



Report to: Cabinet Meeting – 3 December 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 September 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 £0.719m; (b) note the Housing Revenue Account projected favourable outturn variance of £0.033m to the Major Repairs Reserve; (c) approve the variations to the Capital Programme at Appendix E; (d) approve the Capital Programme revised budget and financing of £49.467m; and (e) note the Prudential indicators at Appendix H.
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

Overview of General Fund Revenue Projected Outturn for 2024/25

Current position (as at 30 September 2024): variances

1.1 *Table 1* shows a projected unfavourable variance on Service budgets against the revised budget of £0.421m, with an overall favourable variance of £0.719m 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 2024 and forecasted forward the additional income and expenditure expected to be incurred to the end of March 2025. 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 2024/25 financial year as at 30 September 2024

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Climate and the Environment	3.459	3.597	3.518	(0.079)
Health, Wellbeing and Leisure	1.981	2.319	1.673	(0.646)
Heritage, Culture and the Arts	1.079	1.105	0.968	(0.137)
Housing	0.463	0.418	0.536	0.118
Public Protection and Community Relations	2.581	2.614	2.504	(0.110)
Strategy, Performance and Finance	8.496	8.831	9.215	0.384
Sustainable Economic Development	1.728	2.483	2.532	0.049
Net Cost of Services	19.787	21.367	20.946	(0.421)
Other Operating Expenditure	4.932	4.932	4.932	0.000
Finance & Investment Income/Expenditure	(1.736)	(1.736)	(1.849)	(0.113)
Taxation & Non-Specific Grant Income	(24.578)	(24.578)	(24.662)	(0.084)
Net Cost of Council Expenditure	(1.595)	(0.015)	(0.633)	(0.618)
Transfer to/(from) Usable Reserves	0.794	(0.786)	(0.786)	0.000
Transfer to/(from) Unusable Reserves	0.801	0.801	0.700	(0.101)
Transfer to/(from) General Reserves	0	0	0.719	0.719

1.2 A favourable variance of £0.421m is currently being projected on service budgets managed by business managers. This represents 1.97% 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 A favourable variance of £0.091m 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 £1.144m, which represents 5.10% (3.21% as at 30 June 2024) of the total employee budget. This is kept under regular review.
- 1.5 Non-Service expenditure is projected to have a favourable variance of £0.197m 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 majority of the favourable variance of £0.113m on Finance & Investment Income/Expenditure is attributed to the bank interest rate remaining higher than initially forecast. Of the £0.0.84m favourable variance on Taxation & Non-Specific Grant Income £0.200m relates to an expected additional surplus from the Nottinghamshire Business Rates pooling arrangements and is offset by £0.120m which relates to the reduction in Drainage Board levy support grant allocation from Government.
- 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 September 2024): revised budget compared to original budget

- 1.7 As at 30 September 2024, there have been net transfers totalling £1.580m from reserves. Below is a table summarising the reserves movement and which directorate the budget has been transferred either (to) of from:

Earmarked Reserve	CE £'m	HWL £'m	HCA £'m	H £'m	PPCR £'m	SPF £'m	SED £'m	Total £'m
Capital Project Feasibility	0.060	0	0	0	0	0	0.080	0.140
Change Mngmt/Capital Fund	0	0	0	0	0	0.397	0.317	0.714
Community Reserve	0	0.010	0	0	0	0	0	0.010
Community Safety Fund	0	0.003	0	0	0	0	0	0.003
Domestic Homiside Review	0	0	0	0	(0.001)	0	0	(0.001)
Election Expenses Fund	0	0	0	0	0	0	0	0
Homelessness Fund	0	0.013	0	0.006	0	0	0	0.019
Eem Reserve	0	(0.049)	0	0	0	0	0	(0.049)
Management Carry Forwards	0.051	0.292	0.026	0	0.063	0.135	0.079	0.646
Planning Costs Fund	0	0	0	0	0	0	0.081	0.081
Repairs And Renewals Fund	(0.032)	(0.021)	(0.006)	(0.040)	(0.033)	(0.253)	(0.005)	(0.390)
Revenue Grants Unapplied	0.009	0.010	0.007	0	0.023	0.130	0.203	0.382
Staffing Reserve	0	0	0	0	0	0.025	0	0.025
Total Earmarked Reserves Movement	0.088	0.258	0.027	(0.034)	0.052	0.434	0.755	1.580

Current Position (as at 30 September 2024) compared to previous position (as at 30 June 2024)

