

Cabinet Report

Report of Head of Finance

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Wards affected: All

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To: CABINET

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Budget monitoring April 2024 – September 2024

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	<u>Yes</u>	Yes	Yes
Signing off officer	Anna Winship	Nick Bennett	Heather Saunders	Lorne Grove

Purpose of report

1. To report the revenue and capital expenditure outturns for March 2025 as forecasted 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 forecast outturn as at the end of month six (September). While some consideration has already been given to year-end outturn forecasts, these will be placed under further scrutiny as the financial year progresses.

Revenue budget monitoring

4. On 21 February 2024, Council agreed a net revenue budget for 2024/25 of £22.340 million. This has subsequently increased to £23.172 million. This reflects the carry forward of unspent one-off project budgets from 2023/24.
5. Table 1 below shows, summarised at service level, the current forecast position at year end.

Table 1: Breakdown of forecast variance as at September 2024

Service	Working budget full year £000	Forecast spend for year £000	Variance £000	Employee costs £000	Other £000
Corporate Management Team	1,132	1,107	(25)	(30)	5
Communities	1,864	1,858	(6)	(7)	1
Corporate Services	3,580	3,531	(49)	(49)	0
Development & Corporate Landlord	1,603	1,549	(54)	39	(92)
Finance	1,038	907	(131)	4	(135)
Housing & Environment	7,268	7,830	563	44	518
Legal & Democratic	1,538	1,711	173	(8)	181
Partnerships	2,493	2,493	0	0	0
Planning	555	565	10	0	10
Policy & Programmes	2,301	1,969	(332)	18	(350)
Contingency	(200)	0	200	500	(300)
Service Expenditure	23,172	23,521	349	511	(163)
Investment Income	(5,005)	(6,603)	(1,599)	0	(1,599)
Net Expenditure	18,168	16,917	(1,250)	511	(1,761)

6. The projected overspend is forecast to be £0.349 million. Treasury income achieved in year however is anticipated to be ahead of budget by £1.6 million and net expenditure is therefore forecast to be under budget. The effective net position of the council is therefore an underspend of £1.8 million.

Budgets forecast to be carried forward to 2025/26

7. At this stage in the financial year, managers have provided some forecast outturn variances, however most of these relate to multi-year grant income or ring-fenced funding for which the expenditure is planned in future years. Work will continue to identify any expected underspends and overspends over the next quarter.

Employee costs

8. As at the end of September 2024, employee costs are forecast to be overspent by £511,000. Key employee forecast variances are as follows:
 - Corporate Services is predicting a year end underspend due to a redesign of service delivery which has led to posts being removed from the structure, and these budgets have been removed and reflected in the base budget for 2025/26.
 - Development and Corporate Landlord is forecasting an overspend within Commercial Property. The costs relate to additional agency staff recruited to

support high priority corporate projects, these staff have specialist skills to support these projects and will be employed for a limited period of time.

- Housing and Environment is forecasting an overspend within the Homelessness service as a result of there being a contribution to an additional member of staff above base budget. It is envisaged that at least some of these costs will be covered by a top up in Homelessness Prevention Grant.
9. The overspend reflects the continued high levels of staff retention across the Council and corresponding very low vacancy levels, which remain amongst the lowest in the UK. The 2024/25 budget does not fully fund all staff costs but assumes a vacancy factor of less than three per cent. This assumption will be reviewed for the 2025/26 budget setting process

Service department variance over £25,000

10. After considering forecasted employee cost variances, net revenue expenditure is forecast to be £163,000 underspent.
11. There are some significant forecast variations from budget which are shown in table 1 above and are explained below.

Development and Corporate Landlord

12. The service is forecasting an underspend which partly related to a carry forward of S106 contributions in respect of Tuckmill Meadows where spend is not expected in this financial year. Also, car parking income is expected to be above budget by £63,000 by the end of the year due to an increase in car park usage.

Finance

13. This forecast underspend is as a result of variations in the various elements of Housing Benefit primarily where the DWP anticipated a drop off in claims that has not materialised.

Housing and Environment

14. Garden waste income is forecasted to be significantly down as a result of introducing the permit scheme from April 2025 because current year charges are being pro-rated until that point. This is only an issue in this transitional year and future year income will be back to budgeted income.

Legal and Democratic

15. The legal service is forecasting an overspend due to the use of external legal advisors to support the JLP, as work on this has been accelerated and interim lawyers pending the commencement in post of a substantive Monitoring Officer. This is a result of staff vacancies within the service and several projects requiring specialist legal advice. Work is underway to assess how to address this issue going forward and vacant posts are being advertised

Policy & Programmes

16. The forecasted underspend here relates to the transformation programme and associated team. The transformation team are now permanently funded within the

budget so any carried forward one-off funding will be used to cover additional costs associated with transformation and will be transferred to reserves pending use.

Capital Budget Monitoring

17. On 21 February 2024, Council agreed a capital programme for 2024/25 of £20.820 million.
18. At the end of September 2024, the capital programme had increased to £25.980 million against which £3.978 million had been spent. Details of the changes to the capital programme during the first six months are summarised in table 2 below:

Table 2: movement on capital programme

	2024/25 £000
Original capital budget 1 April 2024	20,820
Roll forward from prior years	5,326
Additions in year (externally funded)	926
Additions in year (other)	0
Schemes deleted	0
Slippage into future years	82
Capital programme 30 September 2024	27,154
Made up of:	
Approved programme	25,980
Earmarked schemes externally funded	1,174
Capital programme 30 September 2024	27,154

19. A full review of the capital programme has been undertaken as part of the budget challenge exercise and the outcome will be reflected in future budget monitoring reports and the budget update report. The reliance on external funding (grants) to meet capital expenditure within the approved programme and the timing of claims for those can make large variations more likely.

Financial Implications

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

Legal Implications

21. There are no direct legal implications to this report.

Climate and ecological impact implications

22. There are no direct climate and ecological impact implications to this report. As agreed with the climate team, the use of the Climate Impact Assessment Tool is not required for the contents of this report.

Equalities implications

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

Risks

24. This report is for information only and therefore there are no risk implications as budgets are being actively managed by officers.

Conclusion

25. At this stage of the financial year, a small revenue overspend is forecast, which is anticipated to be offset by additional investment income above that forecasted when the budget was set.

Background Papers

Budget papers for 2024/25

Appendices

None