



Report to: Cabinet Meeting - 12 September 2023

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance

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

Lead Officer: Nick Wilson, Business Manager – Financial Services

Report Summary	
<b>Type of Report</b>	Open, Non-Key Decision
<b>Report Title</b>	Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2024 as at 30 June 2023
<b>Purpose of Report</b>	<p>To update Members with the forecast outturn position for the 2023/24 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; report on major variances from planned budget performance; and report on variations to the Capital Programme for approval; all in accordance with the Council’s Constitution.</p>
<b>Recommendations</b>	<p>That Cabinet:</p> <p>(a) note the General Fund projected unfavourable outturn variance of £0.130m;</p> <p>(b) note the Housing Revenue Account projected unfavourable outturn variance of £0.131m to the Major Repairs Reserve;</p> <p>(c) approve the variations to the Capital Programme at Appendix C;</p> <p>(d) approve the Capital Programme revised budget and financing of £109.711m; and</p> <p>(e) note the Prudential indicators at Appendix F.</p>
<b>Alternative Options Considered</b>	Not applicable.
<b>Reason for Recommendations</b>	To consider the forecast outturn position for the 2023/24 financial year for the Council’s General Fund and Housing Revenue Account revenue and capital budgets.

To show performance against the approved estimates of revenue expenditure and income; report on major variances from planned budget performance; and report on variations to the Capital Programme for approval; all in accordance with the Council's Constitution.

## 1.0 Background

### 1.1 Overview of General Fund Revenue Projected Outturn for 2023/24

#### Current Position (as at 30 June 2023): Variances

- 1.1 Table 1 shows a projected unfavourable variance against the revised budget of £0.743m on Service budgets, with an overall unfavourable variance of £0.020m that would need to be met from the General Fund reserve. This is based on meetings which took place with Business Managers during July, whereby they have analysed actual income and expenditure to 30<sup>th</sup> June 2023 and forecasted forward to the end of March 2024 the additional income and expenditure currently expected to be incurred. Further details of the variances projected against portfolio holder budgets are in **Appendix A**.

Table 1: General Fund revenue outturn for 2023/24 financial year as at 30 June 2023

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Biodiversity and Environmental Services	1.388	1.339	1.438	0.099
Climate Change	2.303	2.132	2.243	0.111
Community Safety and Community Development	2.491	2.626	2.652	0.026
Health, Wellbeing and Leisure	0.727	0.946	0.951	0.005
Heritage, Culture, and the Arts	0.877	0.862	0.882	0.020
Housing	0.653	0.631	0.603	(0.028)
Strategy, Performance and Finance	6.056	6.873	7.295	0.422
Sustainable Economic Development	1.589	1.771	1.859	0.088
<b>Net Cost of Services</b>	<b>16.084</b>	<b>17.180</b>	<b>17.923</b>	<b>0.743</b>
Other Operating Expenditure	4.570	4.564	4.564	0.000
Finance & Investment Income/Expenditure	(0.859)	(0.859)	(1.182)	(0.323)
Taxation & Non-Specific Grant Income	(21.989)	(22.589)	(22.879)	(0.290)
<b>Net Cost of Council Expenditure</b>	<b>(2.194)</b>	<b>(1.704)</b>	<b>(1.574)</b>	<b>0.130</b>
Transfer to/(from) Usable Reserves	1.457	0.967	0.967	0.000
Transfer to/(from) Unusable Reserves	0.737	0.737	0.627	(0.110)
Transfer to/(from) General Reserves	0.000	0.000	(0.020)	(0.020)

- 1.2 An unfavourable variance of £0.743m is currently being projected on service budgets managed by business managers. This represents 4.33% of the total service budgets. A variance analysis is detailed at **Appendix A**.
- 1.3 There have been significant issues in recruitment seen across the Council over the last few financial years. 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 was increased from 4% to 5%.

