

Bath & North East Somerset Council

MEETING	Cabinet	
MEETING DATE:	13 July 2023	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3466
TITLE:	Revenue & Capital Outturn 2022/23	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1: Detailed Revenue Budget Outturn		
Appendices 2(i) & 2(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2022/23		
Appendix 3: Detailed Capital Variance & Rephasing Requests 2022/23		
Appendices 4(i) & 4(ii): Capital Virements & Capital Programme by Portfolio 2022/23		

1 THE ISSUE

- 1.1 The report presents the revenue and capital outturn for 2022/23, highlighting a favourable outturn position of £0.06m after allowing for agreed transfers to/from reserves and carry forwards. This is an improvement of £1.54m from the reported position in the Quarter 3 forecast, primarily driven by increased parking income, reduced borrowing costs, higher interest earned on cash balances, and the release of corporate contingencies.
- 1.2 The report refers to requests to carry forward specific revenue budget items to 2023/24 and to write-off revenue over budgets where recovery in future years would have an adverse impact on continuing service delivery.
- 1.3 It is proposed that the £0.06m favourable variance is transferred to the Revenue Budget Contingency earmarked reserve.
- 1.4 The report also refers to requests to re-phase specific capital budget items to 2023/24 and to remove net capital underspends.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 **Note the revenue budget outturn on budget position for 2022/23, after allowing for carry forwards and transfers to reserves.**
- 2.2 **Approve the revenue carry forward proposals listed in the tables in paragraph 3.7.**
- 2.3 **Approve that all other over budgets are written-off as an exception to the Budget Management Rules for 2022/23.**
- 2.4 **Approve the transfer of £0.06m to corporate earmarked reserves**
- 2.5 **Note the revenue virements for 2022/23 reported for information in Appendix 2(i)**
- 2.6 **Note the reserve positions and the use of flexible capital receipts shown in paragraph 3.21**
- 2.7 **Note the outturn position of the 2022/23 capital programme in paragraph 3.30, and the funding outlined in paragraph 3.32;**
- 2.8 **Approve the capital rephasing and write-off of net underspends as listed in Appendix 3. This reflects the outturn spend position on projects against final budgets as detailed in Appendix 4(ii).**

3 THE REPORT

- 3.1 This report provides information about the Council's financial performance against its revenue and capital budgets in 2022/23.

Revenue Budgets

- 3.2 The report identifies that, after allowing for carry forwards and transfers to corporate reserves, the Council delivered a favourable outturn position of £0.06m in 2022/23.
- 3.3 Considering the pay award was in excess of £2.6m higher than budgeted, combined with significant financial pressures in Children and Education services, to end the year at a favourable outturn position showed strong financial management across the organisation.

3.4 The table below shows the overall revenue outturn position by portfolio:

Portfolio	Revised Budget £m	Outturn £m	Variance Over / (Under) £m
Leader of Council	(4.12)	(4.74)	(0.62)
Resources	7.51	3.18	(4.32)
Economic Development, Regeneration and Growth	0.80	0.86	0.06
Climate and Sustainable Travel	1.36	1.12	(0.24)
Adult Services and Council House Building	65.01	65.35	0.34
Children and Young People, and Communities	37.45	42.90	5.44
Neighbourhood Services	26.87	27.58	0.71
Transport	(5.10)	(6.95)	(1.84)
Planning and Licensing	2.38	2.63	0.25
Total (before Carry Forwards)	132.15	131.93	(0.22)
Carry Forward Requests (underspends)			0.16
Total (including Carry Forwards)			(0.06)

Note1: Some of the figures in this table are affected by rounding.

3.5 The main areas of over/under budget and change against the April to December outturn forecast position are as follows:

Leader of the Council (£0.62m under budget, £0.06m adverse movement)

World Heritage and External Affairs and Partnerships budgets came within £0.01m of break-even, while the Events service had a small overspend of £0.04m due to staffing pressures. Heritage Services ended the year with a £0.66m favourable position resulting from stronger than anticipated visitor numbers across the year, resulting in higher admissions and retail income than budgeted.

Resources (£4.33m under budget, £1.36m favourable movement)

Costs associated with void properties, including the vacant former school site at Culverhay, result in an adverse variance of £0.43m for the Corporate Estate. In addition the Housing Benefit Subsidy ended the year £0.48m over budget due to high cost temporary accommodation requirement throughout the year.

