

Scrutiny Committee Report



Report of Head of Finance

Author: Richard Spraggett

Telephone: 01235 422505

Textphone: 18001 01235 422505

E-mail: richard.spraggett@southandvale.gov.uk

Wards affected: All

Cabinet member responsible: Andrew Crawford

Tel: 07427 880274

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

To: Scrutiny Committee

DATE: 2 November 2023

Financial Outturn 2022/23

Recommendation(s)

Scrutiny committee is recommended to note the overall outturn position of the council as well as the outturn of individual service areas.

Note: If committee members wish to raise specific questions please send these in advance if possible, to either the committee clerk or the strategic finance manager (richard.spraggett@southandvale.gov.uk). Please be aware that if questions are not submitted in advance, it may not be possible to answer these in detail at the meeting. In addition, if committee members wish specific heads of service to attend the meeting this should also be raised in advance.

Purpose of Report

1. To report the final year end position for revenue and capital expenditure against budget for the financial year 2022/23.

Strategic Objectives

2. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The outturn report shows how these resources have been used in the 2022/23 financial year.

Background

3. The attached papers contain summarised schedules of revenue and capital expenditure for 2022/23; they also present an explanation of the significant variances against budget. This is presented by service. All the figures in this report are pre-audit and may be subject to change following the conclusion of the audit of the statement of accounts.

Revenue Outturn 2022/23

4. In February 2022 the council approved a net expenditure budget of £15.6 million. The budget was amended to include one-off budgets that had been carried forward from the previous financial year. With the inclusion of budget carry forwards and other in-year changes, the working budget for 2022/23 was increased to £17.0 million.
5. Against the working budget of £17.0 million, net expenditure at year end was £16.8 million. This equates to a favourable variation of £0.2 million, which has been transferred to the council's reserves. A detailed summary by service is shown in table 1 below.

Table 1: summary of revenue budgets and variance

Summary of revenue budgets and variance	Budget £000	Actual £000	Variance £000	Notes
Strategic Management Team	767	757	(9)	
Corporate Services	2,821	2,670	(151)	
Development & Corporate Landlord	920	1,166	246	
Finance	467	426	(41)	(a)
Housing & Environment	5,234	5,566	332	
Legal & Democratic	1,474	1,506	32	
Partnerships	2,401	2,176	(225)	
Planning	212	797	585	
Policy & Programmes	3,253	1,757	(1,496)	
Contingency	(525)	0	525	
Service expenditure	17,024	16,821	(203)	
Investment income	(389)	(2,175)	(1,786)	(b)
Net expenditure	16,635	14,646	(1,989)	

Notes:

- a) Finance includes housing benefits and rent allowances funded by government grant as shown in table 2 below.
- b) The council's treasury management outturn report will be considered by Joint Audit and Governance Committee, Cabinet and Council.

Table 2: housing benefits and rent allowances

	Budget £000	Actual £000	Variance £000
Rent allowance payments	17,669	17,682	13
Government subsidy income	(16,843)	(16,800)	43
Rent allowance overpayments	(871)	(857)	14
Net Position	(45)	25	70

6. Appendix 1 analyses income and expenditure across the service areas. This appendix shows the expenditure budget was £50.5 million compared to an actual spend of £50.8 million resulting in an overspend of £0.4 million. The income budget was £33.5 million compared to actual income of £34.0 million, an favourable variance of £0.5 million.
7. Table 3 below provides a further breakdown of the revenue outturn position.

Table 3: summary of major variances against revenue budget

	Total Variance £000	TRANSFERS		Net Variances after Transfers £000	VARIANCES BREAKDOWN	
		Under- spend c/fwd. to 2023/24 £000	Grant Income transferr ed to reserves £000		Employee Costs £000	Other £000
Strategic Management	(9)	0	0	(9)	(66)	56
Corporate Services	(151)	0	0	(151)	(183)	32
Development & Corporate Landlord	246	59	0	305	(78)	383
Finance	(41)	55	0	14	62	(48)
Housing & Environment	332	39	0	371	47	323
Legal & Democratic Partnerships	32 (225)	0 0	35 0	67 (225)	201 (68)	(135) (156)
Planning	585	0	0	585	61	525
Policy & Programmes	(1,496)	1,280	43	(173)	(38)	(135)
Contingency	525	0	0	525	625	(100)
Direct service expenditure	(203)	1,433	78	1,308	564	745
Investment income	(1,786)	0	0	(1,786)	0	(1,786)
Net expenditure	(1,989)	1,433	78	(478)	564	(1,440)
Working budget	17,024				0	
Percentage	(14.0)%					

Budgets carried forward to 2023/24

8. As shown in table 3, of the £0.2 million variance to budget, £1.4 million represents slippage in one-off budgets that have been agreed as budget carry forwards to 2023/24 and £78,000 of unbudgeted grants transferred to reserves for future expenditure. These carry forwards are shown in Appendix 2.

9. The one-off corporate transformation budget was underspent by £588,000 due to changing management priorities during the year. The full underspend is to be carried forward to 2023/24.
10. Development and Corporate Landlord had several projects that started during the year and have yet to complete, the most significant of which is £57,870 to fund the Central Abingdon Regeneration Framework (CARF) project. The unspent budget of £196,000 on these projects has been carried forward to 2023/24.
11. Projects in Policy and Programmes underspent by £0.7 million and will be carried forward to 2023/24. The most significant underspends are on Dalton Barracks Garden Village, which will carry forward £187,000 and the Didcot Garden Town, which will carry forward £185,000.

