

REVENUE AND CAPITAL OUTTURN REPORT 2023-2024**SECTION 1: SUMMARY**

- 1.1 The revenue outturn position for 2023-2024 is an overspend of £3.116m. There is a portfolio overspend of £10.706m for 2023-2024 when compared against the net portfolio budget of £178.245m approved by Cabinet on 28 February 2024. This overspend has been mitigated by underspends totalling £7.590m within Treasury Management and other corporate budgets. These underspends are generally one-off in nature.
- 1.2 In 2022-2023, there was a similar portfolio overspend of £10.295m and a net overall overspend of £4.505m. Both years overspends have reduced the Council's level of reserves. It has previously been acknowledged that use of reserves to support the revenue budget is not sustainable over the medium term.
- 1.3 The 2023-2024 outturn position includes the impact of the Local Government Pay Award, which was higher than budgeted. The approved 2023-2024 budget allowed for pay inflation of 5%. However, in November 2023, agreement was reached on a £1,925 increase on all pay points, equating to an average increase of 6.44%. This generated a variance of £1.398m, which is included in the figures at 1.4 below.
- 1.4 The overall position (subject to audit) is summarised below.

Table 1 – Outturn variations against approved budget 2023-2024	Net Outturn Variance 2023-2024 + / (-) £000
Economy, Business and Skills	(23)
Children and Young People	+7,980
Integrated Health and Care	+2,563
Wellbeing, Culture and Heritage	(356)
Safer Communities	+30
Regeneration and Planning	(795)
Environmental Services and Climate Change	+2,171
Strategic Transport	(328)
Corporate Services	(536)
TOTAL – Portfolio Budgets	+10,706
Treasury Management	(4,016)
Other Corporate Budgets	(3,574)
TOTAL – Outturn variations against approved budget 2023-2024	+3,116

The table shows the position after:

- (i) the carry-forward of unspent budget provision (£1.349m) for schemes funded by earmarked reserves continuing into future years and the acceleration of use of earmarked reserves from future years (£0.054m), as detailed in Annex B
- (ii) allowing for the earmarking of unconditional grants and contributions (£0.648m) and previously approved budget provision (£0.100m) from 2023-2024 into 2024-2025 where funding is required to deliver specific programmes of work.

- 1.5 A number of amendments to the Council's portfolio structure were approved at Annual Council on 15 May 2024. Since this report sets out the Council's financial position at 31 March 2024, it reflects the portfolio structure in place at that date.

Key Budget Issues

- 1.6 The Council again faced significant budget challenges in 2023-2024, particularly within children's social care, with placement costs associated with caring for children looked after, frontline staffing challenges and costs relating to family support packages continuing to be the main drivers of the overspend. These pressures are national issues being faced by all local authorities and St Helens has worked hard to combat these pressures.
- 1.7 There was also a significant overspend within Integrated Health and Care, reflecting ongoing demand pressures and the complexity of service users' needs. Again, these are national pressures and the Council is working hard toward help mitigate them.
- 1.8 The other main pressure was within the Environmental Services and Climate Change portfolio. Food price inflation and income shortfalls generated a significant overspend within the Schools Meals service. Increased fees and reduced income within Recycling and Garden Waste caused additional pressures. The Pay Award pressure of £0.598m was most significant for this portfolio due to the larger numbers of lower scale staff compared to other portfolio and the greater positive impact the fixed pay award had on these staff.
- 1.9 Inflationary pressures continued to be felt in 2023-2024, particularly on food prices and employee pay. Inflation did fall throughout the year, easing to around 3.0% by the end of March 2024, though this is still higher than pre-pandemic levels and does not mean that prices are falling, rather that they are rising less rapidly. Inflationary pressures are particularly difficult to manage, since the Council has limited ability to absorb them or passport them on to residents and businesses.
- 1.10 As outlined at 1.4, £0.648m of unconditional grants and contributions were received during 2023-2024 against which expenditure is scheduled in future periods. Due to the technical accounting treatment required for unconditional grants and contributions.
- 1.11 Cabinet is recommended to note the earmarking of these sums (and those earmarked to other reserves in previous years) to a new Revenue Grants and Contributions Reserve. This is purely to manage the timing difference between funding being received and related expenditure being incurred, with a corresponding release of the funding in 2024-2025 or future years. This is set out in 4.2.2.
- 1.12 The budget for 2023-2024 included the planned delivery of £10.655m of budget savings. Savings totalling £1.698m which had not been achieved in previous years were also brought forward into 2023-2024. Of these savings, £3.602m were not achieved in 2023-2024 and have been carried forward into future years, £0.726m of which had no temporary mitigations, as summarised in Table 2. This has contributed to the overall overspend in 2023-2024.

Table 2 - Budget Savings Outturn 2023-2024	Total Savings Requirement 2023-2024 £000	Savings Delivered 2023-2024 £000	Savings Unachieved 2023-2024 £000	Temporary Mitigations 2023-2024 £000
Integrated Health & Social	4,602	3,606	996	436
Public Health	376	247	129	129
Children's Services	1,858	754	1,104	978
Place Services	3,747	2,443	1,304	1,264
Corporate Services	1,361	1,361	-	-
Council-Wide	409	340	69	69
Total	12,353	8,751	3,602	2,876

- 1.13 The Council's Financial Procedure Rules and Budget Strategy stipulate that an overspend in one year must be funded by an equivalent reduction in the relevant departmental budget in the subsequent year. Given the likelihood of extreme pressures on departmental budgets in 2024-2025 and the significant overspend position in 2023-2024, it is recommended that this requirement not be applied in relation to those portfolios whose outturn exceeded budget in 2023-2024.

Summary

- 1.14 The environment within which the Council operates continues to present severe challenges. The most significant of these is pressure from demand-led expenditure budgets, particularly within children's and adult social care, this is a national picture. This continues to be exacerbated by the cost-of-living crisis, with more and more families needing Council support. After more than a decade of austerity and government cuts, the Council has never faced a more challenging funding position. These pressures, coupled with the requirement to deliver £12.977m of savings in 2024-2025, continue to require robust financial management.

SECTION 2: REVENUE BUDGET OUTTURN 2023-2024

2.1 Children and Young People

The main budget pressures in Children and Young People related to placement costs in respect of children looked after and young people leaving care (£4.203m) and costs associated with maintaining appropriate levels of frontline social worker capacity (£3.097m).

During 2023-2024, the Council continued to progress several initiatives to help manage the financial pressures associated with caring for and accommodating looked-after children and young people in a sustainable and safe way. These include:

- developing a project to increase internal residential home capacity
- participation in the Department for Education's Staying Close programme, securing funding to deliver trainer flats for those young people who are ready to leave care
- undertaking a programme of work to expand the Council's in-house foster care capacity
- reviewing placement arrangements to identify opportunities to step down to lower-cost provision or return the young person safely to the family home

The budget pressure associated with frontline social care staffing is primarily being driven by the need to utilise agency staff to ensure sufficient capacity within services,

to manage caseloads safely and effectively. The costs associated with agency staff tend to be higher than those who are directly employed. Again, the department has been proactive in attempting to address these recruitment and retention challenges by:

- reviewing salary levels of qualified social care staff to ensure competitive remuneration
- engaging additional staffing capacity to undertake non-statutory functions, to alleviate social worker workloads
- delivering an ongoing recruitment campaign, including from channels outside of the traditional workforce marketplace
- training and developing staff to the level of qualified social worker status

Other areas of significant financial challenge during 2023-2024 related to Adoption Services (£0.502m) and to the provision of support to families who have children and young people at risk of being brought into care (£0.848m). However, the services delivered in these areas are not only in the best interests of the young people being cared for, but they also potentially avoid the need for more expensive care alternatives. Family support packages help children and young people to remain in the family environment and avoid being brought into more expensive fostering and residential care. This is particularly the case for a small cohort of young people who have complex and challenging needs.

