

Cabinet Report

Report of Head of Finance

Author: Anna Winship

Telephone: 07745 667276

E-mail: anna.winship@southandvale.gov.uk

Wards affected: All

South Cabinet member responsible: Andrew Crawford

Tel: 07427 880274

E-mail: andy.crawford@whitehorsedc.gov.uk

To: CABINET

Date: 19 April 2024

Budget monitoring April 2023 – December 2023

Recommendation

Cabinet is recommended to note the contents of the report

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	Yes	No	No	No
Signing off officer	Simon Hewings	Pat Connell	Jessie Fieth	Abi Whitting

Purpose of report

1. To report the revenue and capital expenditure against budget for the period April 2023 to December 2023 and the latest year end outturns forecast by heads of service.

Corporate objectives

2. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The budget monitoring report shows how these resources have been allocated during the first nine months of the financial year.

Background

3. This report reviews the council's revenue and capital expenditure performance to the end of month nine (December). Year-end outturn forecasts were worked on during

December and January and are based on heads of service's best knowledge at that time. This report is slightly outside of the normal cycle, given the focus on budget setting during February.

Revenue budget monitoring

- On 15 February 2023, Council agreed a net revenue budget for 2023/24 of £17.335 million. This has subsequently increased to £18.801 million. This reflects the carry forward of unspent one-off project budgets from 2022/23 and additional grant funded budgets.
- Table 1 below shows, summarised at service level, both the revenue position as at the end of December 2023 and the forecast position at year end.

Table 1: Revenue budget monitoring position as at December 2023

Service	Working budget year to date £000	Spend to Date £000	Variance £000	Working budget full year £000	Forecast spend for year £000	Variance £000
Strategic management team	597	610	13	797	818	21
Corporate services	2,436	2,567	131	3,223	3,213	(10)
Development & Corporate Landlord	939	1,369	430	916	1,093	177
Finance	900	(292)	(1,192)	889	997	108
Housing and environment	3,888	3,675	(213)	6,032	6,422	390
Legal and democratic	1,364	1,329	(35)	1,770	1,835	65
Partnerships	1,584	1,603	19	2,113	2,113	0
Planning	233	628	395	312	838	526
Policy and programmes	2,563	2,689	126	3,417	2,505	(912)
Contingency	(501)	0	501	(668)	0	668
Total	14,003	14,178	175	18,801	19,834	1,033

- The forecast variance is further broken down in table 2 below.

Service	Working budget full year £000	Working budget after carry forwards removed £000	Forecast spend for year £000	Variance £000	Employee costs £000	Other £000
Strategic Management	797	797	818	21	0	21
Corporate Services	3,223	3,223	3,213	(10)	(142)	132
Development & Corporate Landlord	916	858	1,093	235	(335)	570
Finance	889	889	997	108	140	(32)
Housing & Environment	6,032	6,032	6,422	390	(77)	467
Legal & Democratic	1,770	1,770	1,835	65	0	65
Partnerships	2,113	2,113	2,113	0	0	0
Planning	312	312	838	526	38	488
Policy & Programmes	3,417	2,723	2,505	(218)	(148)	(70)
Contingency	(668)	(668)	0	668	790	(122)
	18,801	18,049	19,834	1,785	266	1,519

Excluding carry forwards of £0.752 million the projected overspend is forecast to be £1.79 million. Treasury income achieved in year however is anticipated to be ahead of budget by £2.2 million and net expenditure is therefore forecast to be under budget.

As outlined in previous reports, the 'effective' net position of the council is therefore an underspend of £400,000.

Budgets forecast to be carried forward to 2024/25

7. As explained above there is forecast to be slippage of £0.752 million in one-off budgets. These will be requested as carry forwards at the end of the financial year. The anticipated carry forwards are shown in appendix 1. Whilst described as 'slippage', the majority of this sum actually represents multi-year grant awards or ring-fenced funding, where there is planned expenditure for future years, but the terms of the grant require it to be included within the budget each year, until spent in line with the grant conditions.

Employee costs

8. Overall there is an overspend on employee costs of £266,000. Key employee cost variances are as follows:
 - In Corporate Services, vacancies in customer services, which have recently been recruited to, make up most of the variance.
 - Development and Corporate Landlord has a year to date underspend in many areas, reflecting the planned approach to introducing the revised structure in these areas, with the largest proportion within facilities. With no temporary staff forecast in these areas this variance has been projected for year end, and recruitment is currently being undertaken to establish the permanent roles across the team.
 - Finance vacancies are being covered by temporary staff, which are more expensive than the salary budget to support the delayed audit, the timing of which is beyond the council's control and is a national issue. As budgeted and agreed with the Cabinet member, additional resources have recently been recruited to the Strategic Finance Team to support the councils' transformation activity, management accounting and the increased workload associated with final accounts.
 - There are various vacancies in Policy and programmes, which are currently being recruited to. The service will be underspent as a result of part year vacancies.

