

## **Report to Cabinet**

**Subject:** Budget Outturn and Budget Carry Forwards 2023/24

**Date:** 17 July 2024

**Author:** Senior Leadership Team

### **Wards Affected**

Borough-wide

### **Purpose**

This report presents the Budget Outturn and Budget Carry Forwards for 2023/24.

Cabinet is asked to note the final outturn position for 2023/24 and:

- a) Approve the movements on earmarked reserves and provisions;
- b) Note the capital carry-forward budgets approved by the Chief Financial Officer in accordance with Financial Regulations;
- c) Approve the carry forward of non-committed capital budgets from 2023/24 as additions to the 2024/25 budget in accordance with Financial Regulations.
- d) Recommend that Council approve the method of financing the 2023/24 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 2023/24;**
- 2) Approve the movements in Earmarked Reserves and Provisions as detailed in paragraphs 2.7;**
- 3) Approve the reimbursement of £1,454,360 CIL funds into Earmarked Reserves as detailed in paragraph 2.10;**
- 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 £1,883,400 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 2023/24 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 2023/24 was approved by Council on the 2 March 2023. The Plan sets out the priorities, objectives and key 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 2023/24 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 £14,017,400 approved by Council. Capital budgets have also been monitored by Cabinet to ensure schemes are appropriately profiled, with the current estimate for 2023/24 being approved at £13,146,800.
- 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 2023/24**

- 2.1 The actual net revenue expenditure for each Portfolio during 2023/24 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 2023/24 compared to the current estimate. The current estimate is that approved by Cabinet in January 2024, 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 revised budget of £14,017,400.

The table shows a net underspend of **(£107,875)** against the current approved Net Council Budget, equating to **0.77%**. Materials variances in relation to the outturn and the revised budget are detailed at paragraph 2.4.2.

Given the extent of financial challenges facing the Council this underspend presents a positive outturn position for the Council and allows a contribution to reserves (prior to adjustments) which is above the estimated position as detailed in Appendix 2.

General Fund Revenue Outturn 2023/24

<b>General Fund Outturn Position 2023/24</b>			
	<b>Current Estimate 2023/24</b>	<b>Actual 2023/24</b>	<b>Variance to Current Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Communities and Place	354,100	324,053	(30,047)
Lifestyles Health and Wellbeing	1,990,900	298,592	(1,692,308)
Public Protection	1,500,000	1,873,042	373,042
Life Chances and Vulnerability	1,146,400	1,098,888	(47,512)
Environmental Services	4,661,200	4,701,595	40,395
Climate Change and Natural Habitat	1,974,000	1,970,098	(3,902)
Sustainable Growth and Economy	1,662,200	862,977	(799,223)
Corporate Resources and Performance	1,793,200	388,530	(1,404,670)
<b>Net Portfolio Budget</b>	<b>15,082,000</b>	<b>11,517,775</b>	<b>(3,564,225)</b>
Transfers to/(from) Earmarked Reserves	(1,064,600)	2,391,750	3,456,350
<b>Net Council Budget</b>	<b>14,017,400</b>	<b>13,909,525</b>	<b>(107,875)</b>
Less Financing:			
Business Rates (net of coll. fund deficit)	(6,327,642)	(6,381,685)	(54,043)
Council Tax	(7,150,436)	(7,150,436)	0
Business Rates Levy	(25,801)	(25,801)	0
Revenue Support Grant	(117,477)	(117,477)	0
Service Grant	(124,425)	(124,425)	0
Funding Guarantee	(349,912)	(349,912)	0
New Homes Bonus	(332,930)	(332,930)	0
HMRC VAT Claim	(3,500,000)	(3,573,195)	(73,195)
Prior Year Audit Adjustments	0	63,898	63,898
<b>Transfer (to)/from General Fund Balance</b>	<b>(3,911,223)</b>	<b>(4,082,438)</b>	<b>(171,215)</b>

2.2 Although the underspend detailed above in relation to the Net Council Budget of £107,875 is a positive result, it should be noted that there have been some considerable service overspends to the Original Budget (approved by Council on the 2 March 2023) during 2023/24. Of particular note is the outturn for Environmental Services which has a controllable budget overspend of £1,329,387 against the original budget as per the table below:

