



CABINET

Tuesday, 11 July 2023

Subject	Draft Outturn 2022/23 & 2023/24 Quarter 1 Budget Outlook
Report by	Councillor Vince Langdon-Morris Cabinet Member with Responsibility for Resources and Value for Money
Supporting Officer	Lorraine Rogers Acting Chief Finance Officer & S151 Officer lorraine.rogers@east Suffolk.gov.uk

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	N/A
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

This report provides Cabinet with an overview of the Council's unaudited financial performance for 2022/23 in respect of the General Fund, Reserves, Housing Revenue Account (HRA), the Capital Programme and the Collection Fund.

For 2022/23 the Council's General Fund realised a surplus year end position of £0.768m. This report seeks approval for the surplus to be transferred to earmarked reserves as outlined in the recommendations. The report also seeks approval of the year end movements to and from the Council's other Earmarked Reserves as shown in **Appendix F**.

This report also provides Cabinet with an initial budget outlook for the year ahead as at Quarter 1 of 2023/24.

Options:

The year-end outturn surplus could be transferred to different earmarked reserves. The most suitable alternative would be the In-Year Savings Reserves - its purpose is to provide funding to address future budget pressures. It was anticipated for this reserve to be used (£1.098m) to balance the General Fund budget for the year. However, given the surplus position this was not required, placing the Council in a stronger than expected financial position going into 2023/24. It is therefore considered an opportunity to set aside funds in Reserves for projects and initiatives to support Council priorities and potential budget pressures identified in a specific service.

Recommendation/s:

Cabinet is recommended to:

1. Note the Council's draft outturn position for 2022/23 together with reserves and balances as of 31 March 2023.
2. Approve the transfers to and from reserves shown in **Appendix F**, including the transfer of the General Fund outturn surplus as follows:
 - £0.200m to the Transformation Reserve – Environment Theme
 - £0.100m to the Transformation Reserve – Digital Theme
 - £0.200m to the Revenues & Benefits Admin Reserve
 - £0.268m to the In-Year Savings Reserve
3. Approve budget carry forward requests above £0.03m set out in **paragraph 2.4**.
4. Note the key financial considerations for 2023/24.

Corporate Impact Assessment

Governance:

The process for approval and publication of the Statement of Accounts is set out in the Accounts and Audit Regulations 2015. The date for signing and dating the draft 2022/23 Statement of Accounts is by 31 May 2023, for publication on 1 June 2023. The deadline for the publication of the final audited accounts is 30 September 2023. On completion of the audit, the audited Accounts are reported to the Audit and Governance Committee for its consideration.

The outturn position will feed into the review and update of the Medium-Term Financial Strategy, the Capital Programme, and the Housing Revenue Account in the 2024/25 budget process. This will inform decisions for the 2024/25 budget which will be presented to Members for their approval and consideration during 2023/24.

As set out in the Council's Finance Procedure Rules, requests to carry forward an individual revenue budget at the end of the year of up to £0.03m, can be approved by the Chief Finance Officer. Requests over £0.03m require Cabinet approval.

The financial procedure rules require that the CFO to "prepare and submit quarterly financial reports to Cabinet.

ESC policies and strategies that directly apply to the proposal:

- East Suffolk Strategic Plan
- East Suffolk Medium Term Financial Strategy
- Capital Programme
- Housing Revenue Account
- East Suffolk Treasury Management Strategy and Treasury Management Policy
- Annual Governance Statement
- Finance Procedure Rules

Environmental:

There are no direct environmental implications identified.

Equalities and Diversity:

An Equality Impact Assessment is not required as the recommendations of this report do not require changes in policy and service delivery.

Financial:

The transfer of the outturn surplus to the proposed reserves will boost the Council's ability to deliver on longer term environmental and digital transformation efforts and increase the resilience of our revenues and benefits administration service considering anticipated pay pressures.

Human Resources:

There are no Human Resource implications identified.

ICT:

There are no ICT implications identified.

Legal:

There are no legal implications identified.

Risk:

There are no risks identified.

External Consultees: None.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input checked="" type="checkbox"/>
How does this proposal support the priorities selected?			
An early appreciation of the budget pressures and opportunities for the current financial year will inform the Council's priorities and ensure that decisions throughout the year continue to reflect value for money and support financial sustainability.			

Background and Justification for Recommendation

1 Background facts	
1.1	<p>Draft Outturn Position 2022/23</p> <p>The Council's accounts for the year ended 31 March 2023 (2022/23 year) have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes "proper accounting practice" under the terms of Section 21(2) of the Local Government Act 2003.</p>
1.2	<p>The Statement of Accounts for 2022/23 is subject to external audit review and therefore the outturn position for the Council as presented in this report is a draft position. On completion of the audit, the audited Statement of Accounts will be recommended to the Audit and Governance Committee.</p>
1.3	<p>The Narrative Report which is a key accompanying document to the Council's Statement of Accounts provides an easy-to-follow communicating platform to engage with stakeholders. The Narrative Report assists the Council to demonstrate its achievements over the year and how well the authority is equipped to deal with the challenges and opportunities ahead. The Council's Narrative Report is published as an integral part of the Council's Statement of Accounts, a draft of which will be presented to the Audit and Governance Committee on 10 July 2023.</p>
1.4	<p>The careful management of reserves is central to the Council's strategic financial planning process, to be able to manage expected and unforeseen events and circumstances and to ensure adequate balances are in place for East Suffolk Council.</p>
1.5	<p>The national economic background affects the costs the Council incurs, the funding it receives, and contributes to the demand for services as residents are affected by economic circumstances. The inflation rate impacts the cost of services to the Council, as the Council delivers much of its service provision through contractual arrangements.</p>
1.6	<p>Twelve-month Consumer Price Index (CPI) inflation in May remained unchanged from April at 8.7%.</p>
1.7	<p>The Bank of England's Monetary Policy Committee, voted by a majority of 7–2 to increase the Bank Rate by 0.50 percentage points, to 5% at its meeting on 22 June 2023.</p>

2 Current position	
2.1	<p>General Fund Revenue Outturn 2022/23</p> <p>The General Fund is the main revenue fund from which the Council's services are met. The Council's net expenditure is financed from Council Tax and Business Rates income and Government Grants. Appendix A shows the outturn position for 2022/23, actual compared to the revised budget.</p>
2.2	<p>The summary in Appendix B provides details of the key budget variances for 2022/23, giving the surplus outturn position of £0.768m.</p>

Staffing is the largest area of direct spend to the Council. The year end variance against the revised budget was an underspend of £0.160m. This includes a budgeted allowance for vacancies and the use of contract staffing, in particular where recruitment to specialist roles has been more difficult. It should also be noted that some roles are funded via external funding.

