

Cabinet Report

Report of Head of Finance

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To: CABINET

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Budget monitoring April 2023 – June 2023

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 2023 to June 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 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 August are based on heads of service's best knowledge at that time.

Revenue budget monitoring

4. On 15 February 2023, Council agreed a net revenue budget for 2023/24 of £17.385 million. This has subsequently increased to £18.819 million. This reflects the carry forward of unspent one-off project budgets from 2023/23 and additional grant funded budgets.

5. Table 1 below shows, summarised at service level, both the revenue position as at the end of June 2023 and the forecast position at year end.

Table 1: Revenue budget monitoring position as at June 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	199	215	16	797	795	(2)
Corporate services	821	784	(37)	3,286	3,105	(181)
Development and regeneration	608	1,530	922	820	821	1
Finance	322	38	(284)	828	812	(16)
Housing and environment	859	(352)	(1,211)	6,032	6,109	77
Legal and democratic	470	575	105	1,770	1,783	13
Partnerships	528	749	221	2,113	2,113	0
Planning	77	130	53	312	515	203
Policy and programmes	870	1,131	261	3,479	2,808	(671)
Contingency	(167)	0	167	(618)	0	618
Total	4,587	4,800	213	18,819	18,861	42

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

Table 2: summary of forecast major variances against revenue budget

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	795	(2)	(23)	21
Corporate Services	3,286	3,286	3,105	(181)	(187)	6
Development & Corporate Landlord	820	820	821	1	(15)	16
Finance	828	828	812	(16)	70	(86)
Housing & Environment	6,032	6,032	6,109	77	(25)	102
Legal & Democratic	1,770	1,770	1,783	13	19	(6)
Partnerships	2,113	2,113	2,113	0	0	0
Planning	312	312	515	203	25	178
Policy & Programmes	3,479	2,780	2,808	28	15	13
Contingency	(618)	(618)	0	618	790	(172)
	18,819	18,120	18,861	741	670	71

7. Excluding carry forwards of £0.699 million the projected overspend is forecast to be £0.7 million. Treasury income however is anticipated to be ahead of budget by £0.7 million and net expenditure is therefore overall forecast to be on budget.

Budgets forecast to be carried forward to 2024/25

8. As detailed above there is forecast to be slippage of £0.699 million 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

9. At this early stage of the year, employee costs are forecast to be overspent as the managed vacancy factor set at the beginning of the year is not on track to be met. Key employee cost variances are as follows:
- In Corporate Services, vacancies in customer services, which are proving difficult to recruit to, make up most of the variance.
 - Finance vacancies are being covered by temporary staff, which are more expensive than the salary budget. Additional resources are also being recruited to the Strategic Finance Team to support the councils' transformation activity, management accounting and the increased workload associated with final accounts.

Service department variances over £25,000

10. Excluding carry forwards to 2024/25, grant income to be transferred to reserves and employee cost variances, net revenue expenditure is forecast to be £0.7 million overspent against budget.
11. The significant forecast variations from budget are shown in table 2 above and are explained below.

Finance

12. 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 £87,000 higher than expected for the year.

Housing and Environment

13. Homelessness costs are expected to be £102,000 over budget. Higher hotel placements and lower rental income as a result of one hostel being closed for refurbishment have contributed to this overspend.

Planning

14. Planning income is forecast to be £200,000 below budget. This reflects lower application numbers, linked in part to the current cost of living crisis, and a review of the planning service structure is in progress.

Capital budget monitoring

15. On 15 February 2023, Council agreed a capital programme for 2023/24 of £16.0 million, which by 31 March 2023 had increased to £18.766 million.
16. At the end of June 2023, the capital programme had increased to £31.528 million. Details of the changes to the capital programme during the first three months are summarised in table 3 below:

Table 3: movement on capital programme

	2023/24 £000
Original capital budget 1 April 2023	18,766
Roll forward from prior years	12,837
Additions in year (externally funded)	50
Additions in year (other)	0
Schemes deleted	(125)
Slippage into future years	0
Capital programme 30 June 2023	31,528
Made up of:	
Approved programme	30,258
Earmarked schemes externally funded	1,270
Capital programme 30 June 2023	31,528

17. The capital budgets have not been reviewed for this report. A full review of the current capital programme is underway and the outcome of this will be reflected in future budget monitoring reports.

Financial, legal and other implications

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

Conclusion

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

Appendices

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

Background Papers

- Budget papers for 2023/24