

TO: THE EXECUTIVE  
DATE: 18 JULY 2023

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**REVENUE EXPENDITURE OUTTURN 2022/23**  
**Executive Director: Resources**

**1 PURPOSE OF REPORT**

- 1.1 The Council, at its meeting on 23 February 2022, approved a revenue budget for 2022/23 of £88.112m. This report informs Members of the outturn expenditure position, subject to audit, for the financial year 2022/23 highlighting that the Council is within budget for the twenty-fifth successive year, achieving a modest underspend of -£0.506m. The Council therefore withdrew £0.269m from General Reserves rather than the budgeted £0.775m.
- 1.2 The report sets out a positive picture of the Council's finances as at the end of March 2023. While this provides a strong financial platform for future years, the Council continues to face ongoing financial pressures and uncertainty due to delays in the introduction of a new funding system by Central Government and the continuing impact of high inflation.
- 1.3 The Accounts and Audit (Amendment) Regulations 2021 extended the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities. The publication dates have now returned to 31 May for the draft accounts and 30 September for the audited accounts for 2022/23. The draft accounts were signed and published on 26 May 2023. This is well ahead of many local authorities, large numbers of which have decided not to work towards the statutory deadline due to continuing audit delays.

**2 RECOMMENDATIONS**

**That the Executive:**

- 2.1 **Note the outturn expenditure for 2022/23, subject to audit, of £87.606m, which represents an under spend of -£0.506m compared with the approved budget.**
- 2.2 **Approve the budget carry forward of £0.036m (see paragraph 5.8).**
- 2.3 **Recommends that Council note the Treasury Management performance in 2022/23 as set out in Annexe B.**
- 2.4 **Approve the earmarked reserves as set out in Annexe C.**
- 2.5 **Approve the virements relating to the 2022/23 budget (see Annexe D).**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 The recommendations are intended to inform the Executive of financial performance against budget in the 2022/23 financial year.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The report sets out the Council's actual financial performance in 2022/23 and the consideration of options is not therefore appropriate.

## 5 SUPPORTING INFORMATION

### General Fund Revenue Expenditure 2022/23

- 5.1 The Council approved a revenue budget of £88.112m for 2022/23. In addition, a number of transfers to and from earmarked reserves have been made during the course of the year. These are shown in Table 1 below and explanations for the use of the reserves are set out in the following paragraphs.

Table 1: Transfers To/From Earmarked Reserves

Directorate	Carry Forwards from 2021/22	Bus Contract (S106)	Other S106	Structural Changes	All Other Earmarked Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Central	548	141	367	0	5,478	6,534
Delivery	0	0	0	23	-123	-100
People	337	0	0	9	3,405	3,751
Non departmental / Councill Wide	150	0	-1,852	0	1,013	-689
Transfer to/from Earmarked Reserves	-1,035	-141	1,485	-32	-9,773	-9,496
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### **Carry Forwards from 2021/22**

In accordance with the Council's constitution, budget under spends can be carried forward to the following year in exceptional circumstances.

#### **Bus Contract from S106**

The bus contract was negotiated during the course of the year with the funding to be provided from S106 resources.

#### **Other S106**

Revenue funding for staff and a vehicle involved in the production, co-ordination and monitoring of the Suitable Alternative Natural Green Spaces (SANGS) plans and the maintenance and management of SANGS areas have also been provided from S106 resources, as have transformation savings relating to Special Protection Areas. The non-departmental credit relates to the transfer of unapplied S106 for revenue purposes received in year to reserves.

#### **Structural Changes**

One-off costs associated with service restructuring proposals were met from the Structural Changes Reserve during the year.

#### **Other Earmarked Reserves**

Carry forwards to 2022/23 of -£0.036m are included within this figure and are covered in more detail in paragraph 5.7. Several other budget adjustments were made during the year to reflect transfers to or from reserves, the most significant being net transfers from the Transformation (£1.765m), Regeneration of Bracknell Town Centre (£2.619m),

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Business Rates Revaluations (£1.240m) and the Better Care Fund (£2.897m) Reserves. Use of these reserves was in line with their agreed purpose.

Outturn Position

5.2 The end of year position (subject to external audit) is an overall under spend of - £0.506m. Table 2 analyses by directorate the outturn compared with the original budget. These figures inevitably remain subject to change until the audit of the accounts is concluded, however, no significant impact on the overall position is anticipated.

