

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)	AGENDA ITEM:7
DATE OF MEETING:	20 JULY 2023	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON Charlotte.jackson@southderbyshire.gov.uk	DOC: s/finance/committee/2022-23/July/budget outturn report 2023
SUBJECT:	FINAL REVENUE BUDGET OUT-TURN 2022/23	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

1.1 To approve the final outturn position for:

- The General Fund Revenue Account 2022/23
- The Housing Revenue Account 2022/23
- The Balance of Reserves as at 31 March 2023.

1.2 That the Committee note that a net appropriation of £599K in 2022/23 is made from the General Fund Reserve to other Earmarked Reserves and a net appropriation of £145k is made from the Earmarked Reserves to the HRA General Reserve as detailed in the report.

1.3 That the Committee note the following contributions and adjustments have been made to Bad Debt and Appeal Provisions in 2022/23:

Sundry Debtors	40,436	General Fund
Temporary Accommodation	8,963	General Fund
Housing Benefit Overpayments	72,014	General Fund
Council Tax Arrears	13,576	General Fund
Business Rates Arrears	8,586	General Fund
Business Rates Appeals	283,000	General Fund
Planning Appeals	-10,000	General Fund

1.4 That members note that overall, there has been a reduction in the bad debt. The reduction is contained within the balance sheet £173k, whilst the annual charge to the general fund base budgets was a favourable variance of £193k.

1.5 That Committee notes that a review of Earmarked Reserves will be undertaken by the Section 151 Officer before the end of the financial year, as set out in paragraph 5.8.

2.0 Purpose of Report

2.1 To detail the final out-turn position for 2022/23 on the Council's revenue accounts. The report also details the financial position on these accounts as at 31 March 2023 compared to that estimated in the Council's Medium-Term Financial Plan (MTFP).

2.2 This report is divided into the following sections:

- Section 3 – General Fund Revenue Account 2022/23
- Section 4 – Housing Revenue Account 2022/23
- Section 5 – Reserves as at 31 March 2023

- Appendix 1 - General Fund Account 2022/23
- Appendix 2 – Housing Revenue Account 2022/23
- Appendix 3 – Earmarked reserves March 2023

3.0 GENERAL FUND REVENUE ACCOUNT

3.1 Apart from Council Housing, day-to-day income and expenditure on Council services is accounted for in the General Fund. The net expenditure is financed by:

- General Government Grant
- Retained Business Rates
- New Homes Bonus
- Council Tax

3.2 The Budget for 2022/23, which was approved in February 2023, estimated a budget deficit of £2,258,291 for 2022/23. Following the update of the Medium-term Financial Plan (MTFP) in March 2023, this was revised to a deficit of £2,298,014. As summarised in the following table the actual deficit reduced to £1,981,090 a decrease of £316,924.

GENERAL FUND MEDIUM TERM FINANCIAL PLAN BUDGET & ACTUAL 2023

	Budget £ 2022.23	Outturn £ 2022.23	Variance £ 2022.23
BASE BUDGET			
Environmental & Development	6,650,036	7,580,713	-930,678
Housing & Community	2,896,360	3,079,646	-183,286
Finance & Management	6,524,412	7,102,625	-578,213
Net Service Expenditure	16,070,808	17,762,984	-1,692,176
Accounting Adjustments			
Reverse out Depreciation	-1,268,382	-1,556,749	288,367
Minimum Revenue Provision (MRP)	174,654	174,654	0
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	20,556	20,556	0
Contingent Sums	51,414	108,034	-56,620
Provisions	210,000	160,000	50,000
	15,259,049	16,669,479	-1,410,430
TOTAL FINANCING	-13,791,424	-15,301,247	1,509,823
Capital Contributions	830,388	612,858	217,530

Final Budget Outturn 2022/23 - Summary

3.3 **Appendix 1** details the final outturn on the General Fund for 2022/23 with a comparison to the approved budget. Below is a summary of the final position by service area.

COMMITTEE SUMMARY – FINAL POSITION 2022/2023

Summary by Service Area

REVENUE	ANNUAL			RESERVES	
	Full Year Budget £	Projected Actual £	Projected Variance £	Earmarked £	Net effect on GF £
Economic Development	367,555	383,982	-16,427	-16,428	1
Environmental Services	842,838	997,868	-155,030	-33,645	-121,385
Highways & Parking	55,996	63,678	-7,683	-1,534	-6,149
Licensing & Land Charges	27,849	21,919	5,931	5,000	931
Planning	697,909	958,119	-260,210	-268,000	7,790
Street Scene	1,345,355	1,181,696	163,660	1,933	161,727
Waste & Transport	3,312,534	3,973,451	-660,917	123,447	-784,364
Community Development & Support	730,919	741,367	-10,448	-52,603	42,155
Recreational Activities	180,581	292,704	-112,123	-117,442	5,319
Leisure Centres & Community Facilities	771,453	1,095,728	-324,275	-69,965	-254,310
Parks & Open Spaces	668,433	653,847	14,586	-53,539	68,125
Private Sector Housing	544,974	296,000	248,974	163,273	85,701
Central Support Services	4,418,636	4,455,553	-36,917	-113,250	76,333
Corporate & Democratic Costs	569,395	522,962	46,433	13,374	33,059
Elections & Registration	232,013	170,668	61,344	0	61,344
Parishes, Interest, S106 Receipts & Provisions	797,961	1,530,409	-732,447	-1,544,537	812,090
Estate Management	-238,225	-72,784	-165,440	-165,440	-0
Revenues & Benefits	744,632	495,817	248,815	-2,881	251,696
Other Operating	-14,603,182	-15,981,894	2,009,100	-668,566	2,677,666
	1,467,625	1,781,090	316,923	-2,800,803	3,117,727

Overview of Income and Expenditure 2022/23

3.4 Although there was an overall surplus, this was after meeting some additional cost pressures. Variances have been reported in monitoring reports during the year, with actual figures now finalised. An analysis of the major variances is shown in the following tables with commentary in the sections that follow.

