

## Report to Cabinet

**Subject:** Quarterly Budget Monitoring and Virement Report – Quarter 1 covering the period April 2023 to June 2023

**Date:** 7 September 2023

**Author:** Senior Leadership Team

### Wards Affected

Borough-wide

### Purpose

To update Cabinet on the forecast outturn for Revenue and Capital Budgets for 2023/24. The budgets include all approved carried forward amounts from the 2022/23 financial year.

To request approval from Cabinet for the changes to the budget as set out in this report.

### Key Decision

This is a key decision because the proposal includes financial implications that are above the threshold of £0.5m determined by Council for decisions to be regarded as a Key Decision

### Recommendation(s)

**Members are recommended to:**

- 1) To approve the General Fund Budget virements set out in Appendix 1;**
- 2) To note the use of reserves and funds during quarter one as detailed in Appendix 2;**
- 3) To approve the changes to the capital programme included in paragraph 2.4.**

## 1. Background

- 1.1 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.

1.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, improvement activity and performance indicators have all been brought together and are now embedded in the way the Council works. Whilst the budget and performance information is presented in 2 separate reports, they are reported to Cabinet together and will appear on the same agenda.

## 2. Proposal

### 2.1 General Fund Revenue Budget Summary

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 30 June 2023.

The Council's General Fund outturn is projected to be in line with the approved budget of £14,199,900.

### General Fund Revenue Budget 2023/24 – Change Analysis

	£
<b>Net Council Budget for 2023-24 approved by Council on 2 March 2023 and Cabinet's Maximum Budget</b>	<b>14,199,900</b>
Up to the end of June 2023 expenditure less income totalled	3,158,217
In the remaining 9 months of year we expect net expenditure to be	11,041,683
<b>Total net revenue spend for the year is currently expected to be</b>	<b>14,199,900</b>
<b>Total Projected Revenue (Under)/ Overspend 2023/24</b>	<b>0</b>
<b>Total net revenue spend for the year is expected to be</b>	<b>14,199,900</b>

Appendix 1 outlines how the General Fund Revenue budget is divided between the Portfolios of the Council and includes a detailed variance analysis identifying the current proposed changes for quarter one against the approved budget for each Portfolio area. Cabinet is recommended to approve these changes.

The major variances detailed in Appendix 1 include:

Expenditure:

- Additional Bed & Breakfast costs due to increased demand for Temporary Accommodation £120,000. There is a corresponding underspend of (£30,000) which was set aside for leasing properties for temporary accommodation, however only a couple of suitable properties have so far been identified, and this is being resolved by additional properties now being purchased rather than leased. The remainder of this overspend is offset by additional Homelessness grant.
- Agency use in Development Management due to a number of Planning Officer vacancies £60,000, this is Offset by increased Planning income and a contribution from Reserves.

Income:

- Leisure - changes to VAT liability to Non-Business for Sports & Leisure an additional (£66,000) of income to be retained than initially anticipated.
- Refund of overcharged Court Fees for chasing Debts, this has accrued over a number of years (£49,600).
- Fall in Cemetery Income £45,600 forecast currently as a result of a reduction in 'out of area' burial income.

Details of the budget virements authorising the usage of Earmarked Reserves and Revenue Budget Funds as approved by the Chief Financial Officer and relevant Corporate Director in accordance with Financial Regulations are set out in **Appendix 2**. No virements were approved by Portfolio Holders for amounts of £50,000 or less during quarter one.

### **Cost of Living - Inflationary Pressures**

The cost of living crisis continues to impact on Council Budgets as inflation remains high. Whilst the 2023/24 budget included an estimate for known inflationary increases, close attention needs to be maintained in order to capture and report the potential impact. It is intended that a mid-year review of the Medium Term Financial Plan (MTFP) be undertaken to incorporate any items that may significantly affect the Councils income and expenditure and that this be reported to a future Cabinet meeting.

### **Pay Award**

The Council has included a sum of £774,900 in the 2023/24 Revenue Budget for the April 2023 pay award based upon an assumed 5.0% increase. The National Employers proposed an increase of £1,925 on all NJC pay points 1 and above with effect from 1 April 2023, which was initially rejected, The National Employers final offer remains unchanged and is now being re-considered by Unions. The full impact of this will be presented to Cabinet once the pay award has been agreed. However, the JNC pay award for Chief Officers of 3.5% has been accepted.

One consequence of the cost of living crisis is an increase in the base rate set by the Monetary Policy Committee (MPC) which has increased several times to a current rate of 5.25%. This will have a positive impact on investment interest received by the Council, and a revised calculation of interest is currently being undertaken and will be included in the Quarter 2 Budget Monitoring report.

### **Support for Residents**

The Current Council Tax Reduction scheme for 2023/24 is £170,000 which is government funded and intended to alleviate the impact of some cost pressures for the most financially vulnerable residents.

