

Scrutiny Committee



Listening Learning Leading

Report of Head of Finance

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To: SCRUTINY COMMITTEE

DATE: 23 September 2024

Financial outturn 2023/24

Recommendation(s)

Scrutiny committee is recommended to note the overall outturn position of the council as well as the outturn of individual service areas.

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	Yes	Yes	Yes	Yes
Signing off officer	Anna Winship	Pat Connell	Jessie Fieth	Lorne Grove

Note: If committee members wish to raise specific questions, please send these in advance to either the committee clerk or the Strategic Finance Manager (anna.winship@southandvale.gov.uk). Please be aware that if questions are not submitted in advance, it may not be possible to answer these in detail at the meeting. In addition, if committee members wish specific heads of service to attend the meeting this should also be raised in advance.

Purpose of Report

1. To report the final year end position for revenue and capital expenditure against budget for the financial year 2023/24.

Strategic Objectives

- The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The outturn report shows how these resources have been used in year.

Background

- The attached papers contain summarised schedules of revenue and capital expenditure for 2023/24; they also present an explanation of the significant variances against budget. This is presented by service. All the figures in this report are pre-Audit and may be subject to some change following the conclusion of the audit of the Statement of Accounts.

Revenue outturn 2023/24

- In February 2023 the council approved a net expenditure budget of £18.5 million. The budget was further amended to include one-off budgets that had been carried forward from the previous financial year. With the inclusion of budget carry forwards and other in-year changes, the working budget for 2023/24 was increased to £22.7 million.
- Against the working budget of £22.7 million, net expenditure at year end was £20.8 million. This equates to a favourable variance of £1.9 million at direct service expenditure level. A detailed summary by service is shown in table 1 below.

Table 1: summary of revenue budgets and variance

Summary of revenue budgets and variance	Budget £000	Actual £000	Variance £000	Notes
Strategic Management Team	872	844	(28)	
Corporate Services	2,936	3,025	89	
Development & Regeneration	785	648	(137)	
Finance	874	538	(337)	(a)
Housing & Environment	6,686	6,685	(2)	
Legal & Democratic	1,605	1,787	182	
Partnerships	2,276	2,283	8	
Planning	431	1,464	1,033	
Policy & Programmes	6,897	3,536	(3,360)	
Contingency	(623)	0	623	
Service Expenditure	22,739	20,810	(1,929)	
Investment Income	(5,206)	(8,584)	(3,378)	(b)
Net Expenditure	17,533	12,226	(5,307)	

Notes

- Finance line contains housing benefits and rent allowances funded by government grant as shown in table 2 below.
- The council's treasury management outturn report will be considered by joint Audit and Governance Committee, Cabinet and Council.

Table 2: Housing Benefits and Rent Allowances

	Budget £000	Actual £000	Variance £000
Rent allowance payments	18,673	18,036	(637)
Government subsidy income	(17,771)	(17,882)	(111)
Rent allowance overpayments	(643)	(459)	184
Other grant income	(37)	(59)	(22)
Net Position	222	(364)	(586)

6. Appendix 1 analyses income and expenditure across service areas. This appendix shows that the expenditure budget was £56.5 million compared to an actual spend of £55.7 million. The income budget was £33.7 million compared to actual income of £34.9 million. The year-end variance of over £1.9 million is therefore primarily found in the income budget, with the majority of the additional income relating to investment interest received over budget.
7. Table 3 below provides a further analysis of the revenue outturn position.

Table 3: variations between budgeted and actual revenue income and expenditure

Service	Total Variance £000	TRANSFERS		VARIANCES BREAKDOWN	
		Underspend c/fwd to 2023/24 £000	Net variances after transfers £000	Employee costs £000	Other £000
Strategic Management	(28)		(28)	(51)	23
Corporate Services	89		89	(39)	128
Development & Corporate Landlord	(137)	159	22	(75)	97
Finance	(337)		(337)	158	(495)
Housing & Environment	(2)		(2)	(10)	8
Legal & Democratic	182		182	16	166
Partnerships	8	108	115	(46)	161
Planning	1,033		1,033	(201)	1,234
Policy & Programmes	(3,360)	2,682	(678)	(368)	(310)
Contingency	623	0	623	723	(100)
Direct Service Expenditure	(1,929)	2,948	1,019	106	913
Investment Income	(3,378)	0	(3,378)	0	(3,378)
Net Expenditure	(5,307)	2,948	(2,359)	106	(2,465)