The Council has benefited from the rise in interest rates, generating additional income from its treasury management activities. An additional £1m of income was received when compared to the revised budget.

The Council generated £17.3m of income from its fees and charges (excluding Port Health) and this was slightly under the revised budget by £0.153m.

2.3 Suffolk Coastal Port Health Authority (SCPHA)

This is the service that responsible for carrying out checks at the ports/ borders to make sure that food imported into the UK via Felixstowe Port is safe to eat and that import conditions have been met. SCPHA is a unique part of the Council because although it remains part of the General Fund it, holds its own reserve to limit the service impact on the core General Fund.

The council achieved a balanced 2022/23 Port Health outturn using various external funding earmarked for COVID recovery and post BREXIT preparation.

The cost to balance the outturn in 2022/23 was £0.727m. SCPHA income was down £0.453m against the budget for 2022/23. Felixstowe port experienced a strike action which impacted imports requiring checks and therefore SCPHA's 2022/23 income. There have also been inflationary pressures on the technological supplies and services.

2.4 Year End Revenue Budget Carry Forwards

For 2022/23 a single revenue budget carry forward request in excess of £0.030m requires Cabinet approval:

Description	Amount Requested £	Comments/Reason for Carry Forward
Heritage action zone north	39,500	The Council has entered into a grant agreement with applicants to fund repairs and reinstatements to their buildings. Unforeseen delays have delayed grant claims from the applicants. Funding is proposed to be ringfenced for each project to honour the grant agreements.

Individual carry forward requests of £0.030m or less are approved by the Chief Finance Officer. These total £0.064m for 2022/23 and are detailed in **Appendix E** for information.

2.5 General Fund Reserves and Balances

The Council holds several earmarked revenue reserves which have been established to meet known or predicted commitments, and to hold balances of grants and external funding which is committed to future spend. The Council

reviews these reserves to ensure the levels continue to be appropriate and if no longer required, are returned to the General Fund.

The total balance on the Council's General Fund Earmarked Reserves on 31 March 2023 is £48.5m. This is a decrease of £13.3m on the position as of 31 March 2022 but £5.6m less than forecast in the MTFs. The key movements relate to the release of Covid funding held in the Covid Reserve at March 2022, and use of the Capital Reserve to fund the capital programme. Other key projects funded by earmarked reserves during the year include the Towns fund programme, the Operations transition programme and various community projects funded from the NHB reserve. The General Fund balance remains at £6m. Reserve balances are summarised below and are shown in more detail in **Appendix D**.

Reserve	Actual April 2022 £'000	2022/23 Forecast £'000	Actual 31 March 2023 £'000	Variance from Forecast £'000
Unallocated Financial Reserves	6,000	6,000	6,000	0
Earmarked Reserves:				
Grants/Funding carried Forward	6,861	4,653	5,804	1,151
Planned Future Capital Spending	5,104	791	1,161	370
Planned Future Revenue Spending	19,130	14,088	16,540	2,452
Risk Based	20,590	18,899	20,199	1,300
COVID Reserve	5,882	1,186	1,165	(20)
Port Health	4,315	3,286	3,669	383
Total Earmarked Reserves	61,882	42,903	48,538	5,636

2.6 Earmarked Reserves to highlight include:

- **Business rates equalisation reserve (£15.213m)** – This is income from Business Rates which is set aside to equalise the fluctuations in recognising Business Rate income due to timing differences, in relation to Business Rates appeals and for year-end surpluses / deficits.
- **New homes bonus reserve (£5.439m)** – The Council received NHB funding of £1.649m and spent £1.790m supporting various community initiatives - enabling communities project and community and strategic partnerships.
- **Port health (£3.669m)** – This reserve provides a source of finance to support the future development of the authority's infrastructure at the Port of Felixstowe. Port Health revenues dipped this year because of Port of Felixstowe staff strike actions which restricted the flow of trade through the ports, reducing the checks required by Port health team. The reserves were drawn from to address the income shortfall. The Port Health reserve balances relate to:
 - Future revenue spend reserve: a risk-based reserve to ensure the authority can consistently protect public and environmental health.
 - ICT reserve to facilitate ongoing re-engineering of the Port Health ICT infrastructure.
- **In-Year savings reserve (£3.711m)** – The in-year savings are typically set-aside in this reserve to support future year budget pressures.
- **COVID-19 response reserve (£1.165m)** – Consisting of Section 31 Grants to fund Covid related Business Rate Reliefs and the Local Authority support grant.

£4.717m was used from this reserve in 2022/23. This reserve will be utilised in 2023/24 to deal with accounting timing differences related to the pandemic impact on business rates, and to fund the ongoing recovery initiatives.

- **Short life asset reserve (£1.120)** – This reserve funds the replacement cycle for key ICT and other equipment requiring frequent replacement. The reserve is regularly topped up from revenue funding given the short life of the assets the reserve is earmarked to fund.
- **Business rate pilot reserve (£0.912m)** – £0.472m was utilised in-year on various approved projects, including the post office redevelopment Bawdsey Quay refurbishment and the first light festival.
- **Capital reserve (£0.042m)** – This reserve provides a source of funding for capital investment projects. £3.583m was used in 2022/23.

2.7 Capital Programme 2022/23 – General Fund

Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. Costs of maintaining assets (repairs and maintenance) are funded through the General Fund revenue expenditure.

The General Fund Capital Programme outturn and financing for 2022/23 is summarised below. Borrowing was the main source of financing in 2022/23, providing nearly half the funding required. Despite being a significant source of funding, the borrowing this year has not significantly increased our interest commitment due to its transient nature – i.e., pending government grants which will be received having achieved specified milestones. Grants therefore continue to be a significant source of funding for the capital programme, predominantly for our coastal defence projects.