The pressure within Adoption Services primarily arises from fees associated with adoptive placements. Again, the delivery of permanence provides the optimal outcome for the young person whilst removing the ongoing cost of residential or foster care for the Council.

There was also an underspend within the Edge of Care Services of £0.653m largely due to staffing vacancies.

2.2 Integrated Health and Care

The 2023-2024 budget for Integrated Health and Care contained a challenging programme of efficiencies and savings totalling £4.400m. The largest required saving was in relation to Learning Disability Services, where there were undelivered savings of £0.619m in 2023-2024 against a requirement of £1.700m. Work will continue throughout 2024-2025 to deliver these savings in full.

The Council operates a pooled budget arrangement with the NHS Cheshire & Merseyside Integrated Care Board (ICB) for continuing healthcare, long-term nursing care and Section 117 aftercare. The arrangement is such that any over/underspend on the pooled budget is shared between the ICB (72%) and the Council (28%). Spend within the pooled budget increased by 23% to £58.000m in 2023-2024, resulting in a £7.600m overspend, the impact on the Council's budget being £2.100m. The overspend was across all client groups, but the largest proportion of it was within the Older People (Frail and Elderly) service.

Demand for social care continues to increase, as does the complexity of individuals' needs. The Council's draft Joint Strategic Needs Assessment for older people indicates that 24.5% of the local population will be over 65 by 2040. In addition, the patient acuity of those service users discharged from hospital continues to place additional pressure on the adult social care system.

There continue to be challenges in recruiting qualified and experienced staff in some areas due to the national shortage of skilled social care professionals, and this is a particular issue for Occupational Therapist recruitment.

There were also a number of underspends totalling £0.211m across a range of services within the portfolio.

2.3 Wellbeing, Culture and Heritage

The Public Health Grant of £15.506m was fully committed in 2023-2024. It was not possible to deliver the full £0.132m saving against the sexual health contract in 2023-2024, due to the lead-in time required to work with the provider. Slippage of £0.066m was temporarily mitigated through use of Public Health Grant monies carried forward from prior years.

Sports Development and Indoor & Outdoor Sports & Recreation underspent by £0.364m collectively, the main driver of this underspend being a one-off Swimming Pool Support Fund grant of £0.351m.

The main unachieved saving in the portfolio related to the implementation of the Localities model, where there is now £0.142m unachieved following completion of the Libraries Strategy and the Phase 3 restructure. Delivery of the Locality Hubs is phased over five years. Unachieved staff savings in the portfolio totalled £0.100m.

2.4 Regeneration and Planning

There was an overall underspend within Regeneration and Planning in 2023-2024. Estates (Industrial & Commercial Premises) underspent by £0.276m, mainly as a result of a reduction in void units at Church Square Shopping Centre. This offset the unachieved saving of £0.140m relating to the review of leasehold properties.

Building Support underspent by £0.697m, predominantly due to underspends on repairs and maintenance (£0.114m) and on gas as a result of wholesale prices being lower than budgeted (£0.575m).

There was a net income overachievement of £0.112m across Building and Development Control. However, Asset Management and Building Design underachieved on fee income generated from the capital programme in 2023-2024, which was the main driver of a £0.291m pressure.

2.5 Environmental Services and Climate Change

The main overspend in the Environmental Services and Climate Change portfolio in 2023-2024 related to the School Meals service, where there was a pressure of £0.856m as a result of both income shortfalls and food price inflation. Work is ongoing to address this, including a review of school meals charges, which have historically seen sub-inflationary increases.

Cemeteries and Crematorium overspent by £0.276m in 2023-2024, mainly driven by income shortfalls due to a reduction in the number of traditional funerals taking place, with 18% of bereaved families opting for direct funerals at regional crematoria with discounted choices. The fees and charges for direct funerals have been reviewed as part of the Council's wider fees and charges exercise, with the aim that more families will opt to choose the Council's service. It is therefore hoped there will be an improvement in income in 2024-2025.

Recycling and Garden Waste overspent by £0.812m in 2023-2024. Current market conditions have resulted in increased gate fees and reduced income from recycled materials in the last quarter of 2023-2024. This pressure is expected to continue into 2024-2025.

There was also an underspend of £0.287m in the Transport service relating to staff slippage and fuel prices. Vacant posts within the Place Services Directorate generated a further underspend of £0.211m.

2.6 Strategic Transport

The Strategic Transport portfolio underspent in 2023-2024. There was an underspend of £0.658m within Highways Maintenance, predominantly driven by an overachievement of income generated from highways permits, footway crossings, emergency works orders and fees charged to the capital programme.

This underspend was offset by a £0.373m overspend on Street Lighting electricity costs. This will not be the case in 2024-2025 due to the realignment of budgets and stabilisation of energy prices.

2.7 Corporate Services

The main driver of the underspend within Corporate Services was staff slippage of £0.752m. This was due to a substantial number of vacancies in the department resulting from recruitment challenges and the cross-council recruitment freeze implemented during the year. This was an intentional strategy for all departments, not just Corporate Services, to meet future staff savings targets for 2024-2025.

This underspend was partially offset by a net pressure of £0.381m in Housing Benefit Administration, which had two causes. First, high levels of homelessness across the Borough have increased the Council's use of hotel accommodation, for which the Council does not receive full cost subsidy. Secondly, providers are increasing their use of high-cost supported accommodation, for which the Council is only able to reclaim 60% of its costs. To limit the Council's exposure to these high costs, the Council is delivering a Supported Housing Improvement Programme (SHIP) on behalf of the Department for Levelling Up, Housing and Communities. The aims of SHIP are to assess and, where appropriate, improve the quality of accommodation and support being provided, with an emphasis on value for money.

Further pressures on the Corporate Services budget were caused by the dividend from Yorkshire Purchasing Organisation being £0.077m less than budgeted, STAR Procurement setup costs of £0.160m, and external audit fees increasing by £0.238m.

These pressures were partially mitigated by underspends on supplies and services, due to actions taken by management in response to the moratorium on non-essential expenditure. Similar actions were also taken across all services. There was also a small overachievement on income within the portfolio.

2.8 Council-Wide Variations

There was an underspend of £4.016m for 2023-2024 relating to Treasury Management activity. Bank Rate increases and favourable market returns resulted in additional investment interest of £1.584m against budget. Slippage in the delivery of the capital programme also resulted in additional cash to invest. Debt management costs were £2.432m below budget, reflecting the profile of future capital expenditure financed by borrowing and the continued deferral of additional borrowing given current PWLB rates.

Other corporate variations totalling £3.574m have been summarised at Annex A. These are either one-off in nature, cannot be forecast with any certainty or relate to timing differences within the capital programme.

SECTION 3: CAPITAL PROGRAMME OUTTURN 2023-2024

- 3.1 The capital programme outturn figures for 2023-2024, subject to audit, are summarised in Table 3 below. The table shows a net decrease (for 2023-2024) of £20.993m from the position previously reported to Cabinet on 28 February 2024 via the Financial Monitoring Period 3 report.

