

# Cabinet Report

Report of Head of Finance

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To: CABINET

Date: 30 September 2022

## Budget monitoring April 2022 – June 2022

### Recommendation

Cabinet is recommended to note the contents of the report

### Purpose of Report

1. To report the revenue and capital expenditure against budget for the period April 2022 to June 2022 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 three months of the financial year.

### Background

3. This report reviews the council's revenue and capital expenditure performance to the end of month three (June). Year-end outturn forecasts were worked on during July and are based on heads of service's best knowledge at this time.

#### Revenue budget monitoring

4. On 16 February 2022, Council agreed a net revenue budget for 2022/23 of £15.380 million. This has subsequently increased to £16.887 million. This reflects the carry forward of unspent one-off project budgets from 2021/22.

5. Table 1 below shows, summarised at service level, both the revenue position as at the end of June 2022 and the forecast position at year end.

**Table 1: Revenue budget monitoring position as at June 2022**

| Service                            | Working budget year to date<br>£000 | Spend to Date<br>£000 | Variance<br>£000 | Working budget full year<br>£000 | Forecast spend for year<br>£000 | Variance<br>£000 |
|------------------------------------|-------------------------------------|-----------------------|------------------|----------------------------------|---------------------------------|------------------|
| Strategic management team          | 309                                 | 163                   | (146)            | 1,193                            | 1,100                           | (93)             |
| Corporate services                 | 739                                 | 612                   | (127)            | 2,819                            | 2,745                           | (74)             |
| Development and corporate landlord | 624                                 | 2,040                 | 1,416            | 1,049                            | 1,742                           | 693              |
| Finance                            | 130                                 | 38                    | (92)             | 269                              | (3)                             | (272)            |
| Housing and environment            | 957                                 | 1,146                 | 189              | 5,234                            | 5,698                           | 464              |
| Legal and democratic               | 391                                 | 319                   | (72)             | 1,474                            | 1,451                           | (23)             |
| Partnerships                       | 607                                 | 1,423                 | 816              | 2,428                            | 2,424                           | (4)              |
| Planning                           | 52                                  | 38                    | (14)             | 212                              | 151                             | (61)             |
| Policy and programmes              | 684                                 | (217)                 | (901)            | 2,736                            | 2,421                           | (315)            |
| Contingency                        | 0                                   | 0                     | 0                | (525)                            | 0                               | 525              |
| <b>Total</b>                       | <b>4,493</b>                        | <b>5,562</b>          | <b>1,069</b>     | <b>16,889</b>                    | <b>17,729</b>                   | <b>840</b>       |

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

**Table 2: summary of forecast major variances against revenue budget**

| Service                           | Total Variance | Profiled c/fwd to 2023/24 | Grant income transferred | Net variances after | Employee costs | Other      |
|-----------------------------------|----------------|---------------------------|--------------------------|---------------------|----------------|------------|
| Strategic Management              | (93)           | 0                         | 0                        | (93)                | (148)          | 55         |
| Corporate Services                | (74)           | 0                         | 0                        | (74)                | (68)           | (6)        |
| Development & Corporate Landlord  | 693            | 0                         | 0                        | 693                 | 49             | 644        |
| Finance                           | (272)          | 0                         | 0                        | (272)               | (37)           | (235)      |
| Housing & Environment             | 464            | 0                         | 0                        | 464                 | (4)            | 468        |
| Legal & Democratic                | (23)           | 0                         | 35                       | 12                  | 10             | 3          |
| Partnerships                      | (4)            | 0                         | 0                        | (4)                 | (9)            | 5          |
| Planning                          | (61)           | 0                         | 0                        | (61)                | 131            | (192)      |
| Policy & Programmes               | (315)          | 156                       | 0                        | (159)               | (104)          | (55)       |
| Contingency                       | 525            | 0                         | 0                        | 525                 | 625            | (100)      |
| <b>Direct Service Expenditure</b> | <b>840</b>     | <b>156</b>                | <b>35</b>                | <b>1,031</b>        | <b>445</b>     | <b>586</b> |

### Budgets forecast to be carried forward to 2023/24

7. As shown in table 2, of the £0.84 million forecast variance to budget, £0.16 million represents slippage in one-off budgets. These will be requested as carry forwards at the end of the financial year. These carry forwards are shown in appendix 1.

