

**Report for:** Overview & Scrutiny Committee 24 July 2023

**Title:** 2021-22 Provisional Financial Outturn

**Report authorised by :** Josephine Lyseight, AD Finance

**Lead Officer:** Frances Palopoli

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:**

**1. Describe the issue under consideration**

- 1.1 The 2022-23 Provisional Financial Outturn report presented to Cabinet on 11 July 2023 (attached as Appendix 1) set out the provisional outturn for 2022-23 for the General Fund, HRA, DSG and the Capital Programme compared to budget. It provided explanations of significant under/overspends and also included proposed transfers to/from reserves, revenue and capital carry forward requests and any budget virements or adjustments.
- 1.2 The report stressed the concerning budget overspend in the Directorate budgets, totalalating £16.4m which was a deterioration from the Qtr3 forecast. This deterioration over the last quarter was predominately within Adults. The deterioration in the directorate outturn position is at odds with the usual experience where there is an improvement in the budget position in the last quarter. This is concerning as it suggests that the pressures are baked in and will continue into the new financial year.
- 1.3 This Directorate overspend has only been able to be offset by utilising all of the corporate contingency budget along with other corporate budget improvements many of which are one-off in nature and cannot be relied upon to continue.
- 1.4 It is expected that a significant amount of the 2022/23 pressures will continue into the new financial year at a level greater than assumed when setting the budget for 2023/24, or indeed as assumed in future years. Inflation levels are not reducing at the pace previously forecast by the Government, increasing interest rates and cost of living pressures are still manifesting along with high demand for care and housing services. This position must be of concern in respect of managing our current year expenditure within available resources. The main areas of concern will subject to thorough review before the Quarter 1 Corporate Financial Monitoring report, including actions to respond to the situation. The updated position will also form the new platform for the work on developing next year's MTFs to ensure the Council's ongoing financial sustainability, given that there will be an increased forecast funding gap from 2024/25.

- 1.5 Attention is also drawn to the impact on the Council's General Fund and HRA capital programmes of rising cost of material, construction cost and interest levels adversely affecting schemes' viability.

## **2. Recommendations**

2.1 The Overview and Scrutiny Committee are recommended to:

2.1.1 Note that the figures in the 2022-23 Provisional Financial Outturn remain provisional until the conclusion of the statutory audit process.

2.1.2 Note that It is expected that a significant amount of the 2022/23 pressures will continue into the new financial year at a level greater than assumed when setting the budget for 2023/24, or indeed as assumed in future years. This position must be of concern in respect of managing our current year expenditure within available resources.

2.1.5 Note that statutory comments are included in the original report to Cabinet.