

FINANCE AND GOVERNANCE PORTFOLIO HOLDER

30 JUNE 2023

REPORT OF THE ASSISTANT DIRECTOR FINANCE & IT

A.1 FINANCIAL OUTTURN 2022/23

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide an overview of the financial outturn for the year 2022/23 and to seek approval of the associated financial decisions related to the end of year accounting processes.

EXECUTIVE SUMMARY

Similarly to previous years of the financial forecast cycle and set against the context of an on-going and challenging financial environment, strong, effective and proactive financial management continues to have a major effect on the outturn position. Set against this approach, the budget setting process for 2023/24 also reflected on issues affecting the Council's 2022/23 financial position as well, with a number of timely adjustments made to the budget during the year.

The majority of budget areas have therefore performed to this adjusted position, although a number have outperformed / underperformed against the revised budgetary position, with further details set out later on in this report.

Following the completion of the comprehensive end of year processes, the financial outturn position for 2022/23 has been prepared across the various areas of the budget with a summary of the position set out below.

Summary by Key Areas of the Budget

Key Area	Outturn Position
General Fund	
General Fund Revenue - Overall favourable variance after allowing for the carry forwards requested by services	(£3.352m)
Capital Programme – the overall variance primarily reflects the issue relating to the cremator replacement scheme, with details set out further on in this report. The majority of the schemes will continue to be delivered in 2023/24 supported by the associated carry forward requests. <i>(The position highlighted includes revenue contributions to the capital programme, which forms part of the General Fund variance above and change in use of an associated S106 Reserve)</i>	(£0.596m)

Housing Revenue Account	
Surplus for the year contributed to HRA General Balances (over and above any budgeted use of the reserve)	£0.464
General Fund Reserves (excluding requested carry forwards)	
Earmarked Reserves –	
Reduced use of reserves compared to budget	nil
Additional Contributions to reserves compared to the budget (<i>excluding carry forwards</i>)	£0.191m
<i>There was no change in the level of the Uncommitted Reserve which remains at £4.000m</i>	

Reserves

The Council's overall general fund reserves total **£33.001m** at 31 March 2023. (excluding the general outturn variance of **£3.352m** for 2022/23). However, **£29,001m** is in respect of earmarked reserves, which relate to future years commitments (including the 2022/23 carry forwards requested by services). The total earmarked reserves also include the balance on the Forecast Risk Fund of **£3.315m**, which is in-line with the amount required to support the long term financial sustainability plan. Earmarked reserves are predominantly for previously identified priorities of the Council.

The balance of **£4.000m** is the level of uncommitted reserves, which includes a 'working balance' that forms part of the Council's treasury management processes. This level of uncommitted reserves matches that previously approved.

In respect of the HRA, additional details behind the variance set out in the table above are discussed in more detail further on in this report.

On-going Review of Budgets and Financial Challenges 2024/25 and Beyond

As set out in previous financial performance reports, the Council faces a challenging financial environment such as on-going inflationary pressures on expenditure budgets. Based on the current forecast position reported to Full Council in February this year, significant on-going revenue savings are required in 2024/25 and beyond with work continuing to develop a framework in which to deliver this level of savings going forward. This work, along with updating the detailed financial forecast remains on-going and will be set against the outturn position for 2022/23 where the impact of both favourable and adverse variances will be subject to further review in terms of their potential longer-term impact.

Use of Outturn Variance for the Year and Other Financial Matters

The total favourable variance for the year of **£3.352m** highlighted in the table above is

proposed to be 'held' in the Revenue Commitments Reserve, pending further consideration by Cabinet at its meeting on 21 July 2023.

Carryforwards totalling **£25.703m** have been requested by Services. These remain subject to further review and will also be 'held' in the relevant Commitments Reserve, pending further consideration by Cabinet at its meeting on 21 July 2023. The carry forwards for 2022/23 reflect a number of COVID 19 grants, where money is due to be paid back to the Government following the associated and detailed reconciliation process.

