



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	OVERVIEW AND SCRUTINY – 22 JULY 2024
Subject	FINANCIAL PERFORMANCE REPORT –2023/24 OUTTURN
Wards affected	All
Accountable member	Cllr Mike Evely, Deputy Leader and Cabinet Member for Finance Email: mike.evely@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Report author	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Summary/Purpose	This report sets of the outturn position for the 2023/24 financial year.
Annexes	Annex A – Capital Programme Outturn Annex B – Non-Treasury management Investment Prudential Indicators Annex C – Summary of General Fund and Earmarked Revenue Reserves
Recommendation(s)	That the Overview and Scrutiny Committee resolves to: I. Review and note the outturn financial position set out in this report
Corporate priorities	<ul style="list-style-type: none">• Delivering Good Services
Key Decision	NO
Exempt	NO
Consultees/ Consultation	None



1. BACKGROUND

- 1.1 This report provides members with the outturn position statement for the financial year 2023/24 and should be viewed in the context of the *2024/25 Revenue Budget, Capital Programme and Medium-Term Financial Strategy* report considered by Cabinet and Council in February 2024.
- 1.2 The purpose of this report is to notify members of any significant variations to budgets identified in the third quarterly budget monitor exercise, highlight any key financial issues, and ask members to approve the carry forward of unspent capital budget and proposed transfers to and between earmarked reserves.

2. EXECUTIVE SUMMARY

- 2.1 This report sets out the outturn position for the 2023/24 financial year and will be reviewed by Cabinet at their meeting on 25 July 2024.
- 2.2 The outturn is a positive variation of £0.251m. This represents an improved position for the financial year from the forecast reported at Q3 and is a movement in the variation of £0.196m.



Table ESI – Revenue Budget Outturn

	2023/24 Latest Net Budget (£'000)	2023/24 Outturn (£'000)	2023/24 Outturn Variance (£'000)	Q3 2023/24 Outturn Variance (£'000)	Movement from Q3
Revenue Budget					
Subtotal Services	18,016	18,578	561	945	(384)
Less: Reversal of accounting adjustments	(1,800)	(1,784)	16	0	16
Revised Subtotal Services	16,217	16,794	577	945	(368)
Corporate Income & Expenditure	(1,168)	(2,368)	(1,200)	(1,398)	198
Provisions and Risk Items	0	377	377	398	(21)
Net Budget Requirement	15,048	14,803	(245)	(55)	(190)
Funded by:					
Council Tax	(6,311)	(6,309)	2	0	2
Retained Business Rates	(5,073)	(5,074)	(0)	0	(0)
Government Funding - Grants	(2,905)	(2,914)	(8)	0	(8)
Government Funding - NHB	(290)	(290)	0	0	0
Collection Fund (surplus) / Deficit	393	393	0	0	0
TOTAL Funding	(14,187)	(14,193)	(6)	0	(6)
Budget shortfall/(surplus)	861	610	(251)	(55)	(196)

Table ES2 – Revenue Budget – Reconciliation of variations

	Positive variation (£'000)	Adverse Variation (£'000)	Q3 Outturn Variance (£'000)	Movement from Q3 (£'000)
Variations at a glance				
Fees & Charges - Income Shortfall		238	242	(4)
Overspend - Waste & Recycling containers		84	44	40
Commercial Property - Rental income shortfall		79	74	5
Old Station - Temporary scaffolding costs		71	48	23
Pay Award (Publica impact)		172	198	(26)
Bad Debt Provision		106	50	56
Additional Transfer to Reserves (TM Reserve)		150	150	0
Increase in Provision (Local Plan)		100	0	100
Savings Target shortfall (risk)		21	82	(61)
Other service variations		17	149	(132)
Ubico Contract forecast overspend (inc Pay Award impact)		138	133	6
ICT underspend	(169)		0	(169)
Elections overspend		113	0	113
Treasury Management Income	(966)		(920)	(46)
Reduced Revenue financing of Capital	(301)		(208)	(93)
Other Corporate Income and Expenditure	(104)		(97)	(7)
Subtotal	(1,540)	1,288		
Net Outturn Variation		(252)	(56)	(196)



2.3 Updated material variances are outlined below including improved treasury management investment income, an underspend within ICT and overspend against the Elections budget.

Q4 revised variances

- Improved forecast of Treasury Management investment income due to continued higher investment balances and interest rates. Outturn for the financial year is £1.783m, an income surplus of £0.966m.
- Underspend of £0.986m across the total Publica contract sum for all Councils. The amount that is applicable to Cotswold District Council is £0.305m. The underspend has largely arisen due to vacancy management. £0.086m saving achieved from reduction in contact centre staffing and travel costs.
- Additional expenditure incurred during the financial year £113k in respect of Elections costs including staff costs, postage costs and equipment.
- ICT underspend not previously forecast of £169k due to lower than budgeted cyber security, software and IT licence costs.
- Building Control income (no change over Q3 forecast) below budget with a lower number of applications in 2023/24 compared to 2022/23 in part due to continuing financial climate and uncertainty. 505 applications received compared to 612 in 2022/23. £123k income shortfall forecast.
- Public Convenience income shortfall due to reduced footfall. Income shortfall of £47k.
- Household waste bins, bags, and containers - overspend of £88k, overspend due to increased demand, increased cost of materials and longer lead times.
- Land charges income is performing below budget with net income received £68k below budget at the end of the financial year in part due to the rise in free unofficial personal searches as well as current economic uncertainty leading to a reduced demand.
- Old Station – additional revenue cost of £71k for temporary scaffolding to ensure the property is safe prior to the commencement of capital works.
- Investment Property – void costs and rental income loss of £79k associated with the investment property formerly occupied by Wilko.
- Ubico - net overspend of £138k due to the pay award (£158k adverse) and vehicle costs (£104k adverse), although lower than estimated diesel costs (£216k favourable) reduce the overall forecast position.
- Deficit (£0.282m) on the Leisure and Culture contracts which will be transferred to the Contract Smoothing reserve (a sub-reserve of the Financial Resilience reserve).
- External Audit fees are £66k higher than budgeted due to higher than estimated housing benefit subsidy audit fees for both 2022/23 and estimated for 2023/24.



