

## CABINET

26 JULY 2024

## REPORT OF THE CORPORATE FINANCE &amp; GOVERNANCE PORTFOLIO HOLDER

**A.9 OVERVIEW OF THE FINANCIAL OUTTURN 2023/24 AND PROPOSED ALLOCATION OF THE GENERAL FUND VARIANCE FOR THE YEAR AND OTHER IN-YEAR BUDGET ADJUSTMENTS 2024/25**

## PART 1 – KEY INFORMATION

**PURPOSE OF THE REPORT**

To seek approval of the allocation of the overall 2023/24 General Fund revenue variance along with a number of proposed budget adjustments in 2024/25.

**EXECUTIVE SUMMARY**

- The Portfolio Holder for Finance and Governance agreed the overall outturn position for 2023/24 on 17 July 2024, with a high level summary of the General Fund revenue position set out below. The detailed report considered by the Portfolio Holder is available on the Council's website using the following link [Decision - Financial Outturn 2023/24 \(tendringdc.gov.uk\)](https://www.tendringdc.gov.uk/Decision-Financial-Outturn-2023/24).

<b>Variance for the year before carry forward requests</b>	<b>(£14.440m)</b>
Less revenue carry forwards requested by Services	£12.611m
<b>Variance for the year after requested carry forwards</b>	<b>(£1.829m)</b>

- Some key highlights of the Portfolio Holder report mentioned above are as follows:
  - the favourable variance for the year of **£1.829m** is currently being held in the Revenue Commitments Reserve;
  - carryforwards totalling **£9.879m** that had been requested by Services were agreed, with a number of carry forwards totalling **£2.732m** remaining subject to further review, with the outcome of this review being reported separately in the year. In respect of any carry forwards subsequently not approved, they will be added to the overall outturn variance for the year that can then be considered alongside the development of the forecast / financial performance reports during the year.
  - a number of recommendations to Cabinet relating to the potential allocation of the variance of **£1.829m** highlighted in the table above were proposed with the full resolution as follows:

*(f) notes the overall General Fund outturn variance of £1.829m for 2023/24 that is being carried forward via the Revenue Commitments Reserve, and:*

*i) recommends to Cabinet that £0.259m of this overall General Fund variance*

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*that relates to the net outturn surplus on Off-Street Parking 'Account' is set aside for investment in that Service;*

*ii) agrees that the remaining balance of £1.570m is set aside to support the items included in Table 3 within the report and that final proposals be recommended to Cabinet when they consider the Portfolio Holder for Finance and Governance's Outturn report at their meeting on 26 July 2024.*

- In respect of the items highlighted in 3) above, the final proposed adjustments are included within **Appendix A (Section 1)** of this report.
- This report also provides a timely opportunity to briefly reflect on the in-year position for 2024/25, with some further proposed adjustments set out within **Appendix A (Section 2)**.
- In respect of 2024/25, it is also proposed to bring together a number of existing budgets to create a Corporate Investment Fund to support the long term forecast and enable key investments in 'spend to save initiatives', delivering priorities and supporting existing services. The proposed adjustments are set out within **Appendix A (Section 3)**. Although further use of this fund will be subject to separate decisions later in the year, **Appendix A (Section 3)** includes three initial allocations that relate to other items elsewhere on the agenda.
- The recommendations below set out a number of delegations associated with the delivery / implementation of the various items agreed within **Appendix A** as necessary.