RECOMMENDATION(S)

That the Finance and Governance Portfolio Holder:

(a) notes the financial outturn position for 2022/23 as set out in this report and appendices;

(b) approves the financing of General Fund capital expenditure for 2022/23 as detailed in Appendix D;

(c) approves the movement in uncommitted and earmarked General Fund reserves for 2022/23 set out in Appendix E;

(d) notes and agrees that all carry forwards totalling £25.703m requested by services be transferred to the relevant earmarked commitments reserve pending consideration by Cabinet at its July 2023 meeting;

(e) in respect of the HRA, approves the movement on HRA balances for 2022/23 including any commitments set out within Appendices H and/or I along with recharges to the HRA from the General fund of £2.788m for the year and the financing of the HRA capital expenditure set out in Appendix I;

(f) notes and agrees that the overall General Fund variance for the year of £3.352m be transferred to the earmarked Revenue Commitments Reserve pending consideration by Cabinet at its July 2023 meeting;

(g) agrees to a delegation to the Council's S151 Officer, in consultation with the Corporate Finance and Governance Portfolio Holder, to adjust the outturn position for 2022/23 along with any corresponding adjustment to earmarked reserves as a direct result of any recommendations made by the Council's External Auditor during the course of their audit activities relating to the Council's 2022/23 accounts.

REASON(S) FOR THE RECOMMENDATION(S)

To set out the final financial position of the Council for 2022/23 and to seek approval of the associated end of year accounting / technical adjustments and processes.

ALTERNATIVE OPTIONS CONSIDERED

This is broadly covered in the main body of this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Effective budgetary control is an important tool in ensuring the financial stability of the authority by drawing attention to issues of concern at an early stage so that appropriate action can be taken. Financial stability and awareness plays a key role in delivering the Council's corporate and community aims and priorities.

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. The current 10-year approach to the forecast seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors.

The outturn position reflects the above and supports the Council's successful financial planning processes.

OUTCOME OF CONSULTATION AND ENGAGEMENT

In terms of the in-year financial performance of the Council, internal consultation is carried out via the Council's framework to monitor / manage the budget and as part of developing the forecast as set out within the Constitution.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	YES/NO	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	17 May 2023

The Council is legally required to calculate a Council Tax requirement each financial year. Within this framework is the requirement to monitor and report accordingly on the financial position of the authority against this requirement.

The outturn position set out in this report and the actions proposed are within the Council's powers and reflect the statutory requirements and responsibilities of the Council in the preparation of its accounts.

The approval of the outturn position each year is delegated to the Finance and Governance Portfolio Holder. Any further decisions that may be required following the outturn process, such as allocating money brought forward from the prior year will be reported to Cabinet at a subsequent meeting. In effect, the approval of the outturn delegated to the Finance and Governance Portfolio Holder will primarily only place available funding that needs further allocation in reserves until such time as a formal / separate decision is made by Cabinet.

Yes	The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:	
There are no additional comments over and above those set out elsewhere within this report.		
FINANCE AND OTHER RESOURCE IMPLICATIONS		
The main financial implications for each section of the Council's accounts are as set out in this report.		
Yes	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:	
The S151 Officer is the author of this report.		
USE OF RESOURCES AND VALUE FOR MONEY		
The following are submitted in respect of the indicated use of resources and value for money indicators:		
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	This is addressed in the body of the report.	
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and		
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.		
MILESTONES AND DELIVERY		
This report forms part of the Council's wider budget setting and monitoring processes. In respect of 2022/23, this report sets out a final outturn position for the year that builds on earlier financial performance reports that have been presented to Cabinet on a broadly quarterly basis throughout the year.		
ASSOCIATED RISKS AND MITIGATION		
Although there are no direct risks associated with the outturn position, there will be various 'knock on' risks to the Council's financial position going forward, which are either set out elsewhere within this report or will be revisited as part of developing the longer term forecast that will be presented to a future Cabinet meeting. The financial position for 2023/24 and 2024/25 and beyond will therefore be reviewed in light of this outturn position.		
The Council's reserves, including the Forecast Risk Fund remain a key element of the long-term plan approach with additional details set out further on in this report.		
EQUALITY IMPLICATIONS		
There are no direct implications that significantly impact on the Council's financial performance / forecast at this stage. However, the ability of the Council to appropriately address such issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.		

