

# Corporate Policy & Resources Committee



3 June 2024

<b>Title</b>	<b>Q4 Revenue Outturn Report as at 31 March 2024</b>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	<i>Paul Taylor Chief Accountant</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Community Addressing Housing Need Resilience Environment Service Delivery
<b>Recommendations</b>	<p><b>Subject to the previous report on 2023-24 Revenue Carry Forward report being approved; the Committee is asked to:</b></p> <ol style="list-style-type: none"> <li>1. Note the (£10,875k) surplus for the year to 31 March 2024, before the recommendations below, as set out in table 2.1 below.</li> <li>2. Approve the following transfers to reserves:             <ol style="list-style-type: none"> <li>a. £3,000k to Business Rates (National Non-Domestic Rates) Equalisation Reserve</li> <li>b. £6,875k to the Sinking Fund Earmarked Reserve</li> <li>c. £1,000k to the General Fund Reserve</li> <li>d. £1,400k S106/Community Infrastructure Levy (CIL) income received to reserves</li> <li>e. £1,600k to Earmarked Revenue Reserves in respect of the unspent Afghans support grants.</li> </ol> </li> </ol>
<b>Reason for Recommendation</b>	<p>The draft unaudited accounts for the year ended 31 March 2024 must be published on the Council's website by 31 May 2024, three days before this Committee meets to discuss this report.</p> <p>Therefore, any amendments to this report, will need to be reflected in the published unaudited accounts as part of the final audit process.</p> <p>Further, the tables from the financial statements are subject to change, as officers are still reviewing the working papers to confirm the statement of accounts.</p>

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>• The Committee is required to agree the 2023-24 Revenue Outturn report and approved the specific transfers to Reserves, as set out in the report (section 2.1 below) or make other recommendations.</li> <li>• Noting that as the Council is required to publish its draft unaudited by 31 May, i.e., before this meeting, the Statement of Accounts reflect these recommendations, and any subsequent adjustments made by the committee will be reflected in the final statement of Accounts as part of the statutory audit process.</li> <li>• Overall, this is a positive outturn with the Council increasing its cashback reserves by £2,800k (ref section 3.7), strengthening its ability to face any external uncertainties ahead.</li> <li>• Several transfers are being made to Earmarked Reserves as part of the yearend accounting process, i.e., the unspent element of the Afghan Refugees Support Grant for use in future years, which are highlighted in the report below. In section 2.8 below.</li> <li>• In section 2.7(b) below, National Non Domestic Rates (Business Rates) Surplus, following a change of personnel in both the Customer Service &amp; Finance Team the Collection Fund Adjustment (the share due to the Council from the Collection Fund) shows a surplus of just under £3,100k. Officers have requested an independent review of this with the results due</li> </ul>	<ul style="list-style-type: none"> <li>• At the end of the financial year, Council must agree how to utilise any surplus, being mindful of the challenges highlighted in the Medium Term Financial Plan and in particular the capitalised revenue costs held in the balance sheet for expenditure incurred on the direct development affordable housing projects, that may have to be released to the revenue budget.</li> <li>• Deal with the grants received in year as per section 3.7 (a) and (b) below.</li> </ul>

<p>in June, until then the recommendation is that the surplus funds are transferred to Earmarked Reserves and not utilised.</p> <ul style="list-style-type: none"> <li>Noting that Officers have released the £4,000k provision for business rates, which was held back to cover expected landlord costs which have not materialised. (see section 2.5 (bi) below)</li> </ul>	
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>Review the report and appendices attached.</li> <li>Question Budget Managers, Chief Accountant and Chair about any issues you may have.</li> </ul>	<ul style="list-style-type: none"> <li>Approve the recommendations made in the Report.</li> </ul>

## 2. Overview

2.1 The overall net under spend at the yearend 31 March 2024 was (£10,875k) and the Committee is asked to approve the following:

<b>£000s</b>	<b>(under)/overspend</b>	<b>Cumulative (under)/overspend</b>
<b>(under spend) before recommendations to be approved</b>		(£10,875)
<b>To Business Rates (National Non-Domestic Rates) Reserve</b>	£3,000	(£7,875)
<b>To the Sinking Fund Reserves</b>	£6,875	(£1000)
<b>To the General Fund Reserve</b>	£1,000	£0

2.2 This report provides a summary of the use of resources and outturn position for the Council in respect of the financial year 2023-24 ended on 31 March 2024 and shows a net overspend of £22k,

