



Report to: Policy & Performance Improvement Committee Meeting - 28 November 2022

Director Lead: Sanjiv Kohli, Deputy Chief Executive and Director - Resources

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Report Summary	
<b>Report Title</b>	Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2023 as at 30 September 2022
<b>Purpose of Report</b>	<p>To update Members with the forecast outturn position for the 2022/23 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets.</p> <p>To show performance against the approved estimates of revenue expenditure and income and report on major variances from planned budget performance, in accordance with the Council's Constitution.</p>
<b>Recommendations</b>	<p>That the Policy &amp; Performance Improvement Committee note:</p> <ul style="list-style-type: none"> <li>a) the General Fund projected unfavourable outturn variance of £0.655m on services;</li> <li>b) the Housing Revenue Account projected unfavourable outturn variance of £0.194m on services; and</li> <li>c) the capital outturn position of £67.109m.</li> </ul>

## 1.0 Background

### Overview of General Fund Revenue Projected Outturn for 2022/23

#### Current position (as at 30 September 2022): variances

1.1 *Table 1* shows a projected unfavourable variance against the revised budget of £0.655m on service budgets. This is based on meetings which took place with business managers by late-October, therefore does not account for subsequent changes in expenditure/income. Further details of the variances projected against portfolio holder budgets are in **Appendix A**.

*Table 1: General Fund revenue outturn for 2022/23 financial year as at 30 September 2022*

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Cleaner, Safer, Greener	4.537	4.251	4.229	(0.022)
Economic Development & Visitors	1.323	1.363	1.136	(0.227)
Homes & Health	1.396	1.689	1.441	(0.248)
Organisational Development & Governance Strategy, Performance & Finance	4.363 2.769	4.415 3.673	4.217 5.023	(0.198) 1.350
<b>Net Cost of GF Services</b>	<b>14.389</b>	<b>15.391</b>	<b>16.046</b>	<b>0.655</b>
Other Operating Expenditure	4.253	4.237	4.237	0.000
Finance & Investment Income/Expenditure	(0.280)	(0.281)	(0.785)	(0.504)
Taxation & Non-Specific Grant Income	(19.901)	(20.501)	(20.954)	(0.453)
<b>Net Cost of Council Expenditure</b>	<b>(1.539)</b>	<b>(1.154)</b>	<b>(1.456)</b>	<b>(0.302)</b>
Transfer to/(from) Usable Reserves	0.915	0.530	0.893	0.363
Transfer to/(from) Unusable Reserves	0.624	0.624	0.563	(0.061)
Transfer to/(from) General Reserves	0.000	0.000	0.000	0.000

- 1.2 An unfavourable variance of £0.655m is currently being projected on service budgets managed by business managers. This represents 4.3% of the total service budgets. This unfavourable variance of £0.655m includes an unfavourable variance of £0.645m on employee spend council-wide. Excluding employee spend, therefore, non-employee spend and income have unfavourable variances totalling £0.020m.
- 1.3 The unfavourable variance of £0.645m on employee spend includes a budgeted saving of £0.656m for vacancies council-wide during the year. This £0.656m represents 4% of the total budget for employee spend. As it is not known which services will have vacant posts during the year, the whole of the £0.656m is currently budgeted for within the Strategy, Performance & Finance portfolio holder's budget and shows as an unfavourable variance. Conversely, all of the savings from vacant posts show as favourable variances against their respective portfolio holders. Details of the services with variances due to vacant posts are in **Appendix A**.
- 1.4 The unfavourable variance of £0.645m on employee spend also includes the total estimated additional cost of the forecast 2022/23 pay award. The 2022/23 budget approved by Full Council on 8 March 2022 budgeted for a 2022/23 pay award of 2%, in line with the 2021/22 pay award of 1.75% for most employees. The employers and unions have now agreed at £1,925 per pay point. This effect of this has been modelled into the figures above. The terms and conditions of most council employees are determined by the NJC. Officers in Financial Services will continue to closely monitor announcements regarding the 2022/23 pay award for employees and will factor these into subsequent budget monitoring forecast reports as appropriate. The impact of the changes will be allocated into services or the next budget monitoring report.
- 1.5 Non-Service expenditure is projected to have a favourable variance of £1.003m against the revised budget of £16.545m. These budgets primarily relate to income from council

tax, national non-domestic rates (NNDR, or ‘business rates’) and investment interest. The favourable variance of £0.504m on Finance & Investment Income/Expenditure relates to increased investment interest income, based on higher than anticipated interest rates. £0.445m of the £0.453m favourable variance on Taxation & Non-Specific Grant Income relates to additional income from the Nottinghamshire Business Rates Pool.

