



# Cabinet

11 July 2023

Report of  
Councillor Ashley Baxter  
The Deputy Leader of the Council

## Provisional Outturn Position Report 2022/23

### Report Author

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### Purpose of Report

This report provides the Cabinet with the details of the Council's provisional outturn position for the financial year 2022/23. The report covers the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Budget
- Capital Programmes – General Fund and Housing Revenue Account
- Reserves overview – General Fund and Housing Revenue Account

### Recommendations

#### Cabinet is asked to:

1. **Review and recommend for approval to Governance and Audit Committee the provisional Revenue and Capital Outturn position for the financial year 2022/23.**
2. **Review and approve the budget carry forwards (appendices D and H).**
3. **Review and recommend to Governance and Audit Committee the following reserve movements in respect of the General Fund:**

- a) £1.5m of the Business Rates Volatility reserve to be transferred to the:
  - ICT Reserve increase by £0.150m
  - Property Maintenance Reserve increase by £0.400m
  - Invest To Save Reserve increase by £0.150m
  - Climate Change Reserve increase by £0.300m
  - Creation of a Pay Award Reserve of £0.500m
- b) The balance of the Inflation Reserve of £0.500m to be transferred to the:
  - Budget Stabilisation reserve increase by £0.250m
  - Street Scene reserve increase by £0.250m

4. To approve the implementation of the pay award with effect from 1 April 2023 of £1,925 for officers earning less than £50,000, 3.88% for officers earning over £50,000, 3.5% for Chief Officers and 3.88% to Members Allowances.

5. Delegates authority to the Section 151 Officer, Head of Paid Service in consultation with the Leader and Deputy Leader to make a further adjustment once the outcome of the national negotiations are finalised.

#### Decision Information

Does the report contain any  
exempt or confidential  
information not for publication?

No

What are the relevant  
corporate priorities?

Growth and our economy  
Housing that meets the needs of all residents  
Healthy and strong communities  
Clean and sustainable environment  
High performing Council

Which wards are impacted?

All

## 1 Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance and Procurement***

1.1 The financial implications are included within the report.

Completed by: Richard Wyles, Chief Finance Officer

### ***Legal and Governance***

1.2 The terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves. Cabinet is asked to approve the budget carry forwards as set out in the supporting appendices.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

## **2 Background to the Report**

2.1 This report provides Cabinet with the detail of the Council's provisional outturn position for the financial year 2022/23. This report will be presented to the Governance and Audit Committee on 12 July 2023 to seek approval of the outturn position and proposed reserve movements detailed in recommendation 3.

2.2 Members will recall that 2022/23 was a turbulent financial year which required the Council on 24 November 2022 to approve a series of amendments to the budget framework in order to respond significant volatility to the budgets resulting from the pressures on utilities, fuel, pay and inflation. Following this, budgets were amended accordingly and the variances in this report are in relation to those amended budgets.

2.3 This report focuses on the more significant variances, a financial threshold of £20k has been followed in order to focus on those variances that are considered material. An overview of the provisional outturn is presented in the main report and there are a number of supporting appendices that provide greater detail in respect of:

- General Fund (GF) – Revenue, Capital and Reserves
- Housing Revenue Account (HRA) – Revenue, Capital and Reserves

In order to comply with International Financial Reporting Standards, a number of technical accounting entries are required to be made which can create significant variances. These entries are removed at table 4 to provide a more meaningful comparison. The report ensures that, through explanation and presentation, the final account figures can be reconciled back to the budget set by the Council. All the information shown in the following tables are provisional and may be subject to change upon completion of the external audit. Table 1 shows the overall summary outturn.