GENERAL FUND VARIANCE TO BUDGET 2022/2023

	£'000
Salary savings (vacancies, maternity etc.) - E&D	749
Salary savings (vacancies, maternity etc.) - F&M	305
Salary savings (vacancies, maternity etc.) - H&C	87.4
Total Employee	1142
Investment income	614
Grants	203
Fees	233
Bad Debt provision decrease	193
Vehicle Hire	136
Additional Trade Waste Income	100
Court Fees	48
Derbyshire County Council Contributions	44
Training	42
Grounds Maintenance Recharge	42
Benefits (Allowances/Rebates & Overpayment)	41
Repairs	38
Insurance	26
Elections	15
Prof Fees	11
Service Charges	11
Annual Canvas	10
Subscriptions	9
Other Variances (Net)	8
Additional Test and Trace Admin Funding	7
Printing	3
Benefits Processing	3
Total Favourable Variances	2,978
Agency	-1078
Spare Parts	-392
Utilities	-310
Kennelling	-173
Recruitment Fees	-131
Fuel	-127
Gulley Hire	-73
Pit Inspection	-60
Tools /Materials/Equipment Hire	-44
Oil/Grease	-39
Waste Collection	-38
Bins/Sacks	-22
Postage	-20
Events	-15
Maintenance	-9
Contract Cleaning	-6
Tools & Equipment	-2
Total Adverse Variances	-2,538

Other operating Variances

Business rates	1,431
Lower Tier Service Grant	-71
Council Tax surplus	-50
Capital contributions	218
Reserves	-2,132
Contingent Sums	432
Provisions	50
Total Other Operating Variances	-122
TOTAL - OVERALL PROJECTED VARIANCE	317

Variances

3.5 Salary savings in year relate to vacancies and maternity these savings are offset by agency and consultancy to support service areas as noted in the following table.

	Employee	Agency	Variance	
	£'000	£'000	£'000	
Recycling	172	-355	-183	Recruitment in progress
Street Scene	285	-73	212	Recruitment in progress
Direct Services Administration and Management	163	-99	64	Vacant post
Revenues and Customer Services	67	-50	17	Vacancies
Waste and Transport	72	-441	-369	Recruitment in progress/Long-term sickness
Democratic	18	-13	5	Vacant post
Organisational Development	30		30	Vacant post
Rosliston	10		10	Vacant post
Caretaking	16	-3	13	Vacant post
Environmental	49	-26	23	Recruitment in progress/Long-term sickness
Community Centres	35	-5	30	Vacant post (HOS)
Licensing	8		8	No pension payments
Business Change & Digital	55		55	Vacant posts (Retirement)
Senior Management	60	-6	54	Vacant posts/Secondment
Finance	23	-1	22	Vacant posts
Election	38	-6	32	Vacant post. No personal canvas
Events Management	8		8	Vacancies & Lower Scale Paid to Budget
Private Housing	34		34	Vacant Posts
	1,142	-1,078	65	

Favourable Variances

- 3.6 Investment income performed well due to the increases in the Bank of England base rate. Temporary loan percentages have at doubled in recent months, as previously dealt temporary loans repay, new market rates offered for reinvestment are producing a significantly higher yield. Further information is detailed in the Treasury Monitoring Report.
- 3.7 Grant income was received in year for new burdens for the administration of the Governments Energy Rebates (£80K), benefits support grants (£79K) and the Redmond Review (£20k) for Audit. These grants were unbudgeted and in addition to the reported outturn position in quarter 3 of £21k.
- 3.8 Fee income has performed better than budget in several service areas increasing the overall variance to £233k from the previous quarter's prediction of £55k. The main services achieving higher incomes in addition to the Cemeteries and Pollution reduction previously reported were Grounds Maintenance for the additional ground works provided to Parish Councils, Recycling and new customers in Environmental Services following the commercialisation of consultancy and food safety services.
- 3.9 Savings on vehicle hire in recycling, due to the procurement of used vehicles is providing a favourable variance of £136K which is currently offsetting some the costs being incurred in Household Waste and due to a number of broken-down vehicles £392k.
- 3.10 Income from Trade Waste collections exceeded budget by £100k. New customers and the retention of existing customers demonstrates that the service provided is competitive and viable.
- 3.11 The variation on Court Fees of £48k accounts for the rebates received against Council Tax collection in the year.
- 3.12 Contributions from Derbyshire County Council are higher than budget on waste disposal due to higher levels of green waste and recycling. The final variance of £44k is in line with previous predictions.
- 3.13 Training budgets previously expected to be fully spent are now identified as savings (£42k) in various service areas. Vacant posts remaining unfilled have accounted for scheduled training not taking place.
- 3.14 Repairs has changed from and adverse variance from the previous quarter to a favourable outturn variance. This is due to the approval of repairs to the Swimming Pool at Etwall being funded by the sinking fund set up as part of the Joint Management Contract. Also, the predicted repairs at Rosliston Forestry Centre were not completed by year end.

Adverse Variances

- 3.15 Spare part costs were in line with predictions in quarter 3 with the adverse variance at year end £392K. Although these costs are partially offset by vehicle hire as detailed in 3.9
- 3.16 Utilities costs that the Council are responsible for as part of the energy benchmarking contractual arrangements with Active Nation, meant that there was a significant increase in cost from quarter 3. Robust action was undertaken by Active Nation to mitigate this increase in cost.
- 3.17 Kennelling fees final position were as predicted in quarter 3 although they declined over the year the additional expenditure to budget related to a large seizure of puppies, which incurred vets' fees and the need to be housed until they were 8 weeks old. Many animals seized are on the fostering programme which reduced kennelling fees in the later part of the year.
- 3.18 Recruitment fees overspend were due to the specialist recruitment of the Leadership team and previous Head of Service roles earlier in the year. The variance of £131k provides for costs for the recruitment of the Chief Executive and the Strategic Directors.
- 3.19 Fuel and Oil costs have been difficult to predict the adverse variance of £166k was slightly less than projected in quarter 3 by £8K the price per litre reduced in the last quarter from £1.49 per litre to £1.17. There is a provision within the MTFP for the additional costs from the Route Optimisation Project delay, however the main reason for the adverse variance is due to the volatile market conditions earlier in the year.
- 3.20 Following the arrival of the new Gully Cleaner the adverse variance was expected to remain static, however due to a breakdown of a sweeper the costs increased from October accounting for the £73k adverse outturn position.
- 3.21 The pit inspection costs were provided for in the MTFP within the contingent sums and is listed within 3.31.
- 3.22 Waste collection costs are offset by the increased income in Trade Waste Collections.