The overspend reflects the sustained high levels of staff retention across the Council and the very low vacancy levels across the Council, which remain amongst the lowest in the UK. The 2023/24 budget did not fully fund all staff costs, but assumed a vacancy level of five per cent, which has not been the case and was not achievable against the objectives in the Corporate Plan. This assumption has therefore been revised in the 2024/25 budget setting process to less than three per cent.

Service department variance over £25,000

9. Excluding carry forwards to 2024/25, grant income to be transferred and employee cost variances, net revenue expenditure is forecast to be £1.79 million overspent against budget, however, this is more than offset by increased investment income as highlighted above.
10. The significant forecast variations from budget are shown in table 2 above and are explained below.

Corporate Services

11. Microsoft 365 licences have increased due to more users and a rise in the charges applied by Microsoft. Total software renewals are also more than budget and this will result in a predicted overspend of £90,000 at year end, which has been addressed in the 24/25 budget and MTFP.

Development and Corporate Landlord

12. The Beacon budget has proved difficult to meet. The Arts Centre is forecast to overspend by £287,000. Like most similar venues across the country, post COVID, usage and audiences have recovered more slowly than anticipated, although there has been a noticeable improvement in this area over the past three months. A more realistic budget has been proposed as part of budget setting for 2024/25, alongside a recent report to Cabinet on future options for The Beacon.

Finance

13. Housing benefit income is forecast to be ahead of budget, the main driver being the recovery of housing benefit overpayments which is catching up after the delays caused by the pandemic and forecast to be £91,000 higher than expected for the year. Court fee income which is difficult to accurately predict is expected to be £65,000 less than budget.

Housing and Environment

14. Homelessness costs are expected to be £310,000 over budget. Higher hotel placements and lower rental income because of one hostel being temporarily closed for refurbishment have contributed to this overspend. This hostel has now been brought back into use following the refurbishment. On waste, an increase in the number of properties and indexation, above MTFP assumptions, means payments to Biffa are expected to be £110,000 over budget.

Planning

15. Planning and building control income is forecast to be £405,000 below budget. This reflects lower application numbers. Planning income is expected to remain at these levels for at least the next two years. Phase one of a long term review of the planning service was completed earlier in the year and a restructure came into place on 1 November 2023, which has reduced the cost of the team and ensured it continues to reflect the workloads required, as reflected within the recent Peer Review of the service, which has been reflected in the 2024/25 budget

Capital Budget Monitoring

16. On 15 February 2023, Council agreed a capital programme for 2023/24 of £16.0 million, which by 31 March 2023 had increased to £18.199 million through the confirmation of the award of additional government funding:
17. At the end of December 2023, the capital programme had decreased to £16.49 million against which £5.69 million had been spent. Details of the changes to the capital programme during the first nine months are summarised in table 3 below:

Table 3: movement on capital programme

	2023/24 £000
Original capital budget 1 April 2023	18,199
Roll forward from prior years	10,595
Additions in year (externally funded)	4,777
Additions in year (other)	0
Schemes deleted	(9,162)
Slippage into future years	(7,919)
Capital programme 31 December 2023	16,490
Made up of:	
Approved programme	16,235
Earmarked schemes externally funded	255
Capital programme 31 December 2023	16,490

18. A full review of the current capital programme has been carried out and is showing in the figures above. This shows a net reduction in the capital programme of £12.6 million. Details of the main movements are shown below:

- Affordable Housing – additional budget of £3.58 million, all of which is externally funded;
- Wantage Leisure Centre Decarbonisation - £0.2 million additional budget added to the capital programme;
- Affordable homes delivery plan - £8.06 million budget removed from the capital programme.
- Waste depot - £2.25 million moved forward into future years to reflect a more realistic delivery timescale.
- Waste vehicles - £0.95 million moved forward into future years, reflecting the revised arrangements with BIFFA.
- CIL for Healthcare - £1.88 million moved into future years, reflecting more accurately the timescales for anticipated draw down of this funding by Health partners.

Financial Implications

19. The financial implications are set out in the body of the report.

Legal Implications

20. There are no legal implications to this report.

Climate and ecological impact implications

21. There are no direct climate and ecological impact implications to this report.

Equalities implications

22. This report is for information only and therefore there are no equalities implications.

Risks

23. This report is for information only and therefore there are no risk implications.

Conclusion

24. At this stage of the financial year, a revenue overspend is forecast, which is anticipated to be offset by additional investment income.

Background Papers

Budget papers for 2023/24

Appendices

1) Revenue budget monitoring – carry forwards