Table 3 – Capital Programme Summary Outturn 2023/24	Approved Provision 2023-2024 £000	Provisional Outturn 2023-2024 £000	Variance 2023- 2024 £000
Children and Young People	3,109	2,350	(759)
Integrated Health and Care	0	0	0
Economy, Business and Skills	11	0	(11)
Wellbeing, Culture and Heritage	815	160	(655)
Corporate Services	775	635	(140)
Strategic Transport	38,100	27,213	(10,887)
Environmental Services and Climate Change	6,973	6,327	(646)
Regeneration and Planning	28,004	20,808	(7,196)
Safer Communities	736	35	(701)
Total	78,523	57,528	(20,995)
FINANCED BY			
Grants and Other Contributions	47,698	42,764	(4,934)
Capital Receipts*	115	1,665	+1,550
Revenue Contribution	534	771	+237
Borrowing*	30,176	12,328	(17,848)
Total	78,523	57,528	(20,995)

* The financing profile has been amended to utilise an additional £1.6m of capital receipts to enable savings to be generated against the Council's debt servicing costs in future years.

- 3.2 The net variance for 2023-2024 since the previously reported position arises from a combination of factors, as detailed in Table 4. Annex D provides further detail.

Table 4 – Variations in 2023-2024 capital programme spend (outturn compared to previously reported position)	£000
Rephasing of schemes into 2024-2025	(21,214)
Rephasing of schemes from future years into 2023-2024	+416
Additional funding to existing schemes	+30
Completed schemes	(227)
TOTAL	(20,995)

- 3.3 Variations on the capital programme include slippage of £10.9m on Strategic Transport schemes, including £3.8m on Parkside Link Road and associated junction mitigation works, and £3.2m on Active Travel Fund schemes. There has also been slippage of £7.2m on Regeneration and Planning schemes, including £2.5m on Town Centre Masterplan Acquisitions and £1.7m on Town Centre Bus Station Acquisitions.

- 3.4 Where these schemes are funded through borrowing, this has resulted in a deferral of borrowing and other Treasury Management costs as set out in paragraph 2.8. This relationship between the capital and revenue budget (and the impact on costs and/or savings) is important to bear in mind when considering the reserves position below.

SECTION 4: RESERVES AND BALANCES

4.1 General Balances

- 4.1.1 The movement in general balances for 2023-2024 is summarised in Table 5. The Revenue and Capital Budget approved by Council on 6 March 2024 noted that an appropriate underlying level of general balances was £12m. This is considered a prudent level set aside to cover risks that could impact the Council as a going concern.
- 4.1.2 On this basis, the revenue outturn position noted in Section 1 will require the release of £3.116m from earmarked reserves into general balances. This is more favourable than the estimate of £6.378m reported in the Revenue and Capital Budget 2024-2025. Nevertheless, as noted within a series of previous reports, any use of reserves to support the revenue budget is not sustainable. Action to address unsustainable use of reserves and replenish them will be considered in future versions of the Council's Medium-Term Financial Strategy.

Table 5 – Movement in General Balances	£000
General balances as at 1 April 2023	12,000
Budgeted use of general balances 2023-2024	0
Outturn variation against approved budget 2023-2024 (see Table 1)	(3,116)
Appropriation from earmarked reserves	3,116
General Balances as at 31 March 2024	12,000

4.2 Earmarked Balances

- 4.2.1 The overall position in relation to earmarked balances at 31 March 2024 is provided in Table 6, with Annex C providing further detail. It should be noted there are approved commitments on these reserves extending to 2026-2027.

The most significant in-year movements include:

- the approved use of general earmarked reserves in 2023-2024 for revenue and capital schemes
- the approved budgeted contributions to/from general earmarked reserves, as detailed in the Revenue and Capital Budget 2023-2024 and Medium-Term Financial Strategy 2023-2026
- the earmarking of unconditional grants and contributions, as noted in section 1.9
- the use of earmarked reserves to smooth the impact of a shortfall in Section 31 grants, as detailed at section 4.2.2
- a contribution of £1.169m back to earmarked reserves where reserves were called upon in 2022-2023 to smooth the impact of a shortfall in Section 31 grants received in that year
- the release of £3.116m from earmarked reserves into general balances, as detailed in section 4.1.2.

Table 6 – Earmarked Balances	Balance at 1 April 2023 £000	In-year Movement £000	Balance at 31 March 2024 £000
General Earmarked Reserves	46,815	(3,420)	43,395
Covid-19 Reserve - General	4,210	(3,210)	1,000
Covid-19 Reserve - Collection Fund	488	(488)	-
TOTAL	51,513	(7,118)	44,395

4.2.2 The Council's Medium Term Financial Strategy 2024-2027 notes that use of earmarked reserves will be required in 2023-2024 to smooth the impact of a shortfall in Section 31 grants during that year. The Council will receive associated additional Business Rates income in 2024-2025 and 2025-2026, which will then be used to replenish reserves. As detailed in Section 4.5.3, £0.678m is required from reserves to meet the deficit of Section 31 grants in 2023-2024. This is necessary due to the (prescribed statutory) mechanics of the Collection Fund.

4.3 Schools Balances

4.3.1 The position in respect of school balances is detailed in Table 7.

Table 7 – School Balances	£000
School balances as at 1 April 2023	11,887
In-year movements 2023-2024	(1,872)
Balances as at 31 March 2024	10,015

4.3.2 These balances are ringfenced for schools, and in accordance with the requirements of the Department for Education, the Local Scheme for Financing Schools makes provision to permit the carry-forward of resources into future financial years. This is an important mechanism for schools to support the delivery of a medium-term budgeting strategy.

4.4 Usable Capital Receipts

4.4.1 The position in respect of general capital receipts is detailed in Table 8.

Table 8 – Usable Capital Receipts	£000
Available capital receipts brought forward at 1 April 2023	19,103
<u>Receipts generated in year</u>	
Sale of Council assets and grant repayments	1,476
Repaid - other loans and advances	98
Amounts applied to finance new capital investment in the year	(1,665)
Available balance 31 March 2024 (prior to future commitments)	19,012
Capital receipts set aside in 2024-2025 where the use of flexibilities can be applied	(1,000)
Required to fund the approved capital programme in 2024-2025 to 2026-2027	(972)
Receipts set aside for additional capital schemes	(10,000)

Receipts from the repayment of Council grants and loans ringfenced for future years' Housing Programme	(115)
Available balance (after taking commitments into account)	6,925

4.4.2 There was no flexible use of capital receipts in 2023-2024 as this was not deemed necessary at this time but this remains an option for the Council should it be needed. This is kept under review and remains an option for future use.

4.5 **Collection Fund**

4.5.1 The position in respect of the Council's Collection Fund is provided in Table 9.

Table 9 – Collection Fund	Surplus / (deficit) 31 March 2024	Surplus / (deficit) included in the approved MTFS	Additional surplus / (deficit) to be carried forward
	£000	£000	£000
Council Tax	(913)	(843)	(70)
Business Rates	3,649	2,384	1,265
SUB-TOTAL	2,736	1,541	1,195
Section 31	(882)	(1,153)	271
TOTAL	1,854	388	1,466

4.5.2 As at year-end, there is a favourable outturn position on the Collection Fund of £1.854m.

4.5.3 As detailed in section 4.2.2, the use of £0.678m of earmarked reserves is required in 2023-2024 to smooth the impact of a shortfall in Section 31 grants received during the year. This amount, along with a shortfall of £0.204m brought forward from 2022-2023, will be repaid to reserves in 2024-2025 when additional Business Rates income is received. This is due entirely to the mechanics of the Collection Fund and the statutory rules regarding when a surplus in Business Rates income must be charged.