- Bank charges are £61k higher than budgeted and are in the process of being reviewed for 2024/25.

2.4 With the improvement in the outturn position at year end and recognising the need to set aside balances to mitigate risk and uncertainty, the following changes to provisions have been made:

- The increase in provision for sundry bad debts has increased from £50k to £106k following a review of the age debt analysis at 31 March 2024.
- Provision of £100k included in respect of Legal costs associated with challenge to Local Plan housing requirement.

2.5 The adverse income variations outlined above were unlikely to recover in future years due to longer-term under performance against income budgets in previous financial years. The 2024/25 budget and MTFs approved by Council on 21 February 2024 has revised down the income budgets for Building Control and Land Charges. The Elections budget will be reviewed to ensure the adequate resources are set aside for the 2027 District Elections as part of the 2025/26 and 2026/27 budget setting process.

2.6 The 2024/25 Revenue Budget, Capital Programme and Medium-Term Financial Strategy to Cabinet and Council provided members with an updated capital budget for the financial year and is shown in the table below. Movements from Q3 includes the following which should be viewed as timing differences in committed expenditure between financial years:

- £0.224m (Cottsway Housing Association Loan), drawdown of loan facility now forecast in Q2 of 2024/25.
- £0.070m slippage in relation to the 'Changing Places' project, completion of Cotswold County Park and Beach accessible toilet facilities expected in Q2 2024/25.
- £0.163m Rural England Prosperity Projects, grants forecast to complete in 2024/25.
- £0.161m Trinity Road Agile Working and Roof Repairs, works slipped to Q1 and Q2 2024/25.
- £0.084m, forecast roof repairs at Trinity Road where it has been identified that water has penetrated the substructure, carried forward to 2024/25.



Table ES2 – Capital Programme Outturn Forecast

Capital Programme	2023/24 OB (£'000)	2023/24 REV (£'000)	2023/24 Outturn (£'000)	2023/24 Outturn Variance (£'000)
Leisure & Communities	1,387	79	132	53
Housing/Planning and Strategic Housing	4,001	4,765	4,547	(218)
Environment	1,956	566	328	(238)
Retained & Corporate	0	0	0	0
ICT, Change and Customer Services	350	100	100	0
UK Rural Prosperity Fund	191	191	12	(179)
UK Shared Prosperity Fund Projects	28	28	25	(3)
Land, Legal and Property	1,024	1,091	511	(580)
Transformation and Investment	4,962	692	328	(364)
TOTAL Capital Programme	13,899	7,512	5,983	(1,529)

- 2.7** Financial Sustainability – The 2023/24 revenue budget is held in balance using £0.861m of the Financial Resilience Reserve. It was noted in the Q2 report that without any improvement in the forecast during the year, corrective action, or additional savings the outturn variation would have to be funded from the same reserve at year end. Based on the outturn position, the Council will be utilising £0.615m of the Financial Resilience Reserve to support the budget.
- 2.8** Taking into account the improved outturn position, it is recommended that up to £0.300m of the closing balance on the Financial Resilience Reserve is set aside to fund the Council's share of the estimated redundancy costs associated with Phase I of the transfer of services from Publica to the Council.
- 2.9** Whilst this is an improved position, members should note the reliance on the Financial Resilience Reserve over the last 2 financial years of £1.890m to balance the budget which is not sustainable over the medium term.

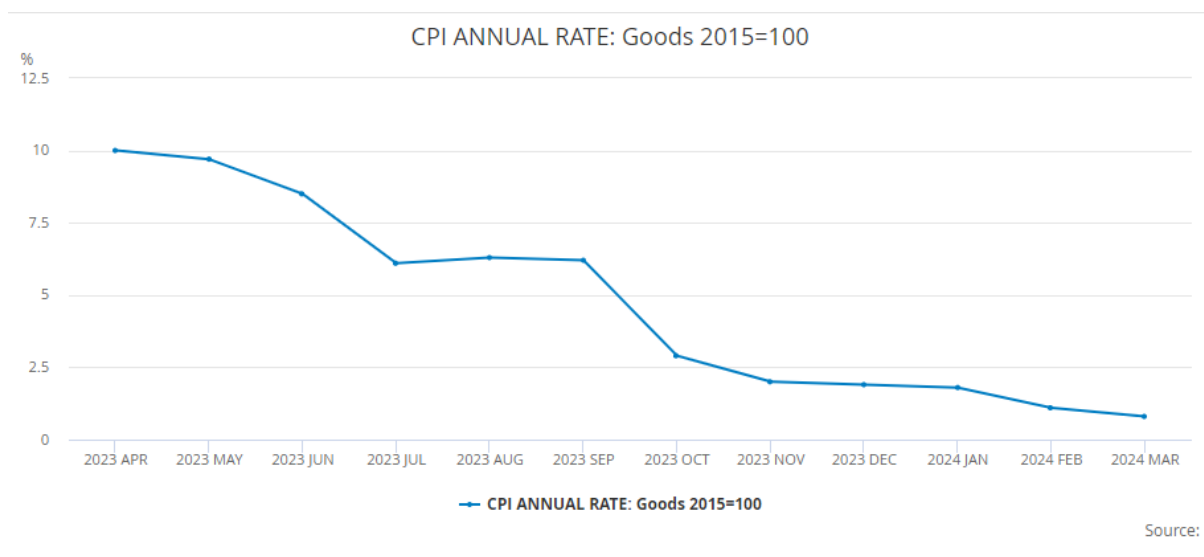


3. EXTERNAL ECONOMIC ENVIRONMENT

3.1 The *2024/25 Revenue Budget, Capital Programme and Medium-Term Financial Strategy* report to Cabinet and Council in February 2024 set out the external economic pressures on the Council.

