

Report to: Cabinet

Date of Meeting 10 July 2024

Document classification: Part A Public Document

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Review date for release N/A



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## Revenue and Capital Outturn Report 2023-2024

### Report summary:

This report sets out the revenue budget and capital outturn positions at the end of the financial year. The 2023/24 outturn position of the General Fund is a positive one with a surplus balance for reallocation of £0.648m.

The Council has again faced a challenging year with significant service demand and inflationary pressures in the supply of goods and services, such as temporary accommodation. Higher interest rates during 2023/24 have had a positive impact on our investment returns which have enabled the Council to mitigate against service pressures during 2023/24 but they will remain challenging for future years given the cost-of-living crisis and the impact this has on levels of demand and cost.

The report outlines the implications of these results on the Council's reserves and makes recommendations on reserve transfers.

The Council's General Fund balance at the end of the 2023/24 financial year is forecast to remain at £4.3m.

In respect of the capital programme, the report at section 5 reports capital expenditure of £13.973m against the approved budget of £27.198m.

The report also outlines the year end position of the Housing Revenue Account (HRA) at section 4. This includes variance analysis of the outturn deficit and the use of earmarked reserves (previous underspends) to fund this position and also confirm the 31 March 2024 reserve balance position.

### Is the proposed decision in accordance with:

Budget                      Yes  No

Policy Framework      Yes  No

### Recommendation:

1. That Cabinet considers and recommends to Council the outturn position for 2023/24 including the implications and proposals relating to the Balances and Reserves held by the Council.
2. That Cabinet recommend to Council the proposed reserve transfers contained within the report and give delegated authority to the Director Finance in consultation with the Finance Portfolio for any amendments to these transfers as additional year end data becomes available.

### **Reason for recommendation:**

To accord with the Council's financial regulations, this report presents the outturn position for the Council's approved budgets for the General Fund, Housing Revenue Account and Capital Expenditure. This financial position will align to the Council's Statement of Accounts but the position in this report is presented in a style that accords to the budget setting and monitoring reports that members receive.

Members are asked to note the variations from the budgets identified within the report and consider the final position.

It is appropriate at this stage to reflect on the reserves and balances held by the Council and determine if these are the right reserves at the right levels going forward.

Officer: John Symes – Finance Manager, [jsymes@eastdevn.gov.uk](mailto:jsymes@eastdevn.gov.uk), 01395 517413

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Medium Risk; Financial monitoring reports have kept members informed during the year of budget variations and the projected outturn position of the Council's finances. All predetermined Balance and Reserve levels were predicted to be maintained above the adopted minimum levels. The report also looks at the monies the Council holds in balances and reserves and considers these in the light of the Council's future financial position and future Government funding cuts and other emerging financial pressures e.g. inflationary pressures. Consideration is given to the Council's financial track record, internal and external audit reports on financial controls and is reflective of occurrences from external factors which affect the Council's finances. Two areas of risk to note from this report are the General Fund identified areas of service expenditure overspends/under achievement of income which will need careful monitoring in the current financial year and the HRA extremely high expenditure levels recorded in 2023/24, particularly the later part of the financial year, although this expenditure has been met from previous year underspends (reserves) this position cannot be repeated in 2024/25 and an additional report on the Cabinet Agenda addresses this point.

**Links to background information**

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
  - A greener East Devon
  - A resilient economy
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## Report in full

### 1. Introduction

- 1.1 This report compares the outturn position (actual amount spent or income received for the year) against budgets set for the financial year 2023/24 for the General Fund, Housing Revenue Account (HRA) and the Capital Programme.
- 1.2 During 2023/24 budget monitoring reports have informed members of budget variations. Budget managers, with support from finance officers, are responsible for keeping budgets under scrutiny and providing the anticipated year-end financial position. This report contains the final position for the year and compares this outturn position against the budgets set.
- 1.3 The report looks at the effect the outturn position has on the Council's balances and reserves and considers future policy for holding these sums.
- 1.4 The General Fund Balance remains at £4.3m. As part of the approved 2024/25 budget a further £0.5m has been budgeted to add to the balance (making £4.8m). No further change is proposed as at 2023/24 outturn.
- 1.5 Please be advised that all numbers are not finalised as we are still awaiting information from other third parties. Estimates have been made where appropriate therefore no significant items or material variances to the below are expected.
- 1.6 The report contains the following sections:
- Section 2 General Fund Position
  - Section 3 Reserves Position
  - Section 4 Housing Revenue Account
  - Section 5 Capital Outturn