1.4 An unfavourable variance of £0.561m on employee related expenditure includes £0.918m of vacancy savings target, representing 5% of the total budget for employees within each Business Unit. Actual vacancies forecast currently is a favourable variance of £0.357m, which represents 1.84% of the total employee budget. This is kept under regular review.

1.5 Non-Service expenditure is projected to have a favourable variance of £0.613m against the revised budget of £19.507m. These budgets primarily relate to income from council tax, national non-domestic rates (NNDR, or 'business rates') and investment interest. The favourable variance of £0.323m on Finance & Investment Income/Expenditure relates to increased investment interest income, based on higher than anticipated interest rates and higher investment balances. £0.240m of the £0.290m favourable variance on Taxation & Non-Specific Grant Income relates to a grant to mitigate the increase in cost for borne by the Council for the Internal Drainage Boards. The remaining £0.050m is made up of a number of smaller items of grant in relation to the various grant schemes that the Council have administered on behalf of the Department for Energy Security and Net Zero.

**Current Position (as at 30 June 2023): Revised Budget Compared to Original Budget**

1.6 There has been a net transfer of £0.490m from reserves in 2023/24 as at 30 June 2023. The transfers listed below to/from reserves were more than £0.050m in value. These total £0.414m:

<b>Transfer from Reserves Relates to</b>	<b>Amount (£)</b>	<b>Directorate Which Received Transfer</b>
Carry Forwards Requests approved in the outturn report	(144,070)	Communities & Environment
Repairs and Renewals usage	(52,566)	Communities & Environment
Carry Forwards Requests approved in the outturn report	(179,027)	Housing, Health & Wellbeing
Carry Forwards Requests approved in the outturn report	(67,430)	Legal & Democratic Services
Transfer from Election Reserve for District and Parish election in May 2023	(181,295)	Legal & Democratic Services
Carry Forwards Requests approved in the outturn report	(283,267)	Planning & Growth
Carry Forwards Requests approved in the outturn report	(106,114)	Resources & Deputy Chief Executive
NNDR Surplus	600,000	Resources & Deputy Chief Executive

## Overview of Projected Housing Revenue Account (HRA) Outturn for 2023/24

- 1.7 With reference to the 'Variance' column in Table 2, the HRA accounts show a projected unfavourable variance on the Net Cost of HRA Services against the revised budget of £0.400m and a reduced transfer to the Major Repairs Reserve of £0.131m:

Table 2: HRA revenue outturn for 2023/24 financial year as at 30 June 2023

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	20.029	20.463	20.703	0.240
Income	(27.730)	(27.764)	(27.605)	0.160
<b>Net Cost of HRA Services</b>	<b>(7.701)</b>	<b>(7.302)</b>	<b>(6.902)</b>	<b>0.400</b>
Other Operating Expenditure	0.142	0.142	0.142	0.000
Finance & Investment Income/Expenditure	3.504	3.504	3.235	(0.269)
Taxation & Non Specific Grant Income	0.000	0.000	0.000	0.000
<b>(Surplus)/Deficit on HRA Services</b>	<b>(4.055)</b>	<b>(3.655)</b>	<b>(3.525)</b>	<b>0.131</b>
<b>Movements in Reserves</b>				
Transfer to/(from) Usable Reserves	(0.527)	(0.927)	(0.927)	0.000
Transfer to/(from) Unusable Reserves	(5.880)	(5.880)	(5.880)	0.000
Transfer to/(from) Major Repairs Reserve	10.462	10.462	10.331	(0.131)
<b>Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

- 1.8 The main reasons for the £0.400m unfavourable variance on services are detailed at **Appendix B**. In relation to the saving in the Finance & Investment Income/Expenditure line, this relates to a delay in the need to borrow external funds, as the cash flow management of the Council has meant that it doesn't need to borrow as early as originally anticipated.

## Overview of Projected Capital Outturn 2023/24

- 1.9 The table below summarises the position for the Capital Programme as at 30 June 2023 and is split between General Fund and Housing Revenue Account.