Inflationary Pressures

3.2 The Office for National Statistics (ONS) released inflation figures from the 12 months to March 2024 on 17 April 2024. The level of inflation, as measured by the Consumer Prices Index, is 3.2% (down from 3.4% in February 2024). Although it is not the Government's preferred measure of inflation, the Retail Prices Index is 4.3% (4.5% in February 2024). Core inflation (as defined by the Office for National Statistics as the CPI Rate excluding energy, food, alcohol, and tobacco) rose by 4.2% in the 12 months to March 2024 (4.5% in February 2024). The CPI goods annual rate slowed from 1.1% to 0.8%, while the CPI services annual rate eased slightly from 6.1% to 6%. It is this measure that has concerned the Bank of England and led to increases in interest rates during 2023/24.

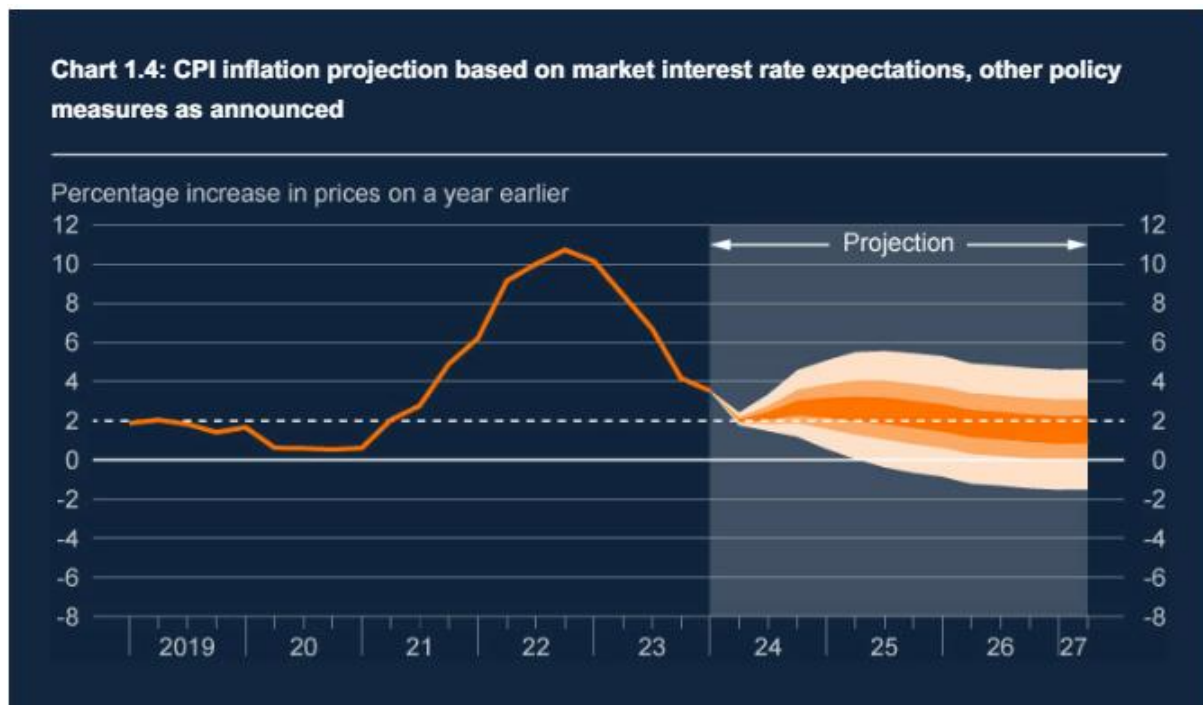


3.3 Although general inflation has reduced since the start of 2023, the Council is subject to specific inflationary pressures on its services (e.g., fuel costs on waste and recycling service) which have tended to track higher than CPI and RPI.

3.4 The latest index has shown a return to the Bank of England's target of 2.0% (CPI) in the 12 months to May 2024, down from 2.3% in the 12 months to April. Core CPI (excluding energy, food, alcohol and tobacco) rose by 3.5% in the 12 months to May 2024, down from



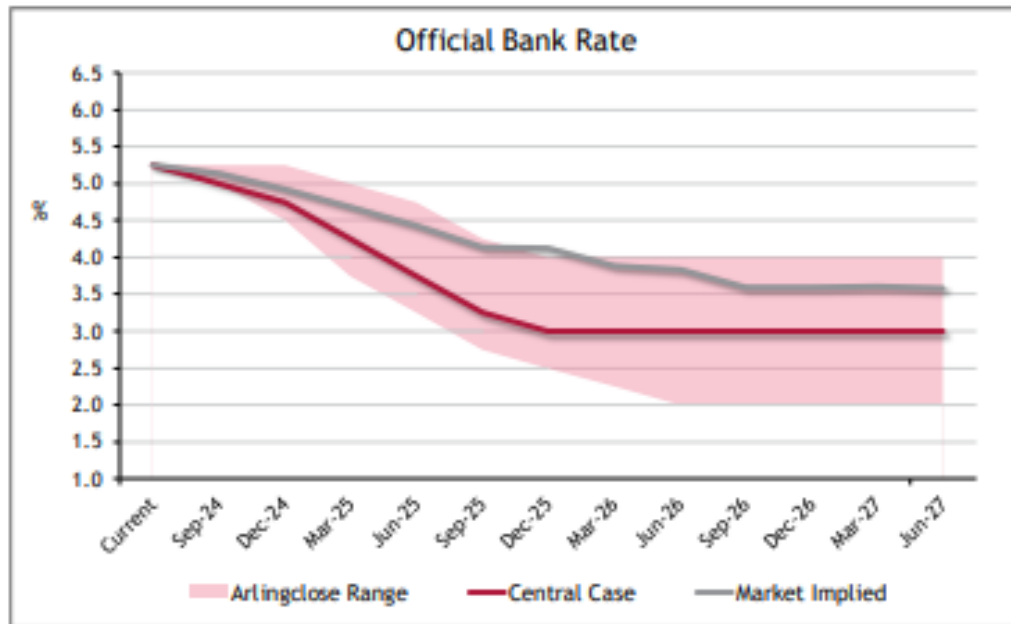
3.9% in April. The CPI goods annual rate fell from negative 0.8% to negative 1.3%, while the CPI services annual rate eased from 5.9% to 5.7%. It is worth noting recent commentary suggesting the bank should consider revising the target to 3.0%. The graph below shows the different CPI forecasts that are published in the quarterly Bank of England Monetary Policy Committee report (May 2024).