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver savings.

SOCIAL VALUE CONSIDERATIONS

There are no direct implications that significantly impact on the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the long-term forecast.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

There are no direct implications that significantly impact the financial forecast at this stage.

However, such issue will be considered as part of separate elements of developing the long-term forecast.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder

Please see comments above

Health Inequalities

Area or Ward affected

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Financial Outturn for 2022/23 forms the basis of the information included in the Council's Statement of Accounts.

Details around specific items such as Revenue, Capital, Reserves and Carry Forwards are set out in the following separate sections of the report along with the appendices.

Due to the knock on impact from the significant delays to the External Auditors being able to 'sign-off' previous years accounts (both the 2020/21 and 2021/22 accounts remain subject to 'sign off') it was not possible to publish the Council's accounts for 2022/23 by the required deadline of 31 May 2023. However, it is planned to publish the 2022/23 draft accounts as soon as possible after the approval of the outturn position for 2022/23 as set out in this report.

The draft accounts for 2022/23 will then be subject to external audit, but at the present time it is unclear as to when the External Auditor will start the necessary work given the on-going external audit delays highlighted above.

The above delays to the audit of Local Authority accounts is a well-publicised issue nationally and in no way reflects any wrong doing by those Councils adversely affected. The publication of the accounts after the deadline of 31 May 2023 is a practical response to matters outside of the Council's control, rather than a reflection on the Council's important financial stewardship role. However to provide additional assurance in the interim period, the External Auditor has provided a positive Draft Audit Completion Report for 2020/21 which was

considered by the Council's Audit Committee in March 2023, with no significant weakness identified to date in terms of the Council's use of resources.

GENERAL FUND REVENUE OUTTURN 2022/23 – A DETAILED ANALYSIS

The following table sets out a summary of the outturn position after taking into account the carry forwards / commitments requested by services highlighted further on in this report. A more detailed Portfolio and Departmental analysis is set out within the appendices.

Overall Summary of General Fund Revenue Account Outturn 2022/23

	Budget	Outturn	Variance
	£m	£m	£m
Total Net Outturn Position <i>(after requested carry forwards and reserves adjustments)</i>	9.398	6.560	(2.838)
Financing			
Business Rates	(3.033)	(3.545)	(0.512)
Revenue Support Grant	(0.444)	(0.445)	(0.001)
Council Tax (including Collection Fund)	(5.921)	(5.921)	0
Total	9.398	9.911	(0.513)
Total Variance for 2022/23 <i>(Contributed to Reserves within Corporate Services)</i>			3.352

As set out earlier in the report, a significant number of budget adjustments were made as part of the in-year financial performance reports alongside the development of the budget for 2023/24. The outturn demonstrates that a majority of budgets have performed broadly to this adjusted position, although a number have outperformed / underperformed against the revised budgetary position, with further details set out within **Appendix A**, where a departmental headline outturn summary is shown. This appendix highlights the key variances within each department and reflects other key issues that have emerged over the last quarter of 2022/23 as necessary.

The Careline Service continues to operate in a challenging external environment. In-line with previous decisions, the outturn position for the year was supported by the use of the associated Careline Reserve – the full amount of **£0.221m** held in this reserve was required to be 'called' down to support the net position against the budget. Even after using the full amount in reserves, an adverse variance of **£0.093m** still remains at the end of 2022/23 against the Careline budget. As highlighted within **Appendix A**, it is proposed to revisit the current Careline Business Plan as soon as possible in 2023/24 in light of this challenging outturn position and provide an update to Members as soon as possible.