## **2.2 Efficiency programme – Progress Update**

Since 2014/15 the Council has approved six separate budget reduction programmes totalling £7.5m net of risk provision, including the new programme of £443,500 approved during the 2023/24 budget process.

Of the existing programme, £975,500 remains to be delivered over 2023/24 to 2024/25.

In terms of 2023/24, the programme due for delivery is £894,500 which includes project deferrals from 2022/23. At Q1 we are expecting this to be achieved in year.

Delivery of the 2023/24 programme will continue to be monitored and an update provided in future reports.

In addition to the current programme the Medium Term Financial Plan (MTFP) includes future efficiencies of £2.857m which will need to be delivered to maintain a balanced budget. Whilst these efficiencies are not yet supported by outline business cases, a base budget review is currently underway to identify potential areas of savings, and these will be explored further in the coming months with the Cabinet and individual Portfolio Holders, and proposals put forward as part of the 2024/25 budget process. Alongside this, officers will be undertaking a mid-year review of the Medium Term Financial Plan (MTFP) to determine if this target requires amendment.

## **2.3 Capital Programme**

Appendix 3 details the current projected position on the Capital Programme and its financing for 2023/24, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

Quarter 1 amendments to the current capital programme of (£1,291,800) are presented in the table below.

<b>Capital Budget 2023/24 - Change Analysis</b>	
	<b>£</b>
<b>Original 2023/24 budget approved by Cabinet on 16 February 2023</b>	<b>6,928,100</b>
Council Approved Carry Forwards from 2022/23	7,204,600
<b>Current approved budget for 2023/24</b>	<b>14,132,700</b>
<b>Proposed Amendments to the Programme at Quarter 1</b>	
<b>Additions to programme:</b>	
BreckHill Park – New Entrance and Footpath	43,800
<b>Additional to existing Schemes:</b>	
Waste Management System	5,000
<b>Reductions to existing schemes:</b>	
Green Homes Grant Scheme (LAD2)	(120,700)
Civic Centre Windows Replacement	(100,000)
Civic Centre Fire Alarm	(33,000)
Asset Management Fund Programme	(31,800)
Civic Centre Lift Refurbishment	(25,100)
<b>Deferrals of existing scheme:</b>	
Vehicle Replacement Programme	(640,000)
<b>Removals from existing programme:</b>	
Home Upgrade Grant (HUG2)	(330,000)
Hazelford Way Drainage Works	(60,000)
<b>Total Proposed Amendments</b>	<b>(1,291,800)</b>
<b>Revised Capital Programme 2023/24</b>	<b>12,840,900</b>
Actual Expenditure to Quarter 1 2022/23	425,174
Estimated Expenditure Quarter 2 - 4 2022/23	12,415,726
<b>Projected Outturn</b>	<b>12,840,900</b>

The proposed amendments as set out above are as follows:

- Breck Hill Entrance & Footpath £43,800 – This is to be partially funded by £12,000 donations and a transfer of £31,800 from the Asset Management Fund programme.

Additions to existing schemes:

- Waste Management System £5,000 – Following receipt of tenders the costs have increased since the original quotes were received. This additional cost is to be funded from the Efficiency & Innovation Reserve.

Reduction to existing schemes are as follows:

- Green Homes Grant Scheme (LAD2) (£120,700) – Uncommitted spend against the 2022/23 allocation.

- Civic Centre Windows Replacement (£100,000) – A current hold on full window replacement programme and the team are prioritising those windows that need to be replaced, therefore lower budget required for 2023/24
- Civic Centre Fire Alarm (£33,000) – Works underway, tender awarded, costs anticipated to come in under budget.
- Asset Management Fund (£31,800) – Transfer of approved budget to partially fund the Breck Hill Entrance and Footpath.
- Civic Centre Lift Refurbishment (£25,100) – Works completed below budget resulting in an under-spend.

The proposed deferrals into 2024/25

- Vehicle Replacement Programme (£640,000) –The industry’s long lead times on delivery results in vehicles ordered in 2023/24 not being delivered until 2024/25, therefore this budget has been deferred. In addition current vehicles are being utilised for longer to maximise their use prior to disposal.

Removal of existing schemes:

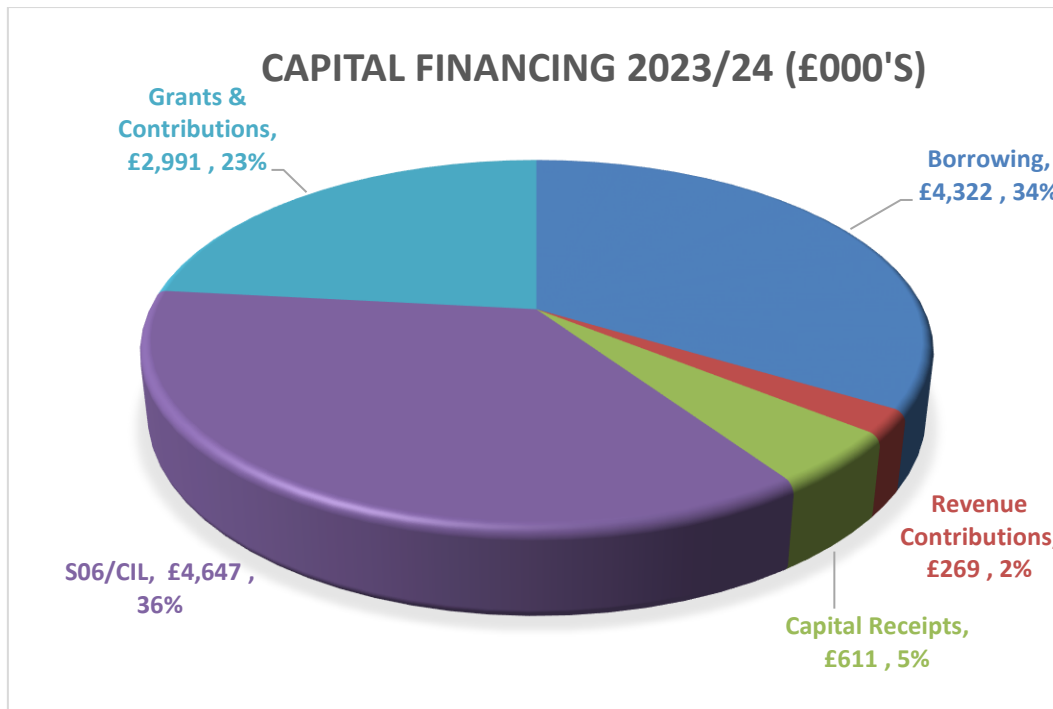
- Home Upgrade Grant (HUG2) (£330,000) – Originally allocated to Districts/Borough Councils but is now being delivered by Nottinghamshire County Council.
- Hazelford Way – Drainage works (£60,000) – Initially approved in the 2019/20 programme, however we have had no reported drainage problems since that time and therefore no plans for the immediate future.

Allocation of £112,100 Uk Shared prosperity Funding (UKSPF) funding to the following capital projects at Q1.

- Sports Facilities Investments £40,000 – Pending the outcome of the Leisure Strategy Review.
- Addition to King George V Toilets £25,000 – Costs for Water, drainage and electricity connections to the site. This increases the total budget to £214,300.
- Addition to Lambley Lane Changing Rooms £20,900 following tender prices. This increases the total budget to £277,200.
- Addition to Town Centre Improvements £26,200. This increases the total budget to £124,200.

## 2.4 **Capital Programme Financing**

The projected method of financing the current capital programme requirement of £12,840,900 is detailed in Appendix 3 and summarised in the chart below.



## 2.5 Capital Receipts Monitoring

When the Council sells General Fund assets it is permitted to use this income to fund capital expenditure. The initial capital receipts estimate for 2023/24 projects that £610,900 will be generated and used to finance the capital programme in 2022/23. There is no change to the capital receipts estimate projected at quarter 1 monitoring.

## 3. Alternative Options

Option – Not to amend the original Council approved budgets during the year to reflect the latest projected outturn position.

Advantages:

- The final outturn position of the Council can be easily compared to its original intentions when the budget was set and areas of budget risk identified.

Disadvantages:

- Budgets not aligned to current budget pressures resulting in increased likelihood of budget overspend and emerging Council priorities not being addressed;
- Restrict the effectiveness of medium term planning process and preparation of the forward budget if pressures and areas of efficiency are

not readily identifiable during budget preparation;

- Budget not reflective of latest performance information.

Reason for rejection – the option is not likely to result in the best outcomes in financial management or support delivery of priorities.

#### **4 Financial Implications**

- 4.1 The nature of the report is such that it has significant resource implications across the Council. The report itself demonstrates how resources are being managed. Whilst the quarter one position is currently forecasted to break-even, focus must be maintained on the delivery of the £2.857m unmet efficiency target.

#### **5 Legal Implications**

- 5.1 None arising directly from this report.

#### **6 Equalities Implications**

- 6.1 None arising directly from this report.

#### **7 Carbon Reduction/Environmental Sustainability Implications**

- 7.1 None arising directly from this report.

#### **8 Appendices**

Appendix 1 - General Fund Revenue Budget 2023/24 – Budgetary Control Report

Appendix 2 - Use of Reserves and Revenue Fund Budgets

Appendix 3 - Capital Programme 2023/24 – Budgetary Control Report

#### **9 Background Papers**

Detailed Quarterly Budgetary Control Exception Reports

#### **10 Reasons for Recommendations**

- 10.1 To align the budgets to the current pressures and priorities and ensure the delivery of Council objectives is supported.

#### **Statutory Officer Approval**

**Approved on behalf of Chief Financial Officer by: Tina Adams**

**Date: 25/08/2023**

**Approved on behalf of Monitoring Officer by:**

**Date: XX**