### Employee costs

8. Employee costs are forecast to be underspent by £180,000, not yet enough to cover the £625,000 managed vacancy factor set at the beginning of the year, giving a net overspend of £445,000
9. Strategic management had a number of vacancies during quarter1, some costs of which have been offset through the use of consultants.

10. Corporate services is predicting an underspend mainly as a result of vacancies that are not anticipated to be filled by the end of the year.
11. In Planning, employee costs are expected to overspend by £131,000. This however needs to be seen in the context of income also being above budget (highlighted below), reflecting additional workload.
12. Policy & programmes is expected to be underspent by £104,000 at year end. A review of team structures is to be carried out.

### **Service department variances over £50,000**

13. Excluding carry forwards to 2023/24, grant income to be transferred to reserves and employee cost variances, net revenue expenditure is forecast to be £586,000 overspent against budget.
14. The significant forecast variations from budget are shown in table 2 above and are explained below.

### **Development and Corporate Landlord**

15. Utilities budgets including those recharged from South Oxfordshire are expected to be inadequate due to the soaring cost of fuel. It is expected that there will be a £325,000 overspend on these budgets broken down as follows; Facilities £139,000, Property £86,000, Beacon £56,000, Car Parks and toilets £44,000
16. Use of council car parks has increased since the ending of pandemic restrictions, however we are still not seeing usage back to pre-pandemic levels. It is predicted that there will be a £52,000 adverse variance on car parking income.
17. The grounds team are currently leasing vehicles until vehicles can be purchased. There is no budget for this, and we expect to spend £131,000 during the year on these vehicles and their associated fuel.
18. Recharges from South Oxfordshire relating to staff costs (which were budgeted to be charged to Capital) are forecast to be £173,000 overbudget)

### **Finance**

19. Claimants are moving to universal credit, which has resulted in a reduction of housing benefit. There is forecast to be an underspend of £425,000 because of this.
20. Bank charges are forecast to be over budget by £100,000. A new contract is in place as of 31 August 2022 which will mitigate further overspends on this budget.

### **Housing and Environment**

21. Homelessness costs are expected to be £104,000 over budget. Higher hotel placements and lower rental income as a result of one hostel being closed for refurbishment have contributed to this overspend.
22. Waste contract costs are expected to be over budget by £338,000. Indexation on the waste contract was underestimated when the budget was set and will be inadequate to cover actual costs this year. Contractual indexation is based on a number of factors,

some of which, such as fuel, have been subject to significant price increases in recent months.

## **Planning**

23. As identified above, planning income is above budget by £199,000 due to major development applications being received.

## **Capital budget monitoring**

24. On 16 February 2022, Council agreed a capital programme for 2022/23 of £6.749 million.

25. As shown in appendix 3, at the end of June 2022, the capital programme had increased to £18.159 million. The increase is due to unspent budgets carried forward from 2021/22. Total capital expenditure to the end of June totalled just over £0.8 million.

26. Capital budgets will be reviewed in the coming months to ensure that project spend is more accurately profiled.

## **Financial, legal and other implications**

27. The financial implications are as set out in the body of the report. There are no other implications of this report.

## **Conclusion**

28. At this stage of the financial year, for revenue an overspend is forecast. On capital, expenditure was under budget as at the end of June and an underspend is anticipated for the year.

## **Appendices**

- 1) Revenue budget monitoring – carry forwards
- 2) Capital budget monitoring - summary

## **Background Papers**

- Budget papers for 2022/23