### 2. General Fund Position

- 2.1 The Council's Revenue Account, known as the General Fund, bears the net cost of providing day-to-day services. These are the portfolio/service totals identified in the Council's Income & Expenditure Account.
- 2.2 **23/24 Set Budget & Opening General Fund Balance**  
The 2023/24 budget was set by Council with a Council Tax Requirement of £9.974m with the closing general fund balance in the 22/23 accounts of £4.3m. The following table shows the in year outturn variations versus set budgets with final General Fund surplus being **£0.648m**.

General Fund Position	£000	F/A
Original Budget Requirement	9,974	
Approved Budget Variations during reporting period	337	A

<b>Revised budget Requirement</b>	<b>10,311</b>	
Surplus in Year v Revised budget	(0.985)	F
<b>Final Outturn Position 31/3/2024</b>	<b>9,326</b>	
<b>Final General Fund Surplus to allocate</b>	<b>(0.648)</b>	<b>F</b>

2.3 The following table shows the breakdown of the surplus into variation categories and the amount of variation against the set budgets within the year.

<b>Surplus/Deficit in Year v Budget</b>	<b>£m</b>	<b>F/A</b>
Cost of Service Variation	2.699	A
Investments and Financing Variation	(2.079)	F
Variations in Central Government Grants	(0.054)	F
Variations in Use of Earmarked Reserves	0.601	A
Business Rates Income Variation	(2.152)	F
<b>General Fund Surplus against original budget</b>	<b>(0.985)</b>	<b>F</b>

#### 2.4 **Cost of Service Variation to Budget in 23/24 (£2.699m (A))**

The variation across the council's portfolio of services is show in Appendix 1, notes 1 to 8, with associated commentaries made on material items within each service.

There are specific areas of material service overspend/under achievement of income that although it is considered has been addressed in setting the 2024/25 budget this will need careful monitoring in the year.

#### 2.5 **Investment & Financing Variation/Treasury Management Activities (£2.079m (F))**

The interest income the council received in 23/24 was £3.153mm versus a budget of £1.137m. The continued rise of base rates and the associated impact on term deposit and money market rates resulted in a significant surplus to budget. The prediction at the time of budget setting was for a gradual decline in rates over the period however rates remain high resulting in this favourable position. A separate annual treasury management report will be presented to committee.

#### 2.6 **Central Government Grants (£0.054m (F))**

The timing difference between the final announcement of some of the central government grants and the councils budget setting process has resulted in a favourable variation in 2023 with the annual service grant greater than initially expected.

#### 2.7 **Variations in the use of Earmarked Reserves (£0.601 (A))**

The two material variations against budget within earmarked reserve releases/contributions relate to a lower than anticipated release of Transformation reserve funding in the year to fulfil specific projects (£0.3m) and an expected release of Revs and Bens new burdens funding which wasn't required due to additional central government grant funding within the year (£0.3m).

#### 2.8 **Business Rates Income (£2.152m (F))**

The business rates income before earmarked reserve contributions in year was £9.4m versus a budget of £7.3m. The figure included within the set budget for the year was £6.7m which was net of any contribution to the business rates volatility reserve. This budgeted figure can be broken down as £3.1m of baseline funding plus a £3.3m uplift and £0.3m of gain relating to the Devon Pool.

