

Report Title:	2022/23 Revenue Outturn Report
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Jones, Deputy Leader and Cabinet Member for Finance
Meeting and Date:	Cabinet – 29 th June 2023
Responsible Officer(s):	Andrew Vallance, Head of Finance and Interim S151 Officer
Wards affected:	All



REPORT SUMMARY

This report details the final outturn against budget for the 2022/23 financial year. It includes the revenue and capital budgets along with the financial reserve position at year end.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) notes the final revenue outturn for the year is an overspend on services of £0.757m which reduces to an underspend of £1.460m when including unallocated contingency budgets and changes to funding budgets (para 4);**
- ii) note that as a result of this, the general fund reserve has increased from £8.753m to £10.213m (para 4); and**
- iii) notes the forecast capital outturn is expenditure of £21.663m against a budget of £76.56m (para 13).**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

Option	Comments
To note the Council's outturn.	This is the recommended option.
To not note the Council's outturn.	This is not the recommended option.

3. KEY IMPLICATIONS

- 3.0 The Council faces considerable financial risks that could have a significant and immediate impact on its finances. However, whilst reserves are currently above the minimum level that the S151 Officer has deemed are required to protect against financial and service risks, they remain low compared to the optimum level that should be held. The Medium-Term Financial Plan assumes that the Council will identify sustainable savings over the medium term and therefore remain above the minimum level of reserves identified by the S151 Officer (£7.900m).

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
General Fund Reserves	<£7.9m	£7.9m to £12m	£12m to £15m	> £15m	Ongoing

4. 2022/23 MONTH 12 REVENUE FINAL OUTTURN

- 4.1 The final outturn is an overspend on service budgets of £0.757m, an adverse movement of £0.038m from month 10. Including corporate & contingency budget, and changes to funding, this reduces to an underspend of £1.460m, an adverse movement of £0.034m from month 10.
- 4.2 As forecast throughout the year, the largest overspend is in the Adults and Housing directorate of £1.225m. This is largely due to pressures in older people's residential care.
- 4.3 The Place directorate also finished with a significant overspend of £0.660m. This is mainly due to neighbourhood services, where reduced income from parking season tickets and leisure centre utility costs are particularly acute.
- 4.4 Children's Services overspent by £0.303m. The main pressures related to home to school transport, legal costs, and the national transfer scheme for unaccompanied asylum-seeking children.
- 4.5 Resources underspent by £0.682m mainly due to more income, including recoupment of Court Costs and additional government grants. There also continue to be a number of vacancies across the service resulting in lower staff costs.
- 4.6 There were total underspends in the central directorates of Resources and Governance, Law, Strategy and Public Health totalling £1.437m. As with Resources there continue to be vacancies across the service. In addition, reimbursement of costs in respect of Operation London Bridge was more generous than anticipated, and some legacy Covid grants in Public Health could be released into the general fund.

Ringfenced budgets

- 4.7 The schools budget underspent by £0.941m and the accumulated deficit has therefore reduced to £1.106m.

- 4.8 Public Health underspent by £0.588m. The underspend was transferred into the Public Health earmarked reserve which now totals £0.951m.

Table 3: 2022/23 Revenue Budget Outturn

	Current Budget	Outturn	Over / (under) spend	Change since month 10
	£000	£000	£000	£000
Adults and Housing	42,802	44,027	1,225	133
Children's Services	26,839	27,142	303	48
Place	13,572	14,232	660	(74)
Resources	5,675	4,993	(682)	(49)
Governance, Law, Strategy & Public Health	3,665	2,910	(755)	(88)
Chief Executive Department	279	285	6	(8)
TOTAL SERVICE EXPENDITURE	92,832	93,589	757	(38)
Contingency	1,808	(81)	(1,889)	31
Other funding and non-service expenditure	(94,640)	(94,968)	(328)	41
INCREASE IN GENERAL FUND	0	(1,460)	(1,460)	34

GENERAL FUND		
Opening balance	(8,753)	(8,753)
Transfer in	0	(1,460)
CLOSING BALANCE	(8,753)	(10,213)

5. ADULTS & HOUSING

- 5.1 The Adults & Housing directorate outturn is an overspend of £1.225m, an adverse variance from month 10 of £0.133m.

Table 4: Adults and Housing Outturn

	Budget	Outturn	Over / (under) spend	Change since month 10
	£000	£000	£000	£000
Director & Support	2,021	1,905	(116)	(250)
Housing	3,404	3,222	(182)	(63)
Adult Social Care	37,377	38,900	1,523	446
Total	43,802	44,027	1,225	133

Director & Support

- 5.2 The underspend of £0.116m at year end was mainly due to new government grants for 2022/23 that were only announced in March.