### RECOMMENDATION(S)

**That Cabinet:**

- (a) notes the high level Financial Outturn Position set out in this report and the initial favourable General Fund Revenue variance of £1.829m for the year, which is currently held within the Revenue Commitments Reserve;**
- (b) agrees the use of the General Fund Outturn for the Year of £1.829m as set out in Appendix A (Section 1a);**
- (c) endorses the use of existing budget of £0.144m to provide financial support to Citizens Advice Tending (CAT) in 2024/25 as set out within Appendix A (Section 1b);**
- (d) subject to (b) above, in respect of the additional £0.259m set aside for reinvestment in the Parking Service, agrees a delegation to the Portfolio Holder for Leisure and Public Realm to utilise this funding during the year;**
- (e) subject to (b) above, in respect of the additional £0.100m made available to support the Waste, Recycling and Street Cleansing Contract, agrees a delegation to the Corporate Director (Operations and Delivery), in consultation with the Portfolio Holder for Environment to utilise the additional proposed budget to support the work associated with the options appraisal / tender activities for the Waste and Street Cleansing Contract;**

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- (f) subject to (b) above, in respect of the additional of £0.100m made available to support the Seasonal Grounds Maintenance and Cleansing Costs, agrees a delegation to the Corporate Director (Operations and Delivery), in consultation with the Portfolio Holder for Environment and Portfolio Holder for Leisure and Public Realm to utilise the additional proposed budget to support any associated work;**
- (g) subject to (b) above, in respect of the £0.150m made available to support the Walton-on-Naze Lifestyles Facility projects associated with the Swimming Pool Grant Funded Capital Projects, a delegation to the Portfolio Holder for Leisure and Public Realm be agreed to determine the business case and associated allocation of this funding;**
- (h) subject to (c) above, in respect of the contribution of £0.144m to CAT, agrees a delegation to the Leader in consultation with the Assistant Director Partnerships and Monitoring Officer to extend the current Subsidy Scheme for 2024/25 (along the same principles of the decisions of Cabinet in July 2023) before any payment is made along with other associated governance arrangements ahead of 2025/26 as required;**
- (i) agrees the budget adjustments for 2024/25 set out in Appendix A (Section 2);**
- (j) agrees the establishment of a Corporate Investment Fund (CIF) along with the associated budget adjustments for 2024/25 as set out in Appendix A (Section 3), which includes the three initial allocations from this fund;**
- (k) after the further review of Carry Forwards from 2023/24 that any items subsequently not approved then the associated amount be transferred to the CIF;**
- (l) notes the updates previously requested by Cabinet that relate to the two carry forwards from 2022/23 as set out within this report; and**
- (m) agrees a delegation to the Council's S151 Officer, in consultation with the Finance and Governance Portfolio Holder, to adjust the outturn position for 2023/24 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 2023/24 accounts.**

### **REASON(S) FOR THE RECOMMENDATION(S)**

To allocate the overall General Fund favourable outturn variance for 2023/24 and agree a number of proposed budget adjustments in 2024/25.

### **ALTERNATIVE OPTIONS CONSIDERED**

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

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

A revised Corporate Plan and Vision was approved by Full Council at its meeting on 28 November 2023. One of the 6 included themes is Financial Sustainability and Openness, with a commitment to continue to deliver effective services and get things done whilst looking after the public purse; that means carefully planning what we do, managing capacity and prioritising what we focus our time, money and assets on. Tough decisions will not be shied away from, but will be taken transparently, be well-informed, and based upon engagement with our residents.

The forecasting and budget setting / management processes will have direct implications for the Council's ability to deliver on its objectives and priorities. Effective budgetary control is therefore an important tool in ensuring the financial stability of the authority by identifying and responding to issues as timely as possible.

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)	Publication date was at least 28 days ahead of the date of this decision.

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.

As reported during the year, there is a Best Value Duty that relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 ("the 1999 Act") to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of

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economy, efficiency and effectiveness". In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in all spending decisions.

Best value authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management. They are also required, pursuant to section 3 of the 1999 Act, to consult on the purpose of deciding how to fulfil the Best Value Duty.

In respect of financial support to charities and the voluntary sector, best value guidance sets out a number of issues including the need for consultation along with stating that *an authority intending to reduce or end funding (where 'funding' means both grant funding and any fixed term contract) or other support to a voluntary and community organisation or small business should give at least three months' notice of the actual reduction to both the organisation involved and the public/service users.* Such issues will need to be reviewed in light of any associated actions such as the on-going review of grant funding, including the future relationship with Citizen's Advice Tending.