**Table 1 – 2022/23 Overall Provisional Summary**

Heading	2022/23 Budget (not including proposed budget C/F) £m	2022/23 Provisional Outturn £m	Variance £m	Commentary
<b>General Fund Revenue Account</b>	22.209	20.690	(1.519)	Details shown at section 2 and Appendices A & B
<b>General Fund Capital</b>	18.217	5.209	(13.008)	Details shown at section 3 and Appendix C
<b>Housing Revenue Account</b>	(3.986)	(5.279)	(1.293)	Details shown at section 5 and Appendix F
<b>HRA Capital</b>	15.719	6.673	(9.046)	Details shown at section 6 and Appendix G

### Carry Forwards

2.4 Due to timing differences in grants and budgets being approved, it is proposed to carry a number of budgets forward into 2023/24 to fund specific and previously approved projects and Cabinet is asked to review and approve these. The details are shown at Appendix D (General Fund) and Appendix H (HRA).

2.5 Commentary and review of reserves are detailed at sections 5 (General Fund) and 8 (HRA). Reserves statements are shown at Appendix E (General Fund) and Appendix I (HRA).

### 3 Revenue Budget 2022/23 – General Fund

The amended budget set by Council on 24 November 2022 was £22.148m. Budgets have been amended as projects have commenced and these changes increased the 2022/23 budget to £22.209m. For the purposes of the outturn variance analysis, the budget carry forwards have been removed from this which reduces the budget for comparative purposes to £20.249m. Table 2 provides a summary of the budget amendments.

**Table 2 – General Fund Revenue Budget Amendments**

Date of Approval	Revenue Budget amendment	£'000
		22,148
January 2023	SEA Reserve	12
January 2023	Regeneration Reserve	49
<b>Total</b>		<b>22,209</b>

3.1 The forecast outturn position as at Quarter 3 was reported to the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 21 February 2023. At this time, a reduction in the forecast spend, additional projected investment interest and Minimum Revenue Provision (MRP) reduction resulted in a forecasted balanced position.

3.2 The General Fund outturn position is shown in Table 3 and Appendix A provides a detailed breakdown of the funding of the revenue expenditure. Appendix B provides details of the variances per service area along with supporting information explaining the main variances.

**Table 3 – General Revenue Outturn Position including accounting adjustments within Net Cost of Service**

	Description	2022/23 Current Budget £'000	2022/23 Current Budget (less proposed Budget C/F) £'000	2022/23 Provisional Outturn £'000	Variance to Current Budget £'000	2022/23 Outturn Variance %
1	Corporate	9,843	9,504	9,575	71	0.7%
2	Finance	5,095	4,957	4,368	(589)	(11.9%)
3	Growth & Culture	6,979	6,554	7,164	610	9.3%
4	Housing & Property	3,079	2,021	2,370	349	17.3%
5	HRA Recharge	(2,787)	(2,787)	(2,787)	0	-
<b>6</b>	<b>Net Cost of Service</b>	<b>22,209</b>	<b>20,249</b>	<b>20,690</b>	<b>441</b>	<b>2.2%</b>
7	Removal of Accounting Adjustments	0	0	(1,259)	(1,259)	-
<b>8</b>	<b>Re-stated Net Cost of Service</b>	<b>22,209</b>	<b>20,249</b>	<b>19,431</b>	<b>(818)</b>	<b>(4.0%)</b>
9	Interest Payable and	(101)	(101)	(691)	(590)	

	Receivable					
10	Minimum Revenue Provision	291	291	131	(160)	
11	Revenue Contribution to Capital	55	55	24	(31)	
12	Drainage Rates	792	792	803	11	
13	Depreciation	(4,722)	(4,722)	(4,722)	0	
<b>14</b>	<b>Net Budget Requirement</b>	<b>18,524</b>	<b>16,564</b>	<b>14,976</b>	<b>(1,588)</b>	
<b>15</b>	<b>Funding</b>	<b>(14,564)</b>	<b>(14,564)</b>	<b>(14,054)</b>	<b>510</b>	
16	Transfers to/(from) earmarked reserves	(3,960)	(2,205)	(1,127)	1,078	
17	Budget Carry Forwards from 22/23 underspends	0	205	205	0	
<b>18</b>	<b>Net Budget (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