- 1.8 The previous budget monitoring report as at 30 June 2024 projected an unfavourable variance against the revised budget of £0.074m on Service budgets. This report projects a favourable variance against the revised budget of £0.421m 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 June 2024 (10/09/2024 Cabinet)	0.074
Climate and the Environment	(0.195)
Health, Wellbeing and Leisure	(0.105)
Heritage, Culture and the Arts	(0.078)
Housing	0.105
Public Protection and Community Relations	(0.198)
Strategy, Performance and Finance	0.024
Sustainable Economic Development	(0.048)
Net Cost of Services variance: as at 30 September 2024 (03/12/2024 Cabinet)	(0.421)

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

- 1.9 With reference to the 'Variance' column in *Table 3*, the HRA accounts show a projected favourable variance on the Net Cost of HRA Services against the revised budget of £0.134m. Overall there is an increase in the forecast transfer to the Major Repairs Reserve of £0.033m:

Table 3: HRA revenue outturn for 2024/25 financial year as at 30 September 2024

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Expenditure	22.571	22.765	22.894	0.129
Income	(30.226)	(30.251)	(30.514)	(0.263)
Net Cost of HRA Services	(7.655)	(7.486)	(7.620)	(0.134)
Other Operating Expenditure	0.027	0.027	0.027	0
Finance & Investment Income/Expenditure	3.955	3.955	4.056	0.101
Taxation & Non Specific Grant Income	0	0	0	0
(Surplus)/Deficit on HRA Services	(3.673)	(3.504)	(3.537)	(0.033)
Movements in Reserves				
Transfer to/(from) Usable Reserves	(0.027)	(0.196)	(0.196)	0
Transfer to/(from) Unusable Reserves	(6.269)	(6.269)	(6.269)	0
Transfer to/(from) Major Repairs Reserve	9.969	9.969	10.002	0.033
Total	0	0	0	0

1.10 The unfavourable variance of £0.101m 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.

1.11 The main reasons for the £0.134m 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 June 2024, are in **Appendix D**.

Overview of Projected Capital Outturn 2024/25

1.12 The table below summarises the position for the Capital Programme as at 30 September 2024 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 September 2024 £'m	Forecast Outturn £'m
General Fund	25.599	34.305	28.442	5.012	28.442
Housing Revenue Account	25.808	28.927	21.025	8.459	21.025
Total	51.407	63.232	49.467	13.471	49.467

1.13 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 10 September 2024, the total approved budget was £63.232m. The additions and amendments that now require approval are detailed in **Appendix E** and summarised as follows:

	General Fund		Housing Revenue Account	
	2024/25 £'m	2025/26 £'m	2024/25 £'m	2025/26 £'m
Additions/Reductions	£0.488m	£0.00m	£0.009m	£0.000
Reprofiles	£(6.351)m	£6.351	£(7.911)m	£7.911m
Total	£(5.863)m	£6.351	£(7.902)m	£7.911m

1.14 If these variations are approved, then the revised budget will be reduced to £49.267m. A more detailed breakdown at scheme level, including comments on projects progress, can be found at **Appendix F** (General Fund) and **Appendix G** (Housing Revenue Account).

Capital Programme Resources

1.15 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.

1.16 In summary, the revised budget of £49.267m will be financed as follows, with every attempt to minimise the impact on the Council's revenue budget of financing costs:

	General Fund £'m	Housing Revenue Account £'m	Total £'m
Borrowing	9.836	10.267	20.463
External Grants & Contributions	9.900	1.182	11.082
Capital Receipts	2.219	0.360	2.579
Community Infrastructure Levy	0.076	0.000	0.076
Revenue Contributions	6.411	8.856	15.267
Total	28.442	21.025	49.467

Capital Receipts

1.17 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 September 2024	2.350	0.050	0.075	2.475
Estimated receipts for remainder of the financial year	0.165	0.190	0.285	0.640
Approved for financing	2.219	0.000	0.360	2.579
Available Capital receipts balance at 31 March 2025	0.335	0.360	0.000	0.695
Estimated Receipts 2025/26 - 2027/28	5.766	1.168	2.427	12.011
Approved for Financing 2025/26 - 2027/28	5.604	1.977	2.427	10.008
Estimated Uncommitted Balance	0.497	0.001	0.000	3.649

Prudential Indicators

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

1.19 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 H**.

1.20 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 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

Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2025 as at 30 June 2024 to Cabinet on 10 September 2024.