Housing Benefit Overpayments

- 3.23 These relate to overpayments whether they have occurred through processing error, claimant misinformation or fraud. The recovery is usually slow and may take several years where an overpayment is being deducted from on-going benefit. Depending on how the overpayment occurred, on average, around 40% is reimbursed through the housing benefit subsidy system in the year that the overpayment occurred.

Net Cost of Housing Benefit

3.24 The cost of Housing Benefits decreased overall by £30k as shown in the following table.

	Estimate £'000	Actual £'000	Variance £'000
Rent Allowances Paid	6,077	6,541	-464
Rent Allowances Subsidy	-5,900	-6,329	429
Net Cost of Rent Allowances	177	212	-35
Rent Rebates Paid	4,125	4,475	-350
Rent Rebates Subsidy	-4,044	-4,330	286
Net Cost of Rent Rebates	81	145	-64
Net Cost of Benefits Paid	258	357	-99
Overpayments Recovered (Rent Allowances)	-140	-269	129
Overall Cost of Housing Benefit	118	88	30

3.25 The cost of benefits falling on the Council is sensitive to small changes given the amount involved. It is important that the Council maximises its subsidy through robust processing. The total cost of benefits paid and administered was approximately £10m in 2022/23.

3.26 The previous table shows that the net cost of benefits paid was approximately £30k less than that estimated. Overpayments recovered were budgeted at £140k against an actual recovery of £269k. Any overpayments recovered are a direct benefit to the General Fund.

Financing

3.27 An analysis of income retained directly in the General Fund is shown in the following table.

FINANCING	MTFP	Actual	Variance
Business Rates Retention	-3,795,025	-5,425,682	1,630,657
Services Grant Allocation	-173,984	-173,985	1
Lower Tier Services Grant Allocation	-291,393	-220,749	-70,644
New Homes Bonus	-3,018,486	-3,018,486	0
Funding Guarantee	0	0	0
Council Tax Income	-6,346,143	-6,346,143	0
Core Spending Power	13,625,031	15,185,045	1,560,014
Add Estimated Collection Fund Surplus - Council Tax	-166,393	-116,202	-50,191
TOTAL FINANCING	13,791,424	15,301,247	1,509,823

- 3.28 Business rates generated an additional £1.6m in due to the delayed nature of NDR accounting and business growth in the district.
- 3.29 The Lower Tier Services Grant and Council Tax surplus was reduced overall by £120k (£71k in “Lower Tier Services Grant” and £50k in council tax surplus) due to estimates being out of line with actuals.
- 3.30 The overall additional funding provided an additional £1.5m to offset the overspends in the net service expenditure. Given the favourable position on business rates performance, and its strong links to growth within the district, a £200k reserve to support delivery of decisions against the circa 400 application planning backlogs has been created. Including this reserve, the general fund deficit reduced by £317 as detailed in 3.2.

Contingent Sums

3.31 Contingent sums are known cost pressures that are not included in the service area budgets a breakdown of the contingent sums utilised in 2022/23 is in the table below:

Contingent Sums			
Known Variations to Budget	MTFP	Actual	Variance
Reverse out Depreciation	1,268,382	1,556,749	288,367
Investment Income	-275,000	-275,000	0
Insurance Tender	-146,500	-146,500	0
Pension Earmarked Reserve Drawdown	-43,589	-43,589	0
Drakelow Concurrent Functions	2,185	0	2,185
Local Plan Review	15,000	0	15,000
Public Sector Audit Appointments - Additional External Audit Fees	20,000	20,000	0
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	20,556	20,556	0
Driver and Mechanic Incentive Payment	47,722	37,527	10,195
Waste Disposal Site	49,310	49,310	0
Route Optimisation Potential Project Delay	59,634	59,634	0
Operating Licence Inspection Pit	60,000	60,000	0
Land Charges Service Review Provision	116,000	0	116,000
Operational Services - Allocated Growth Excluded From Base Budget	146,652	146,652	0
Minimum Revenue Provision (MRP)	174,654	174,654	0
Total Contingent Sums	1,021,758	1,453,505	431,747

Transfers between Reserves

- 3.32 Numerous transfers are required between the General Reserve and other Reserves held by the Council as part of the year-end process. These transfers are split between expenditure that is incurred and financed from earmarked reserves, together with amounts received in advance and capital receipts, which need to be transferred into earmarked reserves to meet future expenditure.
- 3.33 In addition, certain budget managers have made requests to transfer underspends from budgets in the year into 2023/24, to meet on-going commitments. Several of

these have already been approved by the Committee. All proposed transfers are detailed in the following table.

Transfers from Earmarked Reserves

S106 Movements	3,685,259
NNDR Relief Overpayment Provision	760,971
FIXED ASSET REPLACEMENT FUND	587,567
Planning staffing and support costs	308,000
Cultural Services Public Open Spaces	158,682
Local Authority Support COVID-19	118,896
Public Buildings Maintenance	83,665
Economic Regeneration Fund	78,325
ICT RESERVE	72,363
HRA ICT Mobile Working	57,580
TIC Transfer Provision	50,909
Welfare Reform, Fraud & Compliance	48,009
Council Tax Support Scheme - Hardship Fund	46,587
Discretionary Housing Payments	41,347
Operational Services Public Open Spaces	40,149
Discretionary Housing Top Up	40,000
New Town Centre Grant - Non-Heritage	38,036
Environmental Education	17,139
Biodiversity Enhancements - Swadlincote - Woodville regeneration route	14,867
Cultural Services Restructure Provision	10,810