- Line 7 – removal of accounting entries, specifically:
  - o IAS19 (employee pension) - the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.
  - o Revenue Expenditure Financed from Capital under Statute (REFCUS) and REFCUS is capital expenditure, which is incurred on non-Council owed assets, for example, disabled facilities grants and the shop front grant scheme.
- Line 8 –shows the total net overall expenditure for the Council.
- Line 9 – additional interest income has been earned through investment of increased cash balances and interest rate changes. No external borrowing was required in 2022/23 so no interest charges have been incurred.
- Line 13 – in accordance with accounting requirements, depreciation is charged at the costs of services where relevant (lines 1-4) but then reversed out at line 13 to ensure there is not an impact on Council Tax and the General Fund.
- Once the accounting adjustments (line 7 of table 3) has been removed from the Directorate, the 'controllable' variance can be identified (line 8 of table 3).

3.3 Table 4 provides a breakdown of the accounting adjustments detailed at line 7 in table 3 and table 5 shows the outturn position with the accounting adjustments removed.

**Table 4 – Removal of Accounting Adjustments**

Accounting Adjustments	Corporate £'000	Finance £'000	Growth & Culture £'000	Housing & Property £'000	Total £'000
<b>IAS 19</b>	(814)	897	(337)	(152)	<b>(406)</b>
<b>REFCUS</b>	309	0	(440)	(457)	<b>(588)</b>
<b>Revaluations</b>	0	0	0	(306)	<b>(306)</b>
<b>Accumulated Absences</b>	18	7	12	4	<b>41</b>
<b>Total</b>	<b>(487)</b>	<b>904</b>	<b>(765)</b>	<b>(911)</b>	<b>(1,259)</b>

**Table 5 – General Revenue Outturn Position (excluding accounting adjustments)**

Description	2022/23 Current Budget £'000	2022/23 Current Budget (less Proposed Budget C/F) £'000	2022/23 Provisional Outturn £'000	Variance to Current Budget £'000	2022/23 Outturn Variance %
		£'000			
Corporate	9,843	9,504	9,088	(416)	(4.4%)
Finance	5,095	4,957	5,272	315	6.4%
Growth & Culture	6,979	6,554	6,399	(155)	(2.4%)
Housing & Property	3,079	2,021	1,459	(562)	(27.8%)
HRA Recharge	(2,787)	(2,787)	(2,787)	0	0
<b>Net Cost of</b>	<b>22,209</b>	<b>20,249</b>	<b>19,431</b>	<b>(818)</b>	<b>(4.0%)</b>

Service						
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3.4 Appendix B provides further details of the outturn revenue position for each Directorate along with variance comments.

#### **4 General Fund Capital Programme 2022/23**

4.1 The budget set by Council on 3 March 2022 for the 2022/23 General Fund Capital programme was £19.608m. Table 6 shows a summary of the movements during the year.

**Table 6 – General Fund Capital Budget**

Date of Approval	Capital Budget amendment	£'000
		<b>19,608</b>
June 2022	Changing Places	160
July 2022	Additional Disabled Facilities Grant 2022/23	115
July 2022	2021/22 Budget Carry Forwards	990
July 2022	Replacement Vehicles	(525)
September 2022	Loan to Leisure SK Ltd	137
October 2022, February 2023	St Martins Park Stamford – site demolition	245
<b>Total</b>		<b>20,730</b>

4.2 Table 7 summarises the General Fund capital outturn position as at 31 March 2023. There is an underspend of £13.008m which includes an underspend of £308k Disabled Facilities Grant, Vehicle Replacement Programme £224k, deferral of works to the re-surfacing of Welham Street car park at £127k and £793k underspend on the Sustainable Warmth Grant which the Council received to assist with the upgrade of energy efficient homes for low income households.