2.3 The Table below summarises the report based on **Appendix A** for each section of the budget and shows the key aggregate variance for each area of the budget, noting that it incorporates the recommendations made in 2.1 above, because of the need to publish the unaudited draft Statement of Accounts, by 31 May in accordance with the statutory deadline:

<b>£000s</b>	<b>(under)/overspend</b>	<b>Cumulative (under)/overspend</b>
<b>Net Expenditure at Service Level</b>	(£3,323)	(£3,323)
<b>Interest &amp; Earning</b>	(£6,572)	(£9,895)
<b>Apportionment to reserves</b>	£8,317	(£1,578)
<b>General Grants from Government</b>	(£4,817)	(£6,395)
<b>Contribution to Reserves</b>	£7,323	£928
<b>Contribution from Reserves</b>	(£928)	£0

2.4 **Net expenditure at Service Level** (Committee level) – The (£3,323k) under spend has arisen for the following reasons:

- (a) (£1,561k) of unspent refugee support grants, which officers are recommending is transferred to Earmarked Revenue Reserves, to cover future expenditure.
- (b) (£1,400k) - developer contributions relating to CIL/S106, which are required be transferred to Earmarked Revenue Reserves for future use.
- (c) (£362k) of underspend relates to the aggregate net underspend from the Committees, for a detailed breakdown of the variance by Committee please refer to **Appendices C to H below**.

2.5 **Interest & Earnings** – The (£6,572k) underspend is account for as follows:

- (a) Interest Earnings - (£990K) additional interest received, because of higher than predicted interest rates in on the overnight money markets and inter local authority lending market.
- (b) Rents Received – (£4,723k)
  - i) the release of the (£4,000k) of provision for landlord expenses, set aside to cover these costs through to 31 March 2024, that have not materialised. (Please note this will impact on the budget for 2024-25, which is why Officers are recommending that this amount is transferred to reserves for future use)
  - ii) (£723k) in respect of the accounting for lease incentives using the accruals accounting concept, i.e., the lease incentive is smoothed over the term of the lease, rather than accounting for it on a cashflow basis.

- (c) (£1,415k) in landlord costs
  - i) (£307k) underspend on the refurbishment at Charter Building
  - ii) (£1,108k) reduced unoccupied landlord premises costs, i.e., business rates and service charges, following new tenants acquired.

**2.6 Apportionment to Reserves – £8,317k overspend.**

- (a) £739k – additional contribution to capital outlay, from Surrey County Council in respect of Local Authority Housing Fund acquisition, instead of empty property Premia.
- (b) £7,578k – additional contribution to the sinking fund reserves as part of the overall surplus in respect of increased rents and reduced costs, as per the table in 2.1 above, please also refer to 2.4 (b) (i) above.

**2.7 Grants – (£4,817k) underspend**

- (a) S31 Grants (£2,086k) additional unbudgeted Government grants received.
- (b) National Non-Domestic Rates Surplus (£3,093k) on the Collection Account – this appears to have been building over several years, and following the work carried out between the new teams in Customer Services and Finance these anomalies have been resolved. However, as this figure is material, Officers have requested an independent review of the Collection Fund by LGImprove and until this figure is independently confirmed it is recommended that Council transfer this sum to Earmarked Reserves. Officers are expecting the review to be completed in June.
- (c) Empty Property Premia £500k no claim put into Surrey County Council

**2.8 Contribution to reserves – £7,323k underspend.**

- (a) Refugee Grants received (£1,600k) transferred from net expenditure at service level.
- (b) Planning (£100k) transferred from net expenditure at service level.
- (c) CIL/S106 (£1,400k) transferred from net expenditure at service level.
- (d) Business Rates Equalisation Reserve (£3,100) transferred from Collection Fund Surplus.
- (e) (£1,000k) transferred to the General Fund.
- (f) (£123k) various minor transfers.

**2.9 Contribution from reserves – (£928k) underspend**

- (a) Earmarked Revenue Reserves (£1,107k) over recovery additional funds received from the Higher-Level Stewardship Grants, Local authority Housing Fund and Family Support.
- (b) Cost-of-Living Reserve £236k under recovery, as funds not required and will be carried forward for future use.