6,259,161

Transfers To Earmarked Reserves

S106 Agreements	-4,219,642
Homelessness Prevention	-163,273
S106 Planning Policy Fee	-6,500
Economic Regeneration Fund	-9,555
Rosliston Forestry Centre Café	-13,374
Council Tax Support Scheme - Hardship Fund	-24,118
DHP Rent Arrears Top up	-30,000
New Town Centre Grant - Non-Heritage	-33,981
627 REVENUE COMMITTED EXPENDITURE RESERVE	-40,000
Public Buildings Maintenance	-40,967
New Burdens - COVID-19 Support	-43,660
HRA Asset Replacement	-45,000
Land Charges Software Support	-45,000
Welfare Reform, Fraud & Compliance	-48,461
Discretionary Housing Payments	-56,587
Schools Sport Partnership Project	-59,692
Asset Replacement and Renewal Fund	-87,000
Operational Services Public Open Spaces	-109,433
Pensions reserve	-132,236
HRA Repairs to Voids	-133,000
District Growth	-160,000
Recycling Service Provision	-175,000
Cultural Services Public Open Spaces	-192,909
ICT RESERVE	-195,542
Planning Staffing and Support Costs	-200,000

FIXED ASSET REPLACEMENT FUND	-270,000
Urban County Park	-468,855

-7,003,785

3.34 **Appendix 2** details the proposed adjustments to Earmarked Reserves. The overall effect on the General Reserve, together with these transfers to other Reserves is detailed in Section 5.

4.0 **HOUSING REVENUE ACCOUNT (HRA)**

4.1 The Council is required to account separately for income and expenditure in providing Council Housing. The approved HRA Budget for 2020/21 was set with a deficit of £1,511m.

Final Outturn 2022/23

4.3 Final performance on the HRA is shown in the following table.

HRA SUMMARY BY AREA – FINAL OOUTURN 2022/2023

	ANNUAL			RESERVES	
	Budget £	Actual £	Variance £	Earmarked £	Net effect on HRA £
Rent and Rechargeable Repairs	-12,988,798	-12,534,707	-454,091	0	-454,091
Repairs and Maintenance	3,534,421	3,397,101	137,320	133,000	4,320
Managing Tenancies	2,104,334	2,102,927	1,408	-57,580	58,988
Supported Housing	658,345	664,838	-6,493	0	-6,493
Interest Payable and Receivable	1,456,005	1,120,351	335,654	0	335,654
Capital and Debt Repayment	4,172,313	4,094,500	77,812	0	77,812
Bad Debt Provision	125,000	-27,416	152,416	0	152,416
Contingent Sums	2,449,056	2,627,000	-177,944	0	-177,944
	1,510,678	1,444,594	66,084	75,420	-9,336

4.4 The HRA budgeted a deficit of £1,511m but due to increased interest receivable and a reduction in bad debt the HRA generated a reduction in spending of £66k. This reduction in spending includes the creation of an earmarked reserve from the underspends of £133k in repairs and maintenance. The reserve will fund the essential repairs required to relet void properties that could not be carried out in the financial year due to contractor restraints.

4.5 Variances have been reported in monitoring reports during the year, with actual figures now finalised. An analysis of the major variances is shown in the following tables with commentary in the sections that follow.

HRA VARIANCE TO BUDGET March '23

	£'000
Salary savings (vacancies, maternity etc.)	411
Interest Income and Expenditure	336
Repairs	164
Bad debt	152
Additional Careline Income	82
Insurance	70
Contract Cleaning	18
Training	17
Computing	15
Car Allowances	7
Fees	6
Advertising	-1
Subscriptions	-4
Refuse	-7
Rechargeable Repairs	-8
Materials	-21
Utilities	-25
Professional fees - Planned & Responsive	-29
Recharges	-36
Council tax	-67
Depreciation	-96
Reduced Rent due to Void Dwellings	-471
Agency and Consultancy Staff	-521
TOTAL - OVERALL PROJECTED VARIANCE	-9
Other operating adjustments	0

TOTAL - OVERALL PROJECTED VARIANCE -9

- 4.6 The greatest variance is the use of agency staff to cover skilled vacancies salary saving of £411k against agency costs of £521k gives an overall adverse variance at the end of the financial year of £110k.
- 4.7 Investment income performed well due to the increases in the Bank of England base rate. Temporary loan percentages have at doubled in recent months, as previously dealt temporary loans repay, new market rates offered for reinvestment are producing a significantly higher yield. Further information is detailed in the Treasury Monitoring Report.
- 4.8 Repairs were significantly lower than predicted in quarter 3, initially work scheduled to take place on housing stock was incomplete at the year end, and some elements of work cost less than anticipated. A reserve has been created from the overall cost centre variations of £133k for works that were scheduled but incomplete.

4.9 The charge to the HRA for its bad debt was not utilised, actual debt adjustments at the year-end resulted in a credit balance being allocated. The level of arrears and associated bad debts provision is shown in the following tables.

	2021 £	2022 £	2023 £
Leaseholders	615	615	1151
Current Tenants	459,228	478,689	375,172
Former Tenants	118,271	155,127	154,793
	578,114	634,431	531,116

4.10 The level of arrears decreased £16k in 2022/23 following a review of the bad debt provision.

	£
Bad Debt Provision B/fwd	484,187
Less write-offs	-48,123
Remaining Provision	436,064
Provision Required	419,295
Reduction	-16,769

4.11 Additional Care Line income is due to the unbudgeted receipt of the continued contribution from County Council of £10.40 per user.

4.12 A lower cost than budgeted for insurance relates to no longer administering the tenants' contents insurance, this is offset within the loss of income, along with a small commission loss for no longer providing the service.

4.13 The contract for cleaning is currently in negotiation, the current service provided has resulted in a favourable variance of £12k whilst a permanent solution is secured.

4.14 Training budgets previously expected to be fully spent are now identified as savings (£42k) in various service areas. Vacant posts remaining unfilled have accounted for scheduled training not taking place.

4.15 An inhouse solution to the housing tenancy surveys was used as an alternative to the budgeted software system which resulted in an unpredicted £15k variance.

Rental Income

4.16 Rental income is lower in year due to the average level of voids which is currently around 121 properties per month, together with the time being taken to relet voids, which on average currently stands at 158 days. The loss forecast is currently based on voids remaining at this level throughout the year but may not be sustainable beyond this in the medium-term.

