revenue Support Grant	(488)	(488)	0.00
New Homes Bonus	(520,775)	(520,775)	0.00
<b>Transfer (to)/from General Fund Balance</b>	<b>4,016,532</b>	<b>4,349,982</b>	<b>333,450</b>

The variance on the financing budgets is represented by lower S31 grant, and a higher levy payment to the pool, this is due to higher than anticipated growth in rating income. Gedling's share of the Covid Annual Relief Grant (CARF) received in 2021/22 has now been recognised in 2022/23, and amounted to £482,803.

The table above indicates that an additional £333,450 is required as a contribution from the General Fund Balance at 31 March 2023 compared to that estimated.

## 2.2 General Fund Balance at 31 March 2023

The General Fund Balance as 31 March 2023 is **£1,017,800**.

Due to additional transfers from the General Fund Reserve to fund the outturn position it is necessary to request approval to reclassify and additional **£253,500** from Earmarked Reserved into the General Fund and to transfer the outturn underspend of £213,633 as set out in the table below, to the general fund in order to maintain the required minimum balance.

The Table below sets out the opening and closing position of the General Fund Balances, and required contributions to maintain the minimum balance.

<b>General Fund Balance</b>	
	<b>£</b>
Opening Balance	4,601,000
Required Transfer to Outturn	(4,349,900)
<b>Balance</b>	<b>251,100</b>
<b>Approved Reclassification of Earmarked Reserves during 2022/23</b>	<b>300,000</b>
<b>Requested reclassification of Earmarked Reserves</b>	
IT Replacement Fund	80,000
NDR Pool Surplus	110,000
New Burdens Reserve	50,000
Pub Watch Shop Radio	3,500
Risk Management Reserve	10,000
<b>Total Requested</b>	<b>253,500</b>
<b>General Fund Balance</b>	<b>804,600</b>
Revenue Outturn Underspends	213,600
<b>Closing General Fund Balance</b>	<b>1,018,200</b>
Minimum Requirement	1,000,000
<b>Surplus on Balance</b>	<b>18,200</b>

The Earmarked Reserves which have been reclassified to the General Fund Balance have been identified through a review of available reserves, and balances after the reclassification which are deemed to be sufficient for service needs for the next few years, however we will seek to replenish these reserves if deemed necessary in future years from either additional in year contributions or from any future underspends.

Details of the total reserves held at 31 March 2023 are shown at **Appendix 3**.

## 2.3 Major General Fund Revenue Variances from Current Estimate

### 2.3.1 Financing Variances 2022/23

Reasons for the variances in General Fund financing budgets are explained in the paragraphs below:

#### Business Rates Retention

Under the business rates retention scheme the portion of a local authority's income that comes from retained business rates will change according to movements in its local business rates income (which could move up or down) to provide an incentive for supporting local business growth.

The 2022/23 local government finance settlement provided each local authority with its baseline funding level against which movements in income will be measured. For Gedling this was £3,076,444.

Business Rates income for 2022/23 is based on the estimates provided to central government in January 2022 in the required statutory returns. Growth recognised in the accounts for 2022/23 is determined by a complex model in which it is initially recognised as income based on the estimated position, and is then adjusted in the following years, as required by regulation, via the next Collection Fund (surplus)/deficit calculation - which is based on actual outturn figures.

#### 2022/23 Business Rates Outturn

<b>Business Rates Outturn</b>			
	<b>Estimate 2022/23 £</b>	<b>Actual 2022/23 £</b>	<b>Variance £</b>
Baseline Funding Level	(3,076,444)	(3,076,444)	0
Retained Growth above Baseline (incl. S31 Grants)	(462,447)	87,558	550,005
Renewables (100% Gedling)	(46,131)	(46,131)	0
Adjustments re previous year	0	(2,922)	(2,922)
<b>Sub Total</b>	<b>(3,585,022)</b>	<b>(3,037,939)</b>	<b>547,083</b>
Collection Fund Deficit/(Surplus)	2,854,139	2,854,139	0
<b>Net Business Rates Income</b>	<b>(730,883)</b>	<b>(1,83,800)</b>	<b>547,083</b>

The variance on Business Rates income is mainly due to timing differences that arise due to estimates that are made in January each year but not updated until the following year (as per statutory guidance). The estimates for 2022/23

were overestimated due to changes in the Retail Hospitality and Leisure discounts on the cash cap, these changes were not identified until a later date and therefore, have caused a timing difference in the General Fund, which will be amended in the following year.

