

CALDERDALE MBC

WARDS AFFECTED ALL

CABINET 10th JULY 2023

FINAL ACCOUNTS 2022/23 – REVENUE & CAPITAL OUTTURN POSITION

REPORT OF THE HEAD OF FINANCE

1 PURPOSE OF REPORT

- 1.1 This report summarises the revenue and capital outturn position and the impact on balances and reserves following the closure of the 2022/23 accounts. The appendix attached provides a comprehensive breakdown of the outturn position and provides insight into the reasoning behind variances.

2 NEED FOR A DECISION

- 2.1 Under the Council's Financial Procedure Rules, a report covering the final outturn position must be presented to Cabinet each year for formal approval. Members are invited to request any further reports on outturn performance in relation to directorate budgets, and to determine any action required considering the overall outturn position and levels of unallocated balances.

3 RECOMMENDATIONS

It is recommended that Cabinet:

- 3.1 Notes the analysis of the 2022/23 revenue outturn position, the impact on available balances and reserves, and the underlying budget pressures faced by directorates.
- 3.2 Notes the 2022/23 capital outturn position and budgets for 2023/24 and 2024/25 including carry forwards from underspends.
- 3.3 Agrees to retaining general fund balances at the current level to provide flexibility in response to issues the Council is likely to face.
- 3.4 Requests that this report be presented to the Strategy and Performance Scrutiny Board.

4 BACKGROUND AND DETAILS

- 4.1 The Council's management accounts are based on the Council's directorate structure and are used to help plan and control service delivery within the financial resources specifically approved by Council. They reflect the way the Council is organised and the delegations of budget responsibility, with some costs being delegated to directors to manage, and some being met corporately by the Council.
- 4.2 Both revenue and capital monitoring reports are presented to Cabinet three times a year. The process of monitoring allows service managers to identify significant variances and ways of managing these, and to estimate the overall effect on the service budget. The report to Cabinet summarises these forecasts and proposes solutions and strategies as to how these variances may best be mitigated, and what the implications might be on future budget requirements.
- 4.3 There are inevitably fluctuations in service forecasts in light of changing circumstances and issues. This outturn report summarises how the Council's financial position has actually "turned out" and how directorates have managed service delivery during the financial year to 31st March 2023 within delegated budgets (i.e. whether they have cost more, or less, than planned), the reasons for any variances, and the impact on corporate resources.
- 4.4 As they serve a different purpose, management accounts are prepared on bases which do not reflect all the accounting policies required in the preparation of the financial accounting statements.
- 4.5 The financial accounts will be subject to external audit. There is no agreed date for the final audited accounts to be presented to Audit Committee as this will be determined once a date for the external audit is confirmed. There are significant pressures on audit resources at present as has been acknowledged by central government. Members will be kept updated as appropriate on the progress of the closure of accounts and the corresponding audit. These accounts will include a statement showing how the financial accounts reconcile back to the management accounts.

5 OPTIONS CONSIDERED

- 5.1 This report is presented primarily for information. The surplus of balances identified following the closure of accounts is within the recommended minimum level of balances. This surplus will be available to assist the strategic financial management of the Council. Although Members have set a balanced budget for 2023/24, there are still potential shortfalls in future budgets towards the end of the MTFS period (and possibly before depending on forthcoming spending and local Government finance reviews).
- 5.2 The Government has not announced funding levels beyond 2023/24. Even with the delivery of agreed savings, no significant reduction in Government funding or material changes to the Council's cost structure, the Council has estimated that it will still have a funding gap by 2025/26. There are the wider inflationary pressures

being felt right across the globe at present putting pressure on budgets, adding to this uncertainty, are delays to the Local Government Fair Funding Review and Business Rates Retention System.

6. FINANCIAL IMPLICATIONS

Revenue

- 6.1 These are set out in appendix A and identify the net spend by directorate, the effect on available balances and the movements in reserves. Total balances of £5.848m have been carried forward to 2023/24. The recommendation is that this be retained to provide greater cover against future financial risks and uncertainties, and greater flexibility when determining future levels of Council Tax as part of the MTFS.

Capital

- 6.2 Appendix A of the report details the capital expenditure of £57.886million for the financial year 2022/23. Cabinet is reminded that any unspent capital budget and funding for the year will be carried forward to 2023/24 and included in the 1st Capital Programme Monitor due to be reported to Cabinet in August 2023.

7. LEGAL IMPLICATIONS

- 7.1 None directly arising from this report.

8. HUMAN RESOURCES AND ORGANISATION DEVELOPMENT IMPLICATIONS

- 8.1 None directly arising from this report.

9. CONSULTATION

- 9.1 Prompt accounts closure and successful external audit are a result of robust financial management and reporting procedures which enable the closedown process to be managed and delivered with the full co-operation of all directorates.

10. ENVIRONMENT, HEALTH AND ECONOMIC IMPLICATIONS

- 10.1 None directly arising from this report.

11 EQUALITY AND DIVERSITY

11.1 None directly arising from this report.

12 SUMMARY AND RECOMMENDATIONS

12.1 Directorates overall delivered an improved financial position when compared to the 3rd revenue monitor. This position was achievable in part due to the review of current MRP levels and an improvement in the collection of business rates.

12.2 Directorates delivered a comprehensive programme of capital expenditure totalling £57.886million, funded by a combination of grants and contributions, revenue and reserves, prudential borrowing and pooled resources

Isabel Brittain

Head of Finance

Date: 26th June 2023

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DOCUMENTS USED IN THE PREPARATION OF THE REPORT: Financial ledger. Closedown workbooks.