Unbudgeted grant income transferred to reserves

12. Unbudgeted grant income received in the financial year was £78,000, which has been transferred to reserves to be set against 2023/24 expenditure. This is shown in table 4 below:

Cost centre	£
You Move	43,000
Domestic violence support	35,196
TOTAL	78,196

Employee costs

13. Employee costs show an overspend for the year of £564,000, which is net of the managed vacancy factor set at the beginning of the year.
14. In Corporate Services the main underspend in employment costs relates to vacancies in customer services of £37,000 and communications of £32,000. This was a result of staff vacancies which proved difficult to recruit to.
15. Vacancies in Legal Services have resulted in the use of agency staff, which has resulted in an overspend of £179,000.

Service department variances over £50,000

16. Excluding the carry forwards to 2023/24, grant income transferred to reserves and employee cost variances, net revenue expenditure was £0.7 million overspent against budget.
17. The significant variations from budget are shown in table 3 and are explained below.

Development & Corporate Landlord

18. General property rental and service charge income was £574,000 above budget. Calculations for rent and service charges for Abbey House and Bury Street were carried out during the year. This resulted in back dated income being received.
19. As a result of low booking levels, income at The Beacon was under budget by £195,000.

20. Car parking income was down against budget by £183,000. Usage of car parks has still not returned to pre-pandemic levels. Car parking fees have been adjusted to make up the shortfall in 2023/24.
21. The grounds team budget, which includes grounds maintenance and public conveniences was overspent by £86,000. The hire of vehicles pending purchase of our own fleet made up this overspend.
22. The unforeseen increase in utilities costs resulted in an overspend in facilities of £198,000. Budgets for 2023/24 have been adjusted to reflect this.

Housing and environment

23. The waste service came in over budget by £387,000. Due to actual indexation being higher than anticipated when the budget was set, an overspend of £250,000 occurred on the waste and recycling collection service
24. The garden waste service overspent by £137,000. There were fewer customers than anticipated during the year, which resulted in a loss of income of £79,000. The additional costs of consultants and higher indexation to the contract payments resulted in an overspend of £58,000.

Legal and democratic

25. Legal services income was above budget by £100,000. Identification of older court income was posted from the suspense account during the year.

Partnerships

26. The Five Councils' Partnership Client Team budget was underspent by £138,000. This was due to a reprofiling of Capita contract costs.

Planning

27. Planning received less income than forecast by £328,000. This is primarily a result of developers delaying major applications submissions. Income budgets have been reduced for 2023/24.

Policy and programmes

28. Delays in the joint local plan resulted in an underspend of £86,000.

NNDR and council tax

29. NNDR income was over £3 million more than budget. The favourable variance is primarily due to the release of business rates appeals provisions which were built up over a ten-year period against the 2010 and 2017 valuations. Continuing the process started last year, finance staff have been working with external advisors to review and release a significant proportion of these provisions.

Comparison to previous year revenue outturn

30. A comparison of the 2021/22 outturn to the 2022/23 revenue outturn is shown in table 5 below:

Table 5: 2021/22 and 2022/23 revenue outturn

	2021/22 Total £000	2022/23 Total £000
Income	488	(511)
Expenditure	(4,293)	309
Net position before carried forward budgets	(3,805)	(203)
Carried forward budgets	1,433	1,433
Net position after carried forward budgets	(2,372)	1,230

31. Although clearly unforeseeable at the time, the level of prudent provision for the ongoing impact of the Covid-19 pandemic in 2021/22, and the extent to which that contribution was required, contributed to the significant underspend in 2021/22.

Capital

35. The original capital budget for 2022/23 including growth was agreed in February 2022 at £6.7 million. Details of the changes to the capital programme in year are summarised in table 6 below:

Table 6: movement on capital programme

	Approved
Original capital budget 1 April 2022	6,749
Roll forward from prior years	13,209
Additions in year (externally funded)	253
Additions in year (other)	185
Schemes deleted	(772)
Slippage into future years	(3,200)
Working budget 31 March 2023	16,424

32. Capital expenditure for 2022/23 was £7.9 million. Detail of the variance of spend against the capital programme working budget is shown in appendix 3 to this report. Capital projects can span several years and any underspends are rolled over into the new financial year.
33. During the year, budget holders review their projects and identify those where delays mean that the current working budget will not be spent in year. The budget profile is then moved to reflect the new spend profile and budgets are slipped into future years if applicable. Slipped budgets remain committed for use in future years. During the year £3.2 million was slipped in this way. A list of slipped schemes is shown in appendix 4.

Financial, legal and any other implications

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

Conclusion

35. Following the trends of recent years, the council has underspent on both revenue and capital, and the nature and reasons for these variances are detailed within this report and the appendices.

Appendices:

1. Revenue outturn – expenditure and income variance
2. Revenue carry forward 2022/23 requests
3. Capital outturn – summary and commentary
4. Capital outturn - slippage

Background papers

- Budget papers for 2022/23