Service	Original Budget 2023/24	Current Budget 2023/24	Budget Movement 2023/24	Actual 2023/24	Variance to Original Budget
	(£)	(£)	(£)	(£)	(£)
Waste Collection	836,300	1,220,400	384,100	1,396,643	560,343
Fleet Management	1,018,400	1,320,200	301,800	1,416,529	398,129
Street Care	671,300	833,300	162,000	853,241	181,941
Environmental Support	75,000	145,000	70,000	196,484	121,484
Cemeteries	(180,100)	(115,100)	65,000	(112,610)	67,490
<b>Total</b>	<b>2,420,900</b>	<b>3,403,800</b>	<b>982,900</b>	<b>3,750,287</b>	<b>1,329,387</b>

The budget movements totalling £982,900 were reported to Cabinet and Council during 2023/24 as part of quarterly budget monitoring reports.

The overspend to the original budget of £1,329,387 is a result of increased expenditure during 2023/24 on overtime, agency services, vehicle parts, fuel and vehicle hire, and reduced income in relation to garden waste and cemeteries:

Income / Expenditure Type	Original Budget 2023/24	Current Budget 2023/24	Budget Movement 2023/24	Actual 2023/24	Variance to Original Budget
	(£)	(£)	(£)	(£)	(£)
Employees / Overtime	3,133,400	3,545,800	412,400	3,566,874	433,474
Agency	490,800	731,400	240,600	852,828	362,028
Vehicle Parts	108,700	233,700	125,000	222,116	113,416
Fuel	495,800	576,800	81,000	580,777	84,977
Hire of Transport	7,600	42,600	35,000	47,795	40,195
Insurance Excess Payments	0	0	0	55,577	55,577
Waste Bin Expenditure	78,900	114,600	35,700	136,517	57,617
Waste Income	(1,487,300)	(1,512,500)	(25,200)	(1,428,766)	58,534
Cemeteries Income	(514,700)	(469,100)	45,600	(446,592)	68,108
Other Income / Expenditure	107,700	140,500	32,800	163,161	55,461
<b>Total</b>	<b>2,420,900</b>	<b>3,403,800</b>	<b>982,900</b>	<b>3,750,287</b>	<b>1,329,387</b>

This cannot be allowed to continue into 2024/25 and managers have been informed of the increased scrutiny around budget monitoring.

### 2.3 General Fund Balance at 31 March 2024

The General Fund Balance at 31 March 2024 is **£4,912,765**.

Details of movements on the General Fund balance and total usable reserves held at 31 March 2024 are shown at **Appendix 2**.

## 2.4 Major General Fund Revenue Variances from Current Estimate

### 2.4.1 Financing Variances 2023/24

#### Business Rates

The outturn for Business Rates exceeded the current estimates by £54,043 this was due to retained section 31 grants being higher than estimated when completing the government return (NNDR1) for 2023/24.

#### HMRC VAT Claim

In conjunction with its advisers, the Council submitted claims for the reimbursement of output tax accounted for on the supply of sporting services, on the basis that it is not a taxable person in providing them and the services are therefore outside the scope of VAT.

On 3 March 2023, HMRC released Revenue and Customs Brief 3 (2023): changes to VAT treatment of local authority leisure services, in which HMRC confirmed that following a detailed analysis of the leisure services sector, it was found that allowing local authorities to treat their supplies of leisure services as non-business would not significantly affect competition.

The estimate for the Councils claim included in the Medium-Term Financial Plan was £3,500,000, HMRC have now settled this claim and the Council received £3,573,195 accounting for the £73,195 favourable variance reported.

#### Prior Year Audit Adjustments

The ongoing external audit of the Councils draft Statement of Accounts for 2021/22 flagged up issues that required correction, and this resulted in the £63,898 adverse variance reported.

The external audit of the 2021/22 accounts is still ongoing and full details of amendments made to the draft Statement of Accounts will be reported to the Audit Committee following completion of the audit.