	Original Budget £'m	Current Approved Budget £'m	Revised Budget updated for Approval £'m	Actual Spend to 30 June 2023 £'m	Forecast Outturn £'m
General Fund	66.354	88.125	79.795	7.664	79.795
Housing Revenue Account	23.045	29.916	29.916	1.205	29.916
<b>Total</b>	<b>89.399</b>	<b>118.041</b>	<b>109.711</b>	<b>8.869</b>	<b>109.711</b>

- 1.10 As projects are developed and spending commitments are made, budget requirements can change. It is a requirement that Cabinet approve all variations to the Capital Programme. Following the meeting of 27 June 2023, the total approved budget was £118.041m including slippage from 2022/23. The additions and amendments that now require approval are detailed in **Appendix C** and summarised as follows:

Additions/Reductions	£4.073m
Reprofiles	£(12.404)m
<b>Total</b>	<b>£(8.330)m</b>

- 1.11 If these variations are approved, then the revised budget will be reduced to £109.711m. A more detailed breakdown at scheme level, including some comments on projects progress, can be found at **Appendix D** (General Fund) and **Appendix E** (Housing Revenue Account).

### Capital Programme Resources

- 1.12 The Capital resources available to the Council are not static. Capital receipts are generated throughout the year, additional grants and contributions are paid to the Council, and borrowing may be increased to fund some projects.
- 1.13 In summary, the revised budget of £109.711m will be financed as follows, with every attempt to minimise the impact on the Council's revenue budget:

	General Fund £'m	Housing Revenue Account £'m	Total £'m
Borrowing	18.182	13.897	<b>32.079</b>
External Grants & Contributions	41.749	0.029	<b>41.778</b>
Capital Receipts	2.398	2.416	<b>4.814</b>
Community Infrastructure Levy	5.600	0.000	<b>5.600</b>
Revenue Contributions	11.866	13.574	<b>25.440</b>
<b>Total</b>	<b>79.795</b>	<b>29.916</b>	<b>109.711</b>

### Capital Receipts

- 1.14 The Council has been successful in securing capital receipts for both general fund and HRA in previous years and continues to do so. The current level of capital receipts is detailed in the table below:

	General Fund £'m	HRA Receipts £'m	HRA 1-4-1 Receipts £'m	Total £'m
<b>Balance at 1 April 2023</b>	<b>0.000</b>	<b>1.249</b>	<b>0.000</b>	<b>1.249</b>
Received up to end of June 2023	0.000	0.110	0.047	<b>0.157</b>
Estimated receipts for remainder of the financial year	2.398	0.267	0.744	<b>3.408</b>
Approved for financing	2.398	1.626	0.791	<b>4.815</b>
<b>Available Capital receipts balance at 31 March 2024</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Estimated Receipts 2024/25 - 2026/27	7.900	4.200	2.372	<b>14.472</b>
Approved for Financing 2024/25 - 2026/27	5.326	0.000	0.000	<b>5.326</b>
<b>Estimated Uncommitted Balance</b>	<b>2.574</b>	<b>4.200</b>	<b>2.372</b>	<b>9.146</b>

### Prudential Indicators

- 1.15 The Treasury Management Code of Practice 2021 stipulates that quarterly update reports on prudential indicators are now required from 2023/24 onwards.
- 1.16 The prudential indicators are set within the Treasury Management Strategy, Capital Strategy and the Investment Strategy and the three strategies were approved by Audit and Governance Committee on 1 February 2023 and Full Council on 9 March 2023. The summary of the prudential indicators can be found at **Appendix F**.

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

- 2.1 To consider the forecast outturn position for the 2023/24 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; report on major variances from planned budget performance; and report on variations to the Capital Programme for approval; all in accordance with the Council's Constitution.

## **3.0 Implications**

- 3.1 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.

General Fund, Housing Revenue Account Revenue and Capital Monitoring Outturn Report as at March 2023 to Cabinet on 27 June 2023.