

8. FINANCIAL OUTTURN 2022/23

1. Purpose of the report

To inform Members of the outturn position of the Authority for the 2022/23 financial year and seek approval for appropriations to and from reserves.

Key Issues

- The 2022/23 draft financial statements are required to be signed off by the Chief Finance Officer by 31st May 2023 as per the statutory deadlines for Local Authorities.
- The final confirmation of the general reserve balance is subject to possible adjustments that may occur during the completion of the external audit process from August to October 2023. The draft surplus for 2022/23 is £840k and it is recommended that this be added to specific reserves (Appendix 3). The general fund balance is £615k.
- The National Park Grant for 2022/23 was held at the same value as 2019/20 at £6.7m. The ten English National Parks (including the Peak District) received additional grant payments of £440k in 2022/23 in March 2023.

2. Recommendations

- 1. The outturn position and variance analysis for 2022/23 be noted (Appendices 1 and 2).**
- 2. Specific reserve appropriations of £1.7m shown in Appendix 3 be approved.**

How does this contribute to our policies and legal obligations?

3. The Accounts and Audit Regulations 2015 require the Chief Finance Officer to sign the draft financial statements annually. For the 2022/23 financial year the statutory deadline for the publication of the draft Statement of Accounts was 31 May 2023. The accounts were available on the Authority's website from this date. The deadline for publishing audited local authority accounts for 2022/23 has been confirmed as 30 September 2023, however work on the external audit is not scheduled to begin until the start of September 2023, therefore it is expected to be complete and brought to Members in November 2023.

Background Information

4. The 2022/23 budget was approved by Members in February 2022 with an expected surplus of £205k. Members approved a revised 2022/23 budget in December 2022, due to a higher than forecast pay award, and this gave rise to an increased surplus of £219k.
5. The revised budget for 2022/23 included the introduction of a vacancy factor at 4%, a budget increase for increasing energy costs and additional income from investment interest due to increasing interest rates.
6. The budget monitoring group, consisting of six nominated Members, the CEO and the Head of Finance, has continued to meet during the financial year to discuss the significant variances to budgets, outturn forecasts and the level of Authority's reserves.
7. Reserve appropriations shown in Appendix 3 total £1.7m. This includes a net movement of £49k from reserves to cover operational needs, a net movement of £735k into the revenue grant reserve for project funding and a net of £206k from the capital reserve for

expenditure on approved capital projects offset by capital receipts received in the year.

8. The overall reserves held by the Authority were reviewed by the CEO and Head of Finance to assess their relevance and appropriateness. The outcome of this review was shared with RMM (Resources Management meeting) and is detailed below:
 - The resilience reserve be renamed the operational effectiveness reserve. This is to enable the Authority to implement new emerging priorities, such as invest to save initiatives or projects which generate income. £730k of the overall underspend would be added to this reserve to enable large scale projects to be developed.
 - £331k and £150k from the matched funding and slippage reserves be moved to the operational effectiveness reserve. These values represent previously approved allocations that are no longer required as either the specific project is finished or no longer being undertaken.
 - £440k to the restructuring reserve. The Authority received £440k of supplementary funding from Defra at the end of the financial year which means the Authority has been able to carry forward other income that the Authority has earned in the year up to the same value. As shared with Members in April 2023 it is planned to be used to fund projects to allow the Authority to transition towards a more sustainable operating model and includes the development of a new website, a review of the current visitor services, visitor engagement resources including a potential engagement vehicle and visitor information points, investment into cycle hire centres, and the scanning and digitisation of paper files.
 - £100k to the VAT reserve from the overall underspend. It is likely that there will be a breach of the partial exemption de minimis threshold for 2022/23 which could result in a VAT repayment in the September 2023 return (payable in December 2023). The current estimate is £80k, however the finance team are working with PS Tax (the Authority's tax advisers) to minimise the amount payable. It is also expected that the Authority could breach the threshold in 2023/24 due to the level of works proposed in the Capital Programme. This additional amount would be to ensure there is sufficient in the reserve to cover both financial years.
9. Appendix 1, shows the final surplus or deficit arising from each service, after appropriations to and from reserves and slippage requests have been considered. The pre-audit underspend for 2022/23 is £840k. It is recommended that this is appropriated to the specific reserves detailed above. Management Team have discussed the reasons for the underspend and these have been included in the commentary included in Appendix 1.
10. It is known that the Authority has had a significantly higher than average number of vacancies across difference services and included in the overall underspend is £463k (6.72%) for pay for the year.
11. Significant variances to budget include:
 - £83k underspend in Countryside and Economy (including slippage). The Authority's grant budget is underspend due to work on the FiPL programme as the Authority looked to make as much use as possible of the FiPL funding.
 - The planning service has a very small net variance of £3k, however income is £136k under budget, offset by underspend on pay of £146k. Slippage requested by planning is underspent by £34k which is for professional fees to support the service.