SECTION 5: TREASURY MANAGEMENT OUTTURN REPORT 2023-2024

5.1 A summary of the Council's Treasury position at the end of March 2024 is included in Table 10. The Treasury Management Outturn Report for 2023-2024 is included at Annex E.

Table 10 – Treasury position 2023-2024	As at 1 April 2023	As at 31 March 2024
Investments Outstanding	£127.0m	£107.7m
Investment Returns (average for the year)	-	4.975%
Borrowing	£137.5m	£132.5m

SECTION 6: DEDICATED SCHOOLS GRANT

6.1 The outturn in respect of the Dedicated Schools Grant (DSG) was an overall underspend of £1.108m in 2023-2024, as summarised in Table 11.

Table 11 – Dedicated Schools Grant Outturn 2023-2024	£000
Allowed budget 2023-2024 (after academies and high-needs block recoupment)	130,820
Total expenditure 2023-2024	129,712
In-year DSG deficit / (surplus)	(1,108)
Deficit / (surplus) brought forward from prior years	(773)
Total DSG deficit / (surplus) carried forward	(1,881)

- 6.2 Although there was an overall in-year underspend of £1.295m in relation to the high-needs block of the DSG, this position has been aided by several non-recurrent factors. Funding has been set aside within the high-needs block to resource additional places within maintained special schools, new and intended SEND bases, and the new free school, contributing to an underspend of £1.485m for these areas.
- 6.3 It is anticipated that this budgetary provision will be required in future years as the additional places become available. These developments are necessary to help the Council and schools manage the underlying level of demand associated with the number of pupils who have additional educational needs. It is hoped that the additional capacity within local mainstream and special settings will provide alternative options to commissioning places within specialist independent provision.
- 6.4 There was an in-year budget pressure of £1.351m in relation to non-maintained, independent and further education providers. The cost of these independent school fees also includes educational provision for children looked after where the nature of the placement necessitates alternative educational arrangements.
- 6.5 The DSG funding regulations require that any surplus arising from a particular year is carried forward and spent on items within the schools budget. The Council, in consultation with the Schools Forum, is required to decide how the surplus should be used.

COUNCIL-WIDE VARIATIONS – OTHER CORPORATE BUDGETS

Council-Wide Variations (Other Corporate Budgets)	Outturn Variance 2023-2024 £000 + /(-)	Explanation of Variances
Business Rates Retention System Levy Account Surplus	(388)	On 5 February 2024, the Department for Levelling Up, Housing and Communities announced that a surplus on the Business Rates Retention System Levy Account for 2023-2024 would be distributed to local authorities. The allocation for St Helens was £0.388m.
Mid-Mersey Business Rates	(540)	Under the Mid-Mersey Business Rates pooling arrangement with Warrington and Halton Borough Councils, the Council received a proportionate share of the levy savings that would otherwise have been payable in relation to Warrington's Business Rates growth. This payment relates to a share of the levy savings for previous years.
Restructuring Costs	(639)	Corporate budget provision for costs associated with the restructuring and reconfiguring of Council services was not fully utilised in 2023-2024. Budgeted £1.000m flexible use of capital receipts to fund these costs was also not utilised in 2023-2024.
Business Rates Technical Adjustment	(198)	On 19 December 2023, the Department for Levelling Up, Housing and Communities announced that the Council would receive a £0.198m one-off technical adjustment in 2023-2024 to reflect the difference between the draft Business Rates rating list and the updated 2023-2024 list.
Green Plant and Machinery Compensation	(148)	On 5 February 2024, the Department for Levelling Up, Housing and Communities confirmed that local authorities would be compensated in 2023-2024 for the Green Plant and Machinery Business Rates exemption introduced from 1 April 2022. St Helens was awarded £0.073m for 2022-2023 and £0.075m for 2023-2024.
Minimum Revenue Provision	(819)	The Minimum Revenue Provision for the repayment of borrowing was £0.819m lower than budgeted in 2023-2024 as a consequence of changes to the profile and financing of the Council's capital programme.
Use of Earmarked Reserves (Pay Award)	(877)	On 28 February 2024, Cabinet approved the one-off use of £0.877m of earmarked reserves to mitigate the pressure relating to the final settlement of the 2023-2024 Pay Award.
Other	+35	
Total	(3,574)	

CONTINUATION OF FUNDING FROM EARMARKED RESERVES INTO 2024-2025 AND ACCELERATION OF FUNDING

	Continuation of Funding into 2024-2025 & beyond			Acceleration of Funding from 2024-2025 into 2023-2024		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Children and Young People	-	-	-	-	-	-
Integrated Health and Care	-	-	-	31	-	31
Economy, Business and Skills	19	-	19	16	-	16
Wellbeing, Culture and Heritage	218	-	218	-	-	-
Corporate Services	-	-	-	-	-	-
Strategic Transport	386	-	386	-	-	-
Environmental Services and Climate Change	49	5	54	7	-	7
Regeneration and Planning	-	-	-	-	-	-
Safer Communities	672	-	672	-	-	-
Total	1,344	5	1,349	54	-	54

EARMARKED BALANCES POSITION AT 31 MARCH 2024

	Balance at 1 April 2023 £000	Use of Reserves in year £000	Transfers to Reserves in year £000	Re- Alignment of Reserves* £000	Balance at 31 March 2024 £000
Transformation Reserve	6,171	(1,101)	975	(1,500)	4,545
Growth Reserve	5,711	(306)	200	(1,500)	4,105
Councillor Improvement Fund	356	(172)	-	-	184
Insurance and Contingent Liability Reserve	3,208	(278)	-	-	2,930
Waste Management Development Fund	647	(573)	-	-	74
Inflationary Reserve	4,746	(2,993)	1,877	1,710	5,340
Restructuring Reserve	3,707	-	-	-	3,707
Funding Reform and Volatility Reserve**	7,269	(5,212)	3,305	(368)	4,994
Revenue Grants and Contributions Reserve***	-	-	648	1,868	2,516
Pensions Reserve	10,000	-	-	-	10,000
Tax Increment Financing (TIF) Reserve	5,000	-	-	-	5,000
TOTAL (exc. Reserves earmarked for Covid-19)	46,815	(10,635)	7,005	210	43,395
Covid-19 Reserve - General	4,210	(3,000)	-	(210)	1,000
Covid-19 Reserve - Collection Fund	488	(488)	-	-	-
TOTAL ***	51,513	(14,123)	7,005	-	44,395

* As approved within the Medium-Term Financial Strategy 2024-2027 and Revenue and Capital Budget 2024-2025. Also reflects transfer of £1.868m of revenue grants earmarked in previous years into the new Revenue Grants & Contributions Reserve, as outlined at section 1.9 to this report.

** Includes earmarking of £0.136m of unspent budget provision in 2023-2024 for use in 2024-2025 to deliver specific programmes of work, as detailed in section 1.4 to this report. Also reflects appropriation of £3.116m to general balances as detailed in section 4.1.2.

*** Includes earmarking of unconditional grants and contributions totalling £0.648m for use in 2024-2025 and future years to deliver specific programmes of work, as detailed in section 1.4 to this report.