These pressures were more than offset by savings on licensing, contracts and borrowing costs in ICT (£0.51m), lower borrowing costs associated with delays in borrowing for capital projects, and increased interest earned on cash balances (£2.8m). In addition, the pension deficit contribution was over and above budget as a result of the higher than budgeted pay award, coupled with the release of corporate

contingencies meant the portfolio ended the year with a significantly under budget position.

A one-off budget adjustment of £0.85m has been made to realign the Housing Company dividend income to the company approval and payment cycle. This reflects that the dividend relating to the companies activities in 2022/23 will be received after the company and shareholder meetings in the first half of 2023/24 where the 2022/23 accounts and dividend payment will be approved. The one-off impact of realigning the income budget has been funded by release from the Capital Financing Reserve following approval of the S151 officer and this will realign future income budgets in line with the annual dividend approval cycle going forward.

Economic Development, Regeneration and Growth (£0.06m over budget, £0.11m adverse movement)

Regeneration ended the year with a £0.09m overspend predominantly relating to unbudgeted running costs associated with Bath Quays South in advance of the property being let. Business and Skills had a small underspend of £0.03m due to staffing vacancies and recharges to projects.

Climate and Sustainable Travel (£0.24m under budget, £0.06m favourable movement)

Vacancies and charging staff time to projects were the key reasons for the underspends across Environmental Monitoring (£0.13m), Green Transformation (£0.10m) and Transport Planning, Policy and Sustainable Transport (£0.04m) services.

The Clear Air Zone scheme sits within this portfolio and its performance to date is detailed in paragraph 3.39.

Adult Services and Council House Building (£0.34m over budget, £0.15m favourable movement)

The outturn position for Adult Social Care is an overspend variance of £0.48m. Whilst the number of package placements has continued to be below previous levels seen, the cost has increased during the year due to the economic and market factors experienced through 2022/23. Arrangements for hospital discharges were in place all year, funding for these arrangements was jointly provided with Health and made use of the discharge grants received in 2022/23. Whilst this spend remained in line with previous years the impact of the expected ongoing demand from the ending of these arrangements was reduced. These arrangements are planned to continue in 2023/24.

The level of future demand remains undetermined but is expected to cause pressure on budgets. To balance this, work will continue on the delivery of the service transformation plans, and in partnership with health, to ensure services can be provided to meet and sustain this demand.

Housing ended the year with a favourable outturn position of £0.14m due to additional grant funding for domestic abuse services.

Children and Young People, and Communities (£5.44m over budget, £0.67m favourable movement)

The Children and Young People segment of this Portfolio (£5.12m over budget) continued to be affected by demand pressures and packages of care and support costs as a direct result of accommodating additional needs.

£2.7m of this variance is due to demand-led placement and package budgets including Joint Agency panel (JAP), residential, Disabled Children, Children in Care, Staying Put Placement, Care leavers, Foster Carers, Unaccompanied Asylum Seeker Children and other client expenditure across Childrens Services. In addition, increased costs of existing packages due to the increased needs our Children and Young People are presenting with, many because of Covid, have added further financial pressure. There are also increased costs as a result of the complex packages of care needed for those with the highest need in the Disabled Children's Team. The outturn position also includes £0.60m as a result of delayed delivery of cashable savings in relation to the planned transformation. The outturn position includes £1.2m of one-off in year mitigations from the use of additional health and covid reserve funding.

Staffing pressures across all areas total £1.8m. This is the result of covering absences within teams, whilst also responding to increasing demand levels and complexity of need.

The Home to School Transport (HTST) service includes a £1.2m over budget position. This is due to significant pressure from ongoing market forces creating cost pressures when procuring HTST, including reduced availability of drivers, increased fuel costs and reduced tendering activity for many routes.

Neighbourhood Services (£0.71m over budget, £0.03m favourable movement)

Regrading exercises within both the Waste and Fleet service, and the Parks and Bereavement service were the main driver for the overspend in this portfolio. Furthermore, the closure of the main crematorium chapel for capital improvement works between April and October meant income for the service was lower than budgeted. Increased recyclates income, along with reduced waste treatment and disposal contracts helped mitigate some of the increased staffing costs in the Waste service, while vacancies in Highways Maintenance and additional income in the Registrars services also helped reduce the portfolio overspend.