- Underspends from services affected by vacancies include:
 - £34k for Planning Policy
 - £70k for Property Support
 - £55k for Customer and Business Support
 - £49k for Corporate Strategy
 - £45k for Legal Services
- £100k additional income to budget for corporate overhead (support to corporate services from projects, mainly Moors for the Future).
- £709k net underspend for projects of which a net of £694k will be put into the revenue grant reserve to fund projects in future financial years. The total net movement of £735 to reserves includes projects within service budgets.
- £94k underspend in Visitor Centres of which £81k is due to income greater than budget.
- £114k overspend in cycle hire (£41k under on income, £33k over on pay and £39k over on non-pay). There are a variety of factors which include:
 - Poor trading year with trail closures in the year for Ash die-back works and other maintenance works, as well as road closures in High Peak and Snake pass. A wet March and extreme heat in July also had an impact on hire income.
 - Pay overspends as a result of long term sickness as well as an increase in contracted staff as had difficulties with casual staff in the previous year.
 - Overspends for cycles, cycle parts and other stock due to price increases, includes an increase in electric cycle stock.
 - Plan for 2023 includes a marketing plan which is already in place, increased school group referrals (working with the rangers with this), and price increases are being implemented. Staffing has also been reviewed and there is an embargo on use of casual staff in place.
- £42k overspend for Trails, this is due to continued works to deal with Ash die-back and is funded by the trails reserve.
- Information Management (IT) is overspent by £40k, partially offset by an underspend in the IT capital budget (revenue funded). This is due to the server improvement works and will be funded by underspends in other parts of the information services.
- Finance slippage is underspent by £316k. This is as a result of the corporate overhead process now being included the baseline budget.
- Democratic and Member services slippage of £39k has been carried forward to 2023/24 for the outstanding board room equipment and for the Member IT equipment (iPads) which was delayed due to waiting for the outcome of local elections.
- Corporate Management is £49k underspend due to a reduction in face to face conferences and a reduction in travel requirements.
- FiPL appears to be overspent by £49k but this is due to £60k of funding for 2022/23 being held in the revenue grant reserve.
- Interest receipts are £84k above the revised budget of £75k. This is due to continuing increases in interest rates above what had been predicted.

12. There may be adjustments to the final outturn during the external audit of the statement of accounts. The Authority's External Auditors (Mazars) are scheduled to start work in September and October 2023 and for the final position to be presented to Members in November 2023. However, there are significant challenges for the audit profession in completing Local Authority audits in a timely manner so this may be subject to change.

Proposals

13. The Authority's overall financial position after slippage requests and appropriations to and from reserves is £840k underspent for 2022/23. Appendix 1 shows the variance analysis by service and Appendix 2 shows the outturn by service for the 2022/23 financial year.
14. Appendix 3 shows the recommended appropriations to and from reserve totalling £1.7m to earmarked reserves. Appendix 4 shows the totals and movements in reserves from opening position as at 1 April 2022 to closing position as at 31 March 2023. This also includes the previously approved slippage of £315k (May 2023).

Are there any corporate implications members should be concerned about?

Financial:

15. The financial implications are contained in the main body of the report.

Risk Management:

16. The Chief Finance Officer has a statutory responsibility under Sections 25 – 28 of the Local Government Act 2003 to report to Members, the Monitoring Officer and external auditors on the robustness of the budget setting and monitoring process. They have an express duty to monitor the budget and underlying assumptions throughout the year, and to act when significant overspends or shortfalls in income occur. The Annual Governance Statement prepared by the Monitoring Officer is reported to and approved by Members. The Management Team consider financial risks in the Risk Register during the year. The External Auditor considers the financial position of the Authority as part of the annual Value for Money conclusion. The recommendations within are considered to be part of the evidence to support the effectiveness of the value for money processes as they relate to the 2022/23 financial year.

Sustainability:

17. There are no specific issues relevant to this report.

Equality, Diversity and Inclusions:

18. There are no specific issues relevant to this report.

Climate Change:

19. There are no specific issues relevant to this report.

20. Background papers (not previously published)

None

21. Appendices

Appendix 1 - Variance Analysis 2022-23

Appendix 2 - Outturn Analysis 2022-23

Appendix 3 - Reserve Appropriations 2022-23

Appendix 4 - Reserve Movements 2022-23

Report Author, Job Title and Publication Date

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