

Cabinet Report



Listening Learning Leading

Report of Head of Finance

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Wards affected: All

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To: CABINET

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Budget monitoring April 2024 – September 2024

Recommendation(s)

- a) Cabinet is recommended to note the contents of the report

| Implications (further detail within the report) | Financial | Legal | Climate and Ecological | Equality and diversity |
|---|--------------|--------|------------------------|------------------------|
| | Yes | Yes/No | No | No |
| Signing off officer | Anna Winship | | Chloe Bunting | Lorne Grove |

Purpose of Report

1. To report the revenue and capital expenditure outturns for March 2025 as forecasted 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

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

Revenue budget monitoring

- On 22 February 2024, Council agreed a net revenue budget for 2024/25 of £23.446 million. This has subsequently increased to £26.394 million. This reflects the carry forward of unspent one-off project budgets from 2023/24.
- Table 1 below shows, summarised at service level, the current forecast position at year end.

Table 1: Breakdown of forecast variance as at September 2024

| Service | Working budget full year £000 | Forecast spend for year £000 | Variance £000 | Employee costs £000 | Other £000 |
|----------------------------------|----------------------------------|---------------------------------|------------------|------------------------|----------------|
| Corporate Management Team | 1,231 | 1,197 | (34) | (39) | 6 |
| Communities | 3,338 | 3,438 | 100 | 10 | 90 |
| Corporate Services | 3,223 | 3,198 | (25) | (41) | 16 |
| Development & Corporate Landlord | 1,037 | 912 | (125) | (15) | (110) |
| Finance | 991 | 979 | (12) | 0 | (12) |
| Housing & Environment | 7,953 | 8,777 | 824 | 19 | 805 |
| Legal & Democratic | 1,457 | 1,562 | 105 | 3 | 102 |
| Partnerships | 2,803 | 2,803 | 0 | 0 | 0 |
| Planning | 1,064 | 935 | (129) | (15) | (113) |
| Policy & Programmes | 3,497 | 2,387 | (1,110) | (0) | (1,110) |
| Contingency | (200) | 0 | 200 | 500 | (300) |
| Service Expenditure | 26,394 | 26,188 | (205) | 422 | (628) |
| Investment Income | (7,317) | (9,691) | (2,373) | 0 | (2,373) |
| Net Expenditure | 19,076 | 16,498 | (2,578) | 422 | (3,001) |

- The projected underspend is £0.205 million and treasury income achieved in year is anticipated to be ahead of budget by £2.373 million leading to a favourable net position of the Council of a £2.578 million underspend.

Budgets forecast to be carried forward to 2024/25

- At this stage in the financial year, managers have provided some forecast outturn variances, however most of these relate to multi-year grant income or ring-fenced funding for which the expenditure is planned in future years. Work will continue to identify any expected underspends and overspends over the next quarter.

Employee costs

- As at the end of September 2024, employee costs are forecast to be overspent by £422,000. Key employee cost variances are as follows:

- Corporate Management Team is forecasting a year end underspend as a result of vacancies that have now been filled.
- Corporate Services is predicting a year end underspend due to a redesign of service delivery which has led to posts being removed from the structure, and these budgets have been removed and reflected in the base budget for 2025/26.
- Housing and Environment is forecasting an overspend within the Homelessness service as a result of there being a contribution to an additional members of staff currently above base budget. It is envisaged that at least some of these costs will be covered by a top up in Homelessness Prevention Grant.

Service department variances over £25,000

9. After considering forecasted employee cost variances, net revenue expenditure is forecast to be £628,000 underspent. This underspend is increased by additional investment income as highlighted in table 1 above.
10. There are some significant forecast variations from budget which are shown in table 1 and explained below.

Communities

11. Income at the arts centre and café is forecast to be down against budget by £129,000. The newly formed management team are working through the agreed action plan for the centre, which has delivered a successful autumn season and together with already strong panto ticket sales, should show an improvement in the numbers by year end. In addition to this a separate project is underway to review and improve the café model.

Development & Corporate Landlord

12. There is a forecast underspend which relates to grant income received for future spend on development projects. This funding will be moved to reserves prior to year end. In addition, we are forecasting to receive additional income around insurances recouped and service charges from vacant properties.

Housing and Environment

13. Garden waste income is forecasted to be significantly down as a result of introducing the permit scheme from April 2025 because current year charges are being pro-rated until that point. This is only an issue in this transitional year and future year income will be back to budgeted income.

Legal and Democratic

14. The legal service is forecasting an overspend due to the use of external legal advisors to support the JLP, as work on this has been accelerated and interim lawyers pending the commencement in post of a substantive Monitoring Officer. This is a result of staff vacancies within the service and several projects, including the joint local plan, requiring specialist legal advice. Work is underway to assess how to address this issue going forward and vacant posts are being advertised.

Planning

15. Planning income is forecast to be up against budget, reflecting higher application numbers.

Policy & Programmes

16. The forecasted underspend here primarily relates to the Didcot Garden Town project where the funding is expected to cover future years expenditure, in addition to the current financial year, please note that this project is moving into Communities. This will be transferred to a reserve so it can be released when necessary, without affecting base budget variances. An element of the transformation funding is also forecast to be carried forward for spending in future years as the projects develop. There is additional underspending relating to previously agreed one-off funding for the transformation programme. As the transformation team are now funded permanently as part of the budget, the carried forward one-off funding will be used to cover additional costs associated with transformation.

Capital budget monitoring

17. On 22 February 2024, Council agreed a capital programme for 2024/25 as follows:

- Approved programme - £19.359 million
- Provisional programme (including Cabinet growth proposals) - £13.101 million.

18. At the end of September 2024, the approved programme totalled £38.629 million, against which £10.831 million had been spent. Details of the changes to the capital programme during the first nine months are summarised in table 2 below:

Table 2: movement on capital programme

| | 2024/25 £000 |
|--|-----------------|
| Original capital budget | 32,460 |
| Roll forward from prior years | 18,397 |
| Schemes deleted/reduced | 0 |
| Additions in year (externally funded) | 1,334 |
| Additions in year (other) | 0 |
| Slippage to/from future years | 293 |
| Capital programme 30 September 2024 | 52,484 |
| Made up of: | |
| Approved programme | 38,629 |
| Provisional programme | 13,855 |
| Capital programme 30 September 2024 | 52,484 |

19. A full review of the capital programme has been undertaken as part of the budget challenge exercise and the outcome will be reflected in future budget monitoring reports and the budget update report. The reliance on external funding (grants) to meet capital expenditure within the approved programme and the timing of claims for those can make large variations more likely.

Financial implications

20. The financial implications are as set out in the body of the report. As agreed with the climate team, the use of the Climate Impact Assessment Tool is not required for the contents of this report. There are no direct legal or other implications from this report.

Legal Implications

21. There are no direct legal implications to this report.

Climate and ecological impact implications

22. There are no direct climate and ecological impact implications to this report. As agreed with the climate team, the use of the Climate Impact Assessment Tool is not required for the contents of this report.

Equalities implications

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

Risks

24. This report is for information only and therefore there are no risk implications as budgets are being actively managed by officers.

Conclusion

25. At this stage of the financial year, for revenue an underspend is forecast which is anticipated to be increased by additional investment income above that forecasted when the budget