4.17 Right to Buy losses have totalled 8 during the year which is below budget. A decline in Right to Buy enquiries and sales has been seen over the year with less than half the sales in 2021/22. Right to Buy is a significant risk to the HRA and although with the economic uncertainty sales have slowed down, the risk remains for future housing stock.

Other Variances

- 4.18 Other variances are also related to the voids issue. Council Tax and Utility charges, show an adverse variance which is forecasted in line with the current property numbers and length of time vacant.
- 4.19 The additional recharges (£36K) is the increase in General Fund recharges for its services to the HRA. The main reason for the variance is for grounds maintenance works to HRA land and sheltered accommodation communal areas.
- 4.20 Professional fees adverse variance relates to previous fire alarm and emergency light testing, which is now being undertaken by Careline staff, £29k of the adverse variance relates to the testing being carried out by an external contractor.
- 4.21 Prices of materials remained unstable throughout the year, repairs to dwellings incurred additional costs above normal expectations due to the materials required and the associated inflated costs.
- 4.22 Overall, the effect of the HRA surplus on the HRA's General Reserve is detailed in **Section 5**.

5.0 RESERVES

General Fund Reserve

- 5.1 Following the out-turn figures detailed in *Section 3*, the position on the General Fund Reserve Balance is summarised in the following table.

General Fund Reserve	Budget £'000	Actual £'000	Variance £'000
Balance b/fwd 1st April 2022	-14,473	-14,473	0
Add: Deficit / (Surplus) for the Year	1,468	1,369	99
Capital Contributions	830	613	217
Transfers to Earmarked and unusable reserves	70	-2,731	2,801
Closing Balance as at 31st March 2023	-12,175	-15,222	3,117

- 5.2 The table shows that the level of general reserves was greater than estimated at March 2023 by around £3m, as detailed in 3.3. The balances are still subject to audit.
- 5.3 The contributions towards capital works that were unspent in year will be maintained in the Reserve. They will be drawn down as expenditure is incurred to complete the relevant schemes in 2023/24.

Earmarked Reserves

- 5.4 The Council maintains earmarked reserves that are held, at the Council's discretion, for specific purposes. These are to meet one-off items of expenditure, together with areas where costs are incurred over several years, for example, vehicle and ICT replacements together with repairs and maintenance and where external funding may be received in advance of expenditure.
- 5.5 Annual contributions are made to these reserves from other accounts and reserves, and they are drawn down to finance expenditure in revenue and capital accounts as required.

- 5.6 Once established, earmarked reserves can only be used for that specific purpose. Other reserves may be established through a legal agreement or contractual commitment.
- 5.7 The Council's earmarked reserves are detailed in **Appendix 2**. This shows the overall change on individual balances during 2022/23, including the appropriations detailed earlier in the report in Section 3.
- 5.8 Towards the end of the financial year, the council's Section 151 Officer will undertake a review of all earmarked reserves to ensure their existence is appropriate and commensurate with the level of future liability or cost of risk control/mitigation actions. This exercise will form part of a wider organisational reserves risk analysis.

Housing Revenue Account (HRA) Reserve

- 5.9 Section 4 detailed the final account of the HRA, and this highlighted a small deficit for 2022/23 of £9k
- 5.10 The HRA reserve balance totals £4,609m as at 31 March 2023 and is the balance the other reserve movement relates to the social decarbonisation fund income capitalised at year end.
- 5.11 The reserve balance is shown in the following table.

HRA General Reserve	£'000	£'000	£'000
Balance b/fwd 1st April 2022	-6493	-6493	0
Add: Surplus for year	1510	1445	65
Earmark	0.00	74	-74
HRA General Reserve	-4,983	-4,974	-9
Other Reserve Movements	0	365	365
Closing Balance as at 31st March 2023	-4,983	-4,609	356

7.0 Financial Implications

- 7.1 As set out and detailed in the report.

8.0 Corporate Implications

- 8.1 As detailed in the report.

9.0 Community Implications

- 9.1 The production of financial information in a timely manner is an important part of stewardship and accountability for public resources. It aims to give electors, those subject to locally levied taxes and charges, Elected Members of the Council, employees and other interested parties clearer information about the Council's finances and its financial standing.

10.0 Background Papers

- 10.1 None

ENVIRONMENTAL & DEVELOPMENT SERVICES - FINAL OUTTURN 2022/2023

	Budget	Actual	Variance	Accounting Adjustments	General Fund	
	£	£	£	£	£	
Tourism Policy, Marketing & Development	78,263	129,172	-50,909	-50,909	0	
Promotion and Marketing of the Area	279,292	245,311	33,981	33,981	0	
Community Development	10,000	9,500	500	500	0	
	367,555	383,982	-16,427	-16,428	1	
Food Safety	72,945	83,425	-10,480		-10,480	Fav Subs £0.6k, Insurance £0.9k; Adv salaries £4.7k, fees £7.2k
Pollution Reduction	411,242	359,672	51,570		51,570	Fav salaries £21.8k, fees £27.8k, tools & equip £1.5k, Insurance £0.7k, Subs £0.6k, Draining £0.7k; Adv training £1.9k
Pest Control	18,520	14,843	3,676		3,676	Fav salaries £6.7k, Materials £1.9k; Adv fees £5.1k
Public Health	0	-843	843		843	Fav prof fees £0.7k
Public Conveniences	25,113	36,885	-11,772	-13,040	1,268	Fav utilities £1k, Insurance £0.2k
Community Safety (Safety Services)	202,866	371,551	-168,686		-168,686	Fav salaries £25.2k, training £1.6k, fees £1.7k, Insurance £0.3k, Mileage £0.7k, Tools £0.1k; Adv agency £26.3k, Kennelling £173k
Environmental Education	110,352	130,957	-20,605	-20,605	0	
Welfare Services	1,800	1,377	423		423	Fav prof fees £0.6k; Adv fees £0.2k
	842,838	997,868	-155,030	-33,645	-121,385	
Environmental Maintenance (Other Roads)	-70,557	-70,557	0		0	
Public Transport	29,302	27,162	2,140		2,140	Fav repairs £1.4k, Rates £0.5k, Insurance £0.3k