Transport (£1.84m under budget, £0.85m favourable movement)

Parking (£0.2m), street works (£0.2m), and traffic management (£0.3m) income exceeded budgeted expectations over the course of the year. The strong income performance, coupled with staff vacancies (£0.7m) and running cost underspends (£0.4m) across the portfolio have resulted in a significant favourable variance for the portfolio.

Planning and Licensing (£0.25m over budget, £0.03m favourable movement)

Planning income is down nationally compared to the previous financial year and B&NES income has followed the same trend. Both pre-application and direct planning application fee income received was less than budgeted. Similarly pressures on building control, land charges and licensing income also had an

adverse affect on the portfolio outturn position, although staff vacancies across the services have partially mitigated the overspend position.

3.6 Further detail of outturn budget variances is attached at Appendix 1.

Carry Forward Requests

3.7 The following carry forward requests have been made for approval:

Request and Reason for Request	£
<p>Climate and Sustainable Travel – Energy Study</p> <p>Procurement on the planned update to our Energy Study was paused in Autumn 2022 as a result of the council-wide freeze on discretionary expenditure. Due to staff sickness absence in the last quarter, it has not been possible to progress procurement to spend in year as planned, and costs will fall in 2023/24.</p>	30,000
<p>Adult Services – In-House Home Care Team (UCB)</p> <p>Adult Social Care are jointly working with Royal United Hospital to develop an in-house homecare team (UCB) to support hospital discharge. The service needs to grow before it can become financially self-sufficient. The carry forward of specifically allocated funds will provide interim funding and give service time to expand and develop.</p>	47,909
<p>Children’s Services</p> <p>1. Carry forward of pooled budget balance for Youth Justice Service (£63,481)</p> <p>2. The Police & Crime Commissioner Grant for Community Safety initiatives has been underspent this year. The unspent funding is needed to enable us to access data to complete our VAWG and perpetrator strategy which are now national requirements (£2,025)</p>	65,506
<p>Building Control and Public Protection – Land Charges</p> <p>HM Land Registry provided one-off funding to offset the loss of Land Charge income due to transfer of work from the local authority. The funding was received in 2022/23, but the financial impact of the transfer of duties will not be felt until 2023/24.</p>	15,000
Total	158,415

3.8 After allowing for the above carry forwards, it is proposed that the net under budget position of £0.06m, is transferred to the Revenue Budget Contingency Reserve, which is used to fund unbudgeted revenue pressures which are unable to be mitigated by management and recovery actions.

3.9 It is recommended that all other over budgets are written off as an exception to the Budget Management Scheme Rules to retain budget stability in 2023/24.

Delivery of Savings and Recovery Plans

3.10 The 2022/23 revenue budget approved savings of £11.87m. Of these savings 90% (£10.63m) were delivered in full, 1% (£0.09m) have been mitigated through savings elsewhere in the respective service, and 9% (£1.15m) of savings are delayed until 2023/24. The most significant delayed saving is £0.92m of Children's Transformation Project savings, which have been reprofiled to future years in the 2023/24 – 2025/26 Budget Proposals Report.

Schools

3.11 The overall Dedicated Schools Grant for 2022/23 was £167.758m, however of this sum £118.513m was returned to the DFE to be allocated to academies, £12.131m was allocated to schools through funding formula, with the remaining £37.114m (after the prior year overspend of £13.437m) retained by the LA to support Special Educational Needs, central expenditure, and Early Years.

3.12 The centrally held elements of the Dedicated Schools Grant (DSG) were over budget by £7.696m, due to significant increases in numbers and cost of placements for children with SEND which is funded from the high needs block within the Dedicated Schools Grant. This Overspend will be carried forward along with the accumulated deficit on the DSG of £13.437m giving a total overspend to be carried forward of £21.133m. In line with Government guidance any overspend is carried forward for recovery against future DSG funding. Therefore, the Council cannot fund this pressure from its own general fund revenue budget (unless permission is given by the Secretary of State to disregard the requirement to fund from the DSG). Year-end budgets have been adjusted to reflect the transfer of the £7.696m overspend into a specific unusable reserve for recovery against future DSG funding. This treatment is in line with recently announced government guidance stating that DSG in-year and cumulative deficits should no longer be held as a negative earmarked reserve and should instead be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. This accounting treatment has the effect of separating schools budget deficits from the Councils' general fund and, following the recently announced extension, covers the period to 31st March 2026.