It is also important to highlight the underspend against the direct revenue financing of the capital programme budget. This totals **£0.594m** at the end of 2022/23 and primarily relates to the Crematorium Replacement Scheme. When the scheme was established, a total budget of **£1.539m** was included within the 2022/23 Capital Programme. As the scheme was being

delivered during 2022/23, it emerged that the total capital budget incorrectly reflected revenue costs associated with the on-going maintenance of the facility over the contract term. Although there is already an existing on-going revenue budget to support the maintenance of the facility, it is expected that this would need to be increased in 2023/24, which could in turn be supported by the 'capital' underspend highlighted above. It is planned to complete a more detailed review of this emerging situation in time to report an updated position to Cabinet at its July 2023 meeting, to ensure that any required changes to the budget are considered alongside the wider use of the overall outturn position for the year.

To date, energy costs have been managed within existing / contingency budgets, with **£0.179k** remaining within the associated 'contingency' to support any potential on-going impact, although the longer term risk has reduced compared with original forecasts.

Appendix C sets out the detailed outturn position by department, with the net variance shown in column (e) of that appendix. The net variance has been further analysed by direct costs and indirect costs and is set out in columns (f) and (g) of the same appendix. Indirect costs continue to include a number of technical accounting adjustments such as those relating to pension costs.

During the external audit of the Council's Accounts over the coming months, adjustments or amendments may be recommended by the Council's External Auditor. Although subject to the actual adjustments that may be recommended by the Auditor, they may have a direct impact on the overall outturn position for the year rather than be just presentational changes. They would then be included in the Statement of Accounts that would be presented to the Audit Committee later for approval. To enable the right level of flexibility in responding to any changes recommended by the External Auditor, a delegation is included in the recommendations above to enable the Council's S151 officer, in consultation with the Finance and Governance Portfolio Holder, to make the necessary adjustments to the 2022/23 outturn position.

Allocation of the Overall Outturn Variance for the Year

In-line with the delegation to the Finance and Governance Portfolio Holder, the overall favourable variance for the year of **£3.352m** has been transferred to the Revenue Commitments Reserve until Cabinet formally considers its allocation at its meeting on 21 July 2023.

Other Issues

The outturn report also provides the timely opportunity to reflect on other significant financial matters arising to date and in that context it is worth highlighting the following:

As set out in earlier reports, the financial risks of being a member of the North Essex Parking Partnership (NEPP) started to emerge over the past year. This Council along with other partners are required to meet their share of any annual deficit with no provision currently included within the budgets to respond to such an eventuality.

It remains a significant challenge for the NEPP to recover from the impact of COVID 19, with the level of income being less than pre-pandemic levels, which is in addition to the on-going impact of inflation. Recent years have seen the partnership draw money down from its reserves to meet any deficits that have accrued. Although no deficit contribution has been requested in 2022/23, it may be required in 2023/24.

The partnership continues to work together to meet this challenge and work remains ongoing

to further develop / review the business plan and associated action plan to limit wherever possible deficit contributions being required to be made by partners. As previously agreed, Officers will continue to seek on-going assurances from the NEPP Lead Authority on how they are managing the emerging financial risks of the partnership, with updates to be provided to Management Team and Members accordingly along with their inclusion within quarterly financial performance reports during 2023/24.

GENERAL FUND CAPITAL OUTTURN POSITION FOR 2022/23

Full details of the outturn position for each scheme together with the total carry forwards requested are set out in **Appendix D**. However a summary is set out in the following table:

	Budget 2022/23	Outturn 2022/23	C/Fwd	Remaining Variance
	£m	£m	£m	£m
GF Capital Expenditure	16.498	3.931	11.971	(0.596)

Financing the Capital Programme

A summary of the proposed financing of the capital expenditure in 2022/23 is set out in the following table, with a more detailed analysis being provided in **Appendix D** to this report:

	Budget 2022/23 £m	Outturn 2022/23 £m	To Fund C/fwds £m	Variance £m
External Contributions	0.901	0.505	0.397	0.001
S106	0.163	0.080	0.081	(0.002)
Government Grants	9.682	1.235	8.446	(0.001)
Capital Receipts	1.000	0	1.000	0
Revenue Contributions	0.905	0.178	0.708	(0.019)
Use of Earmarked Reserves	3.847	1.933	1.339	(0.575)
Total	16.498	3.931	11.971	(0.596)

The primary reason behind the variance above relates to the underspend against the Crematorium Replacement Scheme as discussed earlier in this report.