Service Area	2022/23 Original Budget £'000	2022/23 Revised Budget £'000	2022/23 Outturn £'000	2022/23 Variance £'000
Capital Expenditure				
Economic Development & Regeneration	5,586	1,725	632	(1,093)
Environmental Services & Port Health	406	647	658	11
Financial Services	400	400	12	(388)
ICT - Digital & Programme Management	927	927	480	(447)
Operations	13,901	13,455	6,764	(6,691)
Planning & Coastal Management	19,432	19,632	12,918	(6,714)
General Fund Housing	1,000	1,000	1,742	742
Long Term Debtors	1,500	1,900	1,900	0
Central Government Grant Funding to Freeport East via ESC as Accountable Body	0	250	0	(250)
Total Capital Expenditure	43,152	39,936	25,106	(14,830)
Financed By:-				
Borrowing	8,595	12,397	12,453	56
Capital Receipt	1,000	0	0	0
Contributions	0	0	0	0
Grants	25,534	21,819	7,719	(14,100)
Reserves	8,023	5,720	4,934	(786)
Total Financing	43,152	39,936	25,106	(14,830)

2.8 Capital budgets are approved for the life of the project which can span more than one financial year. Any capital budgets for a project that remain unspent at the end of the financial year are carried forward to the following year for project continuity. Similarly, with projects that are ahead of the original profile, budgets can be brought forward.

During 2022/23, capital projects faced multiple layers of complexities that led to slippage. These ranged from inflationary impacts necessitating project redesign to the impact of closer collaboration with partner organisation on certain projects.

The key variances on the General Fund Capital Programme (actual compared to the revised budget) are set out in **Appendix C**.

2.9 **Capital Programme 2022/23 - Housing Revenue Account (HRA)**

A summary of the HRA Capital Programme for 2022/23 is provided in the table below. The largest area of variance against budget relates to the asset investment which represents upgrades to our existing housing stock. During 2022/23, a new compliance team was put together to facilitate the significant administrative efforts that precede site work to bring more of stock in line with relevant fire regulation and other compliance standards. With the new team in place, work is expected to progress during 2023/24.

	2022/23 Original Budget £'000	2022/23 Revised Budget £'000	2022/23 Outturn £'000	2022/23 Variance £'000
Housing Capital Programme Outturn				
Capital Expenditure				
Asset Investment	9,100	4,369	1,681	(2,688)
Acquisition & Development	15,543	2,270	2,063	(207)
Total HRA Capital Expenditure	24,643	6,639	3,744	(2,895)
Financed By: -				
HRA DRF	5,863	1,186	901	(285)
Capital Receipt	0	0	759	759
Contributions	0	0	403	403
Grants	1,248	0		0
Reserves	17,532	5,453	1,681	(3,772)
Total Financing	24,643	6,639	3,744	(2,895)

2.10 **Housing Revenue Account (HRA) 2022/23**

The HRA is the statutory account to which the revenue costs of providing, maintaining, and managing the Council dwellings are charged. The HRA is financed by rents charged to tenants and charges for related services and facilities. The table below summarises the HRA outturn position for the year against the revised budget. The Housing Revenue Account has ended the year with a £258k net movement to the HRA working balance.

	2022/23 Original Budget £'000	2022/23 Revised Budget £'000	2022/23 Outturn £'000	2022/23 Variance £'000
Housing revenue account outturn				
Income				
Dwelling rent	(19,926)	(19,372)	(19,357)	15
Non-dwelling rents	(160)	(177)	(181)	(4)
Service charges and facilities	(1,098)	(707)	(711)	(4)
Leaseholders' charges for services	(10)	(10)	(10)	0
Contributions towards expenditure	(33)	(89)	(231)	(142)
Reimbursement of costs	(276)	(66)	(48)	18
Interest income	(169)	(276)	(331)	(55)
Total Income	(21,672)	(20,697)	(20,869)	(172)
Expenditure				
Repairs & maintenance	6,141	6,338	6,194	(144)
Supervision and management	3,683	3,503	3,538	35
Special services	2,440	2,870	3,148	278
Rents, rates and other charges	146	156	156	0
Movement in bad debt provision	31	0	0	0
Contribution to CDC*	95	92	81	(11)
Capital charges	3,650	3,792	3,731	(61)
Interest charges	2,106	2,106	2,105	(1)
Revenue contribution to capital	5,863	1,186	901	(285)
Transfers to earmarked reserves	0	(256)	757	1,013
Total Expenditure	24,155	19,787	20,474	687
Net movement on the HRA for the year	2,483	(910)	(258)	652
<i>* Corporate and Democratic Core (CDC)</i>				

2.11 The key HRA variances against the revised budget for 2022/23 are detailed in **Appendix D**.

2.12 The HRA revenue earmarked reserves totalled £18.56m as at the 31 March 2023. These are detailed in **Appendix F**.

2.13 Collection Fund 2022/23

The Collection Fund records the income from Business Rates and Council Tax and its distribution, net of an allowance for cost of collection paid to the Billing Authority (East Suffolk Council).

Council Tax

Council tax income finances the expenditure of Suffolk County Council, the Police and Crime Commissioner for Suffolk, East Suffolk Council and its Town and Parish Councils. During 2022/23, the in-year movement on the Council Tax Collection Account was a surplus of £0.065m. The balance on the Council Tax Collection Account as of 31 March 2023 was a surplus of £2.837m (surplus of £2.772m in 2021/22). Central government created a Hardship Fund to provide Council Tax Relief to vulnerable people and households to help those affected most by the economic impact of the pandemic. This relief was granted under S13A discretionary reliefs and ESC was given a Hardship Grant to fund the relief granted. The impact of the pandemic on Local Council Tax Reduction Scheme reliefs and the council tax base has not been as great as originally estimated.

Business Rates

The Council as the Billing Authority collects all non-domestic rates from local businesses and distributes these to Central Government (50%), Suffolk County Council (10%) and East Suffolk Council (40%).