This year an additional £0.5m was provided for to cover East Devon's portion of the 23/24 collection fund adjustment account deficit balance which stands at £1.2m (due to the reserve already holding £0.65m). Additionally, £1.9m of business rates income relating to the designated Enterprise zone has been allocated directly to the Enterprise zone reserve. The associated budget lines of business rates income versus revenue financing have been adjusted to reflect these entries.

### 2.9 **Transfer of Final General Fund Surplus Balance to the Transformation Fund (£0.648 (A))**

It is proposed that the final surplus balance remaining in 23/24 be transferred to the Transformation fund (uncommitted revenue earmarked reserve).

This proposal leaves the General fund balance per the agreed upper limit of £4.3m at 2023/24 year end.

## 3. **Reserves Position**

3.1 The overall General Fund Balance position at year end is given below, this shows the effect of the budgeted outturn variation after the transfer to the Transformation fund of £0.648m.

<b>General Fund Balance Position</b>	<b>£000</b>
<b>Opening Balance 1/4/2023</b>	<b>(4,300)</b>
Budgeted Outturn variation 2023/24 after Transfers	<b>0</b>
<b>Closing Balance 31/3/2024</b>	<b>(4,300)</b>

3.2 The movement in General Fund Earmarked Reserves, in the year, can be seen in the below table with additional detail of movements provided in Appendix 2.

<b>General Fund Earmarked Reserves</b>	<b>£000</b>
<b>Opening Balance 1/4/2023</b>	<b>(31,923)</b>
Budgeted Outturn variation 2023/24	<b>(4,549)</b>
<b>Closing Balance 31/3/2024</b>	<b>(36,472)</b>

## 4. **Housing Revenue Account**

### 4.1 **Annual Outturn & Proposed Contribution from Reserves for Consideration**

The summary tables of income and expenditure variations can be found at Appendix 3. For the 23/24 Outturn deficit for the year it is proposed to be cover from Earmarked reserves and borrowing, leaving the HRA Balance at the adopted level of £3.1m.

A summary by cost driver is as follows;

- **Supervision and Management +£1.39m**
  - £0.2m overspend in staff related costs with £0.68m in Agency staff costs only partially offset by savings in salaries and associated costs.
  - £0.3m overspend on temporary accommodation costs when decanting tenants for significant works
  - £0.4m overspend on Stock condition survey (this was a known overspend and was due to be reserve funded)
  - £0.3m on technical consultancy support within the Property and Asset team
  - £0.2m on non-rental void related charges
- **Income +£0.407m due to lost income from void properties**
- **Supplies, Services & Other Costs +£5.3m mainly due to responsive repairs**
  - A £3.7m overspend in exclusions to the Integrated Asset Management Contract
    - £3m of jobs excluded from the Price per property (PPP) framework either due to the cost or type of job
    - £0.7m of jobs on properties excluded from the PPP framework
  - £1.3m of planned works and decoration undertaken by Ian Williams
  - £0.3m of disrepair legal fees and settlements
- **Interest income & charges -£0.530m from improved returns on investments**
- **Expenditure on Premises +£0.49m**
  - £3.6m spent on voids versus an original budget of £1.8m with other major repairs budgets unspent to offset the significant increase in void volumes.

This position of significant increase in spend with a reduction in income, has been previously highlighted to members, is of concern. As stated previously this position can be funded from reserves attributable to underspends in previous years set aside to fund increased expenditure on what was believed to be catch up repairs and maintenance, however, the picture is that this level of spend is required going forward. There is a separate report on this agenda that considers the 2024/25 HRA budget position.

## 4.2 Capital Expenditure and Associated Funding

- A total of 6 acquisitions were completed within the year (£1.6m) versus 11 right to buy sales reducing the stock.
- In 23/24 the council applied and received £0.9m of Government grant funding to be used on affordable housing investment. The conditions of the grant are;
  - £20k of the total grant to be allocated to each property
  - 40% of the residual balance to be funded by the grant
  - The residual balance to be funded by the HRA
 In 23/24 2 plots in Cranbrook were purchased and a 10% deposit was provided for a further 4 plots due to complete in 24/25 at a cost of £0.65m.
- During 23/24 there was £4.35m spent on capital related improvements to properties, blocks, major adaptations for disabilities and major voids works. The funding implications of this are;
  - £0.4m in non-ring fenced capital RTB receipts
  - £1.37m – the remaining HRA capital contribution after funding affordable housing
  - £2.5m in new borrowing

- The total revenue contribution to capital made from the Housing revenue account was £2.6m versus a budgeted figure of £0.88m.