- 1.6 As the Council has received, for a number of years, return funding from the Nottinghamshire Business Rates Pool in relation to the local growth retained (split with Nottinghamshire County Council), £0.600m has been budgeted for as the additional funding to be generated in 2022/23. Chief Finance Officers at each of the Nottinghamshire districts and boroughs monitor growth generated by the Business Rates Pool. Based on projected outturn information received as at the end of Q2 from all Nottinghamshire districts and boroughs, the Council is currently projecting to receive £1.045m return funding from the pool for 2022/23.

### Overview of Projected Housing Revenue Account (HRA) Outturn for 2022/23

- 1.7 With reference to the ‘Variance’ column in *Table 2*, the HRA accounts show a projected unfavourable variance against the revised budget of £0.194m as follows:

*Table 2: HRA revenue outturn for 2022/23 financial year as at 30 September 2022*

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	17.884	17.878	17.911	0.033
Income	(26.531)	(26.466)	(26.305)	0.161
<b>Net Cost of HRA Services</b>	<b>(8.647)</b>	<b>(8.588)</b>	<b>(8.393)</b>	<b>0.194</b>
Other Operating Expenditure	0.027	0.027	0.020	(0.007)
Finance & Investment Income/Expenditure	3.904	3.904	4.100	0.196
Taxation & Non Specific Grant Income	0.000	0.000	0.000	0.000
<b>(Surplus)/Deficit on HRA Services</b>	<b>(4.715)</b>	<b>(4.657)</b>	<b>(4.273)</b>	<b>0.383</b>
<b>Movements in Reserves</b>				
Transfer to/(from) Usable Reserves	1.442	1.383	1.485	0.103
Transfer to/(from) Unusable Reserves	(6.778)	(6.778)	(7.263)	(0.485)
Transfer to/(from) Major Repairs Reserve	10.051	10.051	10.051	0.000

- 1.8 The main reasons for the projected unfavourable outturn variance of £0.194m are in **Appendix B**.

### Overview of Projected Capital Outturn 2022/23

- 1.9 The table below summarises the position for the Capital Programme as at 30 September 2022 and is split between General Fund and Housing Revenue Account.

	<b>Revised Approved Budget £'m</b>	<b>Revised budget updated for Approval £'m</b>	<b>Actual Spend to 30 September 2022 £'m</b>	<b>Forecast Outturn £'m</b>
General Fund	53.787	42.459	6.368	42.459
Housing Revenue Account	36.207	24.650	5.502	24.650
<b>Total</b>	<b>89.994</b>	<b>67.109</b>	<b>11.870</b>	<b>67.109</b>

1.10 Following the Cabinet meeting of 4 October 2022, the total approved budget was £89.994. As projects are developed and spending commitments are made, budget requirements can change. The additions and amendments that are being recommended for approval at Cabinet on 6 December 2022 are detailed in **Appendix C**, which seeks to reduce the budget to £67.109m.

## **2.0 Proposal/Options Considered and Reasons for Recommendation**

- 2.1 To consider the forecast outturn position for the 2022/23 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets.
- 2.2 To show performance against the approved estimates of revenue expenditure and income and report on major variances from planned budget performance, in accordance with the Council's Constitution.

## **3.0 Implications**

- 3.1 In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

## **Background Papers and Published Documents**

General Fund and Housing Revenue Account Revenue Monitoring Reports to 30/09/2022  
 General Fund and Housing Revenue Account Capital Monitoring Reports to 30/09/2022