#### 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 Nottinghamshire 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 Nottinghamshire County Council (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 2023/24 has been allocated to Pool Members in accordance with the Memorandum of Understanding.

The Pool outturn figures for 2023/24 have been estimated with a sum of £649,137 identified for redistribution to Gedling. This income is recognised in the Portfolio outturn figures and has been transferred to earmarked reserves, to support Economic Regeneration and Transformation projects.

#### 2.4.2 Net Council Budget Variances 2023/24

An underspend against the Current Net Portfolio 2023/24 of (£3,564,225) is offset by a net variance on Earmarked Reserve contributions of £3,456,350 to give a net Council Budget underspend of (£107,875). 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

##### Net Reductions in **Employee Expenditure**

- A net reduction in Employee Expenditure of (£191,000) is mainly due to vacancies across Portfolios and with the majority relating to Leisure Services, and Corporate Directors.

##### **Sales, Fees and Charges Income**

- An increase in Leisure Income of (£141,288) offset by a reduction in income of £24,011 at the Richard Herrod Centre.
- A decrease in Garden Waste income of £50,000.

##### **Expenditure**

The increase in controllable expenditure relates to the material variances detailed below:

- Additional cost in 2023/24 for waste disposal charges relating to 2022/23 of £60,000.
- Overspend relating to Overtime & agency staff across Waste services and Street care £80,000.

Other variances under £50,000 are shown in a more detailed analysis of variances to the revised budget set out at Appendix 1.

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

- 2.5.1 The Council received discretionary housing payments of £184,800, 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 £107,400 of Hardship relief to council taxpayers who are in receipt of Council Tax Reduction Scheme (CTRS) support and an additional £214,700 to care leavers. The difference between the grant received and the financial assistance provided has been

offset by a contribution from earmarked reserves in the sum of £120,200 to minimise the impact to the General Fund outturn.

## 2.6 Efficiency Programme – Outturn Position

Since 2014/15 Council have approved six separate budget reduction programmes totalling £7,000,000 net of risk provision, including the current year's programme of £443,500 approved during the 2023/24 budget process. Previous progress has been positive and budget reductions achieved have been in line with the profiled estimate. Of the total programme, £975,500 was planned for delivery over 2023/24 to 2024/25.

In terms of 2023/24, the original programme for the delivery of efficiencies totalled **£894,000**. The outturn position indicates the following:

<b>Movements on Efficiencies 2023/24</b>	
	<b>£</b>
<b>Approved Efficiency Programme 2023/24</b>	<b>(894,000)</b>
Quarter 1 Amendments	0
Quarter 2 Amendments	216,100
Quarter 3 Amendments	58,000
<b>Revised Total at Quarter 3</b>	<b>(619,900)</b>
<b>Proposed Amendments Quarter 4:</b>	
<b>Deferred efficiencies</b>	
Sponsorship and Marketing	13,600
Website software solution change	6,500
Marketing (Communications)	14,700
Increase advertising in Contacts Magazine	5,000
Sponsorship of Flower Beds	5,000
Remembrance Tree Leaf income	5,000
Charging Developers for Bins	10,000
Service Review of PASC/Waste Admin (Staffing)	1,400
Pest Control	10,500
<b>Total deferred at Outturn (Q4)</b>	<b>71,700</b>
<b>Non deliverable efficiencies</b>	
Fees and Charges Increases no longer applicable	11,000
<b>Total Quarter 4 Amendments</b>	<b>82,700</b>
<b>Revised Total Delivered 2023/24</b>	<b>(537,200)</b>
<b>Variance 2023/24 Programme</b>	<b>356,800</b>

The **£82,700** quarter 4 amendments are included in the variances detailed in Appendix 1. In summary, the outturn of the efficiency programme delivery was a deferral of **£356,800** anticipated savings. This was mainly due to the delay in implementation of the new waste management system and Environmental services restructure. Any deferred efficiencies will be carried forward into 2024/25 for delivery.



## 2.7 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 2024 is £8,603,495, being £3,437,861 higher than the current estimate of £5,165,634. 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 2024/25;
- Additional contributions from reserves to fund budget pressures arising during the year.