HRA Capital Expenditure Financing Summary	£
<b>Gross Expenditure</b>	<b>10,452,729</b>
Financing:	
Major Repairs Reserve / Contribution from Revenue	(3,842,609)
Revenue Contribution to Capital Outturn	(2,617,628)
Local Authority Grant Funding (LAHF)	(300,000)
RTB 1-4-1	(637,332)
Other Capital Receipts	(469,627)
S106 Funding	(67,922)
Borrowing	(2,517,611)
<b>Total Financing</b>	<b>(10,452,729)</b>

### 4.3 23/24 Year End Reserve Levels

The below table shows the final reserve levels should the allocations proposed be approved.

#### HRA RESERVES

##### REVENUE

Reserve Name	2022 Year End	Movement	2023 Year End	Comment
HRA Balance	-3,100	0	-3,100	Adopted level of £500 per dwelling plus £1m buffer
HRA Volatility Reserve	-1,600	1,600	0	Earmarked reserve in case of events impacting rental income
Capital Development Fund	-2,925	2,925	0	Revenue reserve earmarked for new homes & climate change development
Landlord Services Reserve	-124	124	0	Revenue reserve earmarked for Future Landlord Services Projects & C19 Catch up works
Planned Maintenance Reserve	-3,255	3,255	0	Revenue reserve earmarked for Stock Condition and Catch Up Costs
Fire Risk Assessment Reserve	-1,468	1,468	0	Revenue reserve earmarked for FRA Building works and Lift replacement
<b>TOTAL USEABLE REVENUE RESERVES</b>	<b>-12,472</b>	<b>9,372</b>	<b>-3,100</b>	

##### CAPITAL

Reserve Name	2022 Year End	Movement	2023 Year End	Comment
HRA Capital Receipts	-5,731	-366	-6,097	To be used to fund the 40% Government RTB funding of replacements only
Hra Retained Capital Receipts - Grants	0	-609	-609	
<b>TOTAL USEABLE CAPITAL RESERVES</b>	<b>-5,731</b>	<b>-975</b>	<b>-6,706</b>	

## 5. Capital Budget

The revised net capital budget (after grants and contributions) for 2023/24 was £27.2m; the outturn position is lower at £14.0m. This often reflect total scheme budgets and the majority to be re-profiled into 2024/25, or later years as schemes come forward.