- (c) International Financial Reporting Standard (IFRS) 16 (for leases) Reserve £472k under recovery, as the funds were not required, therefore, they are available to be carried forward for future use.
- (d) Housing Initiatives (£416k), rolled over from 2022-23.
- (e) Shared Prosperity Fund (£59k) & Business Rates Retention Reserve (£13k) over recovery used by approved Committee projects for the Youth Hub and Economic Development
- (f) Green initiatives Fund (£41k) over recovery for Committee approved projects.

2.10 Officers have highlighted several alternative options that the Committee may wish to consider in section 4.12 below.

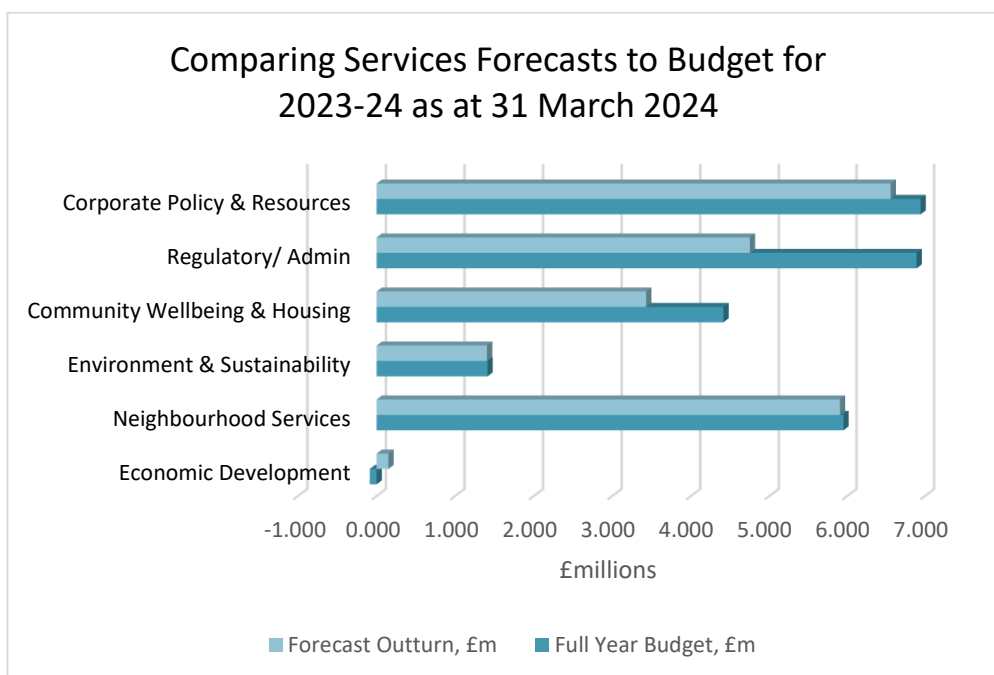
### **3. Key issues**

3.1 The Draft unaudited financial statements for the year ended 31 March 2024 must be published on the Council's website by 31 May 2024, three days before this Committee meeting, and the accounts have been prepared on the basis that Committee will approved the above recommendations.

**Should Committee make any changes to the recommendations, the draft unaudited financial statements will be updated as part of the final audit process.**

3.2 The report considers the Council's financial position in the light of the unfolding issues of the increase in Bank of England base rates, the Cost-of-Living crisis, and the Council's Medium Term Financial Plan (MTFP) that indicates that the Council is facing substantial pressure on cash flow and its budgets in the future, as shown in the 2024-25 Outline Budget Report approved by Council on 22 February 2024. As with the financial crisis in 2008, officers are expecting the Council and the UK economy to take several years to recover from these issues.

3.3 The services budgets and outturn are shown in the chart below. Key variances are summarised in the table below, with a more detailed information on the variances by committee shown in section 2.



### 3.4 Grants Received & Earmarked Reserves

3.5 During the 2023-24 financial year the Council distributed several hardship and household support grants to residents in the Borough.

