



Report to: Policy & Performance Improvement Committee Meeting – 6 March 2023

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

Lead Officer: Nick Wilson, Business Manager - Financial Services, 01636 655317

Report Summary	
Report Title	Projected General Fund and Housing Revenue Account (HRA) and Capital Outturn Report to 31 March 2023 as at 31 December 2022
Purpose of Report	<p>To update Members with the forecast outturn position for the 2022/23 financial year for the Council's General Fund and HRA 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>
Recommendations	<p>That the Policy & Performance Improvement Committee note:</p> <ul style="list-style-type: none"> a) the General Fund projected favourable outturn variance of £0.577m on services; b) the Housing Revenue Account projected unfavourable outturn variance of £0.196m on services; and c) the capital outturn position of £60.393m.

1.0 Background

Overview of General Fund Revenue Projected Outturn for 2022/23

Current Position (as at 31 December 2022): variances

- 1.1 *Table 1* shows a projected favourable variance against the revised budget of £0.577m on service budgets. This is based on meetings which took place with business managers by mid-January, 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 31 December 2022

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Cleaner, Safer, Greener	4.389	4.495	4.382	(0.113)
Economic Development & Visitors	1.858	2.603	1.918	(0.684)
Homes & Health	1.316	1.687	1.522	(0.165)
Organisational Development & Governance	4.498	4.747	4.498	(0.249)
Strategy, Performance & Finance	2.328	2.841	3.475	0.634
Net Cost of GF Services	14.389	16.372	15.795	(0.577)
Other Operating Expenditure	4.253	4.237	4.238	0.001
Finance & Investment Income/Expenditure	(0.280)	(0.280)	(1.022)	(0.742)
Taxation & Non-Specific Grant Income	(19.901)	(20.501)	(20.871)	(0.370)
Net Cost of Council Expenditure	(1.539)	(0.172)	(1.860)	(1.688)
Use of in year variance to finance Pay Award	0	(0.729)	0	0.729
Transfer to/(from) Usable Reserves	0.915	0.277	1.297	1.020
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 A favourable variance of £0.577m is currently being projected on service budgets managed by business managers. This represents 3.52% of the total service budgets.
- 1.3 There have been significant issues in recruitment seen across the Council during this financial year. This has been felt across the Local Government sector, with similar issues being seen in a number of neighbouring authorities. As a result of this, the forecast vacancy savings target for 2023/24 has increased from 4% to 5%.
- 1.4 The favourable variance of £0.577m includes a £0.659m of vacancy savings target which represents that vacancies are broadly similar to the original provision in the budget. Details of the services with variances due to vacant posts are in **Appendix A**.
- 1.5 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 agreed an increase of £1,925 per pay point. This effect of this has been modelled into the figures above, and the relevant budget has been allocated to the individual service budgets to cover the additional costs. This budget is shown in the table at 1.1 above as £0.729m.
- 1.6 Non-Service expenditure is projected to have a favourable variance of £1.111m 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 £0.742m on Finance & Investment Income/Expenditure relates to increased investment interest income, based on higher than anticipated interest rates and higher investment balances. £0.358m of the £0.370m favourable variance on Taxation & Non-Specific Grant Income relates to additional income from the Nottinghamshire Business Rates Pool, further details of which are in paragraph 1.7 below.

- 1.7 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 Q3 from all Nottinghamshire districts and boroughs, the Council is currently projecting to receive £0.958m return funding from the pool for 2022/23.

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

- 1.8 With reference to the 'Variance' column in *Table 2*, the HRA accounts show a projected unfavourable variance against the revised budget of £0.196m as follows:

Table 2: HRA revenue outturn for 2022/23 financial year as at 31 December 2022

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	17.884	18.183	18.187	0.004
Income	(26.531)	(26.479)	(26.287)	0.192
Net Cost of HRA Services	(8.647)	(8.296)	(8.393)	0.196
Other Operating Expenditure	0.027	0.027	0.027	0.000
Finance & Investment Income/Expenditure	3.904	3.904	4.154	0.250
Taxation & Non Specific Grant Income	0.000	0.000	0.000	0.000
(Surplus)/Deficit on HRA Services	(4.716)	(4.364)	(3.918)	0.446
Movements in Reserves				
Transfer to/(from) Usable Reserves	1.443	1.296	1.296	0.103
Transfer to/(from) Unusable Reserves	(6.778)	(6.778)	(6.778)	0.000
Transfer to/(from) Major Repairs Reserve	10.051	9.847	9.401	(0.446)

- 1.9 The main reasons for the projected unfavourable outturn variance of £0.196m are in **Appendix B**.

Overview of Projected Capital Outturn 2022/23

- 1.10 The table below summarises the position for the Capital Programme as at 31 December 2022 and is split between General Fund and Housing Revenue Account.

	Revised Approved Budget £'m	Revised budget updated for Approval £'m	Actual Spend to 31 December 2022 £'m	Forecast Outturn £'m
General Fund	42.915	41.358	10.893	41.358
Housing Revenue Account	24.650	19.035	7.667	19.035
Total	67.565	60.393	18.560	60.393

1.11 Following the Cabinet meeting of 20 December 2022, the total approved budget was £67.565m. 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 21 March 2023 are detailed in **Appendix C**, and summarised as follows:

Additions/Reductions	£(0.486)m
Reprofiles	£(6.686)m
Total	£(7.172)m

1.12 If these variations are approved at Cabinet on 21 March 2023, the revised budget will be reduced to £60.393m.

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 HRA 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

In writing this report and in putting forward recommendation's 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

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

General Fund, Housing Revenue Account and Capital Monitoring Report as at 30 September 2022 to Cabinet on 20 December 2022