Each year, the Council must make several assumptions in January to produce the National Non-Domestic Rate (NNDR1) return, which provides an estimate for the forthcoming year. Key assumptions in arriving at the estimated amounts include the value of outstanding appeals and forecasts of growth or reduction in the business rates base of the area.

During 2022/23 the in-year movement on the Business Rate Collection Account was a surplus of £15.276m, reducing the brought forward deficit of £10.977m to a surplus of £4.299m (including the Central Government and SCC shares) as of 31 March 2023. These extremely large movements resulted from the introduction of significant business rate reliefs by the Government in response to the impacts of the pandemic on businesses, particularly in respect of the retail, hospitality, and leisure sectors in both 2021/22 and 22/23. The cost of these reliefs to ESC and SCC are funded by way of Section 31 Grant.

To reduce the amounts paid as levies to Government, all the Suffolk councils have entered a pooling arrangement allowing them to retain a larger proportion of growth by reducing their individual rate of levy. For 2022/23, the benefit to the Council of participating in the Suffolk Business Rates Pool was £2.384m.

2.14 Quarter 1 Outlook and Considerations going into 2023/24

During Quarter 1 the Council begins to identify areas of focus for the budget in the current year and beyond, arising from the year-end outturn and items emerging in the first two months of the current financial year. For Quarter 2, detail on the financial implications will be reported to Cabinet later in the year.

Staffing

The 2023/24 pay offer has not yet been agreed, and this is unlikely to be confirmed until the latter part of the year at the earliest. The pay award assumed in the budget is 4%. A pay award offer similar to the previous year, would be a cost pressure of £0.600m to the General Fund. A 1% pay award represents an increase of approximately £0.350m to the General Fund.

Fees & Charges

The outturn position has highlighted areas of focus for the budget, this includes Parking Services which has seen income fall below budget and this is being explored by the service area. There are areas such as Planning which have seen income above budget but given the economic climate it may be prudent to keep the income budget as the current level. This will be monitored with the service area.

Interest Income

Whilst the outturn position showed a significant positive variance to budget, it is prudent at this point in the year not to anticipate a similar position for this year. The budget was increased as part of the budget setting last year and a review at mid-year will provide a more informed outlook.

	<p>Inflationary Pressures</p> <p>Utility costs were a significant area of cost pressure last year and the budget was increased across all years of the MTFs. At outturn the actual position for the General Fund was in line with the revised budget, so it is not anticipated at this time for there to be additional pressure in this area, but it will continue to be monitored.</p> <p>The Council’s insurance premium renewal for the forthcoming year is advised after the budget is set. This budget was increased during the budget setting last year by £0.140m, due to inflationary pressure being observed in the 2022/23 premium. This is now expected to increase further by a £0.100m.</p> <p>East Suffolk Services Limited (ESSL)</p> <p>The budget estimates for 2023/24 and beyond are currently based on the existing arrangements with Norse, together with the additional external cost pressures on the Operations service – primarily rising fuel costs and national and local pay settlements. These are challenges that the Council and Norse would have to address, regardless of the set-up of East Suffolk Services Ltd from July 2023. This is an area of the budget which will need to be updated as part of the budget setting process. At that point, ESSL will be entering into its second quarter of operation which will inform the updates to the Council’s budget.</p>
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3 How to address current situation	
3.1	<p>Draft Outturn Position 2022/23</p> <p>For 2022/23 the Council’s General Fund realised a surplus year end position of £0.768m. This report seeks approval for the surplus to be transferred to the various reserves outlined in the recommendations. The report also seeks approval of the year end movements to and from the Council’s other Earmarked Reserves as shown in Appendix F.</p>
3.2	<p>The carry forward of revenue budgets will enable services to have sufficient budget available in the new financial year for commitments made in 2023/24. Revenue budgets carry forward requests approved by the Chief Finance Officer are transferred to a specific reserve to enable closer monitoring of their use throughout the forthcoming year. Requests no longer required are released back to the General Fund.</p>
3.3	<p>The outturn position will feed into the review and update of the Medium-Term Financial Strategy, Capital Programme, and the Housing Revenue Account in the next budget iteration. This will inform decisions for the 2024/25 budgets which will be presented to Members for their approval and consideration during 2023/24, with the finalised budget for 2024/25 presented to Full Council in February 2024.</p>

4 Reason/s for recommendation	
4.1	<p>To give Cabinet an update on the unaudited 2022/23 outturn for the Council’s revenue and capital accounts, before the audited accounts are submitted for approval to the Audit and Governance Committee.</p>
4.2	<p>To provide Members with financial information on the Council’s reserves and balances to assist in formulating budget policies for 2024/25 and beyond.</p>
4.3	<p>To provide Members with an initial financial outlook for 2023/24.</p>

Appendices

Appendices:	
Appendix A	General Fund Outturn Summary compared to the revised budget for 2022/23
Appendix B	Summary of key General Fund budget variances in 2022/23
Appendix C	Summary of key General Fund Capital Programme budget variances in 2022/23
Appendix D	Summary of key Housing Revenue Account budget variances in 2022/23
Appendix E	Budget carry forward requests less than £30,000 2022/23
Appendix F	Movement on reserves and balances in 2022/23

Background reference papers:		
Date	Type	Available From
June 2022	Final Accounts Working Papers for 2022/23	Financial Services Team

