

Report to: Policy & Performance Improvement Committee - 2 September 2024

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

Lead Officer: Nick Wilson, Business Manager – Financial Services

Report Summary	
Report Title	Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2025 as at 30 June 2024
Purpose of Report	<p>To update Members with the forecast outturn position for the 2024/25 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>
Recommendations	<p>That the Policy & Performance Improvement Committee note:</p> <p>(a) the General Fund projected favourable outturn variance of £0.145m;</p> <p>(b) the Housing Revenue Account projected unfavourable outturn variance of £0.048m to the Major Repairs Reserve;</p> <p>(c) the Capital Programme revised budget and financing of £63.232m.</p>

1.0 Background

1.1 Overview of General Fund Revenue Projected Outturn for 2024/25

Current position (as at 30 June 2024): variances

- 1.1 *Table 1* shows a projected unfavourable variance against the revised budget of £0.0.74m on Service budgets, with an overall favourable variance of £0.145m that would need to be transferred to 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 30th June 2024 and forecasted forward to the end of March 2025 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 2024/25 financial year as at 30 June 2024

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Biodiversity and Environmental Services	1.558	1.557	1.639	0.082
Climate Change	2.478	2.545	2.621	0.076
Community Safety and Community Development	2.800	2.988	3.059	0.071
Health, Wellbeing and Leisure	1.180	1.354	0.790	(0.564)
Heritage, Culture, and the Arts	1.079	1.105	1.046	(0.059)
Housing	0.467	0.428	0.439	0.011
Strategy, Performance and Finance	8.497	8.528	8.888	0.360
Sustainable Economic Development	1.728	2.382	2.479	0.097
Net Cost of Services	19.787	20.887	20.961	0.074
Other Operating Expenditure	4.932	4.932	4.931	(0.001)
Finance & Investment Income/Expenditure	(1.736)	(1.736)	(1.648)	0.088
Taxation & Non-Specific Grant Income	(24.578)	(24.578)	(24.783)	(0.205)
Net Cost of Council Expenditure	(1.595)	(0.495)	(0.539)	(0.044)
Transfer to/(from) Usable Reserves	0.794	(0.306)	(0.306)	0.000
Transfer to/(from) Unusable Reserves	0.801	0.801	0.700	(0.101)
Transfer to/(from) General Reserves	0.000	0.000	0.145	0.145

- 1.2 An unfavourable variance of £0.074m is currently being projected on service budgets managed by business managers. This represents 0.01% 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 2024/25 was kept at 5%.
- 1.4 An unfavourable variance of £0.350m on employee related expenditure includes £1.053m 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 £0.703m, which represents 3.21% of the total employee budget. This is kept under regular review. The vacancy savings target has been allocated into services rather than being held within the Strategy, Performance and Finance Portfolio, in recognition that vacancies will be found in all areas of the Councils budget. This does not affect the way in which vacancies are managed and vacancies will be advertised and filled as soon as possible.
- 1.5 Non-Service expenditure is projected to have a favourable variance of £0.118m against the revised budget of £21.382m. These budgets primarily relate to income from council tax, national non-domestic rates (NNDR, or 'business rates') and investment interest. The unfavourable variance of £0.088m on Finance & Investment Income/Expenditure is due to surplus cash balances being lower than originally budgeted. £0.200m of the £0.206m favourable variance on Taxation & Non-Specific Grant Income relates to an expected additional surplus from the Nottinghamshire Business Rates pooling arrangements.

- 1.6 There is a forecast favourable variance of £0.101m on the transfer to unusable reserves. This is due a lower Minimum Revenue Provision (MRP) charge to revenue than budgeted, due to the saving generated in interest cost in 2023/24 which meant that lowering borrowing levels were necessary as per the outturn report approved at Cabinet on 23rd July 2024.

Overview of Projected Housing Revenue Account (HRA) Outturn for 2024/25

- 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 £0.025m and a reduced transfer to the Major Repairs Reserve of £0.048m:

Table 2: HRA revenue outturn for 2024/25 financial year as at 30 June 2024

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	22.571	22.627	22.910	0.283
Income	(30.226)	(30.226)	(30.485)	(0.258)
Net Cost of HRA Services	(7.655)	(7.599)	(7.574)	0.025
Other Operating Expenditure	0.027	0.027	0.027	0
Finance & Investment Income/Expenditure	3.955	3.955	3.979	0.023
Taxation & Non Specific Grant Income	0	0	0	0
(Surplus)/Deficit on HRA Services	(3.673)	(3.616)	(3.568)	0.048
Movements in Reserves				
Transfer to/(from) Usable Reserves	(0.027)	(0.084)	(0.084)	0
Transfer to/(from) Unusable Reserves	(6.269)	(6.269)	(6.269)	0
Transfer to/(from) Major Repairs Reserve	9.969	9.969	9.921	(0.048)
Total	0	0	0	0

- 1.8 The main reasons for the £0.025m unfavourable variance on services are detailed at **Appendix B**. In relation to the unfavourable variance of £0.023m on the Finance & Investment Income/Expenditure line, this relates to the earlier than anticipated requirement for external borrowing therefore increasing the interest payable costs.

Overview of Projected Capital Outturn 2024/25

- 1.9 The table below summarises the position for the Capital Programme as at 30 June 2024 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 June 2024 £'m	Forecast Outturn £'m
General Fund	25.599	35.896	34.305	3.014	34.305
Housing Revenue Account	25.808	29.098	28.927	3.063	28.927
Total	51.407	64.994	63.232	6.077	63.232

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. The below table details the changes that have been approved and are due to be approved on 10 September 2024 and account for the difference between the Revised budget updated for approval of £64.994m and the original budget of £51.407m above.

Scheme	General Fund £'m	HRA £'m
Original Budget	25.599	25.808
Slippage from 2023/24	10.297	3.291
Reprofiles to future years		
Clipstone Holding Centre	(4.242)	0.000
Towns Fund – Cultural Heart of Newark	(0.500)	0.000
Site Acquisition (Inc RTB)	0.000	(0.800)
Other Repfiles	(0.111)	0.000
Additions/Reductions		
14 Market Place	0.353	0.000
Southern Link Road Contribution	3.000	0.000
Towns Fund Gateway/SISCLOG	(0.200)	0.000
Acquisition of Former Ollerton Bank	0.162	0.000
Ferndale Conversion	0.000	0.150
PV Panels Broadleaves and Gladstone	0.000	0.217
Repairs to Council Dwellings affected by Flooding 23/24	0.000	0.262
Other changes Additions/Reductions	(0.053)	(0.001)
Total Change	(1.591)	(0.172)
Revised budget to be approved	34.305	28.927

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

2.1 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

General Fund, Housing Revenue Account Revenue and Capital Monitoring Outturn Report as at March 2024 to Cabinet on 23 July 2024.