Off-Street Parking	97,251	107,074	-9,823	-1,534	-8,289	Adv prof fees £8k
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55,996	63,678	-7,683	-1,534	-6,149
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Local Land Charges	6,055	909	5,146	5,000	146	
Licensing	21,794	21,010	785		785	Fav sals £7.9k, training £4k, mileage £0.6k, gov't grants £4.2k, comp maintenance £1.2k, prof fees £2.1k, advertising £1k, insurance £0.4k, subs £0.3k; Adv fees £21.2k

27,849	21,919	5,931	5,000	931
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Emergency Planning and Works	16,000	16,071	-71		-71	
Building Regulations	35,200	35,200	0		0	
Dealing with Development Control Applications	328,955	660,711	-331,756	-308,000	-23,756	Covered by CPD10 underspends
Structure and Local Planning	321,713	254,743	66,970	40,000	26,970	Covers CPC10 overspends. Fav fees
Street Name & Numbering	-3,959	-8,606	4,647		4,647	Fav fees

697,909	958,119	-260,210	-268,000	7,790
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Grounds Maintenance	769,777	639,085	130,691	1,933	128,758	Fav salaries £123k, £2k agency, grounds recharge £42.2k Training £1.8k, Insurance £1.1k, hire £0.8k; Adv grass cutting £2.6k; Adv equipment £39.5k, materials £1.5k
Street Cleansing (not chargeable to highways)	575,579	542,611	32,968		32,968	Fav sals £162.7k, prof fees £10.6k, fees £16.6k; Adv materials, £6.1k, agency £71.3k, gully/sweeper hire £73.3k, bins/sacks £2.6k, equipment/hire £2.6k

1,345,355	1,181,696	163,660	1,933	161,727
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Household Waste Collection	1,698,815	2,110,117	-411,302	-57,412	-353,890	Fav sals £60.6k, fees £34.4k, recycling disbursements £147.6k insurance £9.2k, training £1.3k, subs £1k; Adv agency £348k, hire of vehicles £134.9k, DCC income £97.7k, bin/sacks £23.1k, equip hire £2.3k
Trade Waste Collection	-98,559	-125,869	27,310		27,310	Fav fees £66k, insurance £1.7k, bins/sacks £4.1k; Adv waste collections £38.2k, recycling disbursements £6.3k
Recycling	482,762	182,112	300,649	175,000	125,649	Fav sal £172.7k, hire of vehicles £270.5k, prof fees £2k, fees £42k; Adv agency £358.8k, Insurance £1.3k, parking £1.5k
Direct Services Central Admin	374,735	309,769	64,966		64,966	Fav sal £163.6k; Adv agency £98.8k
Transport Services	854,781	1,497,322	-642,541	5,859	-648,400	Fav sals £9.4k, transport recharge £26.1k, insurance £9k, subs £1.2k; Adv agency £93.3k, petrol £0.8, diesel £126.5k, oil/grease £17.8k, spare parts £392.4k, pit inspection £60k, equipment £3.4k
	3,312,534	3,973,451	-660,917	123,447	-784,364	
	6,650,036	7,580,713	-930,677	-189,227	-741,450	

HOUSING & COMMUNITY SERVICES - FINAL OUTTURN 2022/2023

	Budget £	Actual £	Variance £	Accounting Adjustments £	General Fund £	
General Grants, Bequests & Donations	314,123	301,297	12,826		12,826	Fav sals £3.7k, grants £8.9k, training £0.2k
Community Centres	214,446	201,704	12,742	-17,575	30,317	Fav sals £31.4k, Insurance £0.5k, Utilities £1.4k, Rates £0.1k, Mileage £0.6k, Fees £1.4k; Adv agency 4.7k
Community Safety (Crime Reduction)	140,910	175,937	-35,028	-35,028	0	

Defences Against Flooding	59,303	57,427	1,876		1,876	Fav prof fees £0.8k, Insurance £0.8k, Grounds maint £0.6k, Mileage £0.5k
Market Undertakings	2,138	5,002	-2,864		-2,864	Fav utilities £0.7k; Adv rates £3.5k

730,919	741,367	-10,448	-52,603	42,155
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Arts Development & Support	15,040	12,349	2,691		2,691	Fav prof fees £4.6k; Adv fees £2k
Events Management	124,297	130,936	-6,639		-6,639	Fav sals £7.6k, insurance £1.1k, rates £0.1; Adv equip hire £5.2k, Xmas extras £2k, fees £7.7k
Midway Community Centre	34,256	146,363	-112,107	-117,442	5,335	Fav utilities £1.9k, rates £0.5k, insurance £0.1k, subs £0.2k, trade waste £0.4k, fees £2k
Stenson Fields Community Centre	6,988	3,056	3,932		3,932	Fav rates £0.2k, printing £0.5k, subs £0.7, fees £3.3k; Adv trade waste £1k

180,581	292,704	-112,123	-117,442	5,319
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Melbourne Assembly Rooms	32,460	-2,207	34,667	35,017	-350	Adv insurances
Get Active in the Forest	34,453	12,265	22,188	22,188	-0	
Sports Development & Community Recreation	185,935	146,073	39,862	39,862	0	
Indoor Sports & Recreation Facilities	497,336	977,833	-480,497	-226,536	253,961	Fav repairs £12.6k, contributions £50.4k; Adv prof fees £5.8k, utilities £302k, Insurance £6.1k, TPP £1.9k
Outdoor Sports & Recreation Facilities (SSP)	0	-59,692	59,692	59,692	-0	
Play schemes	21,269	21,456	-188	-188	0	

771,453	1,095,728	-324,275	-69,965	254,310
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Allotments	-799	-2,666	1,867		1,867	Fav grounds maintenance
Rosliston Forestry Centre	310,654	101,698	208,956	176,132	32,824	Fav pay £9.6k, repairs £19.8k, rates £2k, insurance £5.2k, fees £43k, refuse £2.2k; Adv utilities £11k, grounds £5.4, oil £21.2k, contract cleaning £5.6k, subs £1.7k, bank charges £2k, phone £0.5, events £1k
Cemeteries	20,247	-9,882	30,129	-68	30,197	Fav sals £0.5k fees £28k, insurance £0.2k, training £0.4k, R&M £0.8k, grounds £0.3k, rates £0.2k
Closed Churchyards	7,608	4,370	3,237		3,237	Fav R&M