Adult Social Care

- 5.1 The overspend of £1.523m at year end is mainly due to continued pressure on older people placement numbers and unit costs. The underlying pressure is being partially offset by the use of £2.500m of one-off funds as well as £0.750m of contingency. Additional pressure has arisen from unsecured debt. Older People client numbers currently supported are 103 more than the budget plan despite improvements to decision-making processes.

Table 5: Adults Social Care Outturn

	Budget	Outturn	Over / (under) spend	Change since month 10
	£000	£000	£000	£000
Older people & physical dis.	24,457	26,274	1,817	905
Learning disability	15,870	14,446	(1,424)	(710)
Mental health	2,949	3,187	238	(298)
Other Adult Social Care	3,359	4,054	695	410
Better Care Fund income	(9,258)	(9,061)	197	139
Total	37,377	38,900	1,523	446

Housing

- 5.2 The Housing underspend of £0.182m was largely due to prior year government grants that were being held in earmarked reserves but have now been released to the general fund following a finance review.

6. CHILDREN'S SERVICES

Non-Dedicated Schools Grant

- 6.1 The Children's directorate outturn is an overspend of £0.303m, an adverse variance from month 10 of £0.048m.

Table 6: Children's (non-Dedicated Schools Grant) Outturn

	Budget	Outturn	Over / (under) spend	Change since month 10
	£000	£000	£000	£000
AfC: Social Care and Early Help	20,610	21,047	438	63
AfC: Mgt & Business Services	3,948	4,168	220	186
AfC: Education	3,067	3,353	286	(150)
AfC: Public Health	(36)	(54)	(18)	(58)
AfC: Special Educational Needs	1,528	1,371	(157)	(13)
Retained Children's Services	(2,277)	(2,744)	(467)	19
Total	26,839	27,142	303	48

- 6.2 The main reasons for the overspend are pressures in Home to School Transport which has experienced increased volume and complexity, plus continued high legal costs and the impact of the National Transfer Scheme for unaccompanied asylum-seeking children.

Dedicated Schools Grant

- 6.3 The Dedicated Schools budget outturn is an underspend of £0.941m favourable variance of £0.460m from month 10. This underspend is transferred to a dedicated reserve, so does not impact on the general fund. The accumulated deficit as at 31 March 2023 now stands at £1.106m which is a significant reduction on last year, representing 0.8% of the total gross budget allocation 2022/23.

Table 7: Dedicated Schools Grant Outturn

	Budget	Outturn	Over / (under) spend	Change
	£000	£000	£000	£000
AfC – DSG	13.906	14.365	0.459	(0.844)
Retained – DSG	57.959	56.559	(1.400)	0.384
Transfer to / (from) DSG reserve	(71.865)	(70.924)	0.941	0.460
Total	0	0	0	0

Dedicated Schools Reserve	£000
Opening Deficit	2,047
2022/23 surplus	(0.941)
Closing Deficit	1.106

- 6.4 The Schools Block (£0.496m) and Early Years Block (0.545m) both underspent due to lower pupil growth and lower attendance at nurseries. This was offset by an overspend on the High Needs Block (£0.150m).

7. PLACE

- 7.1 The Place directorate outturn is an overspend of £0.660m a favourable variance of £0.074m from month 10. This is mainly due to a windfall in highways income, offset against increased costs of utility bills at Braywick as well as water consumption Windsor leisure centre.

7.2 Table 8: Place Outturn

	Budget	Outturn	Over / (under) spend	Change since month 10
	£000	£000	£000	£000
Executive Director of Place	236	213	(23)	(23)
Neighbourhood Services	8,635	9,444	809	(389)
Planning	1,341	1,651	310	83
Communities	(956)	(828)	128	250
Health Partnerships	325	224	(101)	3
Infrastructure, Sust. & Transport	3,991	3,528	(463)	2
Total	13,572	14,232	660	(74)

- 7.3 Neighbourhood Services is forecasting an overspend of £0.809m, a favourable variance of £0.389m compared to month 10. This movement is primarily due to increased income from streetworks fixed penalty notices as well as permit schemes, operations highway licencing and temporary traffic orders.
- 7.4 Parking income has come in on target (£7.659m), including an adjustment for Nicholson's multi-story car park closure as reported in month 10. Season ticket income was at 47% which has slightly improved since last month. The total parking income of £9.6m which includes permits, parking advertisement, etc is at 2.3% adverse variance versus £9.8m budget.
- 7.5 Planning is reporting an overspend of £0.083m, a minor adverse variance compared to month 10. This is primarily due to re-profiling of income from major applications into FY23/24.
- 7.6 Communities is reporting an overspend of £0.128m, an adverse variance of £0.250m. This movement is primarily due to the contribution towards increased utility costs at Braywick leisure centre as well as the increased water consumption because of an identified pool leak at Windsor leisure centre.