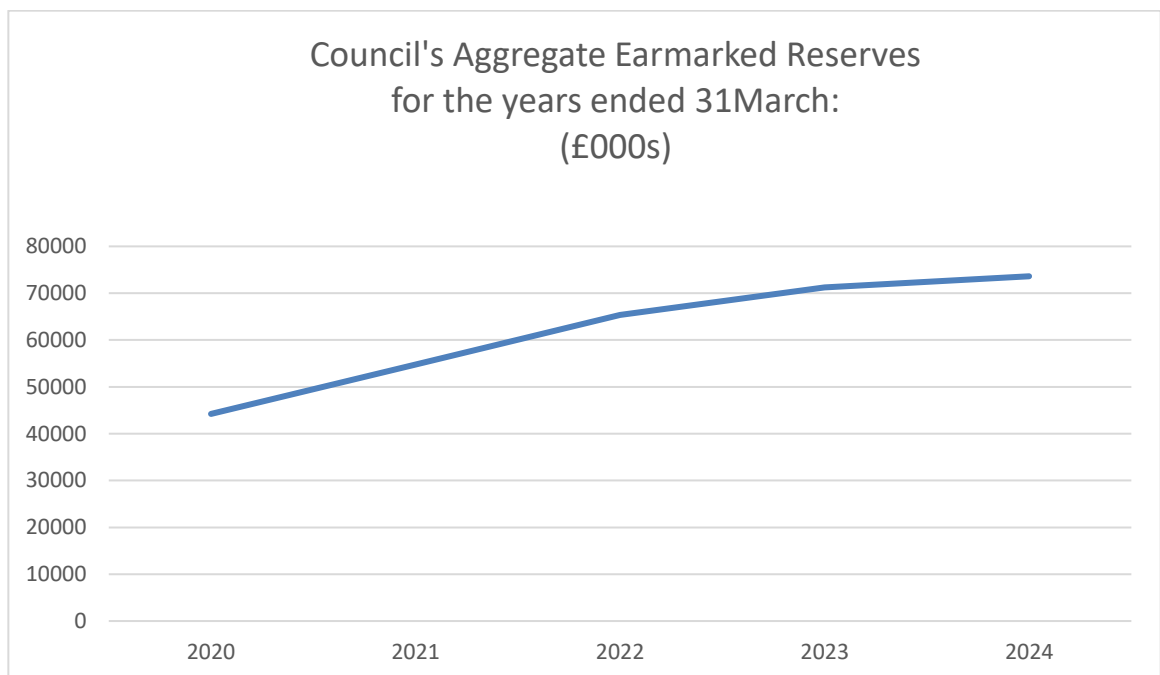
3.6 The movement in the Council's earmarked reserves is shown in Appendix A for the breakdown and in the table below in aggregate, with further breakdowns provided in this report as appropriate:

Earmarked Reserves	31 Mar 23 £'000	Transfers to Reserves £'000	Used in revenue funding £'000	Transfers between Reserves £'000	31 Mar 24 £'000
Revenue Grants unapplied	(5,374)	(1,771)	1,219		(5,926)
Capital Fund	(1,443)	0	0		(1,443)
Insurance Fund	(50)	0	0		(50)
Planned Spending Funds	(12,924)	(3,101)	649	0	(15,376)
Funds for acquired properties	(37,716)	(8,666)	11,023		(35,359)
Youth Fund	(20)	0	0		(20)
Local Environmental Assessment Fund	(154)	0	0		(154)
Green Belt	(1,093)			0	(1,093)
Contributions from Developers	(9,996)	(1,402)	289	0	(11,109)
<b>Earmarked Reserves 31st March</b>	<b>(68,770)</b>	<b>(14,940)</b>	<b>13,180</b>	<b>0</b>	<b>(70,530)</b>
General Fund Balance	(2,083)	0	(1,000)		(3,083)
<b>Balance carried forward 31st March</b>	<b>(70,853)</b>	<b>(14,940)</b>	<b>12,180</b>	<b>0</b>	<b>(73,613)</b>

(Please note that included in the above Sinking Fund total of £8,666k, is a £50k Earmarked Reserve for Minor Repairs and Charges at Harper House &

White House, which is being reclassified, for the final draft of the statement of accounts being published on 31 May).

- 3.7 During the year Council transferred (£2,760k) to Earmarked Reserves (£14,940k - £12,180k above).
- 3.8 The net contribution from the Sinking Fund reserves was £2,357k, ((£8,666k) + £11,023k), with an overall net contribution to other reserves of (£5,117k), as shown in the above table.
- 3.9 Overall net cashback reserves held by the Council increased by £2,760k (moving from £70,853k to £73,613k), if one excludes contributions from developers held for specific purposes total available cash backed reserves as at 31<sup>st</sup> March total £62,500k (and adjusted movement excluding developer reserves of £1,650k). This is at a time many councils are reducing their net cash backed reserves. At the end of 2022-23, Spelthorne had the highest ratio of Revenue Reserves to Net Budget of any district/borough council in England, whilst we will need to await the publication of other council's accounts and LGImprove updated benchmarking this outturn suggests that may remain the case. There is of course, an important driver as to why Spelthorne holds significant reserves as part of a strategy of mitigating risk relating to investment assets and against risks in achieving positive financial outcomes on its housing/regeneration sites.