The Government have recently published revised Statutory Guidance on the Best Value Duty of Local Authorities in England under section 26 of the 1999 Act, which best value authorities are required to have regard to. To provide greater clarity to the sector on how to fulfil the Best Value Duty, the statutory guidance sets out seven overlapping themes of good practice for running an authority that meets and delivers best value. These seven best value themes build on the lessons learned from past interventions and reflect what most local authorities already do or are striving to achieve. A detailed description of these themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure, is set out within the revised guidance and financial management and sustainability is a reoccurring expectation throughout the themes and indicators. This outturn report along with how the Council responds to new or developing issues remains an important element of demonstrating these key requirements.

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, with this latter point being the subject of this report.

Yes	<b>The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:</b>
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The contents of the report have been reviewed personally by the Monitoring Officer, who supports the ongoing reference to the Council's Best Value Statutory Duty and recently published guidance, as set out within the legal requirements section and highlighting where additional decisions are required.

In addition it is important to highlight that the grant funding through a Service Level Agreement to Citizens Advice Tending (CAT) can only be made if the Subsidy Scheme approved by Cabinet in July 2023 is extended to cover 2024/25 (for the same reasons as set out in that report). A separate decision from the Leader will be required before any funding can be

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granted if the recommendations as set out in this report are approved. Notice to cease the existing arrangement with CAT should be given (as was intended within 2023/24), in line with the Best Value Guidance referred to in the Legal Requirements section of this report.

The review of external funding as requested by Cabinet will determine how the Council will deliver against its current priorities and Corporate Plan for 2024/25.

### 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 Section 151 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 as necessary.
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 2023/24, 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.

As highlighted elsewhere in this report as necessary, the on-going financial forecast and budget monitoring processes will need to take account of the outturn position for 2023/24 and reflect new issues or significant changes to existing issues as part of their development during 2024/25.

### 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 addressed 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 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 in the Portfolio Holder Report highlighted earlier. In

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respect of the Forecast Risk Fund, there has been no adverse impact on the balance held at the end of 2023/24, which totals **£6.426m** (£0.284m more than when last reported to Members in February 2024), that remains available to support the forecast this year and beyond.

### 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. This is an important part of the future decision making timetable and must be adequately factored into the process.

### 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.**

<b>Crime and Disorder</b>	Please see comments above
<b>Health Inequalities</b>	
<b>Area or Ward affected</b>	

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND, PROPOSED ALLOCATION OF THE OVERALL GENERAL FUND VARIANCE FOR 2023/24 AND PROPOSED BUDGET ADJUSTMENTS IN 2024/25

The Financial Outturn for 2023/24 was agreed by the Portfolio Holder for Finance and Governance on 17 July 2024. The associated report considered by the Portfolio Holder set out an overall General Fund favourable variance of **£1.829m** after allowing for revenue carryforwards totalling **£12.611m**.

In respect of the carry forwards highlighted above, in-line with the associated delegations, the Portfolio Holder for Finance and Governance agreed items totalling **£9.879m**, with the remaining items totalling **£2.732m** subject to further review / reporting. The Portfolio Holder for Finance and Governance also agreed that for any subsequent carry forwards not

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approved, the balance to be added to the outturn variance for 2023/24. Following the proposed establishment of the Corporate Investment Fund (CIF) as set out elsewhere in this report, it is now proposed that after the further review mentioned above, any unapproved carry forwards from 2023/24 are transferred to the CIF. An associated recommendation is therefore included above.

In respect of the overall General Fund favourable variance of **£1.829m** mentioned above, this has been initially transferred to the Revenue Commitments Reserve until its allocation is formally considered at this Cabinet meeting. In approving the outturn position for 2023/24, the Finance and Governance Portfolio made the following two recommendations to Cabinet:

- 1) The setting aside **£0.259m**, being the overall surplus against the Off-Street Parking budget to enable investment in the associated Service in 2024/25 and beyond, which could include repairs and maintenance and exploring electric vehicle infrastructure opportunities.

