



Report to: Cabinet Meeting – 5 March 2024

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 31 December 2024
<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> <ul style="list-style-type: none"> <li>(a) note the General Fund projected favourable outturn variance of £0.636m;</li> <li>(b) note the Housing Revenue Account projected favourable outturn variance of £0.025m to the Major Repairs Reserve;</li> <li>(c) approve the variations to the Capital Programme at Appendix E;</li> <li>(d) approve the Capital Programme revised budget and financing of £69.585m; and</li> <li>(e) note the Prudential indicators at Appendix H.</li> </ul>
<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

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

#### Current position (as at 31 December 2023): variances

1.1 *Table 1* shows a projected unfavourable variance on Service budgets against the revised budget of £0.331m, with an overall favourable variance of £0.636m to be transferred to General Fund reserves. This forecast outturn position is based on meetings which took place with Business Managers during January, whereby they have analysed actual income and expenditure to 31 December 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 31 December 2023*

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Biodiversity and Environmental Services	1.388	1.362	1.437	0.075
Climate Change	2.303	2.330	2.255	(0.075)
Community Safety and Community Development	2.491	2.611	2.539	(0.072)
Health, Wellbeing and Leisure	0.727	1.044	1.003	(0.041)
Heritage, Culture, and the Arts	0.877	0.867	0.806	(0.061)
Housing	0.653	0.505	0.504	(0.001)
Strategy, Performance and Finance	6.056	7.180	7.892	0.712
Sustainable Economic Development	1.589	1.889	1.683	(0.206)
<b>Net Cost of Services</b>	<b>16.084</b>	<b>17.788</b>	<b>18.119</b>	<b>0.331</b>
Other Operating Expenditure	4.570	4.485	4.485	(0.000)
Finance & Investment Income/Expenditure	(0.859)	(0.859)	(1.333)	(0.474)
Taxation & Non-Specific Grant Income	(21.989)	(22.617)	(23.000)	(0.383)
<b>Net Cost of Non-Service</b>	<b>(18.278)</b>	<b>(18.991)</b>	<b>(19.848)</b>	<b>(0.857)</b>
<b>Net Cost of Council Expenditure</b>	<b>(2.194)</b>	<b>(1.203)</b>	<b>(1.729)</b>	<b>(0.526)</b>
Transfer to/(from) Usable Reserves	1.457	0.466	0.466	0.000
Transfer to/(from) Unusable Reserves	0.737	0.737	0.627	(0.110)
Transfer to/(from) General Reserves	0.000	0.000	0.636	0.636

1.2 An unfavourable variance of £0.331m is currently being projected on service budgets managed by business managers. This represents 1.86% 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 £0.328m is forecasted within the table above. This includes the 5% vacancy savings target (which was set at £0.918m). Therefore £0.590m is currently forecast to be unspent on employee expenses, which represents 3.02% (3.05% as at 30 September 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 £0.857m (£0.730m as at 30 September) against the revised budget of £18.991m. These budgets primarily relate to income from council tax, national non-domestic rates (NNDR, or 'business rates') and investment interest. The favourable variance of £0.474m 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 £0.383m favourable variance on Taxation & Non-Specific Grant Income relates to a grant announced by the Department of Levelling-Up, Housing and 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 £0.143m is made up of several smaller items including a forecast surplus on Business Rates of £0.085m and the rest is 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 31 December 2023): revised budget compared to original budget

- 1.6 As at 31 December 2023, there have been net transfers totalling £0.991m from reserves. Below is a table summarising the reserves movement and which directorate the budget has been transferred either (to) of from:

Earmarked Reserve	BES £'m	CC £'m	CSCD £'m	HWL £'m	HCA £'m	H £'m	SPF £'m	SED £m	GF FIN £'m	Total £'m
Capital Project Feasibility	0	0	0.008	0	0	0	0.032	0.075	0	0.115
Change Mngmt/Capital Fund	0	0.187	0	0	0.007	0	0.234	0.001	0	0.429
Community Lottery Fund	0	0	0.003	0	0	0	0	0	0	0.003
Community Safety Fund	0	0	0.001	0	0	0	0	0	0	0.001
Election Expenses Fund	0	0	0	0	0	0	0.142	0	0	0.142
Homelessness Fund	0	0	0.010	0	0	0.028	0	0	0	0.038
Management Carry Forward	0	0.070	0.187	0.155	0.030	0.030	0.245	0.283	0	1.000
Planning Costs Fund	0	0	0	0	0	0	0	0	-0.600	-0.600
Repairs And Renewals Fund	0	0	0	0	0	0	0	0.030	0	0.030
Revenue Grants Unapplied	0.005	0.004	-0.014	0.023	0.009	0	-0.124	-0.003	0	-0.100
Workforce Development	0	0	0	0	0	0	0.049	0.009	0	0.058
Homes For Ukraine	0	0	0	0	0	0	0.030	0	0	0.030
MTFP Reserve	0	0	0	0	0	-0.155	0	0	0	-0.155
<b>Total Earmarked Reserves Movement</b>	<b>0.005</b>	<b>0.261</b>	<b>0.195</b>	<b>0.178</b>	<b>0.046</b>	<b>-0.097</b>	<b>0.608</b>	<b>0.395</b>	<b>-0.600</b>	<b>0.991</b>

**Current Position (as at 31 December 2023) compared to previous position (as at 30 September 2023)**

- 1.7 The previous budget monitoring report as at 30 September 2023 projected an unfavourable variance against the revised budget of £0.418m on Service budgets. This report projects an unfavourable variance against the revised budget of £0.331m on Service budgets. *Table 2* summarises the changes in variance against directorate budgets between the reports for the two quarters. Further details of these changes by directorate are in **Appendix B**.