The overall budget for the year takes into account adjustments that have occurred since the position was last reported to members within the Q3 financial performance report. These adjustments would have been subject to separate decision making processes as necessary.

GENERAL FUND REVENUE AND CAPITAL CARRY FORWARDS INTO 2022/23

It is recognised that due to the size, nature and lead-in times of some schemes, expenditure can span financial years with some schemes not completed by the 31 March in any one year. Therefore commitments for goods and services are likely to remain outstanding at the 31 March each year, examples of which include uncompleted work that the Council has a contractual obligation against or the project is either currently underway or will be started shortly with payment dates or trigger points within the process yet to be reached, finalised and paid.

Carryforwards are expected to broadly follow the principles applied in previous years such as:

- There is a 'contractual commitment';
- There is a related long term project which is expected to span a number of financial years;
- There is non-recurring item for which no budget provision exists in the following year;

A summary of the requests to carry money forward into 2023/24 is as follows:

Area of the Budget	Total Carry Forwards Requested
General Fund Revenue – General (Incl. RCCO)	£15.779m
General Fund Capital Schemes (Excl. RCCO)	£9.924m
TOTAL	£25.703m

Although all of the carry forwards requested by services have been reflected in the outturn position at this stage, a number of requests may not necessarily meet the above criteria and relate more closely to taking advantage of underspends in 2022/23 to apply to potential advantageous schemes and projects in 2023/24. Therefore as highlighted earlier in this report, the above remain subject to further review and will be 'held' in the relevant Commitments Reserve, pending further consideration by Cabinet at its meeting on 21 July 2023.

GENERAL FUND RESERVES OUTTURN POSITION FOR 2022/23

Earmarked reserves are shown in more detail in **Appendix E** and include the adjustments set out elsewhere in this report.

The change in the budgeted net use of earmarked reserves of **£19.404m** takes into account the proposed level of revenue and capital carry forward requests. The change in reserves also includes the overall outturn variance of **£3.352m**, which has been transferred to the Revenue Commitments Reserve in the interim period before its formal allocation is considered by Cabinet at its July 2023 meeting. The overall change in the budgeted use of reserves also includes an amount of **£0.191m** which is the amount required to 'top up' the contributions to the forecast risk fund to meet the **£0.500m** committed to pay into this reserve in 2022/23 that in turn supports the long term forecast.

The overall level of reserves at the end of 2022/23 is **£36.352m**, made up of **£19.214m** for

commitment reserves, **£13.138m** for other earmarked reserves and **£4.000m** for uncommitted reserves.

In terms of the overall level of reserves, it should be noted however, that transfers to earmarked reserves are not an increase in the Council's longer-term unallocated general resources as it relates to future years commitments. It is important to highlight that the Council continues wherever possible to 'cash-back' the delivery of its priorities rather than being based on an assessment of affordability at some time in the future, with delivery planned to continue on a range of schemes / projects over the coming months.

The Financial Strategy has continued to aim to maintain the Uncommitted Reserve at **£4.000m**. At 31 March 2023, the uncommitted reserve stands at **£4.000m** so it remains in line with this requirement.

It is also important to highlight that within the overall level of earmarked reserves mentioned above, the Council prudently maintains reserves to respond to significant / specific risks in the forecast such as **£1.470m** (Business Rates Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary.

INCOME COLLECTION PERFORMANCE AND INCOME FROM S106 AGREEMENTS

The position against council tax, business rates, housing rents and general debt is set out in **Appendix F**.

In respect of **housing rents**, improved collection performance has been maintained during the post COVID 19 period, with some additional comments relating to the general income from dwelling rents set out further on in this report.