General Fund Outturn Summary compared to the revised budget for 2022/23

	Original Budget (Feb-22) 2022/23 £	Revised Budget (Feb-23) 2022/23 £	Actual Outturn 2022/23 £	Variance against revised Budget 2022/23 £
Service Areas				
Senior and Corporate Management	2,547,200	2,403,600	2,500,785	97,185
Economic Development and Regeneration	3,368,000	4,526,000	4,283,887	(242,113)
Financial Services and Other Financial Transactions	(31,700)	306,600	909,909	603,309
Revenue and Benefits	2,372,000	2,859,600	1,639,877	(1,219,723)
Digital and Programme Management	2,977,100	3,297,700	3,114,409	(183,291)
Internal Audit Services	543,400	497,300	532,829	35,529
Human Resources	864,100	903,600	928,971	25,371
Legal and Democratic Services	2,312,000	2,565,200	2,462,853	(102,347)
Planning and Coastal Management	4,411,800	4,313,000	5,262,525	949,525
Customer Experience Strategic Management	2,361,900	2,430,500	2,301,097	(129,403)
Operations	11,588,400	15,500,300	14,810,662	(689,638)
Communities	2,630,700	3,703,400	2,519,442	(1,183,958)
Environmental Services and Port Health	1,499,300	2,326,500	2,489,131	162,631
Housing Services	4,976,600	5,762,700	4,082,128	(1,680,572)
Net Cost of Service	42,420,800	51,396,000	47,838,505	(3,557,495)
Non-Cost of Service Expenditure Adjustments				
Direct Revenue Financing (DRF)	3,020,000	5,420,000	5,420,784	784
Revenue provision for the repayment of debt (MRP)	1,265,000	1,206,700	1,206,689	(11)
Recharges to the Housing Revenue Account (HRA)	(1,424,300)	(1,409,400)	(1,409,400)	0
Bad Debt Provision	5,000	(10,800)	(729,129)	(718,329)
Other Accounting Adjustments	25,000	25,000	(39,943)	(64,943)
REFCUS Expenditure	(2,721,400)	(2,721,400)	(4,466,490)	(1,745,090)

General Fund Outturn Summary compared to the revised budget for 2022/23

	Original Budget (Feb-22)	Revised Budget (Feb-23)	Actual Outturn	Variance against revised Budget
Other Operating Expenditure				
Town & Parish Precepts	6,748,500	6,748,500	6,748,529	29
Levies	247,900	247,900	287,369	39,469
Financing and Investment Income and Expenditure				
Interest Payable	450,000	450,000	435,404	(14,596)
Interest Receivable	(650,000)	(1,536,000)	(2,595,420)	(1,059,420)
HRA Share of Interest Payable & Receivable	12,700	119,900	174,597	54,697
Other Financing Charges	409,100	409,100	389,191	(19,909)
Non-Specific Grant Income				
New Homes Bonus	(1,648,700)	(1,648,700)	(1,648,706)	(6)
Other non-ringfenced grants	0	(61,300)	(101,997)	(40,697)
Capital Grants	(6,400)	(69,400)	(34,200)	35,200
Net Expenditure before Reserve Movements	48,153,200	58,566,100	51,475,783	(7,090,317)
Net Movements on Reserves				
Use of reserves - projects/corporate, etc.	(12,680,700)	(18,358,700)	(14,111,073)	4,247,627
Transfer of outturn to/from reserves	549,100	(1,097,800)	767,977	1,865,777
Net Expenditure After Reserve Movements	36,021,600	39,109,600	38,132,687	(976,913)

General Fund Outturn Summary compared to the revised budget for 2022/23

	Original Budget (Feb-22)	Revised Budget (Feb-23)	Actual Outturn	Variance against revised Budget
Financed By:				
Council Tax Income (District Council)	(15,911,000)	(15,911,000)	(15,933,247)	(22,247)
Council Tax Income (Town & Parish Precepts)	(6,748,500)	(6,748,500)	(6,748,529)	(29)
Business Rates Income (incl. Section 31 Grant)	(11,974,300)	(15,062,300)	(14,055,775)	1,006,525
Lower Tier Services Grant	(310,600)	(310,600)	(316,798)	(6,198)
Services Grant	(477,400)	(477,400)	(477,390)	10
Revenue Support Grant	(339,500)	(339,500)	(340,600)	(1,100)
Rural Services Delivery Grant	(260,300)	(260,300)	(260,348)	(48)
Total Financing	(36,021,600)	(39,109,600)	(38,132,687)	976,913
Budget/Outturn Shortfall/(Surplus)	0	0	0	0

General Fund Summary of Key Variances		
	£'000	£'000
<u>Staffing</u>		
Direct Staffing (excluding Port Health Account)	(406)	
Less Vacancy Allowance	<u>566</u>	
		160
<u>Indirect Staffing Costs</u>		
Recruitment Advertising		102
<u>Premises Expenses</u>		
Planned & Responsive Repairs & Maintenance		(315)
<u>Fees & Charges Income</u>		
Cemeteries	(120)	
Coastal Management	(76)	
Indoor Leisure – Debt Write Off*	325	
Miscellaneous Land and Property	(184)	
Other	(115)	
Parking Services	346	
Planning & Building Control	(203)	
Private Sector Housing	(323)	
Revenues & Benefits HB overpayments*	<u>503</u>	
		153
Interest Income		(1,004)
Decrease to the Sundry Bad Debt Provision*		(295)
Business Rates Income		1,006
Housing Benefit Subsidy (mainly the bad debt provision)*		(534)
Other net variances		(41)
Total variance on 2022/23 outturn		<u>(768)</u>
Transfer of outturn surplus:		
Transformation Reserve – Environment Theme	(200)	
Transformation Reserve – Digital Theme	(100)	
Revenues & Benefits Admin Reserve	(200)	
In- Year Savings Reserve	<u>(268)</u>	
Total Transfer of 2022/23 Outturn		<u>(768)</u>

* *Contra entries*

General Fund Capital Programme 2022/23	
Summary of Key Variances	
	£'000
Economic Development & Regeneration	
Jubilee Parade Levelling up project	(600)
Towns Fund	(493)
Environmental Services & Port Health	
Small excess on Port Health ICT	11
Financial Services	
Romany Lane redevelopment	(388)
ICT - Digital & Programme Management	
ESC/ESSL ICT requirements	(447)
Operations	
Felixstowe Beach Village	(990)
Felixstowe Leisure	(950)
Southwold Enterprise Hub	(600)
Estates Management	(500)
Deben Fields	(500)
Seafront Gardens Beach Hut Sites & Relocations	(495)
Vehicles	(490)
Ravine (Jubilee Bridge)	(430)
East Point Pavilion	(196)
Northern Car Park enhancements	(200)
Southwold Caravan Site redevelopment	(150)
Lowestoft Beach Huts	(149)
Other variance >£100k	(1,041)
Planning & Coastal Management	
Lowestoft Tidal Barrier	(3,300)
Thorpeness	(2,700)
Southwold North Toe Wall	(462)
Other variance >£100k	(252)
General Fund Housing	
Disabled Facilities Grant (DFG)	742
Central Government Grant o Freeport East via ESC as Accountable Body	(250)
Total	(14,830)