The following additional information was set out in the outturn report considered by the Portfolio Holder:

***Parking Income** – additional income has be achieved for the year. When taken together with an associated underspend against employee budgets, the overall favourable variance for the year totals **£0.259m**. It is proposed to set this amount aside in an associated reserve / budget to invest in the Service, which is in-line with the requirement relating to the setting of fees and charges each year on a cost recovery basis.*

- 2) After taking account of the parking adjustment above, a balance of **£1.570m** would remain. It is proposed to set aside this balance to support the potential on-going impact of some of the adverse outturn variances for 2023/24 along with other new / emerging issues in 2024/25 and changes to items already included in the 2024/25 budget.

With the above in mind, a number of items were included within Table 3 of the Portfolio Holder's report which remained subject to being finalised for recommending to Cabinet. The same table referred to above also included the consideration of other items that may have an impact in 2024/25 along with other potential items that support the development of the Councils priorities that may require a timely decision e.g. seasonal implications.

In respect of the above, the final proposed adjustments are set out in **Appendix A (Section 1a)** of this report. Following the proposed establishment of the 'CIF', it is proposed to transfer the unallocated balance of the General Fund variance for the year of **£0.580m** to this fund, which is also reflected within **Appendix A**.

### **Corporate Investment Fund**

Finalising the outturn position for 2023/24 has provided a timely opportunity to review a number of budgets that have previously been set aside but remain unallocated / uncommitted. As set out within **Appendix A (Section 3)** it is proposed to bring these items together into one 'fund' that in turn will be available to support the three key strands of the forecast that have previously been discussed, which are summarised as follows:

- To invest in existing services



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- To support 'spend to save' initiatives
- To support the delivery of the Council's priorities

Although expenditure from this 'fund' will remain subject to further / separate decisions as appropriate, **Appendix A (Section 3)** includes three initial proposed allocations that relate to the following associated items set out elsewhere on the agenda:

- Careline Review
- Capacity building and the delivery of the levelling up projects
- Increase to CRP Project Budget

As highlighted within **Appendix A**, after the above proposed allocations, **£2.440m** would remain within the fund for further consideration during the year. It is acknowledged that there may be further opportunities to transfer money into this fund during the year, which will be subject to separate decisions as necessary.

In addition to the above, on-going support to Citizens Advice Tending is being proposed in 2024/25 as an interim measure to enable actions to be undertaken in line with our best value duties and responsibilities to voluntary / charitable organisations within the District. Unlike the items above, there will be no additional contribution required from the outturn variance highlighted earlier as a budget of **£0.144m** already exists in 2024/25, but the inclusion of this item within **Appendix A (Section 1b)** provides the opportunity to consider this matter as timely as possible this year.

Members may recall the decision made by Cabinet on 21 July 2023 where support to CAT was agreed in 2023/24 whilst a wider review of grant funding was undertaken to inform the decision in 2024/25. At the present time and following on from subsequent reports to Cabinet (the most recent of which was 19 April 2024), this review remains on-going. It is therefore proposed to continue the financial support to CAT on broadly the same terms as 2023/24. As set out in the report to Cabinet in July 2023, due to the value of the proposed financial assistance, the Minimum Financial Assistance threshold exemption under the associated Subsidy Control Act 2022 cannot be relied upon, because the recipient has received in excess of £314K over last 3 years from TDC, in addition to other public funding.

As set out in the report to Cabinet last year, a number of important governance issues therefore needed to be undertaken before any financial assistance could be provided, including approving an associated Subsidy Scheme. A delegation is therefore included in the recommendations above to extend the existing Subsidy Scheme and undertake any other necessary governance arrangements, including those ahead of 2025/26, where CAT will be informed of the Council's approach ahead of any decision emerging from the wider review of grant funding.

