

Cabinet Report



Listening Learning Leading

Report of Head of Finance

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To: CABINET

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Budget monitoring April 2022 – June 2022

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 2022 to June 2022 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 December and are based on heads of service's best knowledge at this time.

Revenue budget monitoring

4. On 17 February 2022, Council agreed a net revenue budget for 2022/23 of £16.779 million. This has subsequently increased to £20.974 million. This reflects the carry forward of unspent one-off project budgets from 2021/22.

5. Table 1 below shows, summarised at service level, both the revenue position as at the end of June 2022 and the forecast position at year end.

Table 1: Revenue budget monitoring position as at June 2022

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	320	192	(128)	1,279	1,222	(57)
Corporate services	679	765	86	2,637	2,564	(73)
Development and Corporate Landlord	411	732	321	993	1,513	520
Finance	103	51	(52)	282	70	(212)
Housing and environment	1,048	1,297	249	5,765	6,163	398
Legal and democratic	341	338	(3)	1,313	1,289	(24)
Partnerships	659	1,781	1,122	2,636	2,653	17
Planning	47	89	42	230	354	124
Policy and programmes	1,466	40	(1,426)	5,865	3,977	(1,888)
Contingency	(81)	0	81	(26)	500	526
Total	4,993	5,285	292	20,974	20,305	(669)

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

Table 2: summary of forecast major variances against revenue budget

Service	Total Variance	Profiled underspend c/fwd to 2023/24	Grant income transferred to reserves	Net variances after transfers	Employee costs	Other
Strategic Management	(57)	0	0	(57)	(158)	101
Corporate Services	(73)	0	0	(73)	(95)	22
Development & Corporate Landlord	520	0	0	520	233	287
Finance	(212)	0	0	(212)	(37)	(175)
Housing & Environment	398	11	0	409	(8)	417
Legal & Democratic	(24)	0	34	10	26	(16)
Partnerships	17	0	0	17	17	0
Planning	124	0	0	124	36	88
Policy & Programmes	(1,888)	1,614	64	(210)	(207)	(3)
Contingency	526	0	0	526	626	(100)
Direct Service Expenditure	(669)	1,625	98	1,054	434	620

Budgets forecast to be carried forward to 2023/24

7. As shown in table 2, of the £0.7 million forecast variance to budget, £1.6 million represents slippage in one-off budgets. These will be requested as carry forwards at the end of the financial year. £0.1 million is forecast grant income to be received. These carry forwards and grants are shown in appendix 1.

Employee costs

8. Employee costs are forecast to be overspent at the end of the year by £434,000, which is net of the managed vacancy factor set at the beginning of the year.
9. The variance in strategic management is due to a vacancy, which is being covered by a consultant. Spend on consultants does not form part of employee costs.

10. Corporate services is predicting an underspend mainly as a result of vacancies that are not anticipated to be filled by the end of the year.
11. The overspend in development and corporate landlord is primarily a result of costs that had been budgeted in capital but on review were decided should be revenue.
12. The £207,000 underspend in policy is made up of various vacancies across the service. A review is to be carried out on service structure for the 2023/24 budget.

Service department variances over £50,000

13. Excluding carry forwards to 2023/24, grant income to be transferred to reserves and employee cost variances, net revenue expenditure is forecast to be £623,000 overspent against budget.
14. The significant forecast variations from budget are shown in table 2 above and are explained below.

Development and Corporate Landlord

15. Utilities budgets are expected to be inadequate due to the soaring cost of fuel. It is expected that there will be a £213,000 overspend on these budgets.
16. Use of the council car parks has increased since the pandemic, however we are still not seeing usage back to pre-pandemic levels. It is predicted that there will be a £53,000 adverse variance on car parking income.

Housing and Environment

17. The waste service is predicting an overspend of £371,600. Indexation on the waste contract was underestimated when the budget was set and will be inadequate to cover actual costs this year. Contractual indexation is based on a number of factors, some of which, such as fuel, have been subject to significant price increases in recent months.

Finance

18. Claimants are moving to universal credit, which has resulted in a reduction of housing benefit. There is forecast to be an underspend of £140,000 as result of this.

Planning

19. Anticipated income from major developments has been delayed and therefore a £267,000 overspend is expected.
20. The building control service has seen an increase in income due to some larger developments using the service. Income is predicted to be £134,800 over budget.

Capital budget monitoring

21. On 17 February 2022, Council agreed a capital programme for 2022/23 as follows:
 - Approved programme - £16.528 million
 - Provisional programme (including Cabinet growth proposals) - £16.871 million.

At the end of June 2022, the approved programme totalled £23.356 million, against which £0.765 million had been spent. 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

	2022/23 £000
Original capital budget	33,399
Roll forward from prior years	8,303
Capital programme 30 June 2022	41,702
Made up of:	
Approved programme	23,356
Provisional programme	18,346
Capital programme 30 June 2022	41,702

Financial, legal and other implications

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

Conclusion

23. At this stage of the financial year, for revenue an overspend is forecast. The spending position is monitored closely each month and any overspends will be managed during the year. There is likely to be slippage in the capital programme. A full review of projects will be undertaken in the coming months.

Appendices

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

Background Papers

- Budget papers for 2022/23