(Note the Earmarked Revenue Reserves for 2020-21 have been adjusted to remove the £26,907k COVID Grants that were received in March 2021 and paid out in April 2021)

**Please note that any revenue and capital grants have two options:**

- a. Funding is provided for a specific purpose and once that objective is received or the time limit passed, any remaining unused funding is repaid to the donor. (When Council acts as **Agent** and no impact on Council's finances)



- b. Funding is provided for a specific purpose with no time limit on its use, in this case, the relevant cost of service received the grant funding and any unused funds at the end of each year are credited to an earmarked reserve for future years use. (When Council acts as **Principal** and there is an impact on the Council's finances)

3.10 **Business Support Grants and grants to residents** – During the year, the Council acted as Agent for a number of Central Government Departments and received grant income, which was distribute direct to residents and businesses in the Borough, for items, such as, Energy Rebates, Household Support, Cost of Living Crisis and alternative Fuel payments, distributed. As these payments have no impact on Revenue Outturn they have not been listed in this report.

This year, Officers have provided Council with more detail on the Revenue grants received, as shown in the tables in 2.9 above and appendix A which summarises the grants received, funds allocated between each fund, and the approved Council funding to/from reserves, so that our finances and funding are more transparent to Councillors.

**Carry Forwards 2023-24** Carry Forwards were dealt with earlier in the meeting and the Committee.

#### 4. Committee commentary

4.1 The following tables identify the significant (greater than £20k) aggregate differences from budget for the Cost Centre within each Committee. Figures shown without brackets represent an overspend or under-recovery of income; figures with brackets represent an (underspend) or (over-recovery) of income.

##### (a) Regulatory/ Administrative Committee

Service	Variance £'000	Comment
Corporate Management	114	Higher Audit fees of £87k and remainder relates to costs funded through Green initiatives' Reserves (Also, Climate Change Officer's post's costs of £43k is funded through this reserve- Please refer to note against Project Management), offset by (£28k) Redmond Review Local Audit Grant from Government
Corporate Publicity	(35)	Software project deferred.
Customer Services	(332)	(£344k) underspend due to a departmental restructure and posts being kept vacant, £41K overspend for the Empty Housing Review and higher than budgeted Postage costs. (£63k) over recovery of legal costs.
Elections	23	Net over spend £23k, offset by grant received, Please note that the rules around what can be claimed has been changed after the budget was set.
Human Resources	(39)	Underspend (£35k) from vacancies
Information & Comms Technology	(281)	(£132k) due to staff vacancies, (£40k) due to savings on software budgets, (£109k) grant received and funding to cover employees seconded during the year.
Insurances	(91)	Underspend due to a change of provider

Legal	(41)	Underspend of (£33k) from vacancies, 22k increased costs of publications, software & consultants, (£25k) over recovery of recharges.
<b>Misc Expenses</b>	(20)	(39k) reduction in the bad debt provision offset by a £20k increase in the fuel stock.
S106/CIL	(1,400)	(£154k) income from S106 and (£1,244) from CIL, later transferred to reserves
<b>Total significant net variances</b>	<b>(2,102)</b>	For the complete list of variances please refer to appendix C

(b) **Corporate Policy & Resources Committee**

Service	Variance £'000	Comment
Accountancy	(66)	(£83k) due to staff vacancies.
Asset Management Administration	(86)	(£84k) underspend on salaries following a departmental restructure, with a post being removed as future cost savings
Development Properties	220	£230k overspend relates to void costs and ensuring sites remain secure.
General Property Expenses	23	The overspend was due to a serious fly tipping incident.
Facilities Management	(38)	(£28k) relates to reduced cost, i.e., photocopying costs and small equipment, due to hybrid working.
Planned Maintenance Programme	137	£197k overspent, due to unbudgeted RAAC Surveys, Energy Audit Certification, Emergency repairs of Hawk Path and Decarbonisation Work, offset by (£58k) grant to cover the Decarbonisation work.
Project Management	(108)	Underspends due to vacancies.
Unapportionable Central Overheads	(456)	(£185k) Monthly superannuation payments to Surrey County are lower than budgeted, which reflects the Council's overall underspending on staffing costs. (£236k) underspend on in year growth bids.
<b>Total significant net variances</b>	<b>(374)</b>	For the complete list of variances including those under £20k, please refer to appendix D