3.13 In March 2023 the LA entered into a Safety Valve Agreement recovery plan to bring spending in line with budget over the next 6 years with the DFE. The Safety valve agreement is a process set up to support Local Authorities with DSG deficits, whereby the LA will show its ability to ensure that spending is controlled within the DSG and the DFE will look to support the accumulated overspend. The agreement signed by the LA and the DFE sets out the recovery of the cumulative overspend with the DFE providing additional funding to the LA as set out in the table below.

Year	The Department agrees to pay to the authority the additional £'m of DSG by each year end
2022/23	£7.68m
2023/24	£1.65m

2024/25	£1.65m
2025/26	£1.65m
2026/27	£1.65m
2027/28	£1.65m
2028/29	£3.29m
Total	£19.22m

- 3.14 The 2022-23 payment of £7.68m was received during March 2023 and was netted off the cumulative deficit. The cumulative deficit on the Dedicated Schools Grant Adjustment Account unusable reserve currently stands at £13.453m.
- 3.15 The seven schools maintained by the Local Authority have balances that have decreased by £252k to £834k at the year-end. This decrease is partly due to some schools utilising their balances for capital projects that had been planned for some time. These balances are closely monitored by Schools Forum which has adopted an excessive balances policy in line with continued DFE best practise guidance. All schools with balances deemed to be excessive are challenged to explain their position. Most large balances are retained as part of plans for capital projects in schools.

Public Health

- 3.16 The Public Health budget is currently ringfenced. The year-end outturn was in line with the value of the grant funding, resulting in a balanced position against the value of this funding, including transfers from the Public Health reserve of £0.245m. The revised balance held in the reserve is £0.571m as at 31st March 2023. Budgets have been adjusted to reflect the transfer from reserves.

Clear Air Zone

- 3.17 The Clean Air Zone (CAZ) scheme has generated £11.84m since launch from charges and penalty charge notices (to the end of March 2023). This is expected to drop year on year as compliance continues to increase. The scheme has generated £5.00m through entry charges paid on time and those on receipt of penalty charge notices. A further £6.84m has been generated through fines for late payment. The operating costs of the scheme in 22/23 were £2.49m, and since entry total £6.04m, some of which have been offset against grants with the rest covered by income received. In line with the CAZ operating agreement, any surplus funds after covering scheme costs and the allowance for decommissioning costs are ringfenced for transport investment. At the end of March 2023 £3.85m has been added to smoothing and decommissioning reserves to cover future year costs and the CAZ transport investment reserve stands at £5.1m. At this stage £3.7m of this reserve has been allocated. £2.5m will be used over the next two years to fund transport improvements through the City Region Sustainable Transport Settlement, and £1.2m will go towards transportation capital spending and other related transport and air quality projects.

Reserves and Flexible Capital Receipts

3.18 The year-end position of earmarked reserves, taking into account the 2022/23 outturn, are shown in the table below.

Council's Earmarked Reserves	2021/22	2022/23	Movt
	£'m	£'m	£m
Corporate Earmarked Reserves			
Insurance Fund	0.911	1.041	0.130
Capital Financing Reserve	9.961	10.214	0.253
Revenue Budget Contingency	3.742	3.469	(0.273)
Transformation Investment Reserve	2.403	1.887	(0.517)
Business Rates Reserve	3.739	1.301	(2.437)
City Deal Smoothing Reserve	1.831	2.203	0.372
Restructuring & Severance Reserve	1.900	1.806	(0.094)
Financial Planning and Smoothing Reserve	7.558	3.200	(4.358)
Invest to Save Reserve	0.212	0.000	(0.212)
Public Health Grant Reserve	0.816	0.571	(0.245)
Community Empowerment Fund	0.324	0.324	0.000
Revenue Grants Unapplied	0.822	4.712	3.890
Revenue Funding of Capital Reserve	0.772	0.616	(0.156)
Covid19 Outbreak Management Fund Grant Reserve	2.810	0.308	(2.502)
Covid 19 Test & Trace Reserve	0.152	0.152	(0.000)
Covid 19 General Reserve	4.568	3.354	(1.214)
City Region Sustainable Transport Settlement Contribution Reserve	3.000	3.000	0.000
Energy Inflation Reserve	0.000	1.082	1.082
Other	0.624	0.601	(0.023)
Sub Total	46.145	39.840	(6.305)
S31 Business Rate Retail Relief Compensation Grant Reserve	18.506	0.000	(18.506)
Schools Balances	1.086	0.834	(0.252)
Service Specific Reserves	3.226	1.893	(1.333)
General Service Reserves	26.484	28.257	1.774
Total Earmarked Reserves	95.447	70.824	(24.622)
Reserve balances excludes any 2023/24 transfers agreed as part of the 2023/24 Budget Report and the transfers proposed in paragraph 3.xx.			