**Table 7 – General Fund Capital Outturn Position**

Heading	2022/23 Amended Current Budget £'000	2022/23 Budget (less C/F approved by Council March 2023) £'000	2022/23 Provisional Outturn £'000	2022/23 Outturn Variance £'000
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Corporate	2,349	1,869	1,409	(460)
Finance	164	164	165	1
Growth & Culture	14,304	13,735	2,281	(11,454)
Housing & Property	3,913	2,449	1,354	(1,095)
<b>Total Expenditure</b>	<b>20,730</b>	<b>18,217</b>	<b>5,209</b>	<b>(13,008)</b>
<b>Financed By:</b>				
Capital Grant and Contributions	(4,277)	(3,149)	(2,093)	1,056
Capital Reserve	(114)	(114)	(121)	(7)
Revenue Reserve Funding	(4,287)	(3,302)	(2,024)	1,278
Useable Capital Receipts	(918)	(518)	(574)	(56)
Borrowing	(11,134)	(11,134)	(397)	10,737
<b>Total Financing</b>	<b>(20,730)</b>	<b>(18,217)</b>	<b>(5,209)</b>	<b>13,008</b>

Details of the individual capital schemes included in each directorate are detailed at Appendix C including variance comments. Additional General Fund capital budget carry forward requests are detailed in Appendix D and approval of these carry forward requests will allow schemes to be completed in 2023/24.

## 5 General Fund Reserves 2022/23

5.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements reflect the proposed use of these and specific details of the significant balances and reserves are set out below and detailed at Appendix E.

5.2 A summary of the key observations and proposals are:

- £1.5m of the Business Rates Volatility Reserve to be transferred to the:
- ICT Reserve increase by £0.150m to replenish the level of the Reserve
- Property Maintenance Reserve increase by £0.400m to respond to the backlog in asset repair and improvement works
- Invest To Save Reserve increase by £0.150m

- Climate Change Reserve formation with £0.300m to pump prime initiatives that provide a response to the Council declared climate change emergency and reduce the Council's carbon footprint by 2030.
- Pay Award Reserve formation with £0.500m to fund any additional sums that may be required beyond the budgeted 3%.

The balance of the Inflation Reserve of £0.500m to be transferred to the:

- Budget Stabilisation Reserve increase by £0.250m in order to mitigate the impact of using the Budget Stabilisation Reserve during the year
- Street Scene Reserve increase by £0.250m in order to provide reserve funding for workshop spend pressures

### **Discretionary Reserves £10.873m (lines 1-11)**

5.3 These reserves have been established to financially support the delivery of the Council's Corporate Plan ambitions including both revenue and capital projects. Lines 1 to 11 set out the provisional balance on each reserve as at 31 March 2023 based on the specific requirements of the reserve use during the financial year. Commentary is provided below on the main movements during the course of the year:

5.4 Climate Change Reserve – this reserve is used to fund one-off climate initiatives. It is recommended that the balance on this reserve is increased by £300k to pump prime initiatives that provide a response to the Council declared climate change emergency and reduce the Council's carbon footprint by 2030.

5.5 Street Scene Reserve – this reserve is used to manage workshop spend pressures. It is recommended that the balance on this reserve is increased by £250k to ensure there is sufficient resource to manage future pressures.

5.6 ICT investment – during the year this reserve (£151k) has been used to fund the purchase of devices in readiness for the member ICT rollout, and the purchase of customer portal for the Revenues service.

5.7 Local Priorities Reserve – this is the Council's most significant discretionary reserve and as at 31 March 2023 has a closing balance of £5.543m increasing to £5.641m after commitments have been taken into consideration. During the year the Council received New Homes Bonus receipt of £0.924m which was credited to the reserve and the reserve was used to fund the Leisure SK Ltd management fee of £250k, £147k to fund the workshop budget increase approved by Council on 24 November 2022, £711k to fund the capital programme relating to vehicle replacement and property enhancement expenditure, a transfer of £600k to the Regeneration Reserve, £500k to fund the part repayment of grant to the Local Enterprise Partnership and to fund the 2021/22 budget carry forwards of £127k.

