

Cabinet Report



Listening Learning Leading

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/ November and are based on heads of service's best knowledge at that time.

Revenue budget monitoring

- On 16 February 2023, Council agreed a net revenue budget for 2023/24 of £18.548 million. This has subsequently increased to £22.784 million. This reflects the carry forward of unspent one-off project budgets from 2023/23 and additional grant funded budgets.
- 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 | 442 | 467 | 25 | 872 | 875 | 3 |
| Corporate services | 1,549 | 1,591 | 42 | 2,987 | 3,099 | 112 |
| Development and corporate landlord | 700 | (273) | (973) | 997 | 772 | (225) |
| Finance | 616 | 769 | 153 | 875 | 934 | 59 |
| Housing and environment | 2,647 | 2,092 | (555) | 6,686 | 6,430 | (256) |
| Legal and democratic | 826 | 852 | 26 | 1,605 | 1,554 | (51) |
| Partnerships | 1,138 | 6,077 | 4,939 | 2,276 | 2,276 | 0 |
| Planning | 218 | 603 | 385 | 431 | 1,061 | 630 |
| Policy and programmes | 3,339 | 2,536 | (803) | 6,678 | 3,846 | (2,832) |
| Contingency | (312) | 6 | 318 | (623) | 0 | 623 |
| Total | 11,163 | 14,720 | 3,557 | 22,784 | 20,847 | (1,937) |

- 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 | 872 | 872 | 875 | 3 | (33) | 36 |
| Corporate Services | 2,987 | 2,987 | 3,099 | 112 | (28) | 140 |
| Development & Corporate Landlord | 997 | 779 | 772 | (7) | (265) | 258 |
| Finance | 875 | 875 | 934 | 59 | 71 | (12) |
| Housing & Environment | 6,686 | 6,686 | 6,430 | (256) | 53 | (309) |
| Legal & Democratic | 1,605 | 1,605 | 1,554 | (51) | (58) | 7 |
| Partnerships | 2,276 | 2,276 | 2,276 | 0 | 0 | 0 |
| Planning | 431 | 431 | 1,061 | 630 | (116) | 746 |
| Policy & Programmes | 6,678 | 3,926 | 3,846 | (80) | (82) | 3 |
| Contingency | (623) | (623) | 0 | 623 | 723 | (100) |
| | 22,784 | 19,813 | 20,847 | 1,034 | 264 | 770 |

- Excluding carry forwards of £2.971 million the projected overspend is forecast to be £1.034 million. Treasury income achieved in year however is anticipated to be ahead of budget by over £2 million and net expenditure is therefore forecast to be under budget.

Budgets forecast to be carried forward to 2024/25

- As explained above there is forecast to be slippage of £2.971 million in one-off budgets. These will be requested as carry forwards at the end of the financial year. The anticipated carry forwards are shown in appendix 1.

Employee costs

9. An overspend of £264,000 in employee costs is forecast:
- Development and Corporate Landlord has a £92,000 budget saving to September for facilities salaries which has been extrapolated to year end.
 - A number of vacancies in Finance 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.
 - Planning has undergone a restructure which came into place on 1 November. As a result there are savings on salaries.
 - There are various vacancies in Policy and Programmes, which are currently being recruited to. The service will be underspent as a result.

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 £770,000 overspent against budget.
11. The significant forecast variations from budget are shown in table 2 above and are explained below.

Corporate Services

12. The cost of Microsoft 365 licences has increased due to more users and a price increase. Total software renewals are also more than budget and this will result in a predicted overspend of over £100,000 at year end.

Development and Corporate Landlord

13. Cornerstone arts centre and café are forecast to overspend by £380,000. A review of Cornerstone is under way and a report on this is expected to be presented to Cabinet in the new year.

Finance

14. Housing benefit income is forecast to be ahead of budget, the main driver being the recovery of housing benefit overpayments which is catching up after the delays caused by the pandemic and forecast to be £138,500 higher than expected for the year. Court fee income which is difficult to accurately budget is expected to be £65,000 less than budget.

Housing and Environment

15. Additional homelessness prevention grant has been received above budget which can offset additional costs of homelessness. This additional unbudgeted funding will result in a projected year end underspend of £193,000.

Planning

16. Planning and building control income is forecast to be £740,000 below budget. This reflects lower application numbers, a trend which is likely to continue in the short term. A review of the planning service was completed earlier in the year and a restructure came into place on 1 November 2023. As a result, staff savings totalling £208,000 are forecast and the service's total forecast shortfall is £479,000.

Capital budget monitoring

17. 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.

18. 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 £27.762 million, of which £19.768 million is externally funded. The capital programme reflects:

- Approved programme - £22.713 million
- Provisional programme¹ - £5.049 million

19. The following schemes represent £18.132 million of the £22.713 million currently estimated for the approved programme:

- Local Authority Housing Fund - £5.957 million
- Social Housing purchases - £2.000 million
- Disabled facilities grants - £2.023 million
- Affordable housing grants - £1.952 million
- Didcot Northern Perimeter Road - £6.200 million

To the end of September 2023, total capital expenditure against the approved programme for the year was £4.677 million.

20. On the provisional programme estimate of £5.049 million, £2.254 million represents affordable housing schemes.

¹ This excludes the capital contingency budget of £750,000

Financial Implications

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

Legal Implications

22. There are no legal implications to this report.

Climate and ecological impact implications

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

Equalities implications

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

Conclusion

25. At this stage of the financial year, a revenue overspend is forecast, which is anticipated to be offset by additional investment income.

Appendices

1) Revenue budget monitoring – carry forwards

Background Papers

- Budget papers for 2023/24