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

### 2.7.1 New Contributions to Earmarked Reserves

Included in the Earmarked Reserves proposed for approval are new contributions to reserves of £2,875,966 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>
Community & Crime Reserve	Air Quality grant received	(11,710)
S106 Revenue Reserve	Teal Close Open Space Maintenance Contribution	(100,846)
Housing Benefits Reserve	HB Admin Grant received	(36,808)
Insurance Reserve	Additional income from settled claim	(17,250)
Asset Management Reserve	Gedling CP car park donations	(4,054)
Local Development Framework Reserve	Bio Net Gain grant & New Burdens Transparency Code	(12,439)
Earmarked Reserves - Grants	Gedling Lotto contributions	(4,250)
Earmarked Reserves - Grants	Additional New Burdens funding	(28,130)
NNDR Pool Reserve	Pool Surplus 23/24	(672,527)
Transformation Fund Reserve	Leisure Strategy repayment from GCP	(1,454,360)
Leisure Strategy Reserve	English Sports Council grant received	(113,700)
		<b>(2,456,074)</b>

<b>Increases for Future Projects Arising from Service Underspends</b>		
<b>Reserve</b>	<b>Reason for Movement</b>	<b>Amount</b>
IT Replacement Reserve	IT Strategy	(50,000)
IT Replacement Reserve	Increase contribution based on replacement programme	(17,231)
Efficiency & Innovation Reserve	Underspends to be used for future projects	(50,000)
Efficiency & Innovation Reserve	'Our Gedling' contribution to 50 year celebration	(2,200)
Earmarked Reserves - Grants	UK Shared Prosperity Fund ongoing	(246,061)
Transformation Fund Reserve	Leisure Strategy Carlton Forum gas recharges	(49,400)
Other minor adjustments		(5,000)
		<b>(419,892)</b>

### 2.7.2 Variances in Planned Usage of Earmarked Reserve

Contributions from reserves compared to current estimate of £561,895 can be analysed as follows:-

<b>Additional Contributions from Reserves</b>		
<b>Reserve</b>	<b>Reason for Movement</b>	<b>Amount</b>
Joint Use Reserve	Maintenance expenditure at the joint use leisure centres	26,963
Community & Crime Reserve	Air Quality grant allocated	10,500
Insurance Reserve	Additional contributions required for claims under the excess limit	71,385
Efficiency & Innovation Reserve	Waste System procurement	75,597
Asset Management Reserve	Car parks	10,415
Earmarked Reserves - Grants	Migration to HM Land registry ongoing	7,269
Earmarked Reserves - Grants	Hackney Carriage driver refunds	4,996
Earmarked Reserves - Grants	Community Development Co-ordinator	21,750
Earmarked Reserves - Grants	Breckhill Path project	5,000
Leisure Strategy Reserve	Strategic Review – Community Facilities complete	11,338
Selective Licensing Reserve	Selective Licensing Project next phase delayed	148,551
		<b>393,764</b>

<b>Reduced Contributions from Reserves</b>		
<b>Reserve</b>	<b>Reason for Movement</b>	<b>Amount</b>
IT Replacement Reserve	Fewer items replaced than estimated	(30,582)
Community & Crime Reserve	Lower maternity costs	(16,436)
Risk Management Reserve	Waste System procurement	(20,000)
Risk Management Reserve	Emergency planning project not yet completed	(6,203)
S106 Revenue Reserve	Lower maintenance costs on S106 sites	(20,286)
Asset Management Reserve	Schemes deferred to 2024/25 including, Ouse Dyke, Depot works and Car park resurfacing	(212,397)
Local Development Framework Reserve	Pathfinder project ongoing	(184,836)
Earmarked Reserves - Grants	Community groups growth fund 2023/24	(2,464)
Earmarked Reserves - Grants	Maternity Cover Council tax ongoing	(30,200)
Earmarked Reserves - Grants	Homes for Ukraine & Asylum Seeker Dispersal projects ongoing	(112,649)
Earmarked Reserves - Grants	Development Control Agency Funding not required	(30,000)
Earmarked Reserves - Grants	Market Supplement no longer required following vacancy	(8,200)
Earmarked Reserves - Grants	'Contain' funding not required	(23,400)
CCTV Reserve	Lower contributions required for CCTV	(5,063)
Apprentice Reserve	Fewer apprentices in current year	(9,300)
NNDR Pool Reserve	Arnold Master Planning ongoing	(188,720)
Transformation Fund Reserve	Professional fees for Land Sales lower than initially planned	(14,230)
Transformation Fund Reserve	Minor underspends	(7,100)
Economic Development Fund Reserve	DRF Carlton Square Development	(25,000)
Economic Development Fund Reserve	Market Supplement no longer required following vacancy	(3,400)
Other minor adjustments		(5,193)
		<b>(955,659)</b>