The recommendations above also include a number of delegations to enable expenditure to be incurred against a number of additional budgets set out within **Appendix A** as necessary. This includes the money set aside:

- for re-investing in Parking Services;
- to support the retender of the waste, recycling and street cleansing contract;
- for seasonal grounds maintenance and cleaning activities; and
- to support the capital schemes associated with the Government's Swimming Pool

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Support fund. Cabinet formally accepted the Government grant funding of **£0.136m** at its meeting in April 2024. Although an additional **£0.150m** is now proposed to be allocated from the Council's own resources to complement the grant received from the Government, the delegation included within the recommendations above also seeks confirmation of the business case ahead of any expenditure being committed / incurred.

In respect of the last bullet point above, it is important to highlight that this does not impact on the Government grant funding received for Brightlingsea Lido or the associated scheme, with the grant funding remaining payable to the relevant external organisation subject to the completion of the necessary governance arrangements as delegated in the earlier Cabinet report mentioned above.

This report also provides a timely opportunity to briefly reflect on the in-year position for 2024/25 and respond to other emerging issues. A further proposed adjustment is therefore set out within **Appendix A (Section 2)**.

### **Other Issues**

At its meeting in April 2024 Cabinet requested an update on the two carry forward items from 2022/23 that were previously requested by Cabinet at its 10 November 2023 meeting, for inclusion in the Outturn Report for 2023/24. With this in mind, the following information has been provided by the relevant Service:

- **Human Resources Carry Forward (HR Capacity - £0.111m)**

£20,000 was used to support an associated external review commissioned from EELGA. The review has been concluded with the outcomes planned to be presented to the Human Resources and Council Tax Committee.

£45,000 is funding formal qualification(s) training required to support the recommendations offered by the Housing Regulator (CIH Qualifications) along with additional specialist management development training for teams following restructures.

£46,000 relates to the funding of fixed term resources supporting additional required capacity in a number of areas such as a wider recruitment project and for continued support for the implementation of the new HR & Payroll system which went live on 1 April 2024 with additional modules to be rolled out across 2024/25.

- **Career Track (£0.046m)**

This funding was requested to provide further support to Career Track to cover the cost of temporary staff as apprentice numbers are increasing and changes to funding bands (amount of funding paid for individual apprenticeships) for apprenticeships are confirmed. This work is planned to remain on-going in 2024/25.

In addition to all of the matters highlighted above, 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

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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 2023/24 outturn position.

### PREVIOUS RELEVANT DECISIONS

General Fund and HRA Budgets for 2023/24 Approved – Full Council February 2023

Financial Performance Report 2023/24 – General Update at the end of July 2023 – Item A.5 Cabinet 6 October 2023.

Financial Performance Report 2023/24 – General Update at the end of Q2 September 2023 – Item A.3 Cabinet 10 November 2023.

Updated General Fund Financial Forecast / Budget 2024/25 – Item A.4 Cabinet 15 December 2023.

Updated General Fund Financial Forecast / Budget 2024/25 – Item A.4 Cabinet 26 January 2024.

Executive's Proposals – General Fund Budget and Council Tax 2024/25 – Item A.1 Full Council 14 February 2024.

Executive's Proposals – Housing Revenue Account Budget 2024/25 – Item A.2 Full Council 14 February 2024.

Financial Performance Report 2023/24 and 2024/25 – General Update at the end of Q3 – Item A.3 Cabinet April 2024.

Financial Outturn 2023/24 Report – Agreed by the Portfolio for Finance and Governance 17 July 2024 (LINK: [Decision - Financial Outturn 2023/24 \(tendringdc.gov.uk\)](https://www.tendringdc.gov.uk/decision/financial-outturn-2023-24))

### BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

### APPENDICES

**Appendix A** – Proposed Allocation of the GF Outturn Variance for 2023/24 and In-Year Budget Adjustments for 2024/25

### REPORT CONTACT OFFICER(S)

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