Housing Revenue Account 2022/23 Summary of Key Variances		£'000
Description		
Rephasing of Capital Expenditure on Housing Development (Revenue Contribution to Capital)		(285)
Increase in budget for repair and maintenance services not required (Repairs and Maintenance)		(144)
Additional external Contributions towards expenditure (Contribution towards Expenditure)		(112)
Reduced depreciation charge (capital charges)		(61)
Increased return on interest on balances (Interest Income)		(55)
Savings associated with rephasing of housing development capital programme (Special Services)		(31)
Additional sales income (Contribution towards Expenditure)		(20)
Staff Savings due to Vacancies (Special Services)		(14)
Saving on contribution to Corporate and Democratic Core (Contribution to CDC)		(11)
Additional Revenue income due to increase Right To Buy Sales (Contribution towards expenditure)		(10)
Staff Savings due to Vacancies (Supervision and Management)		(8)
Additional Income on other rents (Non-Dwelling Rents)		(4)
Additional Income on Service Charges (Service Charges and Facilities)		(4)
Saving on various running costs (Special Services)		(3)
Saving on interest payable and similar charges (Interest Charges)		(1)
Transfer to Development Reserve after prior year adjustment (Transfer to earmarked reserves)		1,013
Increased in utility bills above increased estimates (Special Services)		283
Increased use of Consultancy staff offset against staff saving and repairs savings (Special Services)		43
Expenditure associated with additional external contributions (Supervision and Management)		43
Reduced Income relating to rechargeable Repairs (Reimbursement of costs)		18
Reduced income on Dwelling Rents (Dwelling Rents)		15
Total variance to in-year forecast		652

BUDGET CARRY FORWARD REQUESTS LESS THAN £30,000 2022/23

Account Name	Department name	Amount Requested £	Comments/Reason for Carry Forward
Third party expenditure	Abandoned vehicles	6,400	Following the transfer of ESC waste enforcement function back into the council from third party providers, the team identified catch up work required. The funding will be utilised over the coming months to bring relevant signage up to date.
Technical training	Customer services operations	4,200	The carry forward request is to address additional training requirements for customer service team, which holds a headcount of over 50 members of staff.
Employee cost	ICT services	13,800	Carry forward to support the additional staffing requirement to assist with the digital integration of East Suffolk Services Limited to the Council and improve customer interaction.
Consultants	Planning policy and delivery	5,400	Viability consultancy and examination works commissioned for East Suffolk CIL Charging Schedule Examination which was not concluded by year end due to unforeseen delays.
Consultants	Planning policy and delivery	2,700	Affordable housing commuted sums update - work underway but not yet completed by 31st March 2023.
Grants & contributions	Planning Policy & delivery - specialist services	4,600	The work arises from the review of the Southwold Harbour and Walberswick Quay Conservation Area, which was subject to consultation between January and March 2023. The carry forward will fund additional work identified following completion of the original project, although was not anticipated when the budgeting for 23/24 was underway.
Grants & contributions	Planning Policy & delivery - specialist services	1,200	Aldeburgh Conservation Area proposals additional work. The carry forward will fund the additional work which arose from consultation on the draft Aldeburgh Conservation Area Appraisal which was undertaken in January and February 2023. The additional work in 2023/24 was not foreseen.

BUDGET CARRY FORWARD REQUESTS LESS THAN £30,000 2022/23

Account Name	Department name	Amount Requested £	Comments/Reason for Carry Forward
Consultants	Economic regeneration projects	1,500	A Town Centre Masterplan of Leiston was commissioned in 2022 and due to be completed prior to the 31st of March 2023, however, it was identified that the final document needed several additional concept designs to help visualise proposals. The budget carry over will fund the final 3% left to completion of the masterplan.
Other externally provided services	Business support & sector tourism	13,000	Programme of support being provided by consultants to support applications for Shared Prosperity Fund. Running from February'23 through to July'23. This funding contributes towards the consultancy and creation of the supporting toolkit for attendees.
Hardware purchases	Local air quality management	6,100	Air quality monitoring in Woodbridge. Budget to fund equipment ordered during 2022/23 financial year but for which delivery is delayed until May 2023.
Consultants	Contaminated land act	3,000	Ongoing contaminated Land case - Sizewell. Carry forward budget required for upcoming costs in 23/24 for which there is insufficient 23/24 budget.
Marketing and promotions	Economic regeneration projects	2,000	Due to protracted negotiations with the landowner, the final agreement to the number of panels relating to hoardings work was not confirmed until late in the financial year. This has meant the final payment of £2000 will be required in Q1 of 23/24.
Total carry forward <£30k approved by CFO		63,900	

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
General Fund Earmarked Reserves					
Actuarial Contributions	200	0	0	200	To provide a source of finance to meet budget pressures arising from lump sum pension costs associated with redundancies and retirements.
Air Quality	80	(74)	0	6	To provide a source of finance for Air Quality Management Areas.
Homes and Communities Agency (HCA) - Area Action Plan (AAP) land contamination grant	162	(36)	0	126	To fund site investigative works covering the Area Action Plan in Lowestoft. Externally funded with conditions attached.
Additional Disabled Facilities Grant (DFG) funding	10	(7)	0	3	To support additional Disabled Facilities Grant works above the standard Disabled Facilities Grants grant. Externally funded, with conditions attached.
Afghan Interpreter Grant Funding	0	0	252	252	External funding to support the integration of Afghan refugees in the district.
Better Broadband	7	(7)	0	0	External funding received to support the delivery of Broadband to local residents and businesses.
Budget Carry Forward Requests	266	(210)	107	163	Approved requests for between year revenue budget carry forwards.
Building Control	516	0	0	516	To provide a source of finance for a statutory fund, to ensure Building Control expenditure breaks even over a rolling annual period.
Business Incentive	2	(2)	0	(0)	External Funding - To support economic development throughout the district.
Business Rate Equalisation	15,240	(28)	0	15,213	Business rates income set aside to provide a source of finance to equalise fluctuations in business rate income, e.g., timing issues arising from the accounting treatment.
Business Rates Pilot	1,385	(472)	0	912	Income received from the business rate retention pilot scheme (2018/19) which has been set aside to fund agreed projects across economic development, housing, leisure, and communities.
Business Rates (Suffolk Public Sector Leaders)	1,317	(306)	0	1,010	SPSL share of business rates pooling benefit forgone in 2021/22, earmarked for economic & community projects.
Brexit	144	(144)	0	0	External funding received for expenditure incurred as a result of Brexit.
Climate Change	63	(49)	0	14	To provide an additional source of finance for initiatives to reduce climate change and to promote energy efficiency (includes external funding).