Note: Some of the figures in this table are affected by rounding.

3.19 The S31 Business Rate Retail Relief Compensation Grant Reserve is a temporary reserve to manage the timing difference between the receipt of government grant funding in 2021/22 and the use of this grant to fund the associated Business Rate Collection Fund Deficit in 2022/23 as required under Collection Fund accounting regulations.

3.20 The year-end position of uncommitted non-earmarked reserves was £12.6m in line with the risk assessed requirements of a range of £11.9m to £13.2m agreed in the 2022/23 Budget Report.

Flexible Use of Capital Receipts

3.21 Council approved a revised Efficiency Strategy in February 2023 as part of the 2023/24 budget. This enables the authority to utilise capital receipts for once-off spend such as severance costs that result in the delivery of ongoing savings. Flexible capital receipts of £0.162m were utilised in 2022/23 taking the total used to £8.251m and it is estimated that this spend will contribute to the release of ongoing revenue savings of £12.815m by 2023/24. Further details of spend and savings are shown in the following tables.

Category	Spend			
	2017/18 - 2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m
Restructuring & Severance Costs	7.220	0.155	0.162	7.537
Procurement, Commissioning and other service redesign	0.714	0.000	0.000	0.714
Total	7.934	0.155	0.162	8.251

Category	Cumulative Savings			
	2017/18 - 2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Restructuring & Severance Costs	6.091	6.219	6.387	6.525
Procurement, Commissioning and other service redesign	6.290	6.290	6.290	6.290
Total	12.381	12.509	12.677	12.815

Council Tax, Business Rates and Collection Fund

Council Tax

3.22 The number of people claiming Local Council Tax Support (LCTS) has continued to fall since the peak experienced in 2020/21 as a result of the economic impact of the pandemic. The 2022/23 tax base allowed for the same number of recipients as at the end of November 2021 to continue into 2022/23 with budgeted costs of LCTS set at £10.56m. The cost at the beginning of April was £10.20m and there has been a gradual reduction over the year, in line with a fall in working age claimants, with the cost at the end of March £9.73m. This is £0.83m below the budget estimate and has contributed to a Council Tax surplus at year end. The number of working age claimants at the end of March was 5,797 compared to the budget assumption of 6,385. The reduction is due to claimants ceasing to be entitled to LCTS, for example where they have returned to employment, or their income has increased.

3.23 The surplus from LCTS has been partly offset by an increase in Council Tax exemptions, mainly relating to student occupied dwellings, during the final quarter of the year and an increase in the Bad Debt provision following a review of the arrears position at year end. Taking all these factors into account the final in-year surplus on the Collection Fund in respect of Council Tax is £0.44m, of which the Council's share is £0.36m. This represents a positive variance of 0.3% against the 2022/23 forecast income.

3.24 The Council's share of the final position on the Collection Fund, including the net deficit carried forward from 2021/22, is a surplus of £0.08m. This represents a reduction of £0.34m from the estimated surplus provision made in the 2023/24 Budget Report.

Business Rates

The outturn position for the Business Rate element of the collection fund is a surplus of £1.58m, after allowing for the impacts of s31 grant funded reliefs in respect of retail relief and the Covid Additional Relief Fund. The table below shows the Council's share of the surplus is £1.49m, which represents an improvement over the Quarter 3 forecast position of £0.73m. The main reasons for the improved position are due to:

- Lower than forecast Bad Debt Provision requirement (£0.5m) following final analysis of the year end arrears position.
- Reduction in forecast appeals provision of £0.4m following the settlement of a number of appeals in the final quarter of the year.