- 3.5** The possibility of a return to elevated levels of inflation throughout the year and the Bank of England's forecast over the medium-term will need to be taken into account when assessing the impact on 2024/25 revenue and capital budgets.

Interest Rates

- 3.6** The Bank of England has increased interest rates fourteen times since December 2021 to mitigate inflationary pressures with the last increase of 0.25% taking the base rate to 5.25% on 04 August 2023. The MPC voted to maintain rates at 5.25% at their latest meeting on 20 June 2024 (the Monetary Policy Committee voted by a majority of 7-2 to maintain the official Bank Rate at 5.25%. Two members preferred to reduce the Bank Rate by 0.25 percentage points, to 5%. The council's treasury management advisors believe this is the peak for the bank rate. The next MPC meeting is scheduled for 1 August 2024.



- 3.7** To support the Capital Programme, the Council may need to undertake borrowing during the 2024/25 financial year although this is dependent on several factors. With PWLB interest rates remaining relatively high compared to the previous 12 years, this will impact the expenditure required to service any borrowing the Council undertakes.
- 3.8** The Council has limited and reducing internal resources to support the capital programme (capital receipts, earmarked reserves). This is not unique to Cotswold District Council with reports in specialist press (e.g., Public Finance) of Councils shelving or scrapping planned capital projects as other costs continue to rise and/or the need to find savings to balance the budget.
- 3.9** With interest rates expected to remain high during the 2024/25 financial year, the Council will need to ensure capital expenditure and capital financing decisions are made ‘in the round.’ This will ensure that existing and new capital schemes are not considered in isolation and are prioritised against the Council’s Corporate Plan and reference to affordability and deliverability.
- 3.10** The Asset Management Strategy was adopted by Cabinet in April 2024, Cabinet instructed consultants Carter Jonas to review and assess the Council’s assets and bring forward recommendations for the retention or disposal of the Council’s land and property holdings linked to the Council’s Corporate Plan and Medium-Term Financial Strategy (MTFS). Asset disposals would generate a capital receipt which could be utilised in place of external borrowing.



4. 2023/24 REVENUE BUDGET

- 4.1 The Revenue Budget was approved by Council at their meeting on 15 February 2023 with no adjustments made during the financial year to date.

Table 1 – Revenue Budget reconciliation

Budget Item	(£'000)
Original Budget (Council, 15 February 2023)	14,363
Adj:	
Adj:	
Adj:	
Adj:	
Latest Budget	14,363

- 4.2 On 31 March 2024, the Council is reporting net expenditure of £14.803m against the latest net budget of £15.048m, this is the budget adjusted to reflect technical accounting adjustment such as depreciation and movements to/from reserves. These adjustments have no overall impact on the net budget. Funding from Council Tax, Business Rates and Government Grants received is £14.193m against a budget of £14.187m, £0.006m more than budgeted.
- 4.3 The outturn position for 2023/24 results in a in an underspend of £0.251m – a reduction of £0.196m against the Q3 forecast. A deficit of £0.610m is reported against a budgeted deficit of £0.861m. Table 2 provides members with an overview of the significant outturn variations that have been forecast across services with Tables 3 and 4 providing detail on the non-service revenue expenditure and income budgets.



Table 2 – Revenue Budget Outturn Summary

	2023/24 Latest Net Budget (£'000)	2023/24 Outturn (£'000)	2023/24 Outturn Variance (£'000)	Q3 2023/24 Outturn Variance (£'000)	Movement from Q3
Revenue Budget					
Environmental & Regulatory Services	486	565	80	114	(35)
Business Sup. Svcs - Finance, HR, Procurement	1,120	1,124	4	9	(6)
ICT, Change & Customer Services	2,364	2,174	(190)	(26)	(164)
Assets, Property & Regeneration	749	769	20	94	(74)
Publica Executives and Modernisation	126	128	3	0	3
Revenues & Housing Support	576	559	(17)	73	(90)
Environmental Services	4,829	5,069	240	101	139
Leisure & Communities	2,092	2,102	11	320	(309)
Planning & Strategic Housing	2,191	2,081	(110)	2	(112)
Democratic Services	1,205	1,349	144	17	127
Retained and Corporate	2,279	2,657	378	241	137
Subtotal Services	18,016	18,578	561	945	(384)
Less: Reversal of accounting adjustments	(1,800)	(1,784)	16	0	16
Revised Subtotal Services	16,217	16,794	577	945	(368)
Corporate Income & Expenditure	(1,168)	(2,368)	(1,200)	(1,398)	198
Provisions and Risk Items	0	377	377	398	(21)
Net Budget Requirement	15,048	14,803	(245)	(55)	(190)
Funded by:					
Council Tax	(6,311)	(6,309)	2	0	2
Retained Business Rates	(5,073)	(5,074)	(0)	0	(0)
Government Funding - Grants	(2,905)	(2,914)	(8)	0	(8)
Government Funding - NHB	(290)	(290)	0	0	0
Collection Fund (surplus) / Deficit	393	393	0	0	0
TOTAL Funding	(14,187)	(14,193)	(6)	0	(6)
Budget shortfall/(surplus)	861	610	(251)	(55)	(196)