Parks and Open Spaces	330,723	560,326	-229,603	-229,603	-0	
	668,433	653,847	14,586	-53,539	68,125	
Housing Standards	99,790	91,749	8,042		8,042	Fav prof fees £6.4k, grants £3.1k, fees £3.8k; Adv sals £4.9k
Housing Strategy	102,327	53,612	48,716		48,716	Fav sals £40.9k, training £3.7k, prof fees £3k, mileage £0.7k
Administration of Renovation & Improvement Grants	61,466	52,067	9,399		9,399	Fav training £1.1k, computing £3.1k, architectural recharge £4.9k
Bed / Breakfast Accomodation	6,500	-6,480	12,980	12,980	0	
Pre-tenancy Services	239,321	89,028	150,293	150,293	0	
Other Housing Support Costs (GF)	35,569	16,025	19,544		19,544	Fav computing £14.5, income £6.5k; Adv sals £1.4k
	544,974	296,000	248,974	163,273	85,701	
	2,896,360	3,079,646	-183,286	-130,276	-53,010	

FINANCE & MANAGEMENT - FINAL OUTTURN 2022/2023

	Budget £	Actual £	Variance £	Accounting Adjustments £	General Fund £	
Business Change	111,582	80,142	31,440		31,440	Fav sals £29.6k, training £4.2k, comp maint £5k; Adv HRA recharge £7.3k
Digital Services	180,623	213,804	-33,181	-54,062	20,881	Fav sals £23.3k, printing £2.1k, insurance £0.3k, training £1.1k, adverts £1k; Adv prof fees £4.9k, HRA recharges £2.5k

Caretaking	156,303	136,281	20,022		20,022	Fav sals £16.4k, service chare £10.7k; Adv agency £3.1k, adverts £1.2k, mileage £2.2k, uniforms £0.5k
Senior Management	471,253	514,495	-43,242		-43,242	Fav sals £60.3k, TPP £2.2k, HRA recharges £12.1k; Adv agency £5.6k, recruitment fees £112k
Financial Services	422,423	361,914	60,510		60,510	Fav sals £22.8k, prof fees £55k, comp maint £6.5k, insurance £0.6k, printing £0.8k, periodicals £1.9k, subs £1k, training £9.3k; Adv agency £0.4k, recruitment £16.1k, HRA recharge £21.1k
Internal Audit	113,373	115,267	-1,895		-1,895	Fav HRA rech £0.9k, Adv prof fees £2.8k
Merchant Banking Services	68,075	71,403	-3,329		-3,329	Fav HRA rech £1.3k, Adv bank charges £4.6k
ICT Support	778,097	752,121	25,976	25,976	0	
Legal Services	283,535	240,856	42,679	40,000	2,679	Fav fees
Performance & Policy	39,817	38,901	917		917	Fav training
Personnel/HR	396,375	402,795	-6,420		-6,420	Fav sals £20.7k, Insurance, £2.7k, Training £5.4k, HRA rech £11.5k; Adv medical fees £10.4k, prof fees £6.6k, com maint £29.8k
Communications	84,496	73,284	11,212		11,212	Fav sals £4.7k, training £1.1k, prof fees £5.7k, tools £0.9k, subs £0.9k; Adv HRA rech £2.5k
Customer Services	536,993	573,008	-36,015	-18,104	-17,911	Fav sals £12k, Stationery £1.3k, comp main £18.3k, HRA rech £11.4k; Adv agency £37.7k, recruitment £3.1k, postages £20.3k
Health & Safety	60,252	51,837	8,415		8,415	Fav sals £4.6k, equipment £4k, training £0.8k, comp maint £0.4k; Adv HRA rech £1.3k
Admin Offices & Depot	673,282	780,342	-107,060	-107,060	-0	
Protective Clothing	29,809	36,965	-7,156		-7,156	Adv protective clothing
Procurement	12,349	12,138	211		211	
	4,418,636	4,455,553	-36,917	-113,250	76,333	

Democratic Representation & Management	91,850	78,538	13,312		13,312	Fav sals £27.1, refreshments £1.2k, subs £1k, training £1k; Adv prof fees £2.5k, agency 12.9k, HRA rech £1.7k
Corporate Management	65,951	62,724	3,227		3,227	Fav subs £3.2k

Corporate Finance Management	37,969	14,977	22,992	13,374	9,618	Fav grants £20.5k; Adv ins £1.4k, prof fees £4.9k, HRA rech £4.8k
Elected Members	373,625	366,723	6,902		6,902	Fav training £3.7k, tools £2k, adverts £2.3k, room hire £1.5k, mileage £2.4k, HRA rech £3k, Ins £0.3k; Adv allow £8.3k
	569,395	522,962	46,433	13,374	33,059	

Registration of Electors	44,271	32,518	11,753		11,753	Fav wages £10k, publications £1.6k
Conducting Elections	187,742	138,150	49,591		49,591	Fav sals £37.6k, tools R&M £4.3k, elections running costs £21.4k; adv agency £6.8k, general election £6.3k
	232,013	170,668	61,344	0	61,344	

Funded Pension Schemes	280,298	148,062	132,236	132,236	0	
Increase/Decrease in Provision for Bad or Doubtful Debts (GF)	175,000	-18,344	193,344		193,344	
Planning Agreements	0	-994,738	994,738	994,738	-0	
Parish Councils	434,765	428,712	6,054		6,054	Fav grants £6k
Interest & Investment Income (GF)	-136,229	-750,464	614,235		614,235	
IAS19 Pensions Adjustment (GF)	0	2,671,511	-2,671,511	-2,671,511	0	
External Interest Payable (GF)	500	2,043	-1,543		-1,543	Adv int £1.5k
	754,334	1,486,782	-732,447	-1,544,537	812,090	