In respect of **general debt**, this covers a significant range of income streams from repairs to leasehold properties to rechargeable works to dangerous structures and will be subject to recovery action as necessary throughout 2022/23.

In respect of **business rates**, the collection performance set out in **Appendix F** reflects the amount of money collected compared to the budgeted collectable amount rather than as a percentage of the actual total amount collectable, hence why it is in excess of 100%.

The overall business rates income position for the year was also supported by remaining a member of the Essex Business Rates Pool. The overall benefit of being a pool member was **£0.736m** in 2022/23.

In terms of the operation of the pool, it is based on the principle of the local authority members being better off collectively due to the fact that the overall levy rate payable by the pool is lower than that for each individual pool member. This is primarily due to Essex County Council being a 'top-up' authority, which effectively offsets the overall levy rate that would otherwise be payable by each local authority.

In terms of how the collection performance for Council Tax and Business Rates translates into the corresponding collection fund positions, this was also more positive than originally budgeted, with the position being **£0.230m** and **£0.796m** ahead of expectations respectively at the end of March 2023. The end of year amounts retained within the collection fund therefore provide a more positive position heading into 2023/24 than originally expected.

Details around the use of income from S106 agreements is set out in **Appendix G**. There are no significant issues to highlight and no money was returned to developers during the year.

A REVIEW OF THE HRA OUTTURN POSITION FOR 2022/23

The Housing Revenue Account (HRA) reflects a statutory obligation to account separately for the income and expenditure arising from the Council's landlord functions.

A summary of the Council's Housing Revenue Account for 2022/23 is set out in the table below with a more detailed analysis provided in **Appendix H** to this report.

	Budget 2022/23	Outturn 2022/23	Variance
	£m	£m	£m
Direct Expenditure	7.208	6.769	(0.439)
Direct Income	(14.363)	(14.490)	(0.127)
Indirect Income / Expenditure	8.307	6.881	(1.426)
Net Use of HRA Reserves	(1.152)	0.839	1.991
Total HRA General Balance as at 31 March 2023			4.515

Net use of HRA Reserves includes the contribution of the year end 'surplus' to HRA General Balances of £0.464m as set out below.

Housing Revenue Account Overview

The outturn position for the year was an overall surplus of **£0.464m**, with more detailed figures set out in **Appendix H**.

There were a limited number of key issues behind this overall variance, with a summary as follows:

1) Premises – Repairs and Maintenance – (£0.115m)

This position primarily reflects the work undertaken during the year on the existing housing stock of 3,000+ properties. The work undertaken is based on planned and responsive maintenance work, which is undertaken via a mix of the in-house service and external contractors, with the year end position reflecting a marginal underspend against the total budget of **£4.597m**, which broadly reflects the timing of spend.

2) Rents Receivable - £0.236m

As reported within earlier reports, work was undertaken to reduce void loss from approximately 4% to the more historic level of 2%, which continued into 2022/23.

The year-end position reflects an unexpected under recovered position against the budgeted level of income for the year. As part of the outturn processes, reports are run from the system as part of finalising the various HRA income streams for the year, including dwelling rents. At the present time, it appears that the level of prepaid rent has been overstated at 31 March 2023, which has the impact of reducing the total amount of income credited to 2022/23. Given the deadline to finalise the outturn position for the

year, it has not been possible to explore this issue further. However, work remains in progress in 2023/24 to review this issue in more detail and updates will be provided as part of the in-year financial performance reports during the year.

3) Interest Receivable – (£0.074m)

Similarly to the position within the General Fund, investment income outperformed the budget given the increases in interest rates during the year.

4) Other Income Receivable – (£0.242m)

Historic income that was being held within a ‘holding’ account whilst work remained in progress to reconcile the figures to the associated ‘claims’ from a third party. This has now been concluded with the money now ‘recognised’ and credited to the HRA in 2022/23.