Table 3 – Corporate Income and Expenditure

	2023/24 Revised Budget (£'000)	2023/24 Outturn (£'000)	2023/24 Outturn Variance (£'000)	Q3 2023/24 Outturn Variance	Movement since Q3
Corporate Income and Expenditure					
Contingency, other non-service income and expenditure	124	45	(78)	-64	14
Savings & Transformation Items	(500)	(479)	21	82	61
Treasury Management - Interest Payable	99	13	(87)	-91	(4)
Treasury Management - Interest Receivable	(967)	(1,784)	(816)	-920	(104)
Minimum Revenue Provision (MRP)	17	3	(13)	-17	(4)
Revenue Contribution to Capital Outlay (RCCO)	200	0	(200)	-100	100
Transfer to/(from) Earmarked Reserves	(141)	(166)	(25)	-288	(263)
	(1,168)	(2,368)	(1,200)	(1,398)	(198)



Table 4 – Provisions and Risk

Provisions and Risk	2023/24 Revised Budget to (£'000)	2023/24 Actuals to Q4 (£'000)	2023/24 Outturn Variance (£'000)	Q3 2023/24 Outturn Variance (£'000)	Movement since Q3 (£'000)
Additional Transfer to Reserves (TM Reserve)		150	150	150	0
Bad Debt Provision		106	106	50	56
Publica Pay Inflation		172	172	198	(26)
Provision in respect of Local Plan		100	100	0	100
	0	527	527	398	129

Key variations

- 4.4** The forecast outturn position is a net positive variance of £0.246m. Whilst this is an improved position compared to Q3, it is important the Council is not complacent. Members should note that the budgeted use of reserve utilised to set a balanced budget was £0.861m.
- 4.5** The material items which have had an impact on the Council's revenue budget are summarised below with narrative explaining the reasons(s) for the variation in the paragraphs that follow.
- Underachievement of income – Building Control (£0.123m), Land Charges (£0.068m), Public conveniences (£0.047m)
 - Overspend on the Ubico Contract (£0.138m overspend, £0.020m underlying underspend excluding the pay award)
 - Additional expenditure of £0.113m on Elections during 2023/24.
 - Deficit (£0.282m) on the Leisure and Culture contracts which will be funded from the Financial Resilience Reserve.
 - Commercial Property net rental income (£0.079m adverse variation)
 - Pay Award impact (£0.172m adverse) – see paragraphs 3.6 to 3.7 and 4.29.
 - Savings Target– Publica underspend of £0.455m (£0.250m target) mitigates in part the £0.250m adverse on Ubico savings target.
 - Treasury Management and interest receivable performance (£0.966m positive variation) – improvement of £0.046m over Q3
- 4.6** With the improvement in the outturn position at year end and recognising the need to set aside balances to mitigate risk and uncertainty, the following changes to provisions have been made



- Adjustments for Bad Debt Provision, a provision in respect of a legal challenge against the Local Plan housing requirement and a proposed additional transfer to earmarked reserves (£0.256m)
- 4.7** The building control service operates in a competitive market, although the Council has retained its market share income is below budget with a lower number of applications in 2023/24 when compared to prior year (505 applications compared to 612 in 2022/23) in part due to continuing financial climate and uncertainty. £0.123m income shortfall reported.
- 4.8** Income from land charges is below budget with net income received £68k below budget at the end of the financial year due in part to the rise in free unofficial Personal Searches (through Personal Search Agents). Current economic uncertainty, the rise in interest rates and inflation along with forecasts of falls in house prices into 2023 and 2024 has reduced demand for this service.
- 4.9** Public Convenience income shortfall of £0.047m is forecast due to reduced footfall. One-off expenditure reductions reduce the net overspend to £0.042m. Cabinet approved increases to the service charges for the Council's Public Conveniences from 01 April 2023. The service was subject to a review by Overview and Scrutiny Committee (Public Conveniences Review Group) and reported the outcome of the review and recommendations in January 2024.
- 4.10** The Council has not received the budgeted level of commercial rental income in 2023/24 due to void costs and rental income losses of £79k associated with the investment property formerly occupied by Wilkinson. This budget has been reduced in 2024/25 and will be reviewed alongside the wider Asset Management Strategy.
- 4.11** The Council's Environmental Services (grounds maintenance, street cleaning, domestic waste collection, recycling collections etc.) are provided by Ubico Ltd. The contract with Ubico for 2023/24 of £8.275m cost £8.419m – a net overspend of £0.144m. This is predominantly due to the impact of the pay award (£0.158m overspend), additional costs associated with vehicle repairs and vehicle hire due to the age of the fleet (£0.104m overspend). This is offset by a reduced volume and cost of fuel (£0.216m underspend) which is lower than the assumed cost included in the budget). A £20k transfer from the Transformation and Investment Programme reserve is proposed to fund external consultancy commissioned by Ubico to support the delivery of future savings and efficiencies.



COTSWOLD
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4.12 The tables below provides members with an overview of the financial performance of the Ubico Contract (Table 5a). The net variation on contract excluding pay award is an underspend of £20k (£12k forecast at Q3).