*Table 2: General Fund revenue outturn: changes in variance by directorate between reports*

	Variance £'m
Net Cost of Services variance: as at 30 September 2023 (05/12/2023 Cabinet)	0.418
Biodiversity and Environmental Services	0.026
Climate Change	(0.002)
Community Safety and Community Development	(0.039)
Health, Wellbeing and Leisure	(0.032)
Heritage, Culture, and the Arts	(0.059)
Housing	0.101
Strategy, Performance and Finance	0.185
Sustainable Economic Development	(0.268)
Net Cost of Services variance: as at 31 December 2023 (05/03/2024 Cabinet)	0.331

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

- 1.8 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 £0.044m. However, overall there is an increase in the forecast transfer to the Major Repairs Reserve of £0.025m:

*Table 3: HRA revenue outturn for 2023/24 financial year as at 31 December 2023*

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	20.029	20.669	20.689	0.020
Income	(27.730)	(27.829)	(27.805)	0.024
<b>Net Cost of HRA Services</b>	<b>(7.701)</b>	<b>(7.160)</b>	<b>(7.116)</b>	<b>0.044</b>
Other Operating Expenditure	0.142	0.142	0.142	0.000
Finance & Investment Income/Expenditure	3.504	3.504	3.435	(0.069)
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>(3.514)</b>	<b>(3.539)</b>	<b>(0.025)</b>
<b>Movements in Reserves</b>				
Transfer to/(from) Usable Reserves	(0.527)	(1.068)	(1.068)	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	10.487	0.025
<b>Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

1.9 The favourable variance of £0.069 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.

1.10 The main reasons for the £0.044m unfavourable variance on services are detailed at **Appendix C** and the main reasons for the changes in variance between this report and the report for the previous quarter, ended 30 September 2023, are in **Appendix D**.

### Overview of Projected Capital Outturn 2023/24

1.11 The table below summarises the position for the Capital Programme as at 31 December 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 31 December 2023 £'m	Forecast Outturn £'m
General Fund	66.354	64.350	52.259	29.859	52.259
Housing Revenue Account	23.045	16.887	17.326	8.273	17.326
<b>Total</b>	<b>89.399</b>	<b>81.237</b>	<b>69.585</b>	<b>38.132</b>	<b>69.585</b>

1.12 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 5 December 2023, the total approved budget was £81.237m. The additions and amendments that now require approval to reduce the total (General Fund and HRA) revised budget, as shown in the table above, to £69.585m are detailed in **Appendix E** and summarised as follows:

	General Fund		Housing Revenue Account	
	2023/24 £'m	2024/25 £'m	2023/24 £'m	2024/25 £'m
Additions/Reductions	£(3.259)m	£0.000m	£0.489m	£0.000
Reprofiles	£(8.832)m	£8.832	£(0.050)m	£0.050m
<b>Total</b>	<b>£(12.091)m</b>	<b>£8.832</b>	<b>£0.289m</b>	<b>£0.050m</b>

1.13 If these variations are approved, then the revised budget will be reduced to £69.585m. A more detailed breakdown at scheme level, including some comments on projects progress, can be found at **Appendix F** (General Fund) and **Appendix G** (HRA).

### Capital Programme Resources

1.14 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.

1.15 In summary, the revised budget of £69.381m 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	8.299	2.504	<b>10.803</b>
External Grants & Contributions	35.449	1.120	<b>36.569</b>
Capital Receipts	1.844	2.472	<b>4.316</b>
Community Infrastructure Levy	0.100	0.000	<b>0.100</b>
Revenue Contributions	6.567	11.230	<b>17.797</b>
<b>Total</b>	<b>52.259</b>	<b>17.326</b>	<b>69.585</b>

### Capital Receipts

1.16 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 1st April 2023</b>	<b>0.000</b>	<b>1.249</b>	<b>0.000</b>	<b>1.249</b>
Received up to end of December 2023	0.066	0.202	0.473	<b>0.741</b>
Estimated receipts for remainder of the financial year	2.277	0.627	0.318	<b>3.222</b>
Approved for financing	1.844	1.701	0.771	<b>4.316</b>
<b>Available Capital receipts balance at 31 March 2024</b>	<b>0.499</b>	<b>0.377</b>	<b>0.020</b>	<b>0.896</b>
Estimated Receipts 2024/25 - 2026/27	5.826	4.810	3.162	<b>13.798</b>
Approved for Financing 2024/25 - 2026/27	5.885	5.181	0.780	<b>11.846</b>
<b>Estimated Uncommitted Balance</b>	<b>0.440</b>	<b>0.006</b>	<b>2.402</b>	<b>2.848</b>

### Prudential Indicators

1.17 The Treasury Management Code of Practice 2021 stipulates that quarterly update reports on prudential indicators are now required from 2023/24 onwards.

1.18 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 H**.

1.19 As can be seen from **Appendix H**, the Council was fully compliant with all of the indicators as set within the Treasury Management Strategy, Capital Strategy and Investment Strategy.

## **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**

Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2024 as at 30 September 2023