Annex D**CAPITAL PROGRAMME VARIATIONS 2023-2024**

CHILDREN & YOUNG PEOPLE PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Primary Schools			
Ashurst Primary Rebuild	1,132	974	-158
Bleak Hill Roof Repairs	5	0	-5
Carr Mill - Heating Works	230	178	-52
Eccleston Lane Ends - Roof Repairs	50	48	-2
Garswood - Curtain Walls	38	53	15
Longton Lane Rebuilding Programme	198	198	0
Merton Bank Structural Works	4	0	-4
Newton Le Willows Primary Heating	5	0	-5
Queens Park Roof Replacement	5	0	-5
Queens Park Health & Safety Works	30	17	-13
Rivington Boiler Replacement	5	0	-5
Robins Lane Health & Safety Works	2	2	0
Sutton Manor Health & Safety Works	5	0	-5
Sutton Oak Boiler Replacement	5	0	-5
Thatto Heath Structural Works	5	0	-5
The District Primary - Nursery Provision	51	51	0
The District Primary - Roof Replacement	0	0	0
The District Primary - Fire Doors	6	0	-6
The District Primary - WC Refurbishment	30	32	2
Secondary Schools			
Cowley Roof Replacement	25	26	1
Special & Other Schools			
Mill Green - Hairdressing Salon Relocation	53	49	-4
Penkford Relocation	52	9	-43
Pupil Referral Unit – Heating Works	5	0	-5

CHILDREN & YOUNG PEOPLE PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Other Schemes			
School Devolved Formula Capital	400	304	-96
Connect the Classroom	47	73	26
Various Schools Fire Risks	36	36	0
Various Schools Heating Works	8	2	-6
Sutton Children's Centre External Play Area	63	0	-63
Children's Residential Homes	150	65	-85
Family Hubs	89	67	-22
Single Social Care & Education system	275	147	-128
Uncommitted Grant Funding			
School Condition Funding Uncommitted	100	19	-81
TOTAL	3,109	2,350	-759

ECONOMY, BUSINESS & SKILLS PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Replacement of Housing & Regulatory Services Case Management System	11	0	-11
TOTAL	11	0	-11

WELLBEING, CULTURE & HERITAGE PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Parr Locality Hub	625	0	-625
World of Glass Building Works Loan	160	160	0
UK Shared Prosperity Fund - Culture, Arts and Heritage	30	0	-30
TOTAL	815	160	-655

CORPORATE SERVICES PORTFOLIO
ICT Device Refresh
Telephone & Contact Centre System
Finance System (Unit4 ERP)
TOTAL

2023-2024		
Approved Budget Q3	Outturn	Variance
£000	£000	£000
50	58	8
129	107	-22
596	470	-126
775	635	-140

STRATEGIC TRANSPORT PORTFOLIO
A49 to M6 Junction 22 Link Road
KRN Levelling Up (Parkside Junction Mitigation Works)
Active Travel Fund - Tranche 2
Active Travel Fund - Tranche 3
Active Travel Fund - Tranche 4
Carriageway Maintenance
Highway / Road Investment
Huskisson Bridge Repairs
LCR Sustainable Urban Development
Local Safety Schemes
CRSTS- Active Travel-City Region
CRSTS- Strategic Maintenance
CRSTS - Bridges
CRSTS - Technology & Comms Upgrade
CRSTS - Potholes
CRSTS - Flooding / Drainage
CRSTS - Resource Funding
Safer Routes to Schools
Section 106 Arrangements
St. Helens Southern Gateway Package
Traffic Signal Improvements on A58 and A572
LED Retrofit - Traffic Signals
DfT Pothole Fund
TOTAL

2023-2024		
Approved Budget Q3	Outturn	Variance
£000	£000	£000
17,000	15,466	-1,534
3,560	1,268	-2,292
3	0	-3
2,056	187	-1,869
1,334	0	-1,334
44	7	-37
447	361	-86
170	83	-87
550	513	-37
62	66	4
870	663	-207
3,365	1,533	-1,832
710	444	-266
1,010	1,098	88
410	456	46
710	523	-187
1,315	819	-496
34	11	-23
81	0	-81
3,327	2,939	-388
80	71	-9
438	184	-254
524	521	-3
38,100	27,213	-10,887

ENVIRONMENTAL SERVICES & CLIMATE CHANGE PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Air Quality	650	650	0
Air Quality - Indoor Monitoring Equipment	96	82	-14
Climate Change Emergency Response Fund	46	0	-46
Haydock KGV Playing Field- Site Improvements	128	124	-4
Recycling & Waste Collection	389	54	-335
Section 106 Arrangements (Non-Highway Schemes)	48	0	-48
St. Helens Cemetery-Drainage Scheme	2	3	1
Two Butt Lane Open Space (S.106)	20	20	0
Sherdley Park Skate Park	122	58	-64
UK Shared Prosperity Fund - Green, Resilient & Safe Communities	78	0	-78
Improvements to Vulcan Village Conservation Area & Greenway	65	55	-10
Resources and Waste Strategy	2,570	2,470	-100
Fleet Replacement Programme 2022-2023	2,280	2,201	-79
Fleet Replacement Programme 2023-2024	479	610	131
TOTAL	6,973	6,327	-646

REGENERATION & PLANNING PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Chalon Way Meanwhile Use	22	0	-22
New Asset Data System (Concerto)	61	0	-61
St Helens Town Centre Masterplan Church Square	4,507	2,031	-2,476
St Helens Town Centre Phase 1 Investment	300	305	5
Hardshaw Brook Depot Review	3,661	3,668	7
Modernisation of St Helens Crematorium	89	16	-73
The Gamble Building (Phase 4)	108	68	-40
	258	86	-172

REGENERATION & PLANNING PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
Earlestown Town Hall (External Refurbishment)	0	20	20
Earlestown Regeneration	85	0	-85
Earlestown Market	856	759	-97
Earlestown Town Hall (Internal)	409	391	-18
Festive Lighting	100	81	-19
Town Deal - Glass Futures Phase 2	1,218	0	-1,218
Town Deal - Cannington Shaw	726	106	-620
Town Deal - The World of Glass	402	402	0
Town Deal - Digital Infrastructure	60	150	90
Town Deal - Health Hub	400	305	-95
Town Centre Bus Station Strategic Acquisitions	2,580	883	-1,697
St Helens Manufacturing and Innovation Campus Strategic Acquisitions	6,989	6,875	-114
Parkside Regeneration Equity Investment	850	850	0
Housing Schemes			
Disabled Facilities Grants and Adaptations	4,000	3,561	-439
General Fund Housing (Housing Assistance)	58	60	2
Housing Clearance and Enforcement	10	8	-2
Insulation Measures and Fuel Poverty	255	183	-72
TOTAL	28,004	20,808	-7,196

SAFER COMMUNITIES PORTFOLIO	2023-2024		
	Approved Budget Q3	Outturn	Variance
	£000	£000	£000
CCTV Replacement	736	35	-701
TOTAL	736	35	-701

TOTAL ALL PORTFOLIOS	78,523	57,528	-20,995
-----------------------------	---------------	---------------	----------------