Table 2 –Outturn Expenditure

Directorate	Original Approved Budget	Carry Forwards & Virements	Current Approved Budget	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
Central	21,441	3,557	24,998	26,063	1,065
Delivery	17,459	-2,812	14,647	14,647	0
People	96,032	-954	95,078	94,712	-366
Non Departmental / Council Wide	-48,349	9,705	-38,644	-39,849	-1,205
Transfers to/from Earmarked Reserves	1,529	-9,496	-7,967	-7,967	0
<b>Total</b>	<b>88,112</b>	<b>0</b>	<b>88,112</b>	<b>87,606</b>	<b>-506</b>

5.3 The current approved budget takes into account virements actioned during the course of the year. The most significant being:

- Those related to reserve transfers set out in paragraph 5.1 and Table 1
- Revenue Contributions to Capital (-£3.4m), most notably for the Coopers Hill housing scheme funded initially from the Regeneration reserve
- Adjustments relating to the accounting for the waste PFI (-£0.7m) and The Avenue Car Park finance lease (-£1.1m).
- Reallocation of budgets to departments for Non-Cash items to reflect actual costs, namely:
  - changes to capital charges (£1.3m) and
  - pension adjustments (-£7.5m).

These reallocations have no overall effect on the amount raised from taxpayers as they are reversed out within the Non-Departmental / Council Wide Budgets line.

5.4 Explanations for significant variances by service are set out in Annexe A. The most significant variances are highlighted below:

Central

- A net under-recovery of income in Planning, in particular Development Management (£0.154m), and in Building Control (£0.160m).

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- An overspend on reactive maintenance (£0.321m), particularly on Street Lighting, Gully Cleaning and Patching.
- Income overall was below budget (£0.125m) and contract maintenance costs overspent (£0.029m) within the Traffic service.
- An overspend within Revenue Services where costs recovered for Council Tax and Business Rates were below the income budget (£0.095m) and ICT related budgets overspent (£0.022m).
- A net overspend at The Look Out (£0.126m), mainly relating to catering, and within Parks and Countryside from additional tree works (£0.051m).

## Delivery

- An overspend on ICT projects (£1.003m) partly offset by savings in other budget areas, in particular equipment rental and repairs and supplies and services (-£0.211m).
- An overspend on Home to School Transport due to increased demand (£0.148m).
- Income generated by Investment Properties exceeded the budget (-£0.093m) and refunds led to an underspend on Business Rates (-£0.120m). These were partly offset by overspends on repairs and maintenance (£0.073m) and an overspend on Property Services (£0.052m).
- Additional income generated within Legal Services (-£0.092m) and within Registration of Births Deaths & Marriages (-£0.085m).
- Within Waste Management underspends on waste disposal (-£0.481m), the brown bin service (-£0.074m) and household collections (£-0.060m) were partly offset by an overspend on Waste Collection Recycling (£0.172m) due to additional contract costs.
- Income received on the leisure contract relating to the repayment of Covid-19 financial support (-£0.102m).
- An overachievement of income (-£0.245m) and contracted services underspends (-£0.048m) at the Cemetery and Crematorium, partly offset by operational overspends (£0.102m).
- A net underspend on Street Cleansing (-£0.063m) and overspends on grounds maintenance works within Environmental Services (£0.053m).

## People

- The Management Team has experienced vacancies, including in the support team and other specialist roles (-£0.114m).
- An overspend on staffing within Education and Learning (£0.674m) partly offset by related additional income (-£0.241m), primarily relating to the Special Education Needs Team. Additional legal and specialist support (£0.173m) and specialist pupil transport costs (£0.094m) were partly offset by a range of under spends, most notably delays in arranging new service deliver contracts (-£0.192m) and reduced spend on former teachers' pensions (-£0.092m).
- A net underspend on Children's Social Care (-£1.971m). Care and accommodation costs for Children Looked After underspent (-£2.231m) due to reduced numbers and average costs being lower than expected. This has been achieved partly through improved support packages before a placement is made, including fostering services (+£0.438m). Other significant variances occurred on Childcare Solicitors (£0.194m), and Unaccompanied Asylum Seekers (-£0.290m).
- An overspend on care packages within adult social care, primarily due to an increase in the number and cost of clients (£1.351m), in particular relating to nursing and residential placements. This was partly offset by underspends at Waymead, the in-house respite service (-£0.065m), additional Better Care Funding (-£0.360m), staff vacancies (-£0.275m) and reduced equipment spend (-£0.045m).

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- Within Mental Health and Out of Hours, care packages overspent (£1.513m) due to an increase in both numbers and the complexity of needs. Staffing costs also overspent due to reliance on agency staff (£0.148m). These costs were partly offset by additional income at Forestcare (-£0.140m) and an increase in the contribution from the Better Care fund (-£0.250m).
- An underspend on Early Help and Communities (-£0.763m). The main elements were underspends within Early Help, primarily relating to staffing (£-0.182m), the Youth Service (-£0.149m), Housing Options (-£0.126m) and Housing Welfare & Benefits (-£0.373m), partly relating to the receipt and usage of additional grant funding to fund costs incurred.