Business Rates Collection Fund	Outturn Position		Qtr3 Forecast		Change
	Total (£m)	B&NES Share (£m)	Total (£m)	B&NES Share (£m)	B&NES Share (£m)
Collection Fund - 2022/23 In Year Surplus	(2.11)	(1.98)	(1.45)	(1.36)	(0.62)
Less impacts of reliefs funded through s31 grant:					
Reduced Retail Relief	4.48	4.21	4.58	4.31	(0.10)
Covid Additional Relief Fund	(3.96)	(3.72)	(3.95)	(3.71)	(0.01)
(Surplus) / Deficit after Extended Retail Relief & CARF s31 grant funding	(1.58)	(1.49)	(0.81)	(0.76)	(0.73)
2021/22 Surplus carried Forward	(4.89)	(4.59)	(4.89)	(4.59)	0.00
3 Year Deficit Spreading Adjustment	0.99	0.93	0.99	0.93	0.00
Total Surplus	(5.48)	(5.15)	(4.71)	(4.43)	(0.73)

- 3.25 The 2022/23 Retail, hospitality and leisure business rate scheme provides a 50% business rate relief, capped at £110,000 per business for eligible properties. The Council is recompensed for the reduction in business rate income arising from this relief via a section 31 compensation grant. The final relief granted during the year was £4.5m which is £4.5m lower than the £9.0m budget estimate, due to changes in the eligibility criteria received after the original estimate was made. This has led to a Collection Fund surplus in 2022/23 with a corresponding reduction in section 31 compensation grant income which has been smoothed through the business rate reserve.
- 3.26 The government announced a new £1.5bn Covid-19 Additional Relief Fund (CARF) in March 2021. The fund is available to support those businesses affected by the pandemic, but that are ineligible for existing support linked to business rates. Guidance on the fund was issued on 19 December 2021 and the relief has been processed during 2022/23. The CARF allocation for Bath & North East Somerset area is £4.3m of which the Council's share is £4.0m. The actual allocations made as at the end of March were £3.96m. The negative impact on the Collection Fund of granting the relief will be fully mitigated by s31 compensation grant received from the government.
- 3.27 As set out in the Budget Report, any surplus or deficit on the Business Rate Collection Fund and associated income is transferred to or from the Business Rates Reserve for consideration as part of the Business Rates calculations for future years. The balance on the Business Rate Reserve is £1.3m as at 31st March 2023. The 2023/24 budget included a transfer of £7.4m to the reserve which will increase the balance to £8.7m which equates to around 12% of the annual net rates income (excluding retail relief).

Overall Collection Fund

- 3.28 The following table shows the overall estimated position, for which provision was made in the 2023/24 Budget Report, and the actual outturn position for the Council share of the Collection Fund for 2022/23. These figures exclude preceptor shares:-

	Estimated (Surplus)/ Deficit £'m	Actual (Surplus)/ Deficit £'m	Difference £'m
Council Tax	(0.415)	(0.076)	0.339
Business Rates	(5.027)	(5.647)	(0.620)
Total	(5.442)	(5.723)	(0.281)

- 3.29 At an overall level, the outturn position on the Collection Fund improved by £0.281m over the estimated position. The overall difference will be taken into consideration

when estimating the closing 2023/24 Collection Fund position as part of the 2024/25 Budget process.