TREASURY MANAGEMENT OUTTURN REPORT 2023-2024

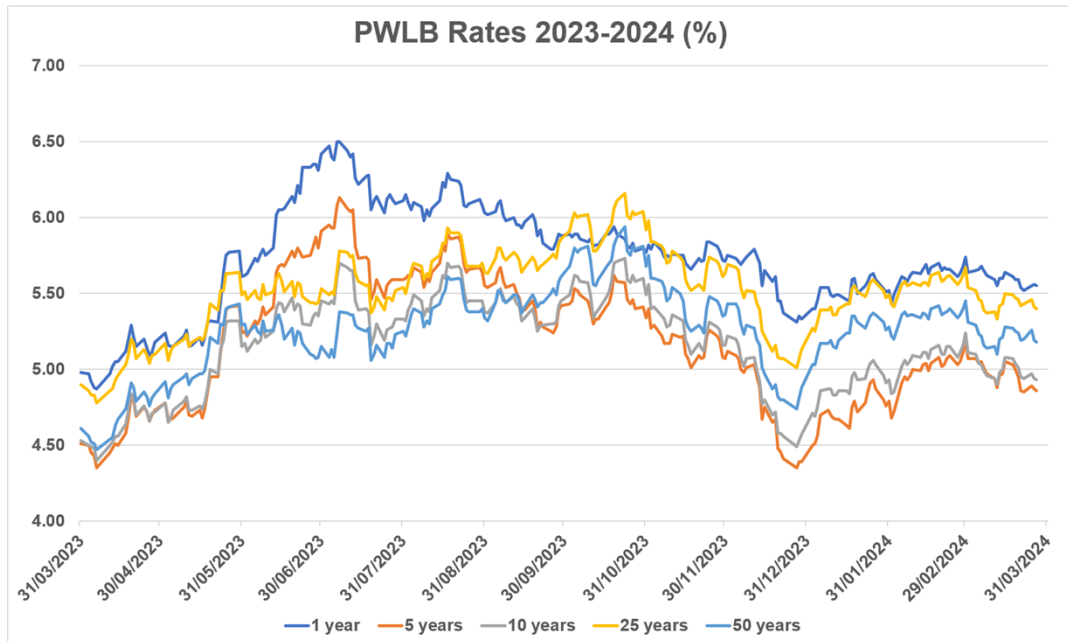
- 1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA *Code of Practice on Treasury Management* ('the Code') and the CIPFA *Prudential Code for Capital Finance in Local Authorities*.
- 1.2 During 2023-2024, the minimum reporting requirements were that the full Council should receive the following reports:
- (i) an annual Treasury Management Strategy Statement (approved by Council on 1 March 2023 and Audit & Governance Committee on 15 March 2023)
 - (ii) a mid-year treasury update report (considered by Council on 17 January 2024 and Audit and Governance Committee on 11 December 2023)
 - (iii) an annual review following the end of the year describing the activity compared to the strategy (this report)
 - (iv) regular treasury management reports to Council following consideration by Cabinet via each Financial Monitoring Report
- 1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policies and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 1.4 The Council confirms that it has complied with the requirement under the *Code* to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the full Council.
- 1.5 The main contents of this report are:
- borrowing activity 2023-2024
 - investment activity 2023-2024
 - effects on the Council budget
 - the Council's treasury position as at 31 March 2024
 - performance measurement
 - compliance with Treasury Limits and Prudential Indicators

2. BORROWING ACTIVITY 2023-2024

- 2.1 The Treasury Management Strategy Statement 2023-2024 did not identify any absolute requirement for the Council to undertake new external borrowing to finance ongoing capital activity. However, while levels of external borrowing remained significantly below the Capital Financing Requirement, the Statement recognised the possibility of needing to borrow to finance planned and historic activity. The Council's strategy has been to defer borrowing by using cash resources from reserves and balances.
- 2.2 No loans were taken out in 2023-2024. The current strategy of using cash balances as an alternative to borrowing was formulated mainly to minimise credit risks associated with holding investments and to protect the Council's budgetary position against the prevailing high cost of borrowing. This strategy allows for borrowing to be undertaken when it is deemed most opportune, based upon

current and forecast PWLB interest rates. This is consistent with the advice received from our treasury advisers, Link, who recommend considering borrowing at a later date when rates are more favourable.

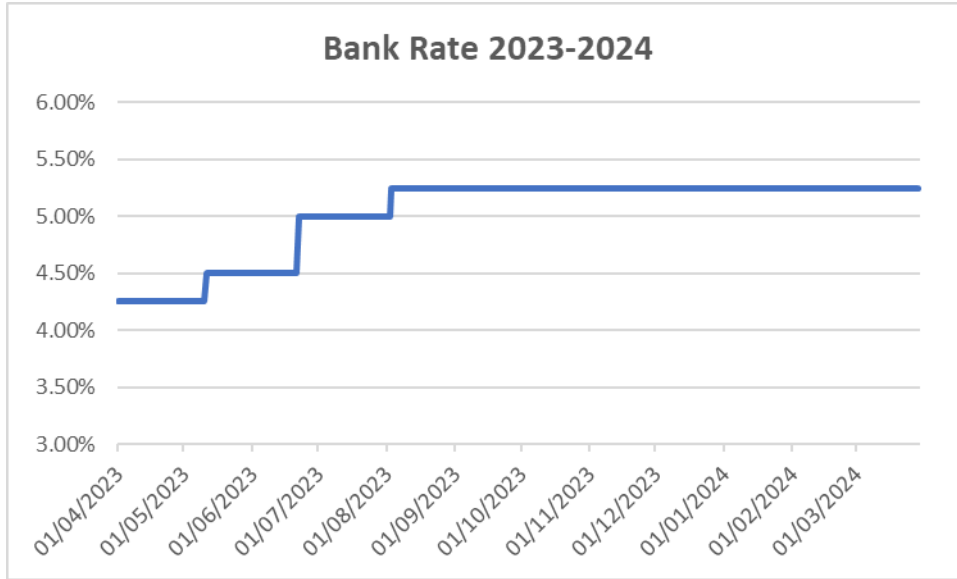
- 2.3 During the year, the Council monitored Public Works Loan Board (PWLB) certainty rates. The Council also monitored the spike in inflation and financial markets' loss of confidence after the abortive September 2022 Mini Budget and the corresponding rise in gilt yields. The graph below shows how rates have changed during the year: peaking in the summer before falling through winter and rising in the new year.



- 2.4 The rationale in section 2.2 still holds good and, in that context, the Borrowing Strategy is still fit for purpose. However, it must be noted that this strategy has led to the Council having an “under-borrowed” position, in that borrowing to fund historical capital spend has been deferred and may need to be secured at some stage in the future. The issue of when this borrowing may need to be secured needs to be considered in light of the forecast movements in PWLB borrowing rates.
- 2.5 In January 2024 the Council elected to repay a £5m LOBO loan, rather than accept a change in rate that would have resulted in interest payments related to this debt rise from 4.50% to 6.14%. This decision is justifiable on the basis that an equivalent loan for the same period (25 years) could have been obtained from PWLB at a rate of 5.38%. The Council did not take out additional borrowing to cover the repayment of this loan and instead used internally sourced funds to do so.