(c) **Community Wellbeing & Housing Committee**

Service	Variance £'000	Comment
Community Care Administration	(40)	There is a overspend of £152k on salaries, offset by (£229k) of grant income to cover the additional work and staff transferred from Woking to Spelthorne. £37k overspend in respect of the Social Prescribing, part of the Transfer of Undertaking Protected Employment (TUPE) costs, covered by the additional income received.
Meals On Wheels	21	£44k increased costs due to inflation and higher than anticipated volumes, offset by (£21k) additional income due to increase customer numbers.

Spelthorne Family Support	41	Income is £39k lower against the budget due to lower reimbursement from Surrey County Council.
Community Development	21	Overspend due to Carry forward from 2022-23.
General Grants	(57)	Underspend on grants in the year- part being carried forward to 24-25 and £21k used to cover the overspend in Community Development.
Housing Needs	53	£35k overspend of staff costs due to maternity cover and temporary staff used to update the Housing Register.
Homelessness	571	£46k overspend due to staff secondment, a net £766k overspend due to increased demand for Bed & Breakfast accommodation, offset by underspends of (£84k) in Rent Assured, (£43k) legal and court costs, White House, and Harper House contributions (£71k) Rough Sleeper Rents (£57k).
Refugees	(1,560)	(£144k) under spend on salary due to lower than planned demand for the service, £567k overspend on accommodation costs offset by (£1,983k) Afghan Grants received.
Housing Benefits Admin	(168)	Underspend of (£115k) due to vacancies, income (£74k) above budget due to additional grants, which will be transferred to reserves.
Housing Benefits Payments	214	Net reduction in Housing Benefits caseload/ income due to the transfer of claims to Universal Credit.
Leisure Administration	(42)	Staffing underspend of (£28k) due to vacancies.
Youth	(18)	The play scheme vouchers budget (covered under Youth Projects) has not been fully used since the government introduced Holiday Activity and Food Programme (HAF) funding,
<b>Total significant net variances</b>	<b>(964)</b>	For the complete list of variances including those under £20k, please refer to appendix E

(d) **Neighbourhood Services Committee**

<b>Service</b>	<b>Variance £'000</b>	<b>Comment</b>
Car Parks	(101)	Underspend (£181k) due to staff vacancies, partially offset by a £97k under recovery of income.
Depot	56	£42k due to higher than budgeted energy costs
Building Control	124	£126k under recovery of income due to a downturn in building works being conducted.
Neighbourhood Services Management Support	(59)	Underspend of (£26k) due to vacant posts
Cemeteries	(134)	(£120k) over recovery of income due to higher volumes.
Licensing	(45)	(£21k) underspend due to staff vacancies, (£21k) additional income as SCC transferred responsibilities to Spelthorne.
Street Cleaning	(98)	Underspend of (£46k) due to vacancies and (£44k) savings in vehicle running costs.
Grounds Maintenance	66	(£75k) underspend due to savings in external contracts and equipment maintenance. £185k under recovery of income due to SCC taking over services.

Parks Strategy	29	Overspend £58k due to increased utility charges and an insurance claim, offset by the (£30k) over recovery of income.
Waste Recycling	110	£109k under recovery of income, due to a change in the calculation of the recycling income mechanism.
<b>Total significant net variances</b>	<b>(52)</b>	For the complete list of variances including those under £20k, please refer to appendix F

(e) **Economic Development Committee**

Service	Variance £'000	Comment
Economic Development	(40)	(£36k) underspend on salaries due to vacant post for most of the year.
Youth Hub	78	Overspend in salaries. Offset by over recovery of grants. Being covered by funding from the Shared Prosperity Fund and the Business Rate Retention fund
Incubator	7	£21k under recovery of income due to a change in the profit share arrangement.
Shared Prosperity Fund	35	TBC
Staines Market	32	(£24k) under recovery of income due to lower demand for pitches, poor weather, and anti-social behaviour.
Staines Town Centre Management	124	Adjustment to surplus funds previously transferred to reserves
<b>Total significant net variances</b>	<b>236</b>	For the complete list of variances including those under £20k, please refer to appendix G