## 2.8 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 2023/24 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/23	Movement in Year	Actual Balance 31/03/24
	£	£	£
Business Rates Appeals	1,381,200	(664,700)	716,500
Transferred Housing Stock – Environment Warranties	50,000	0	50,000
Transferred Stock Repairs	50,000	0	50,000
<b>Total</b>	<b>1,481,200</b>	<b>(664,700)</b>	<b>816,500</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 £716,500 has been made, representing the Council's estimated share of such liabilities at 31 March 2024.

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 2023/24 which are now proposed to Cabinet for approval.

Description	Balance B/fwd 01/04/23	Movement in Year	Actual Balance 31/03/24
	£	£	£
Sundry Debts	308,500	53,400	361,900
Housing Benefit Debts	1,961,200	(210,900)	1,750,300
Business Rates Debts (GBC Share)	201,300	74,100	275,400
Council Tax Debts (GBC Share)	228,500	38,000	266,500
<b>Total</b>	<b>2,699,500</b>	<b>(45,400)</b>	<b>2,654,100</b>

## 2.9 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.

The outturn position for 2023/24 on the Building Regulations fee earning account was a deficit of £25,049. Any deficits are held on the balance sheet and offset against any surpluses generated in future years.

## 2.10 Community Infrastructure Levy (CIL)

In 2023/24 the Council raised 17 liability notices totalling £628,453 and issued 8 demand notices totalling £1,796,607 for payment. During this time 25 receipts were collected totalling the sum of £2,853,486. Of the receipts collected, £2,213,885 is to be spent on Strategic Infrastructure Projects that are identified within the Council's annual Infrastructure Funding Statement, £496,927 is to be spent in the locality it has been collected as the Neighbourhood portion and £142,674 is to fund administration costs as permitted under the Regulations.

The remaining balance available to spend on strategic infrastructure projects in the Borough at the end of the 2023/24 financial year is £1,726,184 as detailed in the table in paragraph 3.4.

### CIL Gedling Country Park (Report to Council 13 July 2016)

The Gedling Country Park Visitor Centre (completed in 2018 at a cost of £1,454,360) was on the CIL Regulation 123 List as a project to be funded through CIL. A report to Cabinet on 13 July 2016 advised that CIL receipts would not be available until 2024/25. In the absence of the CIL funding the visitors centre was funded by internal borrowing including contributions from earmarked reserves. The CIL funding was received by the Council during 2024/25 and under Regulation 60 of the CIL Regulations 2010 it allows for the charging authority to reimburse expenditure already incurred on infrastructure, therefore this report requests approval that receipts of £1,454,360 are repaid back into Earmarked Reserves.

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

In 2023/24 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.

## 2.12 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 because 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 overspent compared to the current estimate by £451,251 (made up of an underspend of £114,047 relating to Central Support and an overspend on Fleet of £565,298) in 2023/24.

### 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 2023/24**

- 3.1 A summary of the Capital outturn is presented in the table below. Capital outturn totals £10,634,130 compared to an approved budget of £13,146,800 being a net underspend of £2,512,670. Of this amount, there are carry forward requests of £2,364,100.
- 3.2 The details of the outturn for individual schemes by Portfolio area are included at Appendix 5.