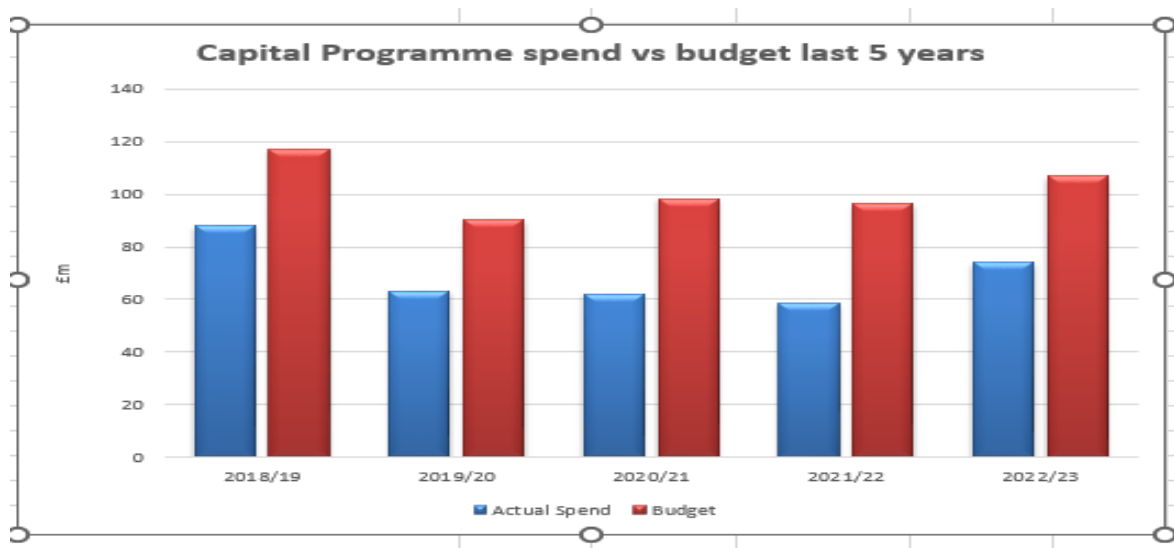
Capital Programme

3.30 The capital spend in 2022/23 was £74.160m (69%) against a budget of £106.908m giving a variance of £32.748m, primarily reflecting the delivery time to complete projects moving into future financial periods.

Portfolio Summary	2022/2023 Outturn Position			
	Capital Budget £'m	Outturn £'m	Variance £'m	Rephasing to 2023/24 Requested £'m
Leader of Council	0.990	0.648	0.342	0.342
Resources	25.281	14.965	10.316	10.316
Economic Development, Regeneration and Growth	17.823	11.306	6.516	6.516
Climate and Sustainable Travel	4.957	3.668	1.289	1.341
Adults and Council House Building	7.002	5.594	1.408	1.409
Children and Young People, Communities and Culture	6.522	2.264	4.258	4.258
Neighbourhood Services	38.433	31.411	7.022	6.963
Transport	5.901	4.304	1.598	1.546
TOTAL	106.908	74.160	32.748	32.690

Note: Some of the figures in this table are affected by rounding.

3.31 Of this variance, £32.690m is requested for carry forward to 2023/24 to cover re-phased costs of capital projects. The detailed outturn position and re-phasing of each individual project is attached at Appendix 3. The delivery of the capital spend compared to budget over the last five years is shown in the following graph:



3.32 The funding of the capital programme for 2022/23 is as follows:-

	£'m
Total Capital Spending:	74.160
Funded by:	
Capital Receipts	2.755
Capital Grants	39.650
3 rd Party Receipts (inc S106 & CIL)	5.162
Revenue	1.026
Prudential Borrowing (Implied Need)	25.567
Total	74.160

3.33 The Council's provisional Capital Financing Requirement (CFR) as at 31st March 2023 is £341.0 million. This represents the Council's requirement to borrow to finance capital expenditure and demonstrates that total borrowing of £210.3 million remains well below this requirement as at 31st March 2023. This illustrates the extent to which the Council is currently cash-flowing capital projects in line with the Treasury Management Strategy to minimise borrowing costs.

4 STATUTORY CONSIDERATIONS

4.1 The annual Medium-Term Financial Strategy and planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council has performed against the budget and Capital Programme set in February 2022.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 These are contained throughout the report and appendices.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.
- 6.2 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget were assessed by each Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

7 CLIMATE CHANGE

- 7.1 The Medium Term Financial Strategy and budget process aligns resources towards the corporate priorities and objectives set out in the Corporate Strategy, which includes tackling the climate emergency. This report monitors the Council's financial performance against those budgets.

8 OTHER OPTIONS CONSIDERED

- 8.1 The option to carry forward over budgeted spend could be considered which would mean that services would have to make up any deficits in 2023/24 with a considerable impact on service delivery especially in light of the challenging economic environment in 2023/24 and possibly beyond.

9 CONSULTATION

- 9.1 Consultation has been carried out with the Cabinet Member for Resources, Directors, Section 151 Finance Officer, Chief Executive, Chief Operating Officer and Monitoring Officer.
- 9.2 The provisional outturn position has been discussed at Senior Leadership Team and Corporate Management Team in May.

Contact person	Paul Webb – Paul_Webb@bathnes.gov.uk ; Gary Adams – Gary_Adams@bathnes.gov.uk ; Andy Rothery – Andy_Rothery@bathnes.gov.uk
Background papers	2022/23 Budget Monitoring reports to the Cabinet; Revenue and Capital Budget Setting reports; Budget Management Scheme
Please contact the report author if you need to access this report in an alternative format	