### Business Rates Pooling

Gedling is a partner in a pooling arrangement with the other Nottinghamshire authorities (excluding the City). Under this arrangement each Member makes the levy payments, if applicable, into the Pool that would ordinarily have been required to be paid to central government had the Pool not been in operation. The Pool surplus funds are then distributed by Pool Members (as lead authority) to Pool Members on the basis of a Memorandum of Understanding. This ensures no Member is worse off by being in the Pool, by offering an equivalent “safety net mechanism” to that offered by central government for authorities not in a Pool, and then sharing any remaining surplus.

The Pool surplus for 2022/23 has been allocated to Pool Members in accordance with the Memorandum of Understanding, to spend on Economic Regeneration projects in their areas.

The Pool outturn figures for 2022/23 have been estimated with a sum of £607,900 identified for redistribution to Gedling. This income is recognised in the Portfolio outturn figures and has been transferred to earmarked reserves for spend on economic development projects. Remaining Pool surpluses will be held by the Pool for use on economic regeneration projects for the benefit all members.

### 2.3.2 Net Council Budget Variances 2022/23

An underspend against the Current Net Portfolio 2022/23 of (£2,512,494) is offset by a net variance on Earmarked Reserve contributions of £2,298,861 to give a net Council Budget underspend of £213,633. The underspend variances can be split between general variances and those relating specifically to proposed movements in Earmarked Reserves (paragraph 2.4) Details of the major variances are detailed below:-

#### General Major Variances

Reductions in **expenditure** of (£295,000) include

- Employee Expenses show an overall saving of (£295,000) against the current estimate; this is mainly due to vacancies & associated savings in Leisure services, Public Protection and Public Sector Housing.

Increases in **Income** of (£520,000) include:

- Leisure Services (£177,000) mainly swimming lesson income due to the

success of the Big Wave project and early achievement of efficiencies.

- Investment Interest (£343,000) this is due to increased interest received on investments made through the Treasury management service, relating to the current economic climate and increases in bank & interest rates during 2022/23.

Increases in **Expenditure of £328,000** include:

- Increases in cost for utilities across Leisure Services of £70,000.
- Additional expenditure incurred across Waste Services, Street Care, Fleet and External works of £176,000 on agency and casual workers, bin issues maintenance costs, vehicle parts and additional administration costs.

Reductions in **Income of £267,000** include:

- Reduced Income on Planning Applications, pre-application advice of £192,000. This is potentially due to cautiousness by developers and a temporary pause on building works due to the cost of living crisis.
- Reduction in Rental income at the Richard Herrod Centre due to rent concessions being granted to support lease holders during the cost of living crisis of £33,000.
- A reduction in car park enforcement fines of £42,000.

More detailed analysis of variances to the revised budget can be found at Appendix 1.

## 2.4 Budget Implications arising from the Cost of Living Crisis

- 2.4.1 As part of the cost of living crisis the Council introduced a number of incentives to support staff and the public. Staff on lower grades were given a one-off cost of living payment of £250 which totalled.

In addition to distributing £6.9m in mandatory energy bill rebates in accordance with the Governments scheme to pay £150 to Households in council tax bands A to D, the Council received discretionary housing payments of £171,800, which has been distributed in accordance with eligibility criteria. The Council also made provision to alleviate the impact of some of the pressures for the most financially vulnerable residents and delivered £86,200 of Hardship relief to council taxpayers who are in receipt of Council Tax Reduction scheme support and an additional £49,100 to care leavers.

## 2.5 Efficiency Programme – Outturn Position

Since 2014/15 Council have approved six separate budget reduction programmes totalling £7m net of risk provision, including the current year's programme of £545,000 approved during the 2022/23 budget process. Previous progress has been positive and budget reductions achieved have



been in line with the profiled estimate. Of the total programme, £2.6m was planned for delivery over 2019/20 to 2022/23.