(f) **Environment & Sustainability**

Service	Variance £'000	Comment
Emergency Planning	(37)	Due to reduce contract costs
Planning Development Control	(56)	(£56k) underspend due to staff vacancies, £60k overspend due to additional planning appeal costs and an over recovery of (£60k) due to additional grant funding.
Planning Policy	78	£116k overspend in respect of additional consultants, partially offset by (£26k) income from grants.
<b>Total significant net variances</b>	<b>15</b>	For the complete list of variances including those under £20k, please refer to appendix H

#### 4.2 **Net Asset Income (Commercial and Regeneration Assets)**

The tables below show the latest monitoring position for the Council's investment and regeneration assets, the net income is used to meet net additional expenditure resulting from reduced government grant, Surrey County Council funding and other pressures.

<b>Commercial &amp; Regeneration Assets (Aggregated)</b>	<b>Revised Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
Rental Income	(46,129)	(50,753)	(4,624)
Landlord Costs	11,638	10,223	(1,415)
Loan Interest Payable	25,173	25,290	117
Minimum Revenue Provision	12,397	12,397	0
Sinking Funds - contributions to	1,037	8,666	7,629
Sinking Funds - release from	(11,023)	(11,023)	0
Set Asides for specific revenue purposes	630	630	0
<b>Net Income (to fund Revenue budget)</b>	<b>(6,277)</b>	<b>(4,570)</b>	<b>1,707</b>

- 4.3 The Council places a significant amount of the income earned into Sinking Funds, with £8,666k to cover future changes in circumstance, such as capital refurbishments or rent-free periods, and (£11,023k) applied during the year, decreasing the Council's Sinking Fund reserve by (£2,357m) to a closing balance of £35,359k.

	<b>Balance 31/03/23 £'000</b>	<b>Additions 2023/24 £'000</b>	<b>Applied 2023/24 £'000</b>	<b>Balance 31/03/24 £'000</b>
<b>Proposed Allocation to Reserves</b>	37,766	8,616	(11,023)	35,359

- 4.4 **Knowle Green Estates Ltd** is a wholly owned company set up to meet the housing needs of residents, including affordable rented and private rented accommodation and key worker homes. The delays in commencing the work on the Council's Development Properties is impacting on KGE's financial viability. At this meeting, the Board of KGE will be presenting a report to request additional financial support from the Council. The request is to strengthen the financial resilience of KGE, whilst Council revisit its strategy on the direct development affordable housing projects. In terms of the Spelthorne Group Accounts, this financial support is neutral, as the intercompany financial support is eliminated on consolidation. Noting that KGE is assisting the Council to reduce its Homelessness costs by around Bed & Breakfast by approximately £1,200k per annum, because of placing these tenants into temporary accommodation.
- 4.5 The audit of the accounts for KGE for the year ended 31 March 2024, is currently with the auditors, with the final audited accounts due with the Board in June.
- 4.6 Rents continue to increase £1,1214k (2022-23: £1,140k).

4.7 **Spelthorne Direct Services Ltd** is a wholly owned company set up to trade in commercial waste disposal, with directly employed staff. Despite the challenges of establishing a company in the middle of a global pandemic.

4.8 The audit of the accounts for the year ended 31 March 2024 is currently with the auditors, with the final audited accounts due with the Board in June.

4.9 The company is growing steadily, achieving annual turnover of £580k (2022-23: £353k).

4.10 The profit for the year is £55k (2022-23: £35k)

#### 4.11 **2023-2423 Pay Award**

Council agreed to award an increase of £1,925 to each Full Time Equivalent employee, to provide some recognition of the impact of the Cost-of-Living crisis on the Council's workforce. For colleagues on the lowest grades, this equated to a 10% increase, whereas for the highest grade it equated to an increase of approximately 1.5%. Overall, this represented a 3.54% increase across the board.

#### 4.12 **Other options**

4.13 **General Fund** – there were several options for Council to consider on how to use the surplus of (£10,853k) at Outturn, as per the table in 2.1 above and these included:

(a) Place the surplus funds into an earmarked reserve, for a specific Council approved future project, either using an existing earmarked reserved, i.e., Green Initiatives Fund or Cost-of-Living.

(b) Alternatively, Council could approve to establish a new earmarked reserve, again for a specific future purpose.