Table 5a – Ubico Contract Outturn

Waste, Recycling, Street Cleaning and Grounds Maintenance Services	Ubico Contract Costs OB (£'000)	Ubico Contract Costs CS (£'000)	Outturn (£'000)	Outturn Variance (£'000)
WST004 Bulky Household Waste	0	0	0	0
Car Parks GM [CTW668]	63	63	66	3
CCM001 Cemetery/Churchyards GM [CTW688]	175	175	184	9
RYC002 Garden Waste Collection [CTW634]	1,315	1,316	1,312	(4)
WST001 Household Waste [CTW611]	1,622	1,623	1,723	100
RYC001 Recycling [CTW633]	2,933	2,935	2,955	20
RYC003 Refuse/Recycling/Food Waste [CTW635]	685	686	627	(59)
STC001 Street Cleaning [CTW666]	1,465	1,466	1,535	69
Trinity Road Offices GM [CTW668]	16	16	17	1
Grand Total	8,275	8,281	8,419	138
Less: Pay Award impact				(158)
Net variation on contract (excluding Pay Award)				(20)

- 4.13** Performance against the Ubico Savings Target is outlined in Section 5 of this report.
- 4.14** Household and recycling waste bins and receptacles – an overspend is reported of £88k, due to increased demand, increased cost of materials and longer lead times.
- 4.15** The contract with Freedom Leisure to operate the Council’s Leisure and Cultural services commenced in August 2023 for an initial period of 10 years. In common with contracts of this type, there is an uneven profile of payments to and from the operator over the duration of the contract. The outturn as forecast at Q3 for 2023/24 is for a deficit (payment from the Council to the operator) of £0.282m. A transfer of £0.282m has been made to the Financial Resilience earmarked reserve to transfer the deficit in respect of the leisure and culture contract in 2023/24.
- 4.16** Based on operator forecasts submitted with tender documentation, the Council has budgeted to set aside adequate funding from the financial resilience reserve in the first five years of the contract, with a surplus on the contract (payment from the operator to the Council) in the remaining years of the contract term.
- 4.17** During 2023/24 the cost of running Elections was £0.213m with £0.100m transferred from the Elections earmarked reserve that had been budgeted for in previous financial years. This resulted in a net overspend of £0.113m and there is an ongoing risk in 2024/25 of an overspend due to the Police and Crime Commissioner election in May 2024 and the General Election in July 2024.



- 4.18** It is not unreasonable to expect cost pressures with running Elections. Clearly, the Council must be able to administer elections in compliance with legislation and guidance from the Electoral Commission. However, it would be appropriate, as it is for all service areas with significant cost pressures, to review the level of resources required to ensure costs are contained and to ensure the Council allocates adequate resource over the MTFS period.
- 4.19** With the Council considering the recommendations from the Boundary Commission later in the year, this would represent an opportunity to review the cost base and resource requirement in advance of the District Elections in May 2027.

Treasury Management

- 4.20** Dividends from the Council's longer-term investments (Pooled funds and Real Estate Investment Trusts) of £0.492m were received in the financial year achieving a return of over 4.72% (pooled funds) and around 2.85% (REIT). Interest from short term cash deposits with the Debt Management Office (DMO) was £0.768m by the end of the year due to larger surplus balances than estimated being available to invest and interest rates at higher rate than budgeted and remaining high. Investment income is £0.966m higher than budgeted at the end of the financial year.
- 4.21** Council approved the Capital Strategy and the Treasury Management Strategy (including the Non-Treasury Management Investment Strategy) at their meeting on 15 February 2023. Audit and Governance Committee have responsibility for reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code and receiving performance reports. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 4.22** The CIPFA Code was updated in 2021 and includes the new requirement, mandatory from 01 April 2023, of quarterly reporting of the treasury management prudential indicators. An overview of the non-treasury management performance is set out in Section 6 of the report (Capital Programme) with Annex B providing further details of the relevant prudential indicators.
- 4.23** Audit and Governance Committee will consider the mandatory outturn Treasury Management report at their meeting on 23 July 2024.



Corporate Income and Expenditure, Provisions and Risk

- 4.24** As outlined in Tables 3 and 4 there are several significant variations were forecast in Q3 across the Corporate Income and Expenditure budgets. These budgets support the General Fund Revenue budget and are typically the non-service items such as Treasury Management, financing, contingency budget, and provisions for risk.
- 4.25** Paragraph 4.16 in this report provided members with an initial update on the performance of the Council's Treasury Management Investments. The outturn position resulted in additional income of £0.966m, largely due to the higher than anticipated interest rates.
- 4.26** With the strong performance of Treasury Management Investments, the Q2 report recommended that £0.150m is transferred to the Treasury Management Reserve to mitigate the potential change to accounting treatment of Pooled Funds from March 2025.
- 4.27** As reported in Q3, the Council has in prior years financed ICT capital expenditure from the revenue budget – typically around £0.200m per annum. Following the completion of the 2022/23 external audit, unused capital grant held on the balance sheet was released to finance the capital programme. The grant has been utilised to fund ICT capital expenditure resulting in an underspend of £0.200m (£0.100m forecast at Q3). Members will need to consider how ICT Capital expenditure should be financed in future years given the budget gap forecast over the MTF5 period.
- 4.28** The 2023/24 revenue budget includes a net transfer from earmarked reserves of £0.625m to fund specific related expenditure – predominantly around new burdens and homelessness. The latest net budget has reduced this figure to a net transfer from earmarked reserves of £0.141k. Further detail is provided within Annex C.
- 4.29** As outlined in the Q3 report (paragraph 4.23 and 4.17) further transfers were agreed to mitigate risk.
- a transfer of £0.150m is transferred to the Treasury Management Reserve to mitigate the potential change to accounting treatment of Pooled Funds from March 2025.
 - A transfer of £0.282m is made from the Financial Resilience earmarked reserve to transfer the deficit in respect of the leisure and culture contract in 2023/24.
- 4.30** A further transfer of £0.030m is to be transferred to the newly formed ICT reserve to fund expenditure delayed in 2023/24 in respect of information security and the migration of the ICT helpdesk to a cloud platform.