In terms of 2022/23, the original programme for the delivery of efficiencies totalled **£763,700**. The outturn position indicates the following:

<b>Movements on Efficiencies 2022/23</b>	
	<b>£</b>
<b>Approved Efficiency Programme 2022/23</b>	<b>(£763,700)</b>
Quarter 1 Amendments	£0
Quarter 2 Amendments	£21,700
Quarter 3 Amendments	£55,000
<b>Revised Total at Quarter 3</b>	<b>(£687,000)</b>
<b>Proposed Amendments Quarter 4:</b>	
<b>Deferred efficiencies</b>	
Website software solution change	6,500
Building Control Income	3,000
Legal Services new fees and charges	42,500
Legal Services for external clients	4,200
Hybrid Mail – Revenues	8,300
Sponsorship of flower beds	5,000
Service Review PASC/Waste Admin	10,000
Total deferred at Outturn (Q4)	71,500
<b>Early deliveries of efficiencies</b>	
Increase swim school sessions	(£225,000)
<b>Total delivery total</b>	<b>(£225,000)</b>
<b>Total Quarter 4 Amendments</b>	<b>(£153,500)</b>
<b>Revised Total Delivered 2022/23</b>	<b>(£840,500)</b>
<b>Variance 2022/23 Programme</b>	<b>(£76,800)</b>

The **£153,500** quarter 4 amendments are included in the variances detailed in Appendix 1. In summary, the outturn of the efficiency programme delivery was a surplus of £76,800. This was mainly due to the early delivery of the Increase Swim School Session efficiency which has delivered an additional £225,000 of which was scheduled for 2024-25. This early delivery was partially offset by some deferred initiatives.

## 2.6 Movement In Earmarked Reserves

Reserves requirements have been reviewed and transactions completed within the portfolio analysis. Earmarked Reserves are sums of money set aside to provide financing for future service expenditure plans and include specific external grants and contributions received.

The balance on Earmarked Reserves at 31 March 2023 is £6,687,214, £2,298,861 higher than the current estimate of £4,388,351. A full list of movements on Earmarked Revenue Reserves is included in Appendix 3 and these are proposed to Cabinet for approval. Reasons for the variance between the estimated and actual earmarked reserves are included in the portfolio analysis at Appendix 1 and include:

- New contributions to reserves due to new grants and additional income, or underspends in one-off budgets for specific projects and contingency funds;
- Variances on planned contributions from reserves mainly due to projects that have been deferred to 2023-24;
- Additional contributions from reserves to fund budget pressures arising during the year.

The tables below shows a summary of total movements in earmarked reserves from the current approved estimate.

#### 2.6.1 New Contributions to Earmarked Reserves

Included in the Earmarked Reserves proposed for approval are new contributions to reserves of £1,467,813 made up of:

<b>Increases Due to Receipt of New Grants and Additional Income</b>		
<b>Reserve</b>	<b>Reason for Movement</b>	<b>Amount</b>
NNDR Pool Reserve	Pool Surplus 22/23	(607,984)
Earmarked Reserves - Grants	Taxi Licence refund scheme - started in 2023/24	(150,000)
Earmarked Reserves - Grants	Grants received for Community projects, Housing projects	(228,542)
Earmarked Reserves - Grants	Donations received	(25,000)
Earmarked Reserves - Grants	Additional New Burdens funding	(156,299)
Earmarked Reserves - Grants	Gedling Lotto contributions	(12,967)
		<b>(1,180,793)</b>

<b>Increases for Future Projects Arising from Service Underspends</b>		
<b>Reserve</b>	<b>Reason for Movement</b>	<b>Amount</b>
Earmarked Reserves - Grants	Leisure additional income from non-business claim	(62,290)
Earmarked Reserves - Grants	Development Control - Agency Cover	(30,000)
Economic Development Fund Reserve	ED Project support for 23-24 capital programme	(39,200)
ARG Reserve	Business Grant Overpayment Recovery	(14,045)
Selective Licensing Reserve	Selective Licensing Project	(137,926)
Other Minor Movements		(3,559)
		<b>(287,020)</b>

