



Report to: Cabinet Meeting - 10 September 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	
Type of Report	Open, Non-Key Decision
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 Cabinet:</p> <ul style="list-style-type: none"> (a) note the General Fund projected favourable outturn variance of £0.145m; (b) note the Housing Revenue Account projected unfavourable outturn variance of £0.048m to the Major Repairs Reserve; (c) approve the variations to the Capital Programme at Appendix C; (d) approve the Capital Programme revised budget and financing of £63.232m; and (e) note the Prudential indicators at Appendix F.
Alternative Options Considered	Not applicable.
Reason for Recommendations	To consider the forecast outturn position for the 2024/25 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 2024/25

Current position (as at 30 June 2024): variances

- 1.1 *Table 1* shows a projected unfavourable variance against the revised budget of £0.074m 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 0.35% 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.
- 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.

Current position (as at 30 June 2024): revised budget compared to original budget

- 1.7 As at 30 June 2024, there have been net transfers totalling £1.100m 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	Total £'m
Capital Project Feasibility	0	0.060	0	0	0	0	0	0.080	0.140
Change Mngmt/Capital Fund	0	0	0	0	0	0	0.256	0.196	0.452
Community Reserve	0	0	0	0.010	0	0	0	0	0.010
Community Safety Fund	0	0	0.003	0	0	0	0	0	0.003
Domestic Homicide Review	0	0	(0.001)	0	0	0	0	0	(0.001)
Election Expenses Fund	0	0	0	0	0	0	0	0	0
Homelessness Fund	0	0	0	0.013	0	0.006	0	0	0.019
Management Carry Forwards	0	0.051	0.187	0.167	0.026	0	0.135	0.129	0.695
Planning Costs Fund	0	0	0	0	0	0	0	0.051	0.051
Repairs And Renewals Fund	(0.010)	(0.044)	(0.035)	(0.026)	(0.006)	(0.035)	(0.375)	(0.005)	(0.536)
Revenue Grants Unapplied	0.009	0	0.023	0.010	0.007	0	0.015	0.203	0.267
Total Earmarked Reserves Movement	(0.001)	0.067	0.177	0.174	0.027	(0.029)	0.031	0.654	1.100

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

- 1.8 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

- 1.9 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

- 1.10 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

- 1.11 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 23 July 2024, the total approved budget was £64.994m including slippage from 2023/24. The additions and amendments that now require approval are detailed in **Appendix C** and summarised as follows:

	General Fund		Housing Revenue Account	
	2024/25 £'m	2025/26 £'m	2024/25 £'m	2025/26 £'m
Additions/Reductions	£3.263	£0.000	£0.629	£0.000
Reprofiles	£(4.853)	£4.853	£(0.800)	£0.800
Total	£(1.591)	£4.853	£(0.171)	£0.800

1.12 If these variations are approved, then the revised budget will be reduced to £63.232m. 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

1.13 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.

1.14 In summary, the revised budget of £63.232m 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	14.854	16.765	31.619
External Grants & Contributions	8.587	1.980	10.567
Capital Receipts	2.419	1.037	3.456
Community Infrastructure Levy	0.076	0.000	0.076
Revenue Contributions	8.369	9.145	17.517
Total	34.305	28.927	63.232

Capital Receipts

1.15 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
Balance at 1st April 2024	0.039	0.120	0.000	0.159
Received up to end of June 2024	2.350	0.017	0.039	0.056
Estimated receipts for remainder of the financial year	0.165	0.138	0.752	3.405
Approved for financing	2.419	0.257	0.780	3.456

Available Capital receipts balance at 31 March 2025	0.135	0.018	0.011	0.164
Estimated Receipts 2025/26 - 2027/28	7.966	4.672	2.372	15.010
Approved for Financing 2025/26 - 2027/28	5.404	4.690	0.000	10.094
Estimated Uncommitted Balance	2.697	0.000	2.383	5.080

Prudential Indicators

- 1.16 The Treasury Management Code of Practice 2021 stipulates that quarterly update reports on prudential indicators are now required from 2023/24 onwards.
- 1.17 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 21 February 2024 and Full Council on 7 March 2024. The summary of the prudential indicators can be found at **Appendix F**.
- 1.18 As can be seen from **Appendix F**, 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 2024/25 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

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