## Capital Outturn and Proposed Carry Forwards 2023/24

Portfolio	Current Estimate	Actual Expenditure	Variance	Proposed Carry Forward
	2023/24	2023/24		
	£	£	£	£
Local Pride & Community Engagement	0	0	0	0
Lifestyles, Health & Wellbeing	40,000	33,138	(6,862)	6,900
Public Protection	77,400	25,388	(52,012)	52,000
Environmental Services	2,143,500	1,653,188	(490,312)	435,300
Sustainable Growth and Economy	8,722,800	7,359,557	(1,363,243)	1,310,300
Corporate Resources and Performance	2,163,100	1,562,859	(600,241)	559,600
<b>TOTAL</b>	<b>13,146,800</b>	<b>10,634,130</b>	<b>(2,512,670)</b>	<b>2,364,100</b>

### 3.3 Proposed Capital Carry Forwards

The capital carry forward requests total £2,364,100 against the current approved capital programme of £13,146,800 which represents 18% re-profiling for 2023/24. 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:

- East Midlands Domestic Retrofit Project (£583,500), project underway with EON and their contractors are identifying eligible households. Project due to finish August 2024.
- The AMP – First Floor fit-out (£429,300), project underway and in the design stage. Project re-phased for completion in 2024/25.
- Depot Works (£200,000) - soft marking testing and work on specification has resulted in a delay to the project, which will be re-phased for delivery in 2024/25.
- Economic Regeneration Land Assembly (£183,700), properties purchased for Ambition Arnold Project. The budget will be carried forward into 2024/25 to enable the next stages of project.
- Disabled Facilities Grant (£168,000) - committed expenditure on adaptations for delivery in 2024/25.
- Temporary Accommodation (£129,500) – identification and Purchase of appropriate properties will continue into 2024/25.

Appendix 6 details:

- (a) The carry forward requests authorised by the Chief Financial Officer in line with the delegation arrangements totalling £480,700. This is due to several

projects spanning financial years including Lambley Lane Changing Rooms and CCTV Developments in the Borough.

- (b) The carry forward requests totalling £1,883,400 for non-committed schemes in excess of £50,000, which require Cabinet approval. This is mainly for Domestic Retrofit Project, The AMP first floor fit out, Depot works, Disabled Facilities Grant and Economic Land Assembly.

### 3.4 Capital Financing 2023/24

The proposed method of financing the £10,634,130 capital expenditure incurred in 2023/24 is detailed in Appendix 7 and summarised below:

	<b>£</b>
Capital Receipts	2,174,581
Capital Grants and Contributions	4,486,452
S106	80,953
General Fund Revenue Contributions	60,249
Borrowing	3,831,895
<b>Total Capital Financing</b>	<b>10,634,130</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 2024 is as follows:

Description	Balance (b/fwd)	Received	Use In Year	Balance
	01/04/23	In Year		31/03/24
	£	£	£	£
Usable Capital Receipts	0	561,947	(0)	561,947
Capital Grants Unapplied	722,591	1,899,834	(2,174,581)	447,844
S106 Contributions (conditions satisfied)	0	80,953	(80,953)	0
Community Infrastructure Levy	6,213,172	1,454,475	(5,941,463)	1,726,184
<b>Total</b>	<b>6,935,763</b>	<b>3,997,209</b>	<b>(8,196,997)</b>	<b>2,735,975</b>

### 3.5 Determination of Minimum Revenue Provision 2023/24

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 2023/24 the proposed Minimum Revenue Provision is calculated in accordance with the MRP policy for 2023/24 as approved by Council on 2 March 2023 and equates to £723,705.

#### **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.

##### **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 2023/24 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 2023/24 Variance Analysis
Appendix 2	Summary General Fund Balance and Earmarked Reserves
Appendix 3	Movement in Earmarked Reserves
Appendix 4	Members Pot 2023/24
Appendix 5	Capital Outturn 2023/24
Appendix 6	Budget Carry Forward Summary
Appendix 7	Capital Financing Summary 2023/24

## **11 Background Papers**

Gedling Plan and Budget 2023/24 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: 24 May 2024**

**Approved by: Monitoring Officer**  
**Date: 24 May 2024**