#### 2.6.2 Variances in Planned Usage of Earmarked Reserve

Contributions from reserves compared to current estimate of £831,048 analysed as follows

<b>Additional Contributions from Reserves</b>		
<b>Reserve</b>	<b>Reason for Movement</b>	<b>Amount</b>
Insurance Reserve	Additional contributions required for claims under the excess limit	22,860
Insurance Reserve	Increase insurance premiums	10,750
CCTV Reserve	Additional contributions required for CCTV	59,214
Earmarked Reserves - Grants	Cinderpath project	22,658
Earmarked Reserves - Grants	DEFRA Property Flood Resilience Grant 20/21 - repaid	10,769
Earmarked Reserves - Grants	Community groups growth fund 2022-23	3,900
		<b>130,151</b>

<b>Reduced Contributions from Reserves</b>		
<b>Reserve</b>	<b>Reason for Movement</b>	<b>Amount</b>
Joint Use Reserve	Expenditure savings on maintenance at the joint use leisure centres	(9,698)
IT Replacement Reserve	Replacement programme funded through capital and agile schemes	(87,700)
Community & Crime Reserve	H&S Officer, permanent position lower contribution required	(9,700)
S106 Revenue Reserve	Lower maintenance costs on S106 sites due to delay in transfer	(23,771)
Housing Benefits Reserve	Domestic Violence Flexi-Fund, lower spend	(8,773)
Efficiency & Innovation Reserve	Cost of Living support payment reduced due to vacant posts, lower NI costs	(32,896)
Efficiency & Innovation Reserve	Plastic Clever initiative	(15,000)
Asset Management Reserve	Schemes deferred to 2023/24 including, Ouse Dyke , Depot works, Arnot Hill house and Car park resurfacing	(295,349)
Local Development Framework Reserve	Pathfinder Funding	(124,364)
Apprentice Reserve	No apprentices in current year	(16,800)
NNDR Pool Reserve	The AMP 22-23 Deficit lower, RV finder and Business Rates Property Inspector not utilised	(62,599)
Efficiency & Innovation Reserve	IT underspend to fund SOCITM	(50,000)
Transformation Fund Reserve	Civica e-billing, costs lower	(4,697)
Transformation Fund Reserve	Community Safety reserve not required	(5,100)
Transformation Fund Reserve	Pay award costings lower due to vacancies	(105,200)
Transformation Fund Reserve	Professional fees for Land Sales lower than initially planned	(10,000)
Economic Development Fund Reserve	DRF Carlton Square Development	(40,431)
Economic Development Fund Reserve	Market Supplement no longer required following restructure	(7,400)
Efficiency & Innovation Reserve	Minor underspends	(2,250)
Leisure Strategy Reserve	Strategic Review – Community Facilities & Play & Pitch Strategy not yet complete	(36,458)
Other Minor Movements		(13,014)
		<b>(961,200)</b>

## 2.7 Movement in Provisions

Provision requirements have been reviewed and transactions completed within the outturn analysis. Provisions are made when an event has taken place that gives the Council an obligation that probably requires settlement but where the timing and precise amounts are uncertain. The table below details the movements in Provisions for 2022/23 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/22	Movement in Year	Actual Balance 31/3/23
	£	£	£
Business Rates Appeals	1,648,600	(267,400)	1,381,200
Transferred Housing Stock – Environment Warranties	50,000	0	50,000
Transferred Stock Repairs	50,000	0	50,000
<b>Total</b>	<b>1,748,600</b>	<b>(267,400)</b>	<b>1,481,200</b>

Business Rate Appeals - the Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £1,381,200 has been made, representing the Council's estimated share of such liabilities at 31 March 2023.

Transferred Stock Environmental Warranties - to provide for the payment of excesses under the Environmental Warranty provided to Gedling Homes under the Large Scale Voluntary Transfer (LSVT) arrangement. An excess of £25,000 makes it likely that the Council will be required to meet certain expenses over the life of the policy.