5) Tenancy Management (General) – (£0.138m)

Although this variance reflects a number of individual items, the primary issue relates to the cost of a stock condition survey. This work remains in progress in 2023/24 and the costs of which can be accommodated within the HRA Business Plan in that year rather than requiring a carry forward to be requested. This therefore remains as an underspend at the end of 2022/23.

General Fund recharges to the HRA totalled **£2.788m**, a reduction of **£0.034m** against the budget for the year. Agreement to this level of recharge forms part of the recommendations set out earlier on in this report.

Taking the above into account, along with the aggregate of other variances at the end of the year, the overall ‘surplus’ on the HRA is **£0.464m**. This amount has therefore been transferred to HRA General Balances.

HRA Capital Programme

A summary of the Council’s HRA Capital Programme for 2022/23 is set out in the table below with a more detailed analysis provided in **Appendix I** to this report.

	Budget 2022/23	Outturn 2022/23	C/Fwd	Remaining Variance
	£m	£m	£m	£m
HRA Capital Expenditure	11.049	7.351	3.904	0.206

Financing the HRA Capital Programme

A summary of the proposed financing of the capital expenditure in 2022/23 is set out in the following table, with a more detailed analysis being provided in **Appendix I** to this report:

	Budget 2022/23	Outturn 2022/23	To Fund C/fwds	Variance

	£m	£m	£m	£m
Major Repairs Reserve	4.178	3.939	0.449	0.211
Revenue funding from the HRA	1.570	0.043	1.527	0
Capital Receipts	0.064	0	0.064	0
S106	0.333	0.328	0	(0.005)
External Contributions / Capital Grants	4.903	3.040	1.863	0
HRA Total	11.049	7.351	3.904	0.206

The overall variance of **£0.206m** is largely due to the timing and programme of works, which will continue in 2023/24 and beyond as part of a wider stock refurbishment programme supported by the various income streams highlighted within the table above. 2022/23 saw a major boiler replacement programme which was one of the main contributors to the adverse variance set out in the table above.

Appendix I reflects changes to the financing of the capital programme made as part of the outturn position for the year to maximise the benefit from the use of S106 or 1-for-1 capital receipts as necessary.

HRA Balances and Reserves

The overall level of HRA General Balances has increased to **£4.515m**. Full details of HRA reserves are set out in **Appendix J**, which reflect the adjustments discussed above.

PREVIOUS RELEVANT DECISIONS

Finance Update Report – General Update 2022/23 and 2023/24 – Item A.2 Cabinet 7 October 2022.

Financial Performance Report 2022/23 and 2023/24 – General Update at the end of Q2 – Item A.5 Cabinet 4 November 2022.

Updated General Fund Financial Forecast Including Proposed Budget Changes in 2022/23 along with Budget Proposals for 2023/24 – Items A.3 Cabinet 16 December 2022.

Updated General Fund Financial Forecast Including Proposed Budget Changes in 2022/23 along with Budget Proposals for 2023/24 – Items A.4 Cabinet 27 January 2023.

Executive’s Proposals – General Fund Budget and Council Tax 2023/24 – Item A.1 Full Council 14 February 2023.

Executive’s Proposals – Housing Revenue Account Budget 2023/24 – Item A.2 Full Council 14 February 2023.

Financial Performance Report 2022/23 and 2023/24 – General Update at the end of Q3 – Item A.3 Cabinet 17 March 2023.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A (1 - 3)	Key Outturn Variances by Department 2022/23
Appendix B	GF - Portfolio / Department Outturn Summary 2022/23
Appendix C	GF – Revenue Departmental / Directorate Outturn 2022/23
Appendix D	GF - Capital Outturn 2022/23
Appendix E	GF - Reserves
Appendix F	Collection Performance – Council Tax, Business Rates, Housing Rents and General Debts
Appendix G	Income from S106 Agreements
Appendix H	HRA – Revenue Outturn 2022/23
Appendix I	HRA – Capital Outturn 2022/23
Appendix J	HRA – Reserves

(The variance figures set out in these appendices that are presented in brackets represent either a net underspend position or additional income received)

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