<b>Capital Programme Portfolio Summary 2023/24</b>				
	Portfolio	Budget after revisions	Actual	(Under)/ Overspend
		2023/24	2023/24	2023/24
Line		£	£	£
1	Corporate Services	1,227,732	214,376	(1,013,356)
2	Community - Housing General Fund	1,451,383	987,694	(463,689)
3	Economy and Regeneration	7,546,117	1,534,577	(6,011,540)
4	Environment	2,681,262	885,266	(1,795,996)
5	Street Scene	14,136,651	2,065,348	(12,071,303)
6	Strategic Development	1,250,000	0	(1,250,000)
7	<b>TOTAL GF GROSS EXPENDITURE</b>	<b>28,293,145</b>	<b>5,687,262</b>	<b>- 25,746,723</b>
8	Community - HRA	3,856,710	10,452,729	6,596,019
9	<b>TOTAL GROSS EXPENDITURE</b>	<b>32,149,855</b>	<b>16,139,991</b>	<b>(16,009,864)</b>
10	Corporate Services	-	0	0
11	Community - Housing General Fund	(1,342,796)	(1,094,688)	248,108
12	Economy and Regeneration	(2,249,000)	0	2,249,000
13	Environment	(531,449)	(14,645)	516,804
14	Street Scene	(828,630)	(157,384)	671,246
15	Strategic Development	-	0	0
16	<b>TOTAL GF EXTERNAL FUNDING</b>	<b>(4,951,875)</b>	<b>(1,266,717)</b>	<b>3,685,158</b>
17	Community - HRA	-	(900,216)	(900,216)
18	<b>TOTAL EXTERNAL FUNDING</b>	<b>(4,951,875)</b>	<b>(2,166,933)</b>	<b>2,784,942</b>
19	Corporate Services	1,227,732	214,376	(1,013,356)
20	Community - Housing General Fund	108,587	(106,994)	(215,581)
21	Economy and Regeneration	5,297,117	1,534,577	(3,762,540)
22	Environment	2,149,813	870,621	(1,279,192)
23	Street Scene	13,308,021	1,907,965	(11,400,056)
24	Strategic Development	1,250,000	0	(1,250,000)
25	<b>TOTAL GF NET EXPENDITURE</b>	<b>23,341,270</b>	<b>4,420,544.78</b>	<b>(18,920,725)</b>
26	Community - HRA	3,856,710	9,552,513	5,695,803
27	<b>TOTAL NET EXPENDITURE</b>	<b>27,197,980</b>	<b>13,973,058</b>	<b>(13,224,922)</b>

### Financial implications:

The financial details are included in the report.



**Legal implications:**

Any legal implications are identified in the report and no further comment is required.

**APPENDIX 1 – Cost of Services  
General Fund Revenue Budgets 2023/24**

<b>Portfolio Budget - Net Expenditure</b>	<b>Actuals 2023/24</b>	<b>Budget 2023/24</b>	<b>Variation</b>	<b>%age Var</b>	<b>Notes</b>
Corporate Business	171,228	169,520	1,708	1%	1
Corporate Services	3,330,817	2,677,565	653,252	20%	2
Economy And Regenrtn Portfolio	516,257	454,014	62,243	12%	3
Environment Portfolio	4,238,133	4,345,821	-107,688	-3%	4
Finance	-695,997	-1,200,085	504,088	-72%	5
Strategic Development & P'Ship	373,784	-166,297	540,082	144%	6
Street Scene Portfolio	12,163,186	11,262,529	900,657	7%	7
Sustainable Homes & Communitie	1,935,657	1,791,117	144,540	7%	8
<b>Portfolio Totals</b>	<b>22,033,065</b>	<b>19,334,184</b>	<b>2,698,882</b>	<b>12%</b>	
Interest Receipts (Net of investment management fees)	-3,153,162	-1,137,335	-2,015,827	64%	
Interest Payable	402	300	102	25%	9
PWLB Interest	79,761	94,990	-15,229	-19%	
Principal Repayments	369,000	417,000	-48,000	-13%	
<b>Net Expenditure</b>	<b>19,329,067</b>	<b>18,709,139</b>	<b>619,928</b>	<b>3%</b>	
<b>Government Grants</b>					
New Homes Bonus Grant	-1,025,642	-1,025,642	0	0%	
Rural Services Delivery Grant	-264,583	-264,441	-142	0%	
Lower Tier Services Grant	-1,548,128	-1,530,145	-17,983	1%	10
New Services Grant	-89,895	-107,777	17,882	-20%	
Revenue Support Grant	-123,786	0	-123,786	100%	
Savings Target	0	-70,000	70,000	100%	
<b>Use of Reserves</b>					
Capital Reserve Transfers	83,684	0	83,684	100%	
Use of Collection fund surplus Income	-208,139	-207,814	-325	0%	
Use of Collection fund surplus MIRS	-150,996	-150,996	0	0%	11
Use of Accumulated Absence Reserve	-7,671	0	-7,671	100%	
Use of Other Earmarked Reserves	4,534,018	4,009,071	524,946	12%	
<b>Budget Requirement</b>	<b>20,527,929</b>	<b>19,361,395</b>	<b>1,166,534</b>	<b>6%</b>	
Business Rates Income	-9,401,174	-7,249,166	-2,152,008	23%	12
Business Rates MIRs	-1,800,852	-1,800,852	0		
<b>Council Tax Requirement</b>	<b>9,325,903</b>	<b>10,311,377</b>	<b>-985,474</b>	<b>-11%</b>	