Transferred Stock Repairs - to provide for work required under warranties on the transferred properties referred to above.

### Provisions for Bad Debts

Bad debts provisions are an estimate of the amount that will remain uncollectable after a certain time period and will require write off in the future accounts of the Council. They are calculated on the age and amounts of debt owed to the Council based on a hierarchical percentage i.e. the older the debt the greater the likelihood of non-collection. The table below details the movements in Bad Debts Provisions for 2022/23 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/22	Movement in Year	Actual Balance 31/3/23
	£	£	£
Sundry Debts	354,500	(46,100)	308,400

Housing Benefit Debts	2,059,700	(98,400)	1,961,300
Business Rates Debts (GBC Share)	208,000	(6,700)	201,300
Council Tax Debts (GBC Share)	249,300	(20,800)	228,500
<b>Total</b>	<b>2,871,500</b>	<b>(172,000)</b>	<b>2,699,500</b>

## 2.8 Building Regulations Fee Earning Trading Account

There is a statutory requirement to break even on the Building Regulation Fee Earning account to ensure the service is not subsidised by the council tax payer.

Building Regulations fee earning account achieved a deficit of £30,180 in 2022/23. The Fees & Charges have been reviewed and have been increased in 2023/24 to allow the service to break even over a 3 year rolling period.

## 2.9 Community Infrastructure Levy (CIL)

In 2022/23 the Council raised 28 liability notices totalling £3,539,950 and issued 16 demand notices totalling £2,324,654 for payment. During this time 25 receipts were collected totalling the sum of £1,657,474. Of the £1,657,474 receipts collected, £1,240,299 is to be spent on Strategic Infrastructure Projects that are identified within the Council's annual Infrastructure Funding Statement, £334,301 is to be spent on the locality it has been collected for via Neighbourhood funding and £82,874 is to fund administration costs as permitted under the Regulations.

The total balance now available to spend on strategic infrastructure projects in the Borough is £6,213,172 as detailed in the table in paragraph 3.4.

## 2.10 Members Pot Outturn 2022/23 and Community Grants

In 2022/23 the Members Pot budget was £61,500 of which £61,500 has been spent on grants to third parties as detailed in Appendix 4.

Despite ongoing financial pressures the Council was still able to provide financial support to voluntary and charitable organisations.

## 2.11 Support Service Recharges and Capital Financing Variations (Non Controllable)

Detailed explanations of major variations at individual portfolio holder level are included at Appendix 1. Global changes in respect of the treatment of support services and capital financing can mask the detail of performance in individual areas and these 'non controllable costs' are also highlighted separately (see paragraphs below).

### Support Service Recharges

The budgets of all central support, service administration and fleet providers have been monitored and updated as part of the quarterly budget monitoring process. Reallocation of support costs has been undertaken as part of the accounts closedown process based on actual outturn figures and therefore variances between the central support budgets and actual recharges have occurred as a result of this reappraisal. Variances resulting from the reappraisal of central support and service administration have occurred across the board, but the entries themselves do not impact on the budget requirement or the amount to be raised by Council Tax. **Overall, support services have underspent compared to the current estimate by £700 in 2022/23.**

### Capital Financing Charges

Capital financing charges reflected in the Council's service department budgets include amortisation and depreciation.

Amortisation charges relate to the cost of Capital schemes where no asset is created and the capital expenditure is therefore charged to revenue in the year it occurs e.g. disabled facilities grants. Budget variances may occur because of capital scheme under and overspends and carry forwards/slippage. Depreciation reflects the usage of capital assets within the services and budget variances can occur due to the revaluation of assets.

## **3 Capital Outturn 2022/23**

- 3.1 A summary of the Capital outturn is presented in the table below. Capital outturn totals £4,698,575 compared to an approved budget of £11,932,800 a net underspend of £7,234,226. After accounting for carry forward requests of £7,204,600 there is a reduced 2021/22 financing requirement on the capital programme of £29,626

The reduction in the financing requirement relates to an underspend against The AMP (£104,200) due to final invoice being lower than forecast, (£20,000) for underspend on Leisure Management System, (£22,800) on IT Licenses along with further underspends on various other projects collectively (£55,500). However these are offset by an overspend on DFG £173,500. Although budget was underestimated there was sufficient DFG from prior years to fund the expenditure.