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
Coastal Management	379	0	0	379	To provide a source of finance to fund revenue expenditure on coastal defences in the district.
Communities	2,484	(871)	645	2,258	External Funding - To provide a source of finance to support anti-social behaviour, crime reduction initiatives and health initiatives.
Community Housing Fund	2,067	(754)	0	1,313	To enable local community groups to deliver affordable housing units. External funding received with conditions attached.
Active Suffolk	776	(109)	114	781	External Funding received to support the delivery of the County Sports Partnership.
Customer Services	326	0	0	326	To provide a source of finance to support projects requiring post implementation review which will incur consultancy fees and service review costs.
COVID-19 Response	5,882	(4,767)	51	1,165	Government funding received in response to the COVID19 pandemic to fund ongoing response & recovery work.
Contractual Liability	413	(323)	0	90	Supporting any third-party contractual issues.
District Elections	200	0	38	239	To provide a source of finance to support the costs of district elections every four years
Domestic Violence Support Funding	218	(91)	0	128	External Funding for schemes supporting those affected by domestic violence.
Deployment of Flood Barrier	88	0	0	88	To provide a source of finance for funding towards the cost of deployment of the flood barrier in Lowestoft.
Economic Development	1,024	(1,024)	30	31	Funding provided to support the delivery of economic development projects.
Economic Regeneration	81	(5)	11	87	To provide a source of finance for economic regeneration projects (includes external funding).
Empty Properties and Houses in disrepair	236	0	4	240	To provide a source of finance for the Council to assist in bringing empty properties situated within the district back into use.
Enterprise Zone	560	(387)	452	625	Enterprise Zone income is generated through business rates from development which occurs within each zone. The Council is the administrator of the funds.
Environmental Protection	68	0	0	68	Sizewell funding for Environmental Protection staffing.
Winter Warmth - Handyman	0	0	33	33	External funding to provide minor works to residents' properties to help reduce energy bills and keep warm.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
Winter Warmth Packs	0	(0)	22	22	External Funding to provide essential items to residents to stay warm in their homes.
Flood Prevention	6	(6)	0	0	Following the Tidal Surge of 2013, this reserve has been established to provide a source of finance for flood prevention assistance.
Fuel Payments	6	(0)	0	6	Grants towards fuel payments. Externally funded.
Felixstowe Forwards	18	(18)	0	0	External funding received to fund projects in Felixstowe.
Food Safety	195	(105)	0	90	Funding received in relation to staff time spent on Covid. To provide additional support for addressing the Food Safety backlog due to Covid.
Growth Programme	64	0	0	64	External funding received to fund work on Suffolk Design Concepts.
Greener Homes Funding	195	(195)	0	0	External funding received to fund work on Suffolk Design Concepts.
Gypsy and Traveller Macerator	26	(26)	0	0	Kessingland Traveller site Macerator replacement reserve.
Heritage Action Zone North	10	0	0	10	For regeneration of buildings in north Lowestoft.
Housing Benefit Subsidy	300	(300)	0	0	To provide a source of finance to meet budget pressures due to fluctuations with HB subsidy and implementation/changes due to Government legislation.
HCA Development Grant	75	0	0	75	Funding received for the Adastral Park development.
Homelessness Prevention	91	(91)	0	0	Received through the central revenue grant to tackle homelessness.
Homelessness New Burdens	73	0	0	73	External funding with conditions attached.
Homelessness - Rough Sleeper	172	(15)	0	157	External funding with strict conditions attached, to tackle rough sleeping in the district.
Homelessness - Flexible Homelessness Grant	365	0	0	365	External funding with conditions attached to tackle homelessness.
Homelessness Mortgage Rescue	13	0	14	27	Admin fees to be reinvested in homelessness.
Hoarding Support Private Sector Housing	26	(1)	0	25	External funding with conditions attached to support vulnerable people with hoarding.
Homelessness Prevention	273	(273)	0	0	External funding with conditions attached to help with the prevention of Homelessness.
Human Resources	10	(10)	0	0	E-Learning - process and provision review from 2022/23