5.8 Invest to Save Reserve – this reserve is used to fund initiatives which once implemented will achieve an ongoing saving for the Council. During the year £643k of this reserve was used to fund the costs associated with invest to save projects this included the costs associated with staffing restructures (£117k) and

the office accommodation move (£460k). The balance on this reserve has been increased by £0.5m which was approved as part of the 2022/23 Budget Report presented to Council on 3 March 2022.

- 5.9 Housing Delivery – this reserve is used to continue to respond to on-going demands for supporting residents adapt their properties to meet their specific requirements. A transfer of £308k was made to the reserve at year end.
- 5.10 Property Maintenance – this reserve is used to accelerate the backlogged maintenance programme across the Council's General Fund Corporate Property Assets. Due to the scale of the investment required it is recommended that the balance on this reserve is increased by £400k.
- 5.11 Regeneration Reserve – this reserve is currently being used to fund the costs associated with the St Martins Park site at Stamford and the Council contribution towards the Grantham Future High Street Fund and Heritage Action Zone projects. There has been a net movement on the reserve of £114k which reflects the £1.829m transferred to increase the balance on the reserve and the costs incurred during 2022/23.

#### **Governance Reserves £8.071m (lines 12-21)**

- 5.12 These reserves are maintained to mitigate risk, satisfy statutory and grant awarding bodies' requirements and support prudent financial management.
- 5.13 The Insurance Reserve - provides cover to meet unforeseen costs relating to insurance claims over and above the provisions made in year as part of managing the 'in house risk' with an increased self-insured strategy. The balance on this reserve is £211k.
- 5.14 Pension Reserve - The former employees reserves funds the annual costs associated with these individuals. The balance on these reserves totals £277k at 31 March 2023.
- 5.15 Budget Stabilisation Reserve - To ensure there is minimum financial disruption to the funding of the General Fund in respect of the uncertainty regarding future funding, the Council has established a reserve to manage the budget deficit. For the financial year 2022/23 there has been no requirement to use this reserve as overall costs have been kept within the amended budget framework.
- 5.14 Section 31 Grant Reserve – the section 31 grants received to fund business rates reliefs are transferred to this reserve to manage the timing award of the grant with the funding requirement period. The commentary recommends that £1m is transferred from the reserve to replenish other discretionary reserves.
- 5.15 Special Expense Area Reserves (SEA) – this reserve holds the balance of the SEA income which had a balance of £342k at 31 March 2023. This is broken down as:
  - Grantham SEA increase of £25k to £211k
  - Langtoft SEA reduction of £1k to £0k

- Stamford SEA decrease of £11k to £131k (this does not include spend incurred during 2023/24)

#### **General Fund Working Balance £1.962m (line 23)**

5.16 The purpose of this working balance is to ensure there is sufficient financial resource available in order to meet unforeseen events during the course of the financial year. The proposed minimum balance is set at a level that reflects the financial risk the Council is currently exposed to. This objective is also being met from the Budget Stabilisation Reserve and therefore the two balances combined provide a robust financial cushion for the Council to access should there be further financial volatility or unexpected financial costs. This is a provisional balance as further work is being undertaken to determine the final outturn position.

#### **General Fund Capital Reserves £3.545m (line 29)**

5.17 General Fund - Capital Reserve - this is used to assist with the funding of the capital programme. It can be seen that the reserve is close to a zero balance which reflects the current Council objective of utilising its reserve to fund the capital programme in lieu of undertaking external borrowing.

5.18 Useable Capital Receipts Reserve - £573k of this reserve has been used to fund the General Fund capital programme. During the year the Council has received £1.612m capital receipts which relate to the repayment of the loan to Gravitas Housing Ltd, vehicle sales and the receipts from the sales of surplus land at Cattlemarket and Broad Street Stamford. The current policy is to dispose of surplus land and buildings in order to generate capital receipts to minimise the need for borrowing.

### **6 Revenue Budget 2022/23 – Housing Revenue Account**

6.1 The amended budget set by Council on 24 November was a surplus of £3.986m. This surplus is used to provide funding for the external loan and to enable reserve levels to be maintained that subsequently fund the capital programme and service improvements. For the purposes of the outturn variance analysis the budget carry forwards have been removed and the actual surplus for the year is £5.279m. The surplus is fully utilised to fund future investment in stock growth and property maintenance. Table 8 shows the HRA outturn position for 2022/23.