3. INVESTMENT ACTIVITY 2023-2024

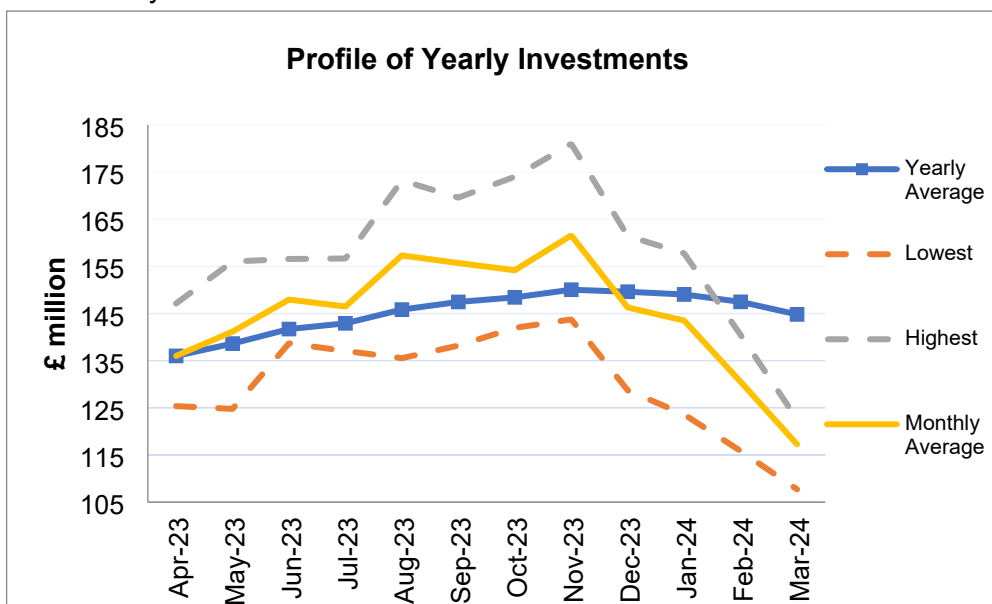
- 3.1 The Bank Rate was raised three times in 2023-2024 in an attempt to bring inflation down to the Bank of England's 2% target. The chart below shows Bank Rate increases in 2023-2024.



3.2 Financial markets continue to face significant uncertainty, which has prompted a cautious approach. Investments continue to be dominated by low counterparty risk considerations. However, rates of return over the last two years have been markedly higher since 2022 due to an increasing Bank Rate.

3.3 As detailed in the Annual Investment Strategy, the general policy objective of the Council is the prudent investment of its surplus funds. The Council’s investment priorities are the security of capital and liquidity of investments. The Council’s investment dealings in the year have been undertaken in order to achieve the optimum return on its investments, commensurate with the proper levels of security and liquidity, and having properly assessed all inherent risks. All investments made during the year have been made in accordance with this strategy.

3.4 The Council maintained an average balance of £144.816m during the year. The chart below profiles the values of investments held each month throughout the 2023-2024 year.



4. EFFECTS ON THE COUNCIL BUDGET

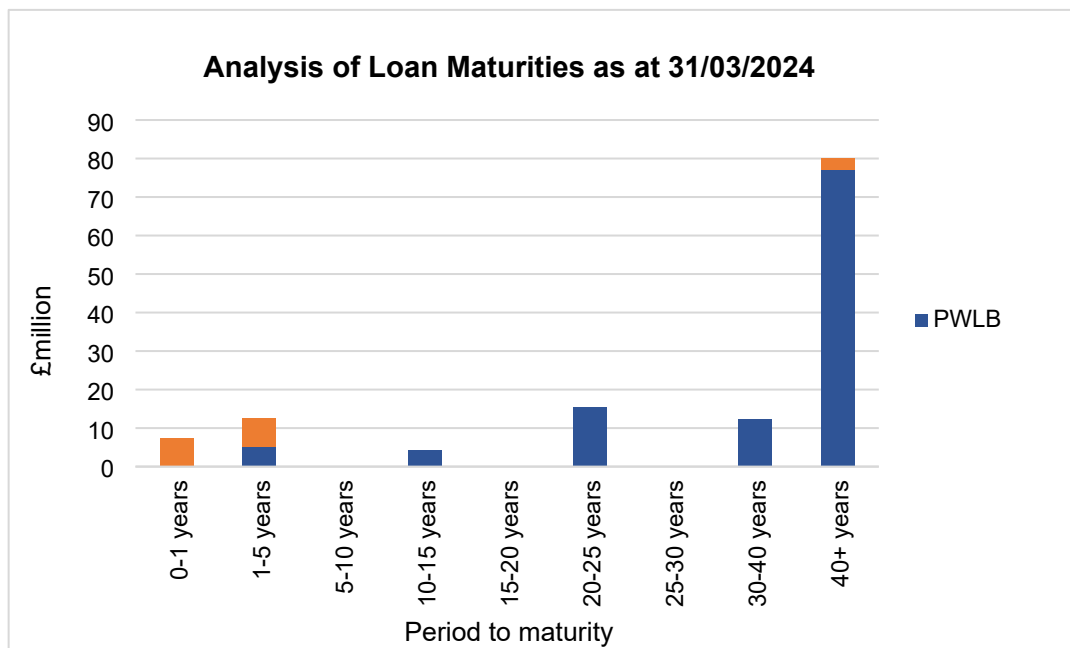
4.1 The overall effect on the Council's revenue budget in 2023-24 is shown in Table 1.

Table 1 – Treasury Allowed Estimate & Outturn 2023-2024			
Description	Allowed Estimate (£000)	Outturn (£000)	Over/ (Under)spend (£000)
Debt Management Costs	9,377	6,945	(2,432)
Investment Income	(5,115)	(6,699)	(1,584)
NET TREASURY COSTS	4,262	246	(4,016)

4.2 Debt management costs have reduced by £2.432m because of decisions around the continued deferral of additional borrowing, whilst investment income exceeded budget by £1.584m due to an improving Bank Rate throughout the year which resulted in enhanced market returns.

5. COUNCIL'S TREASURY POSITION

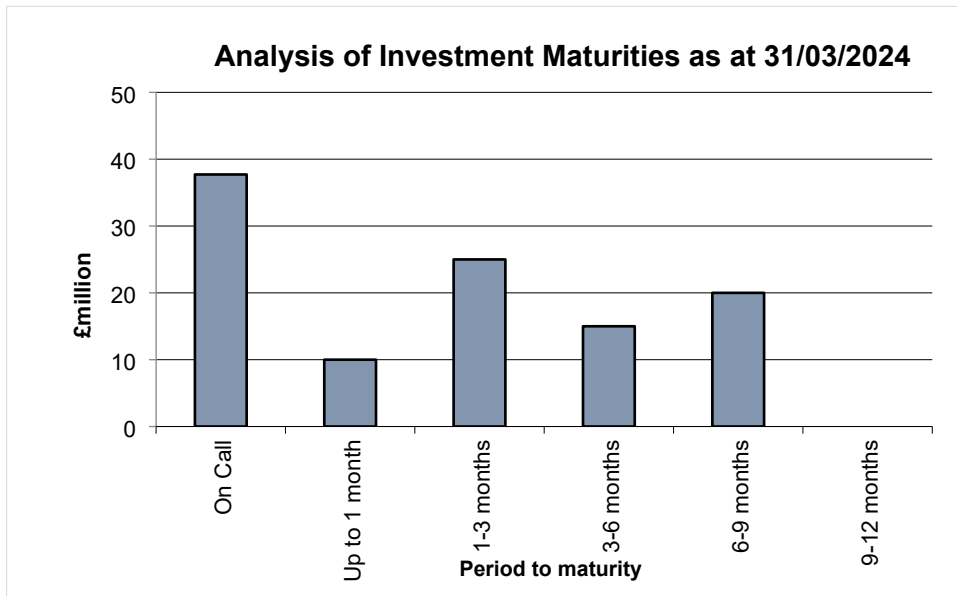
5.1 As at 31 March 2024, the Council's debt portfolio comprised PWLB and market debt totalling £132.508m. The maturity profile of the debt outstanding is highlighted in the chart below.