8. RESOURCES

- 8.1 The Resources directorate outturn is an underspend of £0.682m, a favourable movement of £0.049m from month 10.

Table 9: Resources Forecast Outturn

	Budget	Outturn	Over / (under) spend	Change since month 10
	£000	£000	£000	£000
Executive Director of Resources	218	321	103	83
Libraries & Residents Services	2,418	2,340	(78)	52
Revenues and Benefits	1,427	1,088	(339)	130
Housing Benefit	(320)	(458)	(138)	(458)
HR, Corporate Projects, and IT	3,207	2,859	(348)	(58)
Corporate Management	58	263	205	170
Finance	1,529	1,460	(69)	(47)
Property	(2,862)	(2,880)	(18)	79
Total Resources	5,675	4,993	(682)	(49)

- 8.2 The underspend in HR, Corporate Projects, and IT was mainly due to staff vacancies, release of accruals that were no longer required and income from recharge of phone costs. In Revenues and Benefits the main reason for the underspend was income in respect of Court Costs (on which we moved to doing on an accruals basis for the first time in 2022/23), additional government grant income and staff vacancies.
- 8.3 In Corporate Management the overspend is due to additional audit fees incurred to get the 2019/20 accounts signed off, particularly in regard to work on objections.

9. GOVERNANCE, LAW, STRATEGY & PUBLIC HEALTH

- 9.1 The Governance, Law, Strategy and Public Health directorate outturn is an underspend of £0.755m, a favourable movement of £0.088m from month 10.

Table 10: Governance, Law, Strategy & Public Health Outturn

	Budget	Outturn	Over / (under) spend	Change since month 10
	£000	£000	£000	£000
Deputy Director	111	182	71	22
Communications & Marketing	1,146	1,112	(34)	53
Governance	2,091	1,657	(434)	(212)
Law	635	466	(169)	(54)
Public Health budgets	(318)	(507)	(189)	103
Total	3,665	2,910	(755)	(88)

- 9.2 This is primarily due to £0.383m variance in salaries budgets due to vacancies across the service, £0.135m of which was in Governance. The underspend is also contributable to supplies and services including £0.274m additional income in part related to reimbursement of Operation London Bridge costs which was more generous than anticipated.
- 9.3 The Public Health budgets included some legacy Covid budgets which have now either been utilised or transferred to earmarked reserves. In terms of the statutory Public Health service, this underspent by £0.588m and was transferred into the Public Health earmarked reserve which now totals £0.951m.

10. SUNDRY DEBT

- 10.1 The current level of overdue sundry debt is £11.832m and the year-end bad debt provision is £7.232m (61%). Further actions are in progress to raise the profile of debt within directorates and tackle the level of arrears including:
- charging the cost of the bad debt provision to directorates rather than funding centrally;
 - developing more focused reports to directorates to highlight areas of concern; and
 - establishing a debt panel to ensure overdue debt is discussed.

Table 11: Aged Debt and bad debt provision

	> 1 month	> 2 month	> 6 month	> 1 year	Total	Bad Debt Prov
	£000	£000	£000	£000	£000	£000
People Services						
Adult Social Care	223	770	761	2,526	4,280	2,815
Children's	38	8	0	7	52	11
Housing	4	20	141	1,336	1,500	1,374
Deferred Payments	4	31	35	412	481	0
GLS&PH	7	8	0	4	19	7
Place	263	109	12	95	479	155
Resources	0	0	0	0	0	0
Commercial property	13	109	187	373	683	495
Other	5	22	51	73	150	105
Total Agresso Debt	556	1,075	1,188	4,826	7,645	4,962

Debt on other systems:

HB Overpayments	3,220	2,051
Housing Rents	132	22
Council Tax Court costs	836	198
Total debt	11,832	7,232

- 10.2 The adult social care debt represents the contribution to care costs which the Council considers to be the responsibility of individuals in receipt of care above the current financial thresholds, and which has not yet been received despite the providers having been paid. There is a monthly review process underway to resolve the largest outstanding situations with families. There is further work to do with residents to improve early care planning so that we reduce the number of times there is a funding dispute.
- 10.3 The Housing debt is largely the result of how rent debt was raised on the system. For 2021/22 a single invoice was raised for a year's worth of rent at the start of the financial year. Arrears in respect of this rent went over 12 months old on 1 April 2022 resulting in a large increase in the bad debt provision. From June 2022, housing rents have moved to a specialised rent accounting system (ARA) which should resolve this issue going forward. Despite this there remains a significant amount of Housing debt to be addressed.
- 10.4 The increase in the bad debt provision for Commercial Property is mainly due to the regulations that were in place during the pandemic meaning that rent arrears could not be chased. Unsurprisingly, arrears have therefore increased.