## Notes

### 1 No Material Variations

There is a budgeted £0.4m variation due to anticipated recoverable salary costs across the portfolio plus other unallocated staff related costs contributing 0.06m and an increase in the

2 corporate bad debt provision of £0.04m. Overall Employee costs across the whole portfolio were materially within the set budget of £20.2m with permanent salaries showing savings of £0.8m offset by overspends in Agency staff costs of £0.6m and other less material movements.

3 An overspend of £0.2m within Building control due to lower than anticipated fee levels has been partially offset by less material savings elsewhere.

4 The variation has been driven by underspends in staffing costs across the Environment service.

5 Variations relating to the Housing Benefit subsidy contributed an additional £0.3m and lower than expected Car Park operations costs/income (£0.29m) has driven the majority of the deficit within Finance. These were offset by less material savings across finance.

6 Lower than expected planning fees income despite the change in fee structure in the latter part of the year has provided a deficit contribution of £0.3m. A further £0.2m variation to budget is due to Enterprise zone expenditure which is equally offset by increases in business rates income and the associated contribution to Enterprise zone earmarked revenue reserves.

7 There are 3 material variations within the street scene service in 2023. A deficit within Refuse and Recycling of £0.6m driven by the revised cost plus fees structure with Suez has been partially offset by better than anticipated performance within Green Waste (£0.2m). A further £0.3m deficit is due to anticipated savings within Public conveniences not being realised, however this is offset with agreed/anticipated use of earmarked reserves.

8 Higher levels of Homelessness Accommodation expenditure than predicted (£0.2m).


9 Higher levels of returns than budgeted.

10 Additional central government grants announced after the councils budget setting process was completed

11 The two material variations within earmarked reserve releases/contributions relate to a lower than anticipated release of Transformation reserve funding in the year to fulfil specific projects (£0.3m) and an expected release of Revs and Bens new burdens funding (£0.3m).

12 Better than anticipated business rates income

**APPENDIX 2 – General Fund Earmarked Reserves**

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**APPENDIX 3 – HRA outturn Variances & Commentaries**

Year to Date			INCOME	23/24 Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
-	-	-		-	-	-
19,498,769	19,911,900	413,131	Gross Property Rents	19,498,769	19,911,900	413,131
-209,149	-231,110	21,961	Garage Rents	-209,149	-231,110	21,961
-686,427	-658,510	-27,917	Other Income	-686,427	-658,510	-27,917
-	-	-		-	-	-
20,394,346	20,801,520	407,174		20,394,346	20,801,520	407,174

Year to Date			EXPENDITURE	23/24 Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
11,097,257	5,763,318	5,333,939	Repairs & Maintenance	11,097,257	5,763,318	5,333,939
9,513,737	8,123,651	1,390,086	Supervision And Management	9,513,737	8,123,651	1,390,086
645,236	617,240	27,996	Other Expenditure	645,236	617,240	27,996
3,854,726	3,356,710	498,016	Capital Charges & Bad Debt	3,854,726	3,356,710	498,016
25,110,957	17,860,919	7,250,038	<i>(excl Depreciation)</i>	25,110,957	17,860,919	7,250,038

	23/24 Outturn		
	Actuals	Budget	Diff
<b>Net Interest Expense</b>	2,030,001	2,559,580	-529,579
<b>Earmarked Reserve Release</b>	-9,370,133	-40,000	9,330,133
<b>Revenue Contn to Capital Financing</b>	2,623,521	880,000	1,743,521
	-	-	-
<b>Total Financing</b>	-4,716,611	3,399,580	8,116,191