- 4.31** An allowance of £0.172m is included in Table 4 recognising the Publica element pay award impact the revenue budget. The impact of the pay award on Ubico costs has already been included in the service revenue expenditure outturn.
- 4.32** A contingency budget is held centrally to mitigate any in-year cost pressures from inflation or other unforeseen events. This is reported as uncommitted to in-part offset the pay award risks highlighted in the paragraphs above.
- 4.33** The 2023/24 revenue outturn includes an allowance to increase the bad debt provision by £105k to reflect the increased probability of sundry, council tax and business rate debtors remaining unpaid because of the cost-of-living crisis and recessionary pressures on the economy. This increased from a forecast £50k increase reported at Q3 following a detailed review of the aged debt analysis as part of the year end accounts preparation.
- 4.34** A provision of £100k is included in Table 4 in respect of a legal challenge against the 2011-2031 Local Plan housing requirement.

Publica Review

- 4.35** Members will be aware from *Publica Review* report in November 2023 ([Publica Review report link](#)) and the *2024/25 Revenue Budget, Capital Programme and Medium-Term Financial Strategy Report* in February 2024 ([Budget and MTFS report link](#)) that £0.500m has been set aside in the Corporate Priorities: Publica Review reserve to fund the transition programme cost.
- 4.36** Whilst there has not been a material level of expenditure incurred by the end of the 2023/24 financial year, the table below sets out the commitments on the transition programme that have been funded from this reserve in 2023/24.



Table 6 – Publica Transition Costs

Item	Description	Provider	Approval Date	2023/24 Outturn (£)	CDC Share (£)
Programme Director	Interim Programme Director (AP) sourced through Tile Hill	Tile Hill	21-Dec-23	67,805	22,602
External Legal advice	External legal advice to support transition of service from Publica to Councils including TUPE advice.	Trowers & Hamblins	21-Dec-23	14,327	4,776
Human Engine Report	Consultancy and supported provided July to October 2023	Human Engine	N/A	26,400	6,600
Local Partnerships	20 days consultancy in 2023/24 - LGA funded	Local Partnerships	21-Dec-23	0	0
Local Partnerships	Additional support outside of the LGA- funded consultancy	Local Partnerships	15-Feb-23	0	0
Programme Office	Backfill costs for HR and Finance roles	Publica	29-Feb-24	8,925	2,975
				117,457	36,952

General Fund and Earmarked Reserves

- 4.37** Annex C details the reserves held by the Council at 31 March 2024 and the proposed movements to/from and between reserves. The largest of these which affects the outturn position is a transfer of £0.441m surplus on the Business Rate pool to the Financial Resilience Reserve.
- 4.38** The General Fund balance remains at £1.760m and earmarked reserves have reduced by £0.775m (£0.165m transfers from reserves and £0.610m use of financial resilience reserve) from £8.991m to £8.216m
- 4.39** In setting the budget for 2024/2025 a review of reserves was undertaken to assess whether the levels were appropriate considering the needs and risks of the organisation. The movements between reserves detailed in Annex C reflect transfers to/from reserves budgeted for 2023/24 and transfers between reserves as proposed in the 2024/25 Medium term financial strategy.

5. SAVINGS AND TRANSFORMATION PROGRAMME DELIVERY

- 5.1** The 2023/24 Revenue Budget includes savings, cost reduction and additional income of £1.510m to mitigate budget pressures and to enable a balanced budget to be achieved. This



included third party contract savings (£0.500m), expenditure savings (£0.456m), additional income from fees and charges (£0.415m), and corporate savings (£0.139m).

- 5.2** Savings proposals were reviewed to ensure they were robust and could be delivered. There is always a risk with a savings programme – savings may not be delivered in full or on time. Close monitoring of the savings programme through the Cabinet Transform Working Group (CTWG) and through the quarterly financial performance reporting is important to highlight any issues and for action to be taken to bring savings or the budget back in line.
- 5.3** This section sets out the outturn position on the delivery of the savings agreed as part of the revenue budget.
- 5.4** Table 7 provides members with a summary of position at the end of the financial year.



Table 7 – Savings Update

Savings already adjusted out of Service Budgets	2023/24 Budget Removed (£'000)	Tracker	2023/24 Outturn Position (£'000)	2023/24 Variation (£'000)
Corporate Savings				
LGPS - Secondary Rate (PIA) (Budget savings)	(139)	Underway/On-Track/Complete	(139)	0
Expenditure Savings				
Remove permanent funding for Crowdfunding platfo	(85)	Underway/On-Track/Complete	(85)	0
Insurance Premium	(47)	Underway/On-Track/Complete	(30)	17
Rationalisation of Postage	(20)	Slippage in Savings Delivery	(11)	9
Rationalisation of MFDs (Multifunction Devices)	(25)	Underway/On-Track/Complete	(25)	0
Google / MS 365 Procurement proposal	(10)	Underway/On-Track/Complete	(10)	0
Publica Contract - Net change in Establishment	(67)	Underway/On-Track/Complete	(67)	0
Visitor information centre funding reduction	(27)	Underway/On-Track/Complete	(27)	0
Internal audit days reduction	(20)	Slippage in Savings Delivery	0	20
Planning Appeals Budget	(40)	Underway/On-Track/Complete	(40)	0
Recycling Budget Adjustments	(16)	Underway/On-Track/Complete	(16)	0
Household Waste Budget adjustments	(9)	Underway/On-Track/Complete	(9)	0
Recycling Credits	(90)	Underway/On-Track/Complete	(90)	0
Fees and Charges				
Other Fees and Charges - Cost Recovery	(186)	Slippage in Savings Delivery	(147)	39
Garden Waste - fee increase	(229)	Underway/On-Track/Complete	(270)	(41)
	(1,010)		(966)	44



