

11. FINANCIAL OUTTURN AND RESERVE APPROPRIATION 2023/24

1. Purpose

To inform Members of the outturn position of the Authority for the 2023/24 financial year and seek approval for appropriations to and from reserves.

2. Context

2.1 The National Park Grant for 2023/24 was held at the same value as 2022/23 at £6.7m. The original balanced revenue budget was approved by Members in February 2023 (Minute reference 11/23). Following an organisational restructure and implementation of the Pay Strategy in January 2024, Members approved a revised budget in December 2023 (Minute reference 104/23). The revised revenue budget forecast a surplus of **£317k** for 2023/24.

2.2 The Budget Monitoring group, consisting of six nominated Members, the CEO, the Head of Resources and the Finance Manager, has continued to meet during the year to discuss budgets year to date, forecasts, significant risks to budget and review the level of reserves.

2.3 Appendix A, shows the final draft surplus or deficit arising from each service, after appropriations to and from reserves have been considered. A pre-audit underspend of **£422k**, is the draft result of the Revenue outturn. The results have been scrutinised with budget managers and Heads of Service. The preliminary results were also discussed with the Budget Monitoring group on the 3rd May. Commentary on significant variances are also presented in Appendix A. Vacancy factor and higher than forecast interest account for the majority of the surplus. There have been a number of adjustments reviewed and approved in the interim between Budget Monitoring and final issue of draft accounts. This surplus has been allocated to specific reserves, further detail of which can be found in Appendix C.

2.4 Appendix D, shows the draft outturn result for the capital outturn is £263k overspend. This has been funded by a net movement in capital reserves of £71k. This is capital expenditure on approved capital projects offset by capital receipts received in the year. £138k has been funded by specific reserves. The offsetting difference of £55k has been funded direct from revenue expenditure.

2.5 Reserve movements, closing balances and commentary are presented in Appendix C.

2.6 The General reserve has sufficient funds, with a closing balance of £478k. This remains comfortably in the recommended position of 2% of net expenditure plus £100k contingency.

2.7 A new reserve has been created, named the Medium-Term Financial Plan (MTFP) Reserve, to start planning for known future deficits that are forecast in the MTFP. The reinvestment of surplus money is the most prudent use of funds, to protect the budget in future years.

2.8 The Operational Effectiveness reserve has been renamed the Aldern House reserve. The Aldern House reserve can still be utilised, where agreed, for the operation needs

of the business but we also look to build a reserve, looking towards the future for a new Head Quarters.

2.9 The 2023/24 draft financial statements are required to be signed off by the Chief Finance Officer by 31st May 2024 as per the statutory deadlines for Local Authorities.

3. Proposals

3.1 Members are asked to consider the outturn position and reserve movements for 2023/24. Supporting Appendices detail the draft closing positions for 2023/24. Members are asked to note the renaming of the Operational Effectiveness reserve to the Aldern House reserve. Members are asked to note the implementation of the new Medium-term Financial Plan reserve.

4. Recommendations

1. **That the specific reserve appropriations of £0.32m shown in Appendix C be approved.**
2. **That the outturn position, variance analysis for 2023/24 and reserve movements be noted (Appendices A, B and D).**

5. Corporate Implications

a. Legal

Pursuant to section 25 of the Local Government Act 2003 (“the Act”), the Authority’s Chief Finance Officer has a statutory duty to report to Members, the Monitoring Officer and external auditors on the robustness of the budget setting process and adequacy of the proposed financial reserves. Further, the Authority has a statutory duty, under section 28 of the Act, to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If this monitoring establishes that the budgetary situation has deteriorated, the Authority, acting reasonably and in compliance with statutory duties and responsibilities, must take such remedial action as it considers necessary to deal with any projected overspends.

In addition, pursuant to section 151 of the Local Government Act 1972, the Council has a statutory duty to make proper arrangements for the administration of its financial affairs.

b. Financial

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

c. National Park Management Plan and Authority Plan

The Authority Plan includes Objective D (Financial Resilience) – To be financially resilient and provide value for money.

d. Risk Management

The Annual Governance Statement prepared by the Monitoring Officer is reported to and approved by Members. The Senior 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 2023/24 financial year.

- e. Net Zero
There is no impact.

6. Background papers (not previously published)
None.

7. Appendices
Appendix A- Variance analysis
Appendix B-Revenue Outturn
Appendix C-Reserves
Appendix D-Capital outturn

Report Author and Responsible Officer, Job Title and Publication Date

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