This debt is being actively managed by the Propco to maximise returns from this debt.

11. EARMARKED RESERVES

- 11.1 In total there are £11.149m of usable earmarked reserves, excluding school balances and the general fund. Appendix B provides more detail. It should be noted the reduction in the Business Rates Section 31 reserve in year was planned, as this was funding that had been provided to offset business rates reliefs related to the pandemic.
- 11.2 The appendix sets out in detail the various reserves and their purpose. Most typically reserves are required where we have received government grants but they must be applied for a specific purpose and therefore must be kept separate from the General Fund.

12. BORROWING

- 12.1 Borrowing is only undertaken to finance capital projects that have been approved by the Council and lead to clear future benefits. It is not used to support day to day operational expenditure. Throughout the year the Council's borrowing levels are updated based on cash-flow and spending on the capital programme. Currently, the Council is borrowing temporarily pending anticipated capital receipts in future years.
- 12.2 A capital payment of £16m that did not take place before year-end as previously expected and additional grant receipts caused year end investment balances to be higher than projected in month 10.
- 12.3 Table 12 details current borrowing offset against investment balances.

Table 12: Net borrowing

	Opening balance	Year-end balance
	£000	£000
Long term	71,265	111,265
Short term – Local Authority	119,000	104,000
Short term – LEP / Trusts	15,598	17,249
Investments	(41,609)	(69,231)
Total	164,254	163,283

13. CAPITAL

- 13.1 Capital expenditure was budgeted at £76.56m. Appendix C details the capital slippage and Appendix D details the capital outturn.

Table 13: Capital programme outturn

	Gross budget	Slippage	Current year variances	Gross outturn
	£000	£000	£000	£000
Children's Directorate	11,140	(7,733)	(464)	2,943
Adult Social Care and Health	2,342	(1,711)	354	985
Place Directorate	24,339	(13,644)	(983)	9,712
Resources Directorate	38,449	(29,607)	(874)	7,968
Governance, Law & Strategy Directorate	290	(235)	(0)	55
Total	76,560	(52,930)	(1,967)	21,663

- 13.2 The £21.663m 2022/23 capital expenditure was funded by the income streams as set out below. The average cost of borrowing in 2022/23 was 2.12% and it cost £113k for the in-year expenditure funded from external borrowings.

Table 14: Capital programme financing

Source of funding	£000
Government grants	8,066
Developers' contributions (s106 & CIL)	2,526
Capital receipts	459
Corporate funding	10,612
Total	21,663

Table 15: Capital programme status

Number of schemes in programme	
Yet to start	46%
In progress	26%
Completed	14%
Ongoing programmes e.g., Disabled Facilities Grant	14%

14. LEGAL IMPLICATIONS

- 14.1 In producing and reviewing this report the Council is meeting its legal obligations to monitor its financial position.

15. RISK MANAGEMENT

15.1 Projected variances require mitigation to reduce them during the financial year.

16. POTENTIAL IMPACTS

16.1 Equalities. There are no direct impacts.

16.2 Climate change/sustainability. There are no direct impacts.

16.3 Data Protection/GDPR. There are no direct impacts.

17. CONSULTATION

17.1 None.

18. TIMETABLE FOR IMPLEMENTATION

Implementation date if not called in: 'Immediately'.

19. APPENDICES

19.1 This report is supported by nine appendices:

Appendix A Revenue monitoring statement
Appendix B Usable reserves
Appendix C Capital slippage
Appendix D Capital outturn

20. BACKGROUND DOCUMENTS

20.1 This report is supported by one background document, the budget report to [Council February 2022](#).

21. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory:</i>	<i>Statutory Officers (or deputies)</i>		
Andrew Vallance	S151 Officer	26/5/23	26/5/23
Elaine Browne	Monitoring Officer	26/5/23	31/5/23
<i>Directors (where relevant)</i>			
Stephen Evans	Chief Executive	26/5/23	
Andrew Durrant	Executive Director of Place	26/5/23	
Lin Ferguson	Executive Director of Children's Services	26/5/23	2/6/23

Kevin McDaniel	Executive Director of People Services	26/5/23	
----------------	---------------------------------------	---------	--

Confirmation relevant Cabinet Member(s) consulted	Deputy Leader and Cabinet Member for Finance	Yes
---	--	-----

REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Non-key decision	No	No

Report Author: Julian McGowan, Senior Finance Business Partner
--