Budgets carried forward to 2024/25

8. As shown in table 3 of the £5.3 million favourable variance to budget, £2.9 million represents slippage in one-off budgets that have been forecasting and agreed as budget carry forwards to 2024/25.
9. The most significant carry forwards were in Policy and Programmes, representing £0.4 million for Didcot Garden Town and Gateway projects, and £0.6 million for Berinsfield regeneration. The one-off corporate transformation budget was

underspent by £511,000. Work on this project will continue in the new financial year and the full underspend is to be carried forward to 2024/25.

10. Details of all the carried forward budgets are included in Appendix 2.

Employee costs

11. Employment costs shows an overall overspend of £106,000 for the year, which is net of the managed vacancy factor set at the beginning of the year.
12. Development and Corporate Landlord underspent by £75,000. This was primarily due to vacancies in the Facilities team which have been held whilst the team is reconfigured. This is being addressed as part of the implementation of the Corporate Landlord Model (CLM), that will include changes to roles within the Facilities team for managing housing repairs internally.
13. Finance had an overspend of £158,000 this is due to additional temporary staff in post to cover an increased workload. New permanent staff are now in post in several areas and included in the budgets going forward.
14. The majority of underspend in Planning of £201,000 is following the recent restructure. Some vacant posts that have taken time to recruit into.
15. Underspend of £368,000 within Policy and Programmes which is split across the teams. £241,000 in Policy due to a vacant manager post and creating the opportunity to reshape the team. £72,000 in Programmes which was also due to creating the opportunity to reshape the team.

Other variances over £50,000

16. Excluding the carry forwards to 2024/25 and employee cost variances, net revenue expenditure was £433,000 overspent against working budget. The significant variations from budget are shown in table 3 and are explained below.

Corporate Services

17. Total variance of £128,000, which is an overspend on software support and maintenance and licences. This is mainly relating to increased costs for software and providing equipment to an increased number of staff.

Finance

18. A total underspend of £495,000 which relates mainly to the overprovision of bad debt provision for Housing Benefits. There were also additional grants received in year which will be transferred to reserves for use in future years or repayment due to not being utilised fully.

Legal and Democratic

19. A total overspend of £166,000, with £110,000 relating to reduced income on Land Charges due to a fall in usage, and expenditure on external legal services being

slightly higher than budgeted. The work to continue to manage such costs down continued to progress well this year.

Planning

20. Total adverse variance across the service of £1.2 million, due to income falling short of the budget. Planning income was under budget by £945,000 and Building Control income was under budget by £110,000. This was due to less applications being submitted caused by market conditions; for example, economic climate, Government policy changes, labour and materials shortage. These factors are outside the control of the council and difficult to forecast. Income budgets have been reduced for 2024/25 for both services, and staffing levels in Development Management have been reduced.

Policy and Programmes

21. Total underspend of £310,000 across the service, with the main area being a release from reserves for a specific development project that was cancelled, as it was no longer going to achieve it's original purpose. The funding will be transferred back into reserves for future use.

NNDR

22. South achieved £1.5 million more NNDR income than forecast in the 2023/24 budget. All business properties received new rateable values on 1 April 2023. The favourable effect of both the revaluation and the release of provisions against the previous 2017 valuation resulted in an additional £1m of income. The remaining £0.5million favourable variance is attributable to unbudgeted Oxfordshire pooling income. Additional resources were allocated to the Strategic Finance team in January 2024 to improve the understanding and forecasting of NNDR income.
23. Following a review of retained business rates, a more optimistic budget for future years was included in 24/25 and this remains under review.