**Table 8 – HRA Revenue Outturn Position**

Description	2022/23 Current Budget £'000	2022/23 Current Budget (less Proposed Budget)	2022/23 Provisional Outturn £'000	Variance to Current Budget £'000

		<b>C/F)</b> <b>£'000</b>		
Expenditure	20,391	20,084	21,067	983
Income	(26,512)	(26,512)	(25,892)	620
<b>Net Cost of HRA Services</b>	<b>(6,121)</b>	<b>(6,428)</b>	<b>(4,825)</b>	<b>1,603</b>
Interest Payable and Similar Charges	2,335	2,335	2,335	0
Interest and Investment Income	(200)	(200)	(1,226)	(1,026)
Investment Property Inc & Exp	0	0	(24)	(24)
Return on Pension Assets	0	0	53	53
Net (Gain)/loss on sale of HRA Assets	0	0	(1,068)	(1,068)
External Grant Funding	0	0	(433)	(433)
Capital receipts pooling	0	0	4	4
IAS19*	0	0	(109)	(109)
Accumulated Absences	0	0	14	14
<b>(Surplus)/Deficit for the year</b>	<b>(3,986)</b>	<b>(4,293)</b>	<b>(5,279)</b>	<b>(986)</b>

6.2 Appendix F provides details of the HRA revenue outturn position together with significant variances.

## 7 HRA Capital Programme 2022/23

7.1 The budget set by Council on 3 March 2022 for the 2022/23 HRA Capital programme is £16.353m. Table 9 shows the summary of movements:

**Table 9 – HRA Capital Programme Budget Adjustments**

<b>Date of Approval</b>	<b>GF Budget amendment</b>	<b>£'000</b>
		<b>16,353</b>
July 2022	2021/22 Budget Carry Forwards	2,881
<b>Total</b>		<b>19,234</b>

7.2 Table 10 summarises the HRA Capital forecast outturn position as at 31 December 2022.

**Table 10 – HRA Capital Forecast Outturn Position**

Capital Scheme	2022/23 Current Budget £'000	2022/23 Budget (less C/F approved by Council March 2023) £'000	2022/23 Provisional Outturn £'000	Variance to Current Budget £'000
Energy Efficiency Initiatives	4,230	4,023	1,754	(2,269)
ICT	1,220	750	450	(300)
New Build Programme	4,120	2,620	715	(1,905)
Refurbishment & Improvement	9,486	8,148	3,657	(4,491)
Repairs Vehicles	178	178	97	(81)
<b>Total Expenditure</b>	<b>19,234</b>	<b>15,719</b>	<b>6,673</b>	<b>(9,046)</b>
<hr/>				
<b>Financed By:</b>				
HRA Capital Receipts Reserve	(4,120)	(2,620)	(391)	2,229
Grants & Contributions	(148)	(148)	(148)	0
HRA Improvement Reserve	(1,190)	(720)	(450)	270
Major Repairs Reserve	(13,746)	(12,201)	(5,399)	6,802
S106	(30)	(30)	(285)	(255)
<b>Total Financing</b>	<b>(19,234)</b>	<b>(15,719)</b>	<b>(6,673)</b>	<b>9,046</b>

7.3 Appendix G provides a detailed table of the HRA capital programme outturn position together with significant variances.

## **8 HRA Reserves 2022/23**

8.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements reflect the proposed use of these and specific details of the significant balances and reserves are set out below and detailed at Appendix I.

### **HRA Reserves £48.520m Line 9**

8.2 HRA Improvement Reserve – £450k of the reserve has been used to fund the investment in a new housing system. The balance on this reserve of £1.556m has been transferred to the HRA Priorities Reserve which was approved by Council on 1 March 2023.

