



Report to: Policy & Performance Improvement Committee – 4 December 2023  
 Director Lead: Sanjiv Kohli, Deputy Chief Executive, Director - Resources  
 Lead Officer: Nick Wilson, Business Manager – Financial Services

Report Summary	
<b>Report Title</b>	Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2024 as at 30 September 2023
<b>Purpose of Report</b>	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.  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.
<b>Recommendations</b>	That the Policy & Performance Improvement Committee note: (a) the General Fund projected unfavourable outturn variance on Net Cost of Services of £0.418m; (b) the Housing Revenue Account projected unfavourable outturn variance on net cost of HRA Services of £0.155m; (c) the Capital Programme forecast Outturn of £81.237m

## 1.0 Background

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

#### Current position (as at 30 September 2023): variances

1.1 *Table 1* shows a projected unfavourable variance on Service budgets against the revised budget of £0.418m, with an overall favourable variance of £0.422m to be transferred to General Fund reserves. This forecast outturn position is based on meetings which took place with Business Managers during October, whereby they have analysed actual income and expenditure to 30 September 2023 and forecasted forward the additional income and expenditure expected to be incurred to the end of March 2024. Further details of the variances projected against each of the portfolio holder budgets are provided in **Appendix A**.

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

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Biodiversity and Environmental Services	1.388	1.339	1.388	0.049
Climate Change	2.303	2.330	2.257	(0.073)
Community Safety and Community Development	2.491	2.570	2.537	(0.033)
Health, Wellbeing and Leisure	0.727	1.030	1.022	(0.009)
Heritage, Culture, and the Arts	0.877	0.864	0.861	(0.003)
Housing	0.653	0.513	0.411	(0.102)
Strategy, Performance and Finance	6.056	7.045	7.572	0.527
Sustainable Economic Development	1.589	1.879	1.941	0.062
<b>Net Cost of Services</b>	<b>16.084</b>	<b>17.571</b>	<b>17.989</b>	<b>0.418</b>
Other Operating Expenditure	4.570	4.562	4.562	0.000
Finance & Investment Income/Expenditure	(0.859)	(0.860)	(1.303)	(0.443)
Taxation & Non-Specific Grant Income	(21.989)	(22.596)	(22.883)	(0.287)
<b>Net Cost of Non-Service</b>	<b>(18.278)</b>	<b>(18.894)</b>	<b>(19.624)</b>	<b>(0.730)</b>
<b>Net Cost of Council Expenditure</b>	<b>(2.194)</b>	<b>(1.323)</b>	<b>(1.635)</b>	<b>(0.312)</b>
Transfer to/(from) Usable Reserves	1.457	0.586	0.586	0.000
Transfer to/(from) Unusable Reserves	0.737	0.737	0.627	(0.110)
Transfer to/(from) General Reserves	0.000	0.000	0.422	0.422

- 1.2 An unfavourable variance of £0.418m is currently being projected on service budgets managed by business managers. This represents 2.38% of the total service budgets. A variance analysis is detailed at **Appendix A**.
- 1.3 There have been significant difficulties in recruitment to posts throughout the Council over the last few financial years. These difficulties in recruitment are being experienced across the whole of 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 built into the budget for 2023/24 was increased from 4% to 5%.
- 1.4 Currently an unfavourable variance on employee expenses of £0.324m is forecasted within the table above. This includes the 5% vacancy savings target (which was set at £0.918m). Therefore £0.594m is currently forecast to be unspent on employee expenses, which represents 3.05% (1.84% as at 30 June 2023) of employee budgets. This is based on assumptions as to when currently vacant posts are expected to be filled. Where posts are not filled by the expected time, this will increase the unspent budget, hence aligning closer to the 5% target. It is expected that by the year end position, the 5% target will be met. This is however, kept under regular review.
- 1.5 Non-Service net expenditure is projected to have a favourable variance of £0.730m (£0.613m as at 30 June) against the revised budget of £18.894m. These budgets primarily relate to income from council tax, national non-domestic rates (NNDR, or 'business rates') and investment interest. The favourable variance of £0.443m 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 £0.287m favourable variance on Taxation & Non-Specific Grant Income relates to a grant announced by the Department of Levelling-Up, Housing &

Communities (DLUHC), after the current year's budget was set, to mitigate the increase in cost borne by the Council for the Internal Drainage Boards. The remaining £0.047m is made up of several 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.

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

- 1.6 With reference to the 'Variance' column in *Table 3*, the HRA accounts show a projected unfavourable variance on the Net Cost of HRA Services against the revised budget of £0.155m. However, overall there is an increase in the forecast transfer to the Major Repairs Reserve of £0.113m:

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

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	20.029	20.590	20.592	0.002
Income	(27.730)	(27.764)	(27.611)	0.153
<b>Net Cost of HRA Services</b>	<b>(7.701)</b>	<b>(7.175)</b>	<b>(7.019)</b>	<b>0.155</b>
Other Operating Expenditure	0.142	0.142	0.142	0.000
Finance & Investment Income/Expenditure	3.504	3.504	3.236	(0.268)
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>(3.528)</b>	<b>(3.641)</b>	<b>(0.113)</b>
<b>Movements in Reserves</b>				
Transfer to/(from) Usable Reserves	(0.527)	(1.054)	(1.054)	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	10.575	0.113
<b>Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

- 1.7 The favourable variance of £0.268 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.
- 1.8 The main reasons for the £0.155m unfavourable variance on services are detailed at **Appendix B**.

### Overview of Projected Capital Outturn 2023/24

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

	Revised Approved Budget £'m	Current Approved Budget £'m	Revised Budget updated for Approval £'m	Actual Spend to 30 September 2023 £'m	Forecast Outturn £'m
General Fund	66.354	79.795	64.350	16.703	64.350
Housing Revenue Account	23.045	29.916	16.887	4.345	16.887
<b>Total</b>	<b>89.399</b>	<b>109.711</b>	<b>81.237</b>	<b>21.048</b>	<b>81.237</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 Cabinet meeting on 12 September 2023, the total approved budget was £109.711m including slippage from 2022/23. The additions and amendments that now require approval at Cabinet on 5 December 2023 to reduce the total (General Fund and HRA) revised budget, as shown in the table above, to £81.237m.

1.11 A more detailed breakdown at scheme level, including some comments on projects progress, can be found at **Appendix C** (General Fund) and **Appendix D** (Housing Revenue Account).

## **2.0 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 Revenue and Capital Monitoring Outturn Report as at March 2023 to Cabinet on 5 December 2023.