Comparison to previous year revenue outturn

24. A comparison of the 2021/22 revenue outturn to 2022/23 is shown in table 5 below.

Table 4: 2022/23 and 2024/25 revenue outturn

	2022/23 Total £000	2023/24 Total £000
Income	(1,958)	(1,055)
Expenditure	(1,485)	(874)
Net position before Carried Forward Budgets	(3,443)	(1,929)
Carried Forward Budgets	4,140	2,948
Net position after Carried Forward Budgets	697	1,019

25. During 2023/24 both income and expenditure showed a significant variance to budget with an overall net position of a favourable £1.9 million, which is a reduction in variation from 2022/23. The 2023/24 net position is almost a direct match to the additional income received above budget.

Capital outturn 2023/24

26. The original capital budget for 2023/24, including growth, was agreed in February 2023 at over £27 million. Details of the changes to the capital programme in year are summarised in table 6 below:

Table 5: Movement on Capital programme

	2023/24 £000
Original capital budget	27,277
Roll forward from prior years	15,711
Schemes deleted	(8,859)
Additions in year (externally funded)	7,818
Additions in year (other)	9
Slippage to future years	(11,654)
Capital programme 31 March 2023	30,302
Made up of:	
Approved programme	27,698
Provisional programme	2,604
Capital programme 31 March 2023	30,302

27. Capital expenditure for 2023/24 was £11.8 million, which equates to 43 per cent of the working budget of £27.7 million. This is a variance of £15.9 million against the approved programme for the year. Details of the variance of spend against each of the projects within the capital programme working budget is shown in appendix 3 to this report. Capital projects span several years, and any underspends are rolled forward to the following financial year. A summary at service level of spend against budget is shown in table 6 below.

Table 6: summary of capital spend against budget

	Budget	Outturn	Outturn Variance
	£	£	£
Corporate Services	128,000	93,014	(34,986)
Development & Corporate Landlord	13,857,008	6,602,594	(7,254,414)
Finance	2,667,000	2,666,724	(276)
Housing & Environment	3,952,446	2,039,094	(1,913,352)
Legal & Democratic services	85,000	2,600	(82,400)
Policy and Programmes	7,009,364	441,609	(6,567,755)
	27,698,818	11,845,635	(15,853,183)
Capital Contingency	0		
Total working budget	27,698,818		

28. Explanation of key variances are provided below:

- Development and Corporate Landlord - £6.7 million of the variance relates to the LAHF grant funded project to houses which was not fully spent. At year end thirteen properties had been purchased and further properties were under offer and in advanced stages of due diligence, therefore the budget will be carried forward into 2024/25. Due to third party involvement and circumstances beyond the council's control it is not possible to guarantee the completion of purchases within a financial year. The conditions of the grant allow the council to spend across more than one financial year provided it can demonstrate it is actively purchasing properties. A further twelve properties have now been purchased and the final two are under offer with due diligence proceeding.
- Housing & Environment – £1.1 million of the affordable housing project budget will carry forward into 2024/25 to allow additional properties to be purchased when they become available on the open market. The delay on purchasing additional properties has been due to those properties being purchased and funded by LAHF being undertaken first. £0.7 million of the underspend relates to the Disabled Facilities Grant which will also be carried forward into 2024/25.
- Policy and Programmes - £6.2 million budget for NPR3 has not been spent in year as Oxfordshire County Council have not progressed delivery and will therefore be carried forward.

29. During the year, a budget challenge exercise was undertaken, and all capital projects were scrutinised by officers, and this led to the slippage and removal of some of the capital budgets. It also allowed for more accurate budget profiling to be carried out.
30. At the end of the financial year the variance to budget was £15.853 million of this £15.841 was carried forward into 2024/25 to be spent in future years in line with the revised budget profiles for future schemes. The details of the schemes that were slipped can be found in appendix 4.

Financial implications

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

Legal implications

32. There are no legal implications to this report.

Climate and ecological impact implications

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

Equalities implications

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

Risks

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

Other implications

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

Conclusion

37. The 2023/24 outturn position on revenue and capital was an underspend against working budget for the year. Details of major variances are detailed within this report and the appendices.

Appendices

1. Revenue outturn – expenditure and income variance
2. Revenue carry - forward 2023/24 requests
3. Capital outturn – summary and commentary
4. Capital outturn – slippage

Background Papers

- Budget Papers for 2023/24