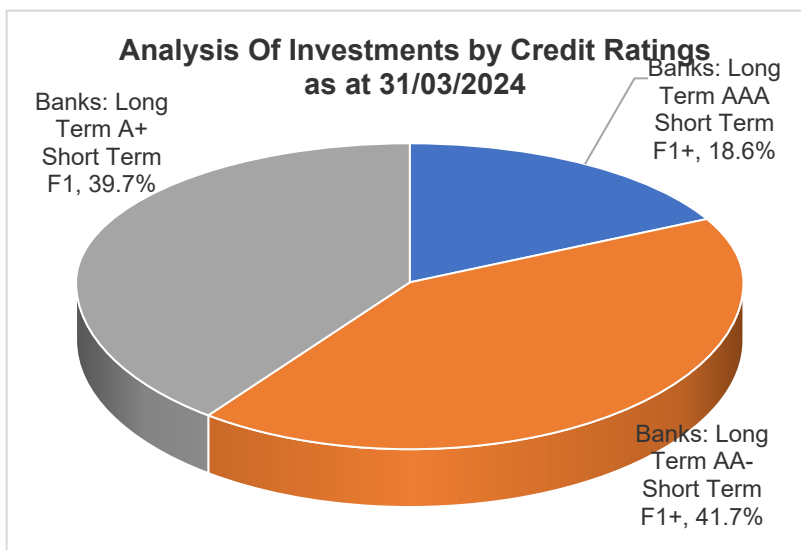
5.2 In accordance with the CIPFA Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a Market Loan (LOBO – Lender Option Borrower Option loan)), then this should be treated as a right to require payment. Due to this guidance, the maturity dates of the Council's LOBO loans have been profiled as the next call date for each. This has made the Council's position look much more short term

when, in reality, all of these loans (£15m) have maturity dates of more than 50 years.

- 5.3 As interest rates rise, an increasing number of LOBO loans are being “called” by lenders, with notification given of their intention to increase the rate. Where this occurs, the Council assesses whether it is more cost-effective to prepay at par instead. In 2023/24 only one LOBO was called by the lender, and the Council chose to prepay this rather than incur the increased rate.
- 5.4 The investments held at 31 March 2024 amounted to £107.710m (including funds held in relation to Merseyside Recycling and Waste Authority £6.898m and Schools £10.015m). The composition of these are shown in the chart below.



- 5.5 The pie chart below shows how the investments held by the Council at 31 March 2024 comply with the Council’s Counterparty Criteria, which are reported within the Treasury Management Strategy Statement. It reports the credit ratings of those organisations with whom the Council holds investments and the percentage of investments within each criterion.



- 5.6 The investments in the pie chart break down as follows:
- 18.6% of investments are with the highest graded counterparties, i.e., those with the very best prospects and the lowest risk of failure, with extremely strong and stable characteristics.
 - 41.7% of investments are held with counterparties who are graded AA-/F1+. These counterparties have strong prospects for ongoing viability, strong and stable fundamentals and a particularly good liquidity profile.
 - The remainder of the Council's investments (39.7%) are with counterparties who are graded A+/F1. These have very strong prospects for ongoing viability and are not significantly vulnerable to foreseeable events.

6. PERFORMANCE MEASUREMENT

- 6.1 The performance measure for any new borrowing is to compare the average rate secured for the year compared to the average available for the year. However, no new borrowing was taken out in 2023-2024.
- 6.2 When analysing performance of the Council's investment activity, there are more readily identifiable indicators available to determine performance, as detailed in Table 2 below:

2023-2024	Returns Achieved			Benchmark Returns	Performance relative to Benchmarks
Month	Fixed Term Investments	Call Accounts	Combined Return	Backward Looking 90 Day SONIA	Overall +/- return
April	3.891%	4.104%	3.926%	3.919%	0.007%
May	4.119%	4.025%	4.096%	4.116%	(0.020%)
June	4.389%	4.087%	4.312%	4.288%	0.024%
July	4.748%	4.417%	4.665%	4.520%	0.145%
August	5.174%	4.757%	5.086%	4.790%	0.296%
September	5.299%	4.984%	5.247%	5.050%	0.197%
October	5.369%	4.874%	5.274%	5.174%	0.100%
November	5.473%	5.077%	5.362%	5.219%	0.143%
December	5.469%	5.436%	5.461%	5.210%	0.251%
January	5.479%	5.104%	5.364%	5.220%	0.144%
February	5.728%	5.122%	5.605%	5.220%	0.385%
March	5.643%	4.648%	5.297%	5.220%	0.077%
Average rate of return*	5.065%	4.720%	4.975%	4.829%	0.146%

* Inclusive of treasury costs and exclusive of interest from third parties.

- 6.3 In aggregate, across the year, the Council has consistently performed above the accepted benchmark levels. Any sudden changes in rates will impact upon performance against benchmarks as investment decisions need to be made based upon both the desire to maximise interest returns and, more importantly, managing the liquidity of the authority's investments for cash flow purposes. For a

number of years, where possible, the Council has taken advantage of favourable rates and locked into investment deals for longer periods.

7. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

7.1 During 2023-2024, the Council complied with its legislative and regulatory requirements. The revised Treasury Limits and Prudential Indicators are included at Annex (i) and, where appropriate, outturn figures for the indicators have been produced by analysis.

Annex (i)

<u>Treasury Limits and Prudential Indicators 2023-2024</u>			2023-2024 Revised Estimate	2023-2024 Outturn
1(i)	Proposed capital expenditure that the Council plans to commit to during the forthcoming and subsequent two financial years.	Capital Expenditure (£m)	78.523	57.530
1(ii)	Additional in-year borrowing requirement for capital expenditure.	In Year Capital Financing Requirement (CFR) (£m)	26.507	8.658
2	The CFR is an aggregation of historic and cumulative capital expenditure, which has yet been paid for by either revenue or capital resources.	Capital Financing Requirement as at 31 March (£m)	226.353	206.593
3	The "net borrowing" position represents the net of the Authority's gross external borrowing and investments sums held.	Net Borrowing Requirement: External Borrowing (£m) Investments Held (£m) Net Requirement (£m)	132.509 <u>(126.000)</u> 6.509	132.508 <u>(100.811)</u> 31.698
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time.	Ratio of financing cost to net revenue stream	3.67%	2.39%

<u>Treasury Limits and Prudential Indicators 2023-2024</u>			2023-2024 Revised Estimate	2023-2024 Outturn
5	The Council's Budget Strategy with regards to unsupported borrowing is such that there is no incremental impact to Council Tax.	Incremental impact of capital investment decisions (increase in Council Tax Band D equivalent)	NIL	NIL
6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.	Authorised Limit for External Debt (£m)	208.662	Complied within limit
7	This is the limit beyond which external debt is not normally expected to exceed.	Operational Limit for External Debt (£m)	185.201	Complied within limit
8	These limits seek to ensure that the authority does not expose itself to an inappropriate level of interest rate risk and has a suitable proportion of debt.	Upper Limit for Fixed Interest Rate Exposure	100%	Complied within limit
		Upper Limit for Variable Interest Rate Exposure	50%	Complied within limit
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk.	Upper Limit for Sums Invested over 365 Days	60%	Complied within limit
10	This indicator is used to highlight where an authority may be borrowing in advance of need.	Gross Debt and the CFR (£m)	73.865	54.105

This page is intentionally left blank