8.3 HRA Priorities Reserve – The balance on this reserve is £14.784m. During the year the reserve has been used to fund £57k increased electricity costs, £58k to

fund additional costs associated with the annual pay award and £209k to fund the revenue costs associated with the works at the Earlesfield Estate Grantham.

8.4 HRA Working Balance - This balance serves the same purpose as the General Fund Working Balance in that it is established to respond to unforeseen financial events that occur during the financial year. The Council policy is to aim to keep the working balance at approximately 10% of the operating expenditure. This is a provisional balance as the statement of accounts is still being finalised.

8.5 HRA Capital Receipts Reserve – The Council has established a capital receipts reserve where the ‘Right to Buy’ sale receipts are allocated. During the year £3.625m receipts have been received with 42 right to buy sales (compared to 39 RTB sales in 2021/22). During the year £391k of the reserve has been used to contribute towards the financing of the capital programme and pooling payments of £4k have been made to Government. This reserve will continue to be utilised to contribute to the provision of affordable housing and the provision of additional Council housing stock.

8.6 Major Repairs Reserve – This reserve has been increased by £6.425m, in accordance with the HRA business plan an annual allocation is required in order to provide sustainable funding for the HRA capital programme. To provide financing for the 2022/23 programme an allocation of £5.399m has been utilised. This will continue to be the primary financing for the housing improvement elements of the Capital Programme.

## 9 Inflation

9.1 Since the budgets were prepared last autumn and approved by Council in March 2022, there has been an unprecedented and completely unforeseen increase in inflation and energy costs. The Committee has been updated during the course of the year, with an approved budget amendment on 24 November 2022 included within the budgets above shown at Table 3 and 5. Table 11 and 12 below show the highest cost incurred areas for both electricity and gas in 2022/24.

**Table 11 – Electricity Outturn Position**

Cost Heading	2022/23 Original Budget	2022/23 Amended Budget	2022/23 Outturn	2022/23 Variance
Footpath Lighting	171,000	253,200	221,400	(31,800)
St Martin’s Park, Stamford	65,000	108,700	123,000	14,300
SK Communal Facilities (HRA)	89,300	186,000	120,000	(66,000)
Tenancy & Neighbourhood (HRA)	50,400	97,900	77,900	(20,000)
Grantham Council Offices	55,900	89,600	46,900	(42,700)
Alexandra Road Depot (including Mowbeck House)	31,700	46,000	32,200	(13,800)
Guildhall Arts Centre	28,000	32,800	30,400	(2,400)
Wharf Rd M-Storey car park	27,500	36,200	30,300	(5,900)

Stamford Arts Centre	31,800	33,500	22,800	(1,000)
Bourne Corn Exchange	22,100	28,700	22,200	(6,500)
Welham St M-Storey Car Park	13,600	21,300	18,600	(2,700)
Homelessness Units (HRA)	19,200	38,900	17,800	(21,100)
South Kesteven House	19,300	19,300	12,200	(7,100)
Closed Circuit Television	5,200	7,600	6,400	(1,200)
Wyndham Park, Grantham	4,200	7,800	5,500	(2,300)
Abbey Gardens Toilets	4,400	5,000	3,800	(1,200)
Grantham Bus Station	2,600	4,300	3,600	(700)
Repairs And Improvements Team (HRA)	2,900	5,600	3,400	(2,200)
<b>Total</b>	<b>644,100</b>	<b>1,022,400</b>	<b>798,400</b>	<b>(224,000)</b>

**Table 12 – Gas Outturn Position**

<b>Cost Heading</b>	<b>2022/23 Budget</b>	<b>2022/23 Outturn</b>	<b>2022/23 Variance</b>
Communal Heating (HRA)	80,200	97,800	17,600
Communal Facilities (HRA)	51,300	42,200	(9,100)
Grantham Council Offices	21,500	26,300	4,800
Guildhall Arts Centre	12,400	13,300	900
Homelessness Units	17,100	11,100	(6,000)
Bourne Cap	5,300	9,800	4,500
Alexandra Road Depot	11,900	9,100	(2,800)
South Kesteven House	7,400	7,000	(400)
Stamford Arts Centre	5,800	5,800	0
Bourne Corn Exchange	2,500	0	(2,500)
<b>Total</b>	<b>215,400</b>	<b>222,400</b>	<b>7,000</b>