(c) Council could approve the transfer of the surplus entirely to the General Fund, effectively the Council's profit and loss account. During several past Council meetings. Just like earmarked reserves, only Council can approve how the General Fund is used once funds are transferred into the reserve. The aim of the General Fund is to provide resilience to the Council's funding and provide funds to cover unexpected eventualities, such as, COVID-19 Pandemic and Cost-of-Living crisis, without impacting on the future plans or funding of projects from Council's earmarked reserves. Over the last 5 years, during a period of turbulent externalities, the Council has sought year by year, whenever it has had room to increase its General Fund Reserve. Therefore, officers are recommending to the committee that the £1,000k of the surplus on Outturn is transferred to the General Fund for future approved use by Council.

4.14 Timing of Corporate Policy & Resources Committee meeting – the current timetable of meetings, prevents councillors and officers discussing Outturn prior to the Government Deadline for publishing the unaudited statement of accounts on the Council's website by 31 May 2024.

4.15 Normally the 2024-25 Outturn would be approved by this committee before 31 May when the draft unaudited accounts must be published on the Council's website. However, for 2023-24 as this committee meets after the 31 May deadline, officers have had to assume that the committee will agree with the recommendations. If the committee makes alternative suggestions, this will be

reflected in the auditor's adjustment schedule when the final 2023-24 audited accounts are published.

- 4.16 Officers could delay publishing the draft unaudited financial statements until after the committee meeting, however, having considered the Council's position following five years of delays caused by the previous external auditors and the scrutiny from residents, Councillors and central government, officers have decided that the Council, along with other Districts and Boroughs who had all out elections in May, must be seen to comply with the Government's publishing deadline of 31 May.

## **5. Financial implications**

- 5.1 Financial implications are as set out within the report and appendices and are subject to the final audit for the Council and its subsidiaries.

## **6. Procurement**

- 6.1 None

## **7. Risk considerations.**

- 7.1 There are no risk implications arising from the report at 31 March 2024, other than those mentioned above.

- 7.2 Going beyond 2024-25 there are several substantial risks on the horizon, including:

- (a) Delays in cash inflows from the Waterfront development
- (b) Releasing of up to £9m of capitalised revenue costs to the Revenue Outturn, as highlighted in the 2023-24 Capital Outturn report because the Council no longer complies with the CIPFA Prudential Code, as the development projects are taking too long to complete.
- (c) The financial viability of KGE could be in doubt, as a result of the decision to cease the pipeline. A separate report is going to CPRC seeking shareholder support.
- (d) The ongoing cost-of-Living crisis will take several years to resolve, particularly for those who have fixed mortgage deals that are due to renew at substantially higher interest rates, squeezing incomes, reducing Council tax collections and increasing demand for Council services such as homelessness support.

This is a significant factor in officers' recommendation to transfer £1,000k to the General Fund, to increase general contingency funds.

## **8. Legal considerations**

- 8.1 There are no significant legal implications arising from the report, other than a review of the Council's financial regulations in respect of Revenue Carry Forward has been requested.

## **9. Other considerations**

- 9.1 There are no further considerations.

## **10. Equality, Diversity, and Inclusion**

- 10.1 There are no specific areas to highlight. However, equality, diversity, and inclusion (EDI) are central to everything that Council does and are woven throughout Council's Corporate Plans.

## **11. Sustainability/Climate Change Implications**

11.1 There are no significant implications arising from the report.

## **12. Timetable for implementation.**

12.1 The above recommendations have been incorporated into the draft unaudited accounts, which will be published on our website by 31 May, in accordance with the Government deadline, any amendments to this report will be reflected in the final audited set of accounts.

**Background papers:** 2023-24 Revenue Carry Forward requests, which was discussed earlier in tonight's Committee meeting.

### **Appendices:**

Appendix A – Net Revenue Budget Monitoring – 2023-24

Appendix B – Net Revenue Budget Monitoring by Committee – 2023-24

Appendix C - Net Revenue Budget Monitoring Reg & Admin Committee – 2023-24

Appendix D - Net Revenue Budget Monitoring CP&R Committee – 2023-24

Appendix E - Net Revenue Budget Monitoring CWH Committee – 2023-24

Appendix F – Net Revenue Budget Monitoring NS&E Committee – 2023-24

Appendix G - Net Revenue Budget Monitoring ED Committee – 2023-24

Appendix H – Net Revenue Budget Monitoring E&S Committee – 2023-24