- 3.2 The details of the outturn for individual schemes by Portfolio area are included at Appendix 5.

### Capital Outturn and Proposed Carry Forwards 2022/23

Portfolio	Current Estimate	Actual Expenditure	Variance	Proposed Carry Forward
	2022/23	2022/23		
	£	£	£	£
Local Pride & Community Engagement	145,000	93,327	(51,673)	52,400
Lifestyles, Health & Wellbeing	90,000	64,169	(25,831)	0
Environment	1,874,200	1,033,574	(840,626)	814,300
Sustainable Growth and Economy	8,568,400	2,963,048	(5,605,352)	5,659,300
Corporate Resources and Performance	1,255,200	544,457	(710,743)	678,600
<b>TOTAL</b>	<b>11,932,800</b>	<b>4,698,575</b>	<b>(7,234,225)</b>	<b>7,204,600</b>

### 3.3 Proposed Capital Carry Forwards

The capital carry forward requests a total £7,204,600 against the current approved capital programme of £11,932,800 which represents 60% re-profiling for 2022/23. The level of funding available to finance the carry forwards is projected to be sufficient. The majority of the capital re-profiling is in relation to the following:

- Gedling Access Road Contributions, awaiting agreement for transfer to be completed between GBC and Nottinghamshire County Council, payment now scheduled for July 2023 (£4,480,100);
- Green Homes Grants, re-profiling of scheduled claims and works, delivery expected 2023/24 (£1,037,900)
- Lambley Lane Changing Room & Pitch Renovation (£256,300), tenders received for scoring contract awarded likely to on site in September 2023.
- King George V – Provision of Public Toilets (£189,300), contract awarded installation expected in September 2023.
- Deferral of vehicle replacements due to delays in the supply chain (£156,500)
- Temporary Accommodation (£120,000), purchased 7 of the 8 budgeted properties, remaining budget to be added to the approved TA budget for 2023/24.
- Depot Works (£100,000), conditions survey complete, the Tender specification is currently being prepared with works commencing in Winter 2023.
- Town Centre Improvements, due to delays in receiving UKSPF funds, the project is re-scheduled to be completed in 2023/24 (£98,000).

Appendix 6 details:

- (a) the carry forward requests authorised by the Chief Financial Officer in line with the delegation arrangements totalling £5,018,500, this is mainly the Gedling Access Road (GAR) contribution of £4,480,100.



- (b) The carry forward requests totalling £2,186,100 for non-committed schemes in excess of £50,000, which require Cabinet approval. This is mainly for Green-Homes project, Vehicle Replacement programme, own Centre Improvements, Depot works and Lambley Lane changing room and pitch renovation.

### 3.4 Capital Financing 2022/23

The proposed method of financing the £4,698,574 capital expenditure incurred in 2022/23 is detailed in Appendix 7 and summarised below

	<b>£</b>
Capital Receipts	571,847
Capital Grants and Contributions	2,203,593
S106 & CIL	225,950
General Fund Revenue Contributions	99,109
Borrowing	1,598,076
<b>Total Capital Financing</b>	<b>4,698,574</b>

### Usable Capital Reserves

A reserve is created for a specific purpose or to cover contingencies. In accordance with the accounting code, these usable reserves must be separately identified between those that are retained for Capital purposes, and those that are retained for Revenue purposes.

Capital reserves are used to fund the capital programme within the year and the position as at 31 March 2023 is as follows:

Description	Balance (b fwd)	Received	Use In	Balance
	01/04/2022	In Year	Year	31/03/2023
	£	£	£	£
Usable Capital Receipts	0	560,947	(560,947)	0
Capital Grants Unapplied	867,099	2,059,085	(2,203,593)	722,591
S106 Contributions (conditions satisfied)	0	146,719	(146,719)	0
Community Infrastructure Levy	5,902,597	389,805	(79,230)	6,213,172
<b>Total</b>	<b>6,769,696</b>	<b>3,156,556</b>	<b>(2,990,489)</b>	<b>6,935,763</b>

### 3.5 Determination of Minimum Revenue Provision 2022/23

The Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003/3146 requires each Local Authority to determine the amounts set aside from revenue as a provision for repayment of debt known as the minimum revenue provision:

For 2022/23 the proposed minimum revenue provision is calculated in accordance with the MRP policy for 2022/23 as approved by Council on 3 March 2022 and equates to £638,515.