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
Housing Advisory Programme	25	(25)	0	0	External funding for consultancy work in 22-23.
Homelessness WEIT (What Ever It Takes)	0	0	25	25	Ring fenced grant funding for homelessness, to be used on what is necessary in the prevention of homelessness.
Individual Electoral Registration (IER)	457	(19)	0	438	External Funding - Grant Funding from Government to cover the additional cost for the administration of Individual Electoral Registration.
Indoor Leisure	50	0	18	68	To provide a source of finance to support Leisure Activities
Insurance	171	0	0	171	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
In-Year Savings	3,572	(129)	268	3,711	Outturn surpluses set aside to support future year budget pressures.
Key Capital Programme	182	(115)	0	67	To provide a source of finance towards revenue costs associated with the delivery of key capital projects. (£100k allocated to the master planning of the AAP).
Land Charges	150	0	0	150	To provide a source of finance to implement service enhancements due to change in Government requirements.
Local Development Framework	5	(5)	0	0	To provide a source of finance to meet the costs arising from the periodic preparation and adoption of the Local Development Framework.
Lowestoft Rising	87	(31)	10	66	External Funding - Funding received to deliver earmarked work under the Lowestoft Rising project.
Landguard	86	0	93	179	Balance of 2 x Landguard car parks and cafe income over and above costs (net of s106 funds)
Licensing	0	0	8	8	Licensing Grant - New burdens grant held to support the implementation of a new IT system
New Homes Bonus (NHB)	5,580	(1,790)	1,649	5,439	NHB funding received and set aside to fund the delivery of community projects and initiatives.
Modular ramps – Disabled Facilities Grant	2	(3)	0	0	DFG funding for the removal of temporary ramps when no longer required.
Next Steps Accommodation Programme (NSAP)	22	0	0	22	External funding to help Rough Sleepers get off the streets and into accommodation.
Minimum Energy Efficiency Standard	113	(113)	0	0	MEES- Minimum Energy Efficiency Standard. - External funding for a member of staff.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
Pathfinder	0	0	466	466	External funding ringfenced for research, data collection and development of best practices in the roll out of the PRS white paper
Protect and vaccinate	69	(69)	0	0	DLUHC funding received via the Protect and Vaccinate programme. The funding is ringfenced for the purposes of protecting and vaccinating rough sleepers in response to the COVID-19 Omicron variant.
Planning Policy	0	0	171	171	To provide a source of finance to support development work and audit of the Local Plan.
Private Sector Housing	99	(16)	0	82	Repaid grants to be reinvested back into the Private Sector Housing Team.
Planning	400	0	0	400	For future costs on Local Plan
Planning Legal	400	0	0	400	Contingency for appeal costs
Renovation Grants	635	(156)	0	479	To provide a source of finance for renovations grants.
Rent Guarantee Scheme	15	0	200	215	To provide a source of finance for landlord claims.
Revenues & Benefits Administration	243	(243)	200	200	To provide a source of finance for budget pressures on the administration of Revenues & Benefits.
Recreation Areas Mitigation Strategy Staffing	103	(55)	0	48	Offsetting costs of RAMS Officer (temp to 24/25)
Southwold Harbour	0	0	144	144	To provide financing for future repairs and investment in Harbour Lands - Statute
Stepping Homes - West	60	(60)	0	0	Externally funded received to support hospital patients to return home (Stepping Home project).
SEAL	12	(6)	0	6	Contributions from other Local Authorities to support the work of the Warmer Homes Healthy People Team.
Stepping Home	31	(7)	0	24	Externally funded received to support hospital patients to return home (Stepping Home project).
S106 Interest	30	(30)	0	0	Contingency related to Affordable Housing S106 should conditions not be met.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
Severe Weather Emergency Protocol (SWEP) Cold Weather Funding	0	0	16	16	This is external funding ringfenced for when SWEP (Severe Weather Emergency Protocol) is triggered. SWEP is declared when the temperature falls below zero for 3 or more consecutive nights. Variations to this criterion include the 'feels like' temperature, as well as things like wind, rain and snow, which could pose health risks in temperatures exceeding zero. It is to provide a warm bed for those that need one.
Smart Towns	0	0	23	23	Getting Building Fund grant, awarded to support of the Smart Towns tech Wi-Fi upgrades in both Lowestoft and Felixstowe.
Transformation - Digital	296	(98)	100	298	To provide funding for efficiency (invest to save) initiatives and to support the delivery of the Digital theme of the Strategic Plan.
Transformation - Environmental	500	(44)	200	656	To provide funding for efficiency (invest to save) initiatives and to support the delivery of the Environmental theme of the Strategic Plan.
Transformation - Financial Sustainability	2,769	(332)	0	2,437	To provide funding for efficiency (invest to save) initiatives and to support the delivery of the financial sustainability theme of the Strategic Plan.
Warmer Homes Healthy People	151	(44)	0	107	Externally funded, to help with heating homes.
Warmer Homes Health People COVID pressures	24	(23)	0	1	Externally funded, to help with heating homes.
Youth Leisure	10	0	0	10	Externally funded, project funding received to support active leisure for young people.
Earmarked Reserves - Revenue sub-total	52,463	(14,558)	5,803	43,708	
Earmarked Reserves - Port Health:					
Port Health Planned Future Revenue Spending	2,071	(153)	1,116	3,034	To provide a source of finance to support the future investment and development of the Authority's infrastructure at the Port of Felixstowe and to mitigate any significant fluctuations in income due to changes in trade through Felixstowe.
Port Health Planned Future Capital Spending	613	(613)	0	0	To fund capital projects within Port Health.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
Port Health ICT	400	0	235	635	Balance of PHILIS/NEOMA income to be reinvested into the Port Health ICT service
Port Health External Funding	1,230	(1,230)	0	0	External funding received into Port Health
Total Port Health	4,315	(1,997)	1,351	3,669	
Earmarked Reserves - Capital:					
Southwold Beach Front	175	(175)	0	(0)	Income from the sale of Southwold Beach huts ringfenced for improvements to Southwold.
Capital	3,246	(3,583)	379	42	To provide a source of finance for capital investment plans.
Coastal Protection - Capital Works	176	(176)	0	(0)	To provide a source of finance to fund capital expenditure on coastal defences in the district.
Short Life Assets	1,508	(1,006)	618	1,120	To provide a source of finance to fund the purchase of short life assets. To maintain the level of the reserve any capital funding is met from revenue.
Earmarked Reserves - Capital sub-total	5,104	(4,940)	997	1,161	
Total Earmarked Reserves	61,882	(21,495)	8,151	48,538	

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2022/23

Reserve	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Purpose of earmarked reserve
<i>HRA Earmarked Reserves</i>					
Debt Repayment Reserve	13,000	0	0	13,000	Set aside funds to meet future liabilities for repayment of the self-financing debt.
Hardship Reserve	500	(1)	0	499	Providing support to tenants who find themselves in financial hardship.
MMI Reserve	60	0	0	60	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Impairment/Revaluation Reserve	256	(256)	0	0	Provide for potential impairment and revaluation losses to HRA assets due to changes in Accounts and Audit Regulations.
Housing Development Reserve	3,987	0	1,013	5,000	A source of funding for the Housing Development Programme.
Brampton Sinking Fund	1	0	1	2	A source of funding for repairs to shared facilities on development.
Total HRA Earmarked Reserves - Revenue	17,804	(257)	1,014	18,561	
Major Repairs Reserve - Capital	13,754	(1,681)	3,707	15,780	