6. CAPITAL PROGRAMME

- 6.1 Council approved the Capital Programme for 2023/24 at their meeting on 15 February 2023. Cabinet approved the carry forward of unspent Capital budgets of £1.114m in the Financial Performance Report 2022/23 Outturn report to Cabinet in July 2023. The revised capital programme for 2023/24, as approved by Council in February 2024 is £7.512m. Annex A sets out the detailed outturn with commentary from budget holders and is summarised in Table 9 below. A total of £5.983m has been spent against these schemes at the end of the financial year.

Table 8 – Capital Programme budget reconciliation

Capital Programme Reconciliation	(£'000)
Original Budget (Council, 15 February 2023)	13,899
Slippage from 2022/23 (Cabinet, 17 July 2023)	1,114
Revised budget changes	(7,501)
Adj:	
Adj:	
Latest Budget	7,512

Table 9 – Capital Programme Outturn

	2023/24 OB (£'000)	2023/24 REV (£'000)	2023/24 Outturn (£'000)	2023/24 Outturn Variance (£'000)
Capital Programme				
Leisure & Communities	1,387	79	132	53
Housing/Planning and Strategic Housing	4,001	4,765	4,547	(218)
Environment	1,956	566	328	(238)
Retained & Corporate	0	0	0	0
ICT, Change and Customer Services	350	100	100	0
UK Rural Prosperity Fund	191	191	12	(179)
UK Shared Prosperity Fund Projects	28	28	25	(3)
Land, Legal and Property	1,024	1,091	511	(580)
Transformation and Investment	4,962	692	328	(364)
TOTAL Capital Programme	13,899	7,512	5,983	(1,529)



6.2 The capital outturn is a result of an underspend/slippage of £1.529m. This report recommends to members that £1.513m of the unspent capital budget is carried forward into 2024/24 as detailed below:

- Cottsway Housing Association Loan facility (£0.142m)
- Bromford Joint Venture Partnership (£0.120m)
- Provision for financing of Ubico vehicles (£0.086m)
- Electric Vehicle Charging Points (EVCPs) scheduled for installation at Rissington Road (£0.079m)
- Changing Places Accessible Toilets – Cotswold County Park and Beach (£0.053m)
- UK Rural England Prosperity Fund (£0.179m)
- Trinity Road Carbon Efficiency Works (£0.370m)
- Asset Management Strategy (£0.197m)
- Trinity Road Agile Working and Roof Repairs (£0.287m)

6.3 A full list of expenditure and explanations for variances against the capital programme is attached to this report as Annex 'A'.

6.4 The capital programme no longer includes the Strategic Property Acquisition scheme (included in the summary line Transformation and Investment). With interest rates remaining relatively high, any future acquisition decision will need to be supported by a full business case setting out the wider benefits and financial impact over the immediate and longer-term.

Capital Receipts and Disposals

6.5 The Council received £0.222m from Bromford Housing Association during Q4 of 2023/24 in relation to housing stock previously owned by the Council. All capital receipts will be transferred to the Capital Receipts Reserve to fund future capital expenditure.

Table 10 – Capital Financing Statement Outturn

Capital Financing Statement	2023/24 OB (£'000)	2023/24 LAB (£'000)	2023/24 Outturn (£'000)	2023/24 Outturn Variance (£'000)
Capital receipts	7,986	5,062	4,076	(986)
Capital Grants and Contributions	1,576	1,959	1,853	(106)
Earmarked Reserves	0	0	0	0
Revenue Contribution to Capital Outlay (RCCO)	200	100	0	(100)
Community Municipal Investments (CMI)	116	391	54	(337)
Prudential Borrowing	4,021	0	0	0
	13,899	7,512	5,983	(1,529)



- 6.6 The Capital Financing position set out in the table above has been reviewed by the S.151 Officer during the year to ensure a balanced use of capital resources and mitigation of current and future interest rates.

7. NON-TREASURY MANAGEMENT SUMMARY

- 7.1 The CIPFA Code was updated in 2021 and includes the new requirement, mandatory from 01 April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are expected to be included in the Council's usual revenue and capital monitoring reports.
- 7.2 An overview of the non-treasury management performance is set out in Section 6 of the report (Capital Programme) with **Annex C** providing further details of the relevant prudential indicators.

8. CONCLUSIONS

- 8.1 This monitoring report presents the Council's outturn 2023/24 financial position. As the report sets out, an underspend of £0.246m is reported for the financial year which results in a smaller transfer from the Financial Resilience Reserve than forecast of £0.616m (£0.861m budgeted)
- 8.2 Cabinet will continue to consider the impact of the outturn and the impact on earmarked reserves as part of their oversight of the savings and transformation programme.

9. FINANCIAL IMPLICATIONS

- 9.1 The financial implications are set out in this report.

10. LEGAL IMPLICATIONS

- 10.1 Under Part 2 Local Government Act 2003, the Council must, from time to time during the year review the calculations it has used to set its budget. The Council's Chief Financial Officer is required to report to the Council on the robustness of estimates made for the purposes



of calculating the annual budget, and on the adequacy of proposed financial reserves. Members must have regard to that report when making decisions about the calculations in connection with which it is made.

11. RISK ASSESSMENT

11.1 Considered within this report.

12. EQUALITIES IMPACT

12.1 None.

13. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

13.1 Considered within this report.

14. BACKGROUND PAPERS

14.1 None

(END)