Estate Management	-238,225	-72,784	-165,440	-165,440	-0	
	-238,225	-72,784	-165,440	-165,440	-0	

Council Tax Collection	144,212	-29,515	173,728	20,254	153,474	Fav sals £9.4k, disc benefits £10k, new burdens £80.7k, court fees £44.2k, training £3.7k, prof fees £3.1k, advertising £1.5k
Non Domestic Rates Collection	-87,500	-93,184	5,684		5,684	Fav court fees
Revenues & Benefits Support & Management	357,680	371,101	-13,421	-9,995	-3,426	Fav sals £27.6k, T&T grant £6.6k; Adv comp main £28k, prof fees £8.6k, training £1.1k
Rent Allowances Paid	37,005	-15,916	52,921	-41,347	94,268	Fav overpayments £129k; Adv allowances £34.5k
Net cost of Rent Rebates Paid	80,882	144,526	-63,644		-63,644	Adv rebates £63.6k
Corporate Fraud	48,150	49,609	-1,459		-1,459	Adv prof fees £1.5k

Housing Benefits Administration	173,803	80,619	93,183	28,207	64,976	Fav pay £17.4k, benefits processing £2.5k, support grants £79.5k; Adv prof fees £19.7k, agency £12.7k, court fees £2k
Concessionary Fares	-9,600	-11,423	1,823		1,823	Fav fees

744,632	495,817	248,815	-2,881	251,696
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6,480,785	7,058,998	-578,213	-1,812,734	1,234,522
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COVID-19 Emergency Fund	0	-0	0		0	
	0	-0	0	0	0	

6,480,785	7,058,998	-578,213	-1,812,734	1,234,522
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Taxation & non specific grant income (GF)	-13,791,424	-16,266,944	1,509,823	-271,117	1,780,940	See funding
Contingent Sums (GF)	-1,021,758	0	431,747		431,747	See contingent sums breakdown
Management and Administration - Chairmans Account	0	0	0		0	
Other Operating Income & Expenditure (GF)	43,627	1,427,640	0	-397,449	397,449	

-14,769,555	-14,839,305	1,941,570	-668,566	2,610,136
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APPENDIX 2

2022/23 movement

Earmarked Reserve	Balance B/fwd March 2022	Drawdown	Capital	MTFP	Res Adjust	Income	Closing Balance March 2023
Schools Sport Partnership Project	-388,703	0	0			-59,692	-448,395
Local Plan - Consultation and Implementation	-216,193					-40,000	-256,193
Environmental Education	-17,139	17,139				0	0
ICT Reserves	-615,577	54,062	18,301	-160,000		-35,542	-738,756
Fixed Asset Replacement fund	-1,062,374		587,567	-270,000			-744,807
Homelessness Prevention	-418,800	0	0			-163,273	-582,073
Building Control Transition	-13,709					0	-13,709
Rosliston Forestry Centre Café	-57,202					-13,374	-70,576
Rosliston Capital Reserve	-217,444					0	-217,444
New Town Centre Grant - Non-Heritage	-43,717		38,036			-33,981	-39,662
District Conservation Works	-10,000					0	-10,000
TIC Transfer Provision	-52,445	50,909				0	-1,536
Planning staffing and support costs	-372,560	308,000		-200,000		0	-264,560
EU Exit Funding	-52,452					0	-52,452
Pensions reserve	-225,006					-132,236	-357,242
Corporate Training	-76,185						-76,185
Welfare Reform, Fraud & Compliance	-406,936	48,009				-48,461	-407,388
District Growth	-856,628			-160,000			-1,016,628
Recycling Service Provision	-500,000					-175,000	-675,000
HRA Asset Replacement	-154,722			-45,000			-199,722
Public Buildings Maintenance	-199,112	83,665				-40,967	-156,414
Planning 20% fee increase	-148,798						-148,798
Software upgrades to GIS/LLPG	-9,000						-9,000
Cultural Services Public Open Spaces	-270,433	158,682				-192,909	-304,660
Operational Services Public Open Spaces	-154,740	40,149				-109,433	-224,024
HRA ICT Mobile Working	-291,521	57,580					-233,941
Parks Improvement Fund	-16,071						-16,071
Finance staffing and resource costs	-90,000						-90,000

S106 Planning Policy Fee	-13,100					-6,500	-19,600
Council Tax Support Scheme - Hardship Fund	-51,587	46,587				-24,118	-29,118
Biodiversity Enhancements - Swadlincote - Woodville regeneration route	-157,638	14,867					-142,770
Flooding - Community Recovery Fund	-84,301						-84,301
Economic Regeneration Fund	-894,957		78,325			-9,555	-826,187
Cultural Services Restructure Provision	-13,993	10,810					-3,183
New Burdens - COVID-19 Support	-480,300					-43,660	-523,960
Local Authority Support COVID-19	-180,867	118,896					-61,971
NNDR Relief Overpayment Provision	-1,143,009	760,971					-382,038
Land Charges Software Support	-70,000					-45,000	-115,000
Asset Replacement and Renewal Fund	-372,316			-87,000			-459,316
Business Change and Transformation	-52,000						-52,000
Shop Fronts Contribution	-15,507						-15,507
Pressure Washer for Shelter Maintenance	-10,000						-10,000
Covid - Income Fee Charges	-92,803						-92,803
Discretionary Housing Top Up	-40,000	40,000.00					0
Section 31 Compensation	-1,672,065						-1,672,065
Risk Management Fund	-12,000						-12,000
Urban County Park	0				-468,855		-468,855
Discretionary Housing Payments	0	41,347.00				-56,587	-15,240
DHP Rent Arrears Top up	0					-30,000	-30,000
HRA Voids	0			-133,000			-133,000
Earmarked Reserves	-12,293,909	1,851,673	722,229	-1,055,000	-468,855	-1,260,288	-12,504,149
	0						
Section 106 - Earmarked Funds	-14,295,999	2,744,666.75	690,114.04		468,855.00	-4,438,018	-14,830,381
Total Earmarked/Specific Reserves	-26,589,907	4,596,340	1,412,343	-1,055,000	0	-5,698,306	-27,334,531