## 10 Local Government Pay Award 2023

10.1 On 23 February 2023 Local Government were offered a pay increase for 2023/24 of £1,925 for officers earning less than £50,000 and 3.88% for officers (excluding Chief Officers) earning over £50,000 and an allowance increase of 3.88%, this has been rejected by the Trade Unions. South Kesteven District Council has a local pay agreement so it is able to implement the pay increase that has been offered. Therefore it is proposed in the interim to pay the current pay offer pending settlement of the national position and to delegate authority to the Section 151 Officer and Head of Paid Service in consultation with the Leader and Deputy Leader to make a further adjustment to pay grades once the outcome of the national negotiations are finalised.

10.2 The 2023/24 pay award for Chief Officers was nationally agreed in May 2023, it is proposed that the agreed increase of 3.5% should be implemented to all Chief

Officers (definition is subject to a separate report to Employment Committee on 29 June 2023).

- 10.3 The additional cost of the pay award beyond the 2023/24 budgeted level is £461k for the General Fund which will be funded from the Pay Award Reserve and £150k for the HRA which will be funded from the HRA Priorities Reserve.
- 10.4 The pay award will also need applying to Members Allowances in accordance with Council policy. It is proposed that the Officer Allowance proposed increase of 3.88% is applied to Member Allowances. The additional cost of this pay award is £21k which will be met from in-year budget underspends.

## **11 Reasons for the Recommendations**

- 11.1 Members should be kept updated on the financial position of the Authority, as effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities. Monitoring enables the early identification of variations against the plan and facilitates timely corrective action.
- 11.2 This report provides an overview of the provisional outturn financial position for the Council for 2022/23.

## **12 Consultation**

- 12.1 The Outturn report was presented to Finance and Economic Overview and Scrutiny Committee on 22 June 2023. The Outturn report is presented to Cabinet for its consideration and in order for it to make specific recommendations to the Governance and Audit Committee.

## **13 Background Papers**

- 13.1 Determination of Budget 2022/23 and indicative budgets to 2024/25 – General Fund, Housing Revenue Account and associated Capital Programmes Report  
<http://moderngovsvr/documents/s32627/Council%20Budget%20Report.pdf>
- 13.2 Finance Update – April – August  
[Finance Update Report April-August 2022 Report.pdf \(southkesteven.gov.uk\)](Finance%20Update%20Report%20April-August%202022%20Report.pdf%20(southkesteven.gov.uk))
- 13.3 Finance Update - April – October  
[Finance Update Report.pdf \(southkesteven.gov.uk\)](Finance%20Update%20Report.pdf%20(southkesteven.gov.uk))
- 13.4 Finance Update - April – December  
[Budget Monitoring Report Qtr 3.pdf \(southkesteven.gov.uk\)](Budget%20Monitoring%20Report%20Qtr%203.pdf%20(southkesteven.gov.uk))

## **14 Appendices**

- 14.1 Appendix A – 2022/23 General Fund Revenue Summary - Outturn
- 14.2 Appendix B – 2022/23 General Fund Revenue Significant Variance Analysis
- 14.3 Appendix C – 2022/23 General Fund Capital Programme – Outturn
- 14.4 Appendix D – 2022/23 Budget Carry Forwards General Fund Revenue & Capital
- 14.5 Appendix E – 2022/23 General Fund Reserves Statement
- 14.6 Appendix F – 2022/23 HRA Revenue Summary - Outturn and Significant Variance Analysis
- 14.7 Appendix G – 2022/23 HRA Capital Programme – Outturn
- 14.8 Appendix H – 2022/23 Budget Carry Forwards HRA Revenue & Capital
- 14.9 Appendix I – 2022/23 HRA Reserves Statement