

Cabinet Report



Listening Learning Leading

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 nine 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 January and are based on heads of service's best knowledge at that time.

Revenue budget monitoring

4. On 16 February 2023, Council agreed a net revenue budget for 2023/24 of £18.548 million. This has subsequently increased to £22.746 million. This reflects the carry forward of unspent one-off project budgets from 2022/23 and 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	218	249	31	872	822	(50)
Corporate services	744	881	137	3,039	2,918	(121)
Development and regeneration	482	152	(330)	963	1,086	123
Finance	310	527	217	756	626	(130)
Housing and environment	860	1,099	239	6,686	6,653	(33)
Legal and democratic	401	403	2	1,605	1,565	(40)
Partnerships	569	3,258	2,689	2,276	2,276	0
Planning	107	267	160	431	668	237
Policy and programmes	1,685	1,523	(162)	6,739	4,019	(2,720)
Contingency	(156)	0	156	(623)	0	623
Total	5,220	8,359	3,139	22,744	20,633	(2,111)

6. The forecast underspend of £2.1 million includes £2.7 million of projected carry-forward in one-off budgets. Once these have been removed, an overspend of £0.6 million is anticipated at the end of the year. Analysis of the forecast variance is shown 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	872	872	822	(50)	(62)	12
Corporate Services	3,039	3,039	2,918	(121)	(152)	31
Development & Corporate Landlord	963	745	1,086	341	(3)	344
Finance	756	756	626	(130)	70	(200)
Housing & Environment	6,686	6,686	6,653	(33)	(34)	1
Legal & Democratic	1,605	1,605	1,565	(40)	18	(58)
Partnerships	2,276	2,276	2,276	0	0	0
Planning	431	431	668	237	(184)	421
Policy & Programmes	6,739	4,224	4,019	(205)	(131)	(74)
Contingency	(623)	(623)	0	623	797	(174)
	22,744	20,011	20,633	622	319	303

7. Although a projected overspend of £0.6 million is forecast, due to the prevailing economic conditions, income from the council's treasury investments in 2023/24 is forecast to be in nearly £1.0 million higher than estimated when the budget was set. This additional income is over and above that allocated in the council's five-year Medium Term Financial Plan, agreed by Council in February 2023, to be used in 2024/25 under the council's policy of using interest income in the year after it is earned.

Budgets forecast to be carried forward to 2024/25

8. As detailed above there is forecast to be slippage of £2.7 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. Employee costs at this early stage of the year are forecast to be sufficiently underbudget to cover the managed vacancy factor set at the beginning of the year and no outturn variance is being reported. Key employee cost variances are as follows:
- Strategic management had a number of vacancies during quarter one, which have now been filled.
 - Customer Service vacancies in Corporate Services make up the majority of this variance.
 - The underspend in Planning is made up of various vacancies across the service. A review of service structure has been completed with a reduction in costs.

Service department variances over £25,000

Excluding carry forwards to 2024/25, grant income to be transferred to reserves and employee cost variances, net revenue expenditure is forecast to be £662,000 overspent against budget. The significant forecast variations from budget are shown in table 2 above and are explained below.

Development & corporate landlord

10. Show bookings are below expectations at Cornerstone and income is expected to be down against budget by £320,000.

Finance

11. Housing benefit is forecasting an over recovery for the year. There are a number of small variances across the service, the recovery of backdated housing benefit payments (delayed due to the Covid pandemic) is the largest at £57,000 favourable.

Planning

12. Development income, which is £163,000 below budget for the June quarter, is forecast to be £450,000 below budget by Year End. Some of this variance is recovered by the favourable salary variance mentioned above.

Capital budget monitoring

13. On 16 February 2023, Council agreed a capital programme for 2023/24 as follows:
- Approved programme - £13.339 million
 - Provisional programme (including Cabinet growth proposals) - £13.938 million.
14. At the end of June 2023, the approved programme totalled £24.334 million, against which £3.65 million had been spent. Details of the changes to the capital programme during the first nine months are summarised in table 3 below:

Table 3: movement on capital programme

	2023/24 £000
Original capital budget	27,277
Roll forward from prior years	15,755
Schemes deleted	(250)
Additions in year (externally funded)	624
Additions in year (other)	0
Slippage to future years	7,033
Capital programme 30 June 2023	50,439
Made up of:	
Approved programme	24,335
Provisional programme	26,104
Capital programme 30 June 2023	50,439

15. 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

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

Conclusion

17. 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 – budget carry forwards
- 2) Capital budget monitoring - summary

Background Papers

- Budget papers for 2022/23