### Non-Departmental / Council Wide

- A significant under spend on interest budgets (-£1.060m), with average cash balances being have been substantially higher than expected, removing the need for any new external borrowing in 2022/23. This has resulted from a combination of slippage on the capital programme and positive cashflows from grants being received pending their allocation. The increase in interest rates has also resulted in a higher return on investments.
- Higher than forecast capital receipts in 2021/22 and significant capital carry forwards into 2022/23 have created an under spend against the Minimum Revenue Provision (-£0.171m).
- Budgeted savings were not achieved on essential user car allowances (0.020m) and the budget for employers' pension contributions relating to prior year deficits was insufficient due to two schools becoming academies during the year (£0.039m).
- Other under spends occurred primarily relating to pension recharges and joint arrangements, and the provision for bad debts and write offs (-£0.033m).

- 5.5 The 2022/23 out-turn positions for all service areas will be compared against the approved budget proposals for 2023/24 to inform preparations for balancing the 2024/25 budget.

### Treasury Management

- 5.6 Annexe B contains a detailed analysis of the Council's treasury management performance during 2022/23. An annual report is required to comply with the Prudential Code for Capital Finance as performance in this area can have a significant impact on the Council's overall financial position and balances. The report will subsequently be presented to Council as required.

### Budget Carry Forwards

- 5.7 In accordance with the Council's Constitution, some unspent budget provision is permitted to be carried forward to the following year in exceptional circumstances. This would include where expenditure was budgeted for and planned in a particular year, but due to unforeseen circumstances has had to be deferred to the following year.
- 5.8 Only one carry-forward was recommended by the Corporate Management team for approval. Within the Delivery Directorate two Neighbourhood Planning Referendums were expected to be held in 2022/23, however the exact timing was dependent on the plan being agreed and signed off by the inspector and the Executive Member setting a referendum date. Due to delays, the Winkfield referendum will now slip into 2023/24. The Executive is asked to approve the carry forward.

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### Balances (General Reserves)

- 5.9 As the actual outturn for 2022/23 was an under spend of -£0.506m, the Council withdrew £0.269m from General Reserves rather than the budgeted £0.775m. The General Reserves balance at 31st March 2023 was £11.077m, with none of the balance required to help fund the 2023/24 revenue budget. The minimum prudent level recommended by the s151 officer is £4.5m, broadly equivalent to 5% of the Council's net budget. This level needs to have regard to a view of general financial risks, meaning that careful consideration needs to be given to the situation the council is facing in the current financial year.
- 5.10 A detailed review of all existing reserves and provisions has been undertaken as part of the account's closedown process. The proposed changes to reserves and balances are included in Annexe C. A review of earmarked reserves will be undertaken as normal in preparation for the 2024/25 budget, to ensure that these continue to reflect the most relevant issues and risks affecting the Council. Any cumulative deficits on the Schools Budget for the financial years 2020/21 to 2025/26 are now required to be charged to an unusable reserve called the Dedicated Schools Grant Adjustment Account per the latest legislation. As the Schools Budget continues to be in an overall deficit position, all general earmarked reserve balances relating to the Schools Budget have been transferred to the new reserve with the resulting position being an overall deficit of £15.477m.

### Virement requests

- 5.11 Financial Regulations require formal approval by the Executive of any virement between £0.050m and £0.100m and of virements between directorates of any amount. Full Council approval is required for virements over £0.100m. A number of virements have been made since the February Executive meeting which require the approval of the Executive. These have been previously reported to the Corporate Management Team which recommends them for approval. They have been included in the Quarterly Service Reports. Details of the virements are set out in Annexe D.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 There is nothing to add to the report.

### Executive Director: Resources

- 6.2 The financial implications of this report are included in the supporting information.

### Equalities Impact Assessment

- 6.3 None.

### Strategic Risk Management Issues

- 6.4 The Council needs to maintain reserves to aid cash flow and to protect itself from fluctuations in actual expenditure and income. The review of reserves undertaken by the Borough Treasurer ensures that the Council has adequate and appropriate earmarked reserves to manage future risks.

Climate Change Implications

6.5 None

**7 CONSULTATION**

Not applicable.

Background Papers

None.

Contact for further information

Stuart McKellar – 01344 352180

[Stuart.mckellar@bracknell-forest.gov.uk](mailto:Stuart.mckellar@bracknell-forest.gov.uk)

Arthur Parker – 01344 352158

[Arthur.parker@bracknell-forest.gov.uk](mailto:Arthur.parker@bracknell-forest.gov.uk)