#### **4. Statement of Accounts**

##### **4.1 Technical Adjustments to Revenue**

The Council is required to comply with International Financial Reporting Standards (IFRS) in the production of its Statement of Accounts. This requires a number of technical adjustments to be made to portfolio totals. The adjusted totals are then presented in the Comprehensive Income and Expenditure Statement within the Statement of Accounts.

Adjustments will be made in respect of Employee Benefits i.e. holiday pay and pensions as well as impairments arising from asset revaluations and further details are provided below. The adjustments themselves do not impact on the budget requirement or the amount to be raised by Council Tax and therefore do not affect the General Fund balance. No budgets are set for these and managers do not have direct control of the costs. They are therefore not included within the Outturn Portfolio balances at paragraph 2.1

##### **Pension Benefits**

IFRS require recognition in the Accounts of the benefit entitlements earned by employees during the period rather than the actual amount of employer's pension contributions payable upon which charges to council tax are based. Adjustments will be made to the service revenue accounts in the Net Costs of Services to remove the actual pension contributions payable and replace them with the benefit entitlements earned as provided by the Actuary. For 2021/22 there will be additional adjustments that will need to be amended in the Statement of Accounts which is not yet signed off, once these have been amended the 2022/23 amendments will be made, these will be presented at a later date.

##### **Asset Impairment**

A capital asset impairment review is undertaken each year end by the Council's valuer. An assessment is made of whether the asset values currently held in the Council's Balance Sheet reflect both the current physical and market conditions and determine if an adjustment is required. If an asset is impaired i.e. the value is assessed to be lower than that currently held, then the asset value is written down with the accounting loss being charged to the Comprehensive Income and Expenditure Statement.

##### **4.2 Pensions**

The details regarding the Council's share of the Nottinghamshire County Council Pension Fund are provided for Members consideration at Appendix 8.

Barnett Waddingham are the Pension Fund's appointed Actuary, and their report sets out the assumptions used to prepare the IAS19 pension figures which are reported in Gedling's accounts. It is required that these assumptions are reviewed prior to agreeing their use and inclusion in the Statement of Accounts, and this review is currently underway.

## **5 Alternative Options**

This report provides a statement of financial performance against the approved budget for 2022/23 and as such there are no alternative options. The proposals for budget carry forwards are in accordance with requirements of Financial Regulations and are submitted for Member consideration.

The approval of the minimum revenue provision determination is statutorily required and as resources available for capital financing are severely restricted there are no alternative options available.

## **6 Financial Implications**

6.1 As detailed in the report.

## **7 Legal Implications**

7.1 The legal implications are detailed in the body of the report.

## **8 Equalities Implications**

8.1 None arising directly from this report.

## **9 Carbon Reduction/Environmental Sustainability Implications**

9.1 None arising directly from this report.

## **10 Appendices**

Appendix 1	General Fund Revenue Outturn 2022/23 Variance Analysis
Appendix 2	Summary General Fund Balance and Earmarked Reserves
Appendix 3	Movement in Earmarked Reserves
Appendix 4	Members Pot 2022/23
Appendix 5	Capital Outturn 2022/23
Appendix 6	Budget Carry Forward Summary
Appendix 7	Capital Financing Summary 2022/23

## **11 Background Papers**

Gedling Plan and Budget 2022/23 and Quarterly Budget Monitoring Reports

## **12 Reasons for Recommendations**

12.1 To ensure members are informed of the financial performance against the Gedling Plan and to comply with statutory requirements for capital financing.

### **Statutory Officer Approval**

**Approved by: Chief Financial Officer**

**Date: 30 June 2023**

**Approved by: Monitoring Officer**

**Date: 30 June 2023**