

Cabinet Report

Report of Head of Finance

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To: CABINET

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Budget monitoring April 2023 – September 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 September 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 six months of the financial year.

Background

3. This report reviews the council's revenue and capital expenditure performance to the end of month six (September). Year-end outturn forecasts were worked on during October and 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 £18.851 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 September 2023 and the forecast position at year end.

Table 1: Revenue budget monitoring position as at September 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	398	412	14	797	791	(6)
Corporate services	1,620	1,739	119	3,223	3,203	(20)
Development and corporate landlord	774	891	117	916	823	(93)
Finance	592	1,959	1,367	890	936	46
Housing and environment	2,309	2,022	(287)	6,032	6,124	92
Legal and democratic	921	1,021	100	1,770	1,786	16
Partnerships	1,056	819	(237)	2,113	2,113	0
Planning	155	459	304	312	908	596
Policy and programmes	1,708	1,735	27	3,416	2,541	(875)
Contingency	(334)	0	334	(618)	0	618
Total	9,199	11,057	1,858	18,851	19,225	374

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	791	(6)	(34)	28
Corporate services	3,223	3,223	3,203	(20)	(102)	82
Development & corporate landlord	916	858	823	(35)	(20)	(15)
Finance	890	890	936	46	48	(2)
Housing & environment	6,032	6,032	6,124	92	(30)	122
Legal & democratic	1,770	1,770	1,786	16	(36)	52
Partnerships	2,113	2,113	2,113	0	0	0
Planning	312	312	908	596	(25)	621
Policy & programmes	3,416	2,653	2,541	(112)	54	(166)
Contingency	(618)	(618)	0	618	718	(100)
	18,851	18,030	19,225	1,195	573	622

7. Excluding carry forwards of £0.821 million the projected overspend is forecast to be £1.2 million. Treasury income however is anticipated to be ahead of budget by £2 million and net expenditure is therefore overall forecast to be under budget.

Budgets forecast to be carried forward to 2024/25

8. As detailed above there is forecast to be slippage of £0.821 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 stage of the year, employee costs are forecast to be overspent by £573,000. Latest forecasts indicate that employee costs will be underspent by £145,000. However, the managed vacancy factor included in the budget, which assumed employee costs would be 95 per cent of budget, was £718,000, leading to the resulting £573,000 overspend. Key employee cost variances are as follows:
- In Corporate Services, the variance is primarily due to vacancies in customer services, which are proving difficult to recruit to.
 - 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.
 - In Policy and Programmes salaries in sports development are forecast to be £122,000 overspent. This is compensated for in the sports development budget by underspends on supplies and services costs, and also additional grant funding income, which are reflected in the "other" column above. Other salary underspends in the policy and programmes service reduce the service's employee cost overspend to £54,000.

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 £622,000 overspent against budget.
11. The significant forecast variations from budget are shown in table 2 above and are explained below.

Corporate Services

12. Microsoft 365 licences have increased due to more users and a rise in costs. Total software renewals are also more than budget and this will result in a predicted overspend of £100,000 at year end.

Housing and Environment

13. Homelessness costs are expected to be £112,000 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 and building control income is forecast to be £450,000 below budget due to lower application numbers and no large sites expected for 2023/24. A review of the planning service structure was completed during the summer and the new structure was implemented in November.

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 £18.199 million.
16. The council's capital programme has been the subject of a budget challenge exercise. The first stage of this, an officer budget challenge led by the Head of Finance and Head of Policy and Programmes, supported by staff from the Strategic Finance team, has been completed, and a revised capital programme has been prepared. This will be reviewed by Strategic Management Team and will be the subject of a member budget challenge which is expected to be completed by mid-January ahead of Cabinet agreeing the 2024/25 budget in February. The latest programme for 2023/24 reflects a total estimated spend of £15.581 million, of which £10.742 million is externally funded.
17. The following schemes represent £10.728 million of the £15.581 million currently estimated in the latest programme:
- Local Authority Housing Fund - £3.345 million
 - Disabled facilities grants - £1.782 million
 - VWHT&LC decarbonisation £1.908 million
 - Waste vehicles £0.950 million
 - Wantage LC decarbonisation £0.795 million
 - Payment of CIL contributions to Oxfordshire County Council - £1.948 million

To the end of September 2023, total capital expenditure against the latest programme for the year was £5.1 million.

Financial Implications

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

Legal Implications

19. There are no legal implications to this report.

Climate and ecological impact implications

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

Equalities implications

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

Conclusion

22. 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