



Report to: Cabinet : 23 July 2024

Director Lead: Sanjiv Kohli – Deputy Chief Executive and Director - Resources

Lead Officer: Nick Wilson, Business Manager – Financial Services

Report Summary	
Report Title	Provisional Financial Outturn Report to 31 March 2024
Purpose of Report	<p>To present to Members the provisional 2023/24 financial outturn position on the Council’s revenue and capital budgets, including:-</p> <ul style="list-style-type: none"> • General Fund Revenue • Housing Revenue Account • Capital Programme • Provisions and Impaired Estimates on Debtors • Usable Reserves • Collection Fund <p>This report provides Members with a summary of actual income and expenditure compared to the revised budget and how any surpluses/deficits have been allocated to/from reserves.</p>
Recommendations	<p>That the final outturn of revenue and capital spending for 2023/24 be noted;</p> <p>That the variation to the capital programme, as set out in paragraph 1.15 and 1.16 be approved;</p> <p>That the capital financing proposals as set out in paragraph 1.20 be approved;</p> <p>Capital Programme reprofiling of £13.588m carried forward into 2024/25 as per appendices E and F;</p> <p>That the movement in Provisions and Impaired Estimates on Debtors be noted;</p>

	That the creations of the new reserves, as outlined in paragraph 1.27, be approved; and
	That the individual contributions to, and withdrawals from, the revenue and capital Usable Reserves be noted.

1.0 Background

Overview of Provisional General Fund (GF) Revenue Outturn for 2023/24

- 1.1 The accounts show a favourable variance of £0.252m on service budgets, with a total favourable variance of £0.989m as follows:-

Table 1: General Fund Revenue Outturn for 2023/24 Financial Year as at 31 March 2024

	Budget £'m	Outturn £'m	Variance £'m
Biodiversity and Environmental Services	1.532	1.539	0.007
Climate Change	2.792	2.628	(0.164)
Community Safety & Community Development	2.440	2.482	0.042
Health, Wellbeing and Leisure	3.925	3.854	(0.071)
Heritage, Culture & the Arts	0.868	0.716	(0.152)
Housing	5.158	5.146	(0.012)
Strategy, Performance & Finance	10.950	11.307	0.357
Sustainable Economic Development	4.873	4.614	(0.259)
Net Cost of Services	32.538	32.286	(0.252)
Other Operating Expenditure	4.487	4.634	0.147
Finance & Investment Income & Expenditure	(2.547)	(2.540)	0.007
Taxation & Non Specific Grant Inc	(25.967)	(26.748)	(0.781)
Net Cost of Council Expenditure	8.511	7.632	(0.879)
Transfer to/(from) Unusable Reserves	(7.140)	(7.250)	(0.110)
Transfer to/(from) Usable Reserves	(1.371)	(0.382)	0.989
Transfer to/(from) General Balance	0.000	0.000	0.000

- 1.2 Based on the table above, usable reserves have increased by £0.989m. This increase has been applied to the Medium Term Financial Plan Reserve to assist with mitigating future funding pressures. The statutory General Fund balance has not varied during the year and remains at £1.500m, which is in accordance with the Medium Term Financial Plan approved on 7 March 2024.
- 1.3 The table below shows further detail regarding the variances which make up the additional transfer of £0.989m into Usable Reserves:-

Reason for Variance	Value £'m
Savings in Microsoft licencing £0.073m, £0.100m in additional charges to the HRA in respect of the build of the new Housing Management system	(0.194)
Vacant posts within the Administration Business Unit	(0.071)
Increase in cost of rent allowance payments and discretionary support for Council Tax payers	0.165
Housing Benefit grant income less than budgeted	0.120
Additional income of £0.052m across Trade refuse, Bulky waste and Garden waste together with reductions in payments to Notts County Council for waste disposal and a lower reliance on agency staff	(0.088)
Additional net income generated at the Palace Theatre	(0.110)
Vacant posts within the Health and Community relations team	(0.072)
Additional planning income of £0.190m together with a saving in outsourced legal costs	(0.266)
Reduction in income generation as major tenant moved out of the Beacon within the year.	0.073
Increase in utility costs within Castle House	0.093
Costs incurred by the Council in relation to the flooding events.	0.094
Reduction in income generation at the lorry park due to the floods, together with the cleaning costs of taking away flood waters	0.097
Charge to HRA no longer applicable for the	0.053
Budgets created in relation to glass recycling not expended in year £0.050m additional vehicle inspection income of £0.018m and additional recharge to HRA for the cost of repairs to vehicles £0.046m	(0.128)
Other Variances	(0.018)
Favourable variance on services	(0.252)
Contribution towards bad debt provision	0.154
Additional income from the Nottinghamshire Business Rates Pool	(0.541)
Reduction in Minimum Revenue Provision due to slippage on Bowbridge Road Carpark scheme in 2022/23	(0.110)
Internal Drainage Board grant received in year	(0.240)
Additional transfer to Usable reserves	0.989

- 1.4 Further details of the favourable variance on Service Budgets managed by the Business Managers of £0.252m against directorate budgets are in Appendix A.
- 1.5 Net Interest receivable amounted to £1.165m over budget. This was based on actual interest rates being higher than budgeted throughout the course of the year. The budget was based upon average interest rates being at 3.00% and average balances of £45.326m, whereas the outturn was an average interest rate of 4.72% on average balances of £59.759m. The increase in average balances was mainly due the movement in the Capital Programme budgets in year.

- 1.6 The additional interest has been assigned to the Capital Provision Earmarked reserve, replacing the need for borrowing in the approved capital program for specific short-lived assets. As a result, this will lead to future revenue savings by reducing the annual Minimum Revenue Provision (MRP) charge. Specifically, the savings will amount to £0.104m in 2025/26 and £0.143m throughout the Medium-Term Financial Plan (MTFP) period thereafter.
- 1.7 Business Rates amounted to £0.541m over the anticipated budgeted figure. This was due to the growth that has been seen over a number of years in the Districts' business' ratable values. £1.459m was received in returned funding from the Nottinghamshire Business Rates pool (for which £0.600m was budgeted for). As there was further growth generated in year an additional £0.408m was paid to Nottinghamshire County Council in levy payments. The remaining £0.090m was additional section 31 grants, tariff adjustments and renewable energy in year.

Final position (as at 31 March 2024) compared to previous position (as at 31 December 2023)

- 1.8 The previous budget monitoring report to Cabinet projected an unfavourable variance against the revised budget of £0.331m on Service budgets. This report describes the actual favourable variance, against the revised budget, of £0.252m on Service budgets: an increase of £0.583m. *Table 2* summarises the changes in variance against committee budgets between the two reports. Further details of these changes by Portfolio are in **Appendix B**.

Table 2: General Fund Revenue Outturn: Changes in Variance by Committee Between Reports

Net Cost of Services variance as at 31/12/2023 (05/03/2024 Cabinet report)	0.331
Biodiversity and Environmental Services	(0.068)
Climate Change	(0.089)
Community Safety & Community Development	0.114
Health, Wellbeing and Leisure	(0.030)
Heritage, Culture & the Arts	(0.091)
Housing	(0.011)
Strategy, Performance & Finance	(0.355)
Sustainable Economic Development	(0.053)
Net Cost of Services variance as at 31/03/2024 (25/06/2024 Cabinet report)	(0.252)

Carry Forwards

- 1.9 Previous years have seen officers requesting carry forwards of underspends that relate to the timing of payments that have extended past the year-end date of 31st March in year. This year, the s151 Officer has approved £0.695m to be carried forward into 2024/25.

- 1.10 Any unspent conditional grants are dealt with separately and are transferred to the balance sheet for either repayment or expenditure in the following year dependent upon its terms and conditions.

Overview of Provisional Housing Revenue Account (HRA) Outturn for 2023/24

- 1.11 The financial outturn position to 31 March 2024 for the HRA before appropriations to reserves is a deficit of £0.099m. *Table 3* summarises these variances.

Table 3: HRA Revenue Outturn for 2023/24 Financial Year as at 31 March 2024

	Budget £'m	Outturn £'m	Variance £'m
Expenditure	27.917	27.721	(0.196)
Income	(27.854)	(27.805)	0.049
Net Cost of HRA Services	0.063	(0.084)	(0.147)
Other Operating Expenditure	(0.034)	0.052	0.086
Finance & Investment Income/Expenditure	3.809	3.969	0.160
Taxation & Non Specific Grant Income	(1.643)	(1.643)	0.000
(Surplus)/Deficit on HRA Services	2.195	2.294	0.099
Movements in Reserves			
Transfer to/(from) Usable Reserves	1.547	1.547	0.000
Transfer to/(from) Unusable Reserves	(14.204)	(14.204)	0.000
Transfer to Major Repairs Reserve - Depreciation	5.994	5.784	(0.210)
Transfer to Major Repairs Reserve – Revenue Contribution	4.468	4.579	0.111
Total	0.000	0.000	0.000

- 1.12 Further details of the variances against HRA budgets are in **Appendix C**.
- 1.13 Further details of the changes in variance between this report and the previous report are in **Appendix D**.

Overview of Provisional Capital Outturn for 2023/24

- 1.14 Capital monies are spent on building or enhancing the Council's asset base. There are rules and regulations regarding what can be classed as capital expenditure and this spend must be financed separately from the day to day running costs of the Council.
- 1.15 Members approved all variations to the Capital Programme. At its meeting on 5 March 2024, Cabinet approved the revised budget of £69.585m. Since that meeting, there has been one change made to the budget in the General Fund, in relation to the use of S106, approved via an urgent decision on 5 March 2024. This has increased the budget by £0.264m to £60.849m. This has been included in the detail at **Appendix E**.

- 1.16 In addition to the above change, Cabinet Approval is being sought for the allocation of £0.119m S106 monies in relation to Phase 3 Cluster 4 affordable housing project. This is a specific affordable housing contribution (reference AG1224), in relation to the land at 17 Northgate which now forms 12 Flats. This does not change the overall budget; it is the use of this funding to finance the expenditure.
- 1.17 The accounts show lower levels of expenditure of £14.464m or 20.7% of the revised capital programme budget. As with all financial programmes, there will always be an element of slippage on capital schemes at the end of the financial year. It is proposed that the Cabinet approve the re-profiling of capital schemes totalling £13.588m (£10.297m GF and £3.291m HRA) as detailed in **Appendices E and F**. This is because the majority of the schemes are already committed. For clarity, where a scheme has been completed, any remaining budgets will not be carried forward.

Table 4: GF and HRA Capital Outturn for 2023/24 Financial Year as at 31 March 2024

Spend Type	Budget Approved as per Cabinet 5/3/24 £'m	Revised Post Cabinet £'m	Outturn £'m	Variance £'m
GF	18.284	18.548	9.832	(8.716)
GF REFCUS*	33.975	33.975	31.518	(2.457)
GF Total	52.259	52.523	41.350	(11.173)
HRA	17.215	17.215	13.924	(3.291)
HRA REFCUS*	0.111	0.111	0.111	0.000
HRA Total	17.326	17.326	14.035	(3.291)
GF and HRA Total	69.585	69.849	55.385	(14.464)

*REFCUS relates to Revenue Expenditure funded from Capital under Statute i.e. expenditure on non-Council-owned assets e.g. disabled facilities grants.

- 1.18 The GF variance of £11.173m is comprised of £10.297m of carry forward requests, and favourable variances of £0.876m. Further details are in **Appendix E**.
- 1.19 The HRA variance of £3.291m is comprised of £3.291m of carry forward requests. Further details are in **Appendix F**.
- 1.20 Capital spending in the year totalled £55.385m. This Capital expenditure has been funded by a combination of borrowing, external grants and contributions, receipts, major repairs reserve and revenue contributions. It is proposed that Cabinet approve the revised capital financing proposals as summarised in *Table 5*:

Table 5: Proposed 2023/24 GF and HRA Capital Outturn Financing

Source of Financing	GF Programme £'m	HRA Programme £'m	Total £'m
Borrowing	3.257	0	3.257
External Grants & Contributions	33.486	1.643	35.129
Capital Receipts	0.139	2.046	2.185
Revenue Contributions	4.468	10.346	14.814
Total Financing	41.350	14.035	55.385

Provisions for Future Liabilities

- 1.21 Provisions are made when an event has taken place that gives the Council an obligation that probably requires settlement, can be reasonably estimated, but where the timing of the payment is uncertain. Good practice requires that any movements in a Provision should be approved separately by Cabinet. The provisions in the table below relate to alterations and appeals against the rateable values (RV) provided for on properties in the National Non-Domestic Rating list (NNDR). The amounts shown in the Statement of Accounts (and hence in the table below) relate to this Council's element for the provision for appeals. 2023/24 saw the release of a refreshed rating list from the valuation office. This is the third such list since rates retention came into effect in April 2013. As a result of the new list being released, from April 2023 no further appeals for the prior lists are able to be lodged, this in turn has resulted in lower threats to our rating income. During the year 2023/24, £0.969m was charged against the provision in relation to RV adjustments in relation all 3 rating lists and £1.259m was released from the provision (£2.235m was released from the 2017 list provision and £0.976m was added for the 2023 list provision). 40% of all provisions are applicable to NSDC (£0.388m charge and £0.504m release therefore £0.891m as the NSDC share). The provisions provided for in *Table 6* are the Council's 40% share, as follows:

Table 6: 2023/24 Movements in GF Provision – NNDR

General Fund Provision (NNDR) – Period of Settlement for Appeals	Balance B/Fwd 01/04/2023 £'m	Movement in Year £'m	Actual Balance 31/03/2024 £'m
Provision for Appeals – NNDR settled within 12 months	(0.353)	0.151	(0.202)
Provision for Appeals – NNDR settled after 12 months	(1.117)	0.740	(0.377)
Provision for Appeals – NNDR Total	(1.470)	0.891	(0.579)

- 1.22 The Council receive external advice (from Analyse Local) relating to the level of provision that should be held. The Advisors suggest that there is a risk of £0.010m which relates to the Rateable Value list which began in 2010. From the revaluation of the 2010 ratings list which occurred in 2017, there has been limited information relating to the levels of appeals due to the Governments new "Check, Challenge, Appeal" process.

Analyse Local have used their knowledge and understanding from a national perspective to estimate the total liability for the 2017 list which amounts to £0.506m and a total liability for the 2023 list amounting to £0.942m. This gives a total provision at Collection Fund level of £1.448m of which this Council recognises 40% (£0.579m) due to its share of the overall NNDR income.

Impaired Estimates on Debtors

1.23 Impaired Estimates on Debtors is an estimation of the amount that will remain uncollectable after a certain time period and may require write off in the future accounts of the Council. The calculation is based upon on the age and amounts of debt owed to the Council based on a hierarchical percentage i.e. the older the debt, the greater likelihood of non-collection. Good practice requires that movements in the Impaired Estimates on Debtors should be approved separately by Members. *Table 7* details these:

Table 7: 2023/24 Movements in GF and HRA Impaired Estimates on Debtors

Debtor Type	Balance B/Fwd 01/04/2023 £'m	Movement in Year £'m	Actual Balance 31/03/2024 £'m	Overall Provision incl. other preceptors 31/03/2024 £m
GF - Sundry Debts	(0.062)	(0.103)	(0.165)	(0.165)
GF - Housing Benefit	(0.946)	(0.055)	(1.001)	(1.001)
GF - Council Tax Debts	(0.464)	0.016	(0.448)	(3.861)
GF - Business Rates Debts	(0.481)	0.200	(0.281)	(0.704)
GF – Impaired Estimates on Debtors	(1.953)	0.058	(1.895)	(5.731)
HRA - Sundry and Other Debts	(0.022)	0.003	(0.019)	(0.019)
HRA - Former Tenants	(0.288)	(0.005)	(0.293)	(0.293)
HRA - Current Tenants	(0.048)	(0.007)	(0.055)	(0.055)
HRA – Impaired Estimates on Debtors	(0.358)	(0.009)	(0.367)	(0.367)

Usable Capital Reserves

1.24 A Reserve is created for a specific future purpose or to cover contingencies. In accordance with the Code; these Usable Reserves must be separately identified between those that are retained for Capital purposes and those that are retained for Revenue purposes. Again, good practice dictates that any movements in existing reserves, or the creation of any new reserves, be approved by Members.

1.25 Capital reserves are used to fund spend incurred on the approved capital programme. *Table 8* details the position as at 31 March 2024:

Table 8: Capital Reserves used to Fund GF and HRA Capital Programmes as at 31 March 2024

Capital – Type of Reserve Used to Fund Capital Programme	Balance B/Fwd 01/04/2023 £'m	Cont'n in Year £'m	Use in Year £'m	Actual Balance 31/03/2024 £'m	Anticipated balance at 31/03/2028 £'m
Capital - GF					
Usable Capital Receipts	0.000	0.065	0.026	0.039	1.790
Capital Grants Unapplied	14.047	(0.775)	2.115	11.157	5.834
Capital – HRA					
Usable Capital Receipts – HRA	1.373	0.332	1.586	0.119	0.684
Usable Capital Receipts - RTB's	0.000	0.459	0.459	0.000	0.000
Capital Grants Unapplied	0.000	0.000	0.000	0.000	0.000
Major Repairs Reserve (MRR)	13.243	10.363	15.582	8.024	8.333
Capital - Total	28.663	10.444	19.768	19.339	16.641

Usable Revenue Reserves

1.26 Revenue reserves are used to fund anything that is not capital in nature, albeit can be applied to capital expenditure if necessary. They cover such areas as donations, external grants and contributions for future service provision, or specific sums of money held for a specific purpose. The tables below show high level balances against the categories of the reserves that are held for each fund together with current approved commitments and hence a forecast balance. **Appendix G** details the movement on General Fund Reserves and **Appendix H** shows HRA Reserves.

General Fund	Opening Balance £'m	Closing Balance £'m	Commitments £'m	Forecast Balance £'m
Budget funding reserve	(7.265)	(9.838)	1.074	(8.764)
Earmarked for Known Pressure	(7.187)	(7.348)	3.044	(4.304)
Ringfenced	(2.197)	(1.977)	0.081	(1.896)
Un-ringfenced	(15.671)	(13.486)	11.033	(2.453)
Total	(32.320)	(32.649)	15.232	(17.417)

Service variances combined with non-service related income and expenditure variances has meant that overall the District Council has increased its General Fund reserves by £0.329m. This increase has been identified as being related to:

	£'m
Brought Forward Reserves balance	32.320
Budgeted increase in reserves	1.457
Business Rates Pool contribution to MTFP reserve	0.600
Contributions to Capital Expenditure	(3.209)

Contributions from additional interest receivable	1.165
Favourable variance in cost of running Council	0.989
Other movements	(0.673)
Reserves balance as at 31st March 2024	32.649

HRA	Opening Balance £'m	Closing Balance £'m	Commitments £'m	Forecast Balance £'m
Earmarked for Known Pressure	(5.115)	(4.227)	0.532	(3.695)
Un-ringfenced	(2.000)	(2.000)	0.000	(2.000)
Total	(7.115)	(6.227)	0.532	(5.695)

Service variances combined with non-service related income and expenditure variances has meant that overall the District Council has decreased its Housing Revenue Account reserves by £0.888m. This decrease has been identified as being related to:

	£'m
Brought Forward Reserves balance	7.115
Budgeted decrease in reserves	(0.500)
Contributions to Capital Expenditure	(0.350)
Favourable variance in cost of running HRA	0.111
Other movements	(0.149)
Reserves balance as at 31st March 2024	6.227

1.27 During the year one new General Fund reserves have been set up:

Reserve name	Balance as at 31 Mar 2024 £'m	Purpose
Emergency Planning/Flooding Reserve	(0.060)	Funds have been earmarked for addressing and managing potential emergency situations, including localised flooding.

The Collection Fund 2023/24

1.28 The Collection Fund accounts for the income from the collection of Council Taxes and Business Rates, and the subsequent disbursement to local authority preceptors and central government.

1.29 The in-year surplus on the Council Tax account was £0.185m, which reduced the overall deficit from £1.509m at 1 April 2023 to £1.324m at 31 March 2024.

- 1.30 The Code prescribes that the Statement of Accounts only show the element of Council Tax that relates to Newark & Sherwood District Council. In this regard, the share of the Council Tax deficit of £1.324m that relates to Newark & Sherwood District Council as at 31 March 2024 is £0.154m. £1.000m of the deficit was estimated during January 2024 and is therefore being recouped during 2024/25 from Council Tax preceptors. £0.117m of this related to Newark & Sherwood DC and has been budgeted for accordingly.
- 1.31 The in-year surplus on the Business Rates account was £1.864m, which increased the overall surplus from £0.133m at 1 April 2023 to £1.997m at 31 March 2024.
- 1.32 The Code prescribes that the Statement of Accounts only show the element of business rates that relates to Newark & Sherwood District Council. In this regard, the share of the business rates surplus that relates to Newark & Sherwood District Council as at 31 March 2024 is £0.799m. The Council declared an estimated surplus as at 31st March 2024 of £1.011m during January and hence £0.404m has been included within the 2024/25 budget.

Pensions

- 1.33 The details regarding the Council's share of the Nottinghamshire County Council Pension Fund are provided for Members consideration at **Appendix I**.
- 1.34 Barnett Waddingham are the Pension Fund's appointed Actuary and their report sets out the assumptions used to prepare the IAS19 pension figures reported in the Council's accounts. It is best practice to consider these assumptions prior to agreeing their use and inclusion in the Statement of Accounts for 2023/24. The Audit & Governance Committee considered these at their meeting in April 2024.

2.0 Proposal/Options Considered and Reasons for Recommendation

- 2.1 To approve the Financial Outturn position for the Council for the 2023/24 financial year.

3.0 Implications

- 3.1 In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Statement of Accounts files & working papers 2023/24
Capital Finance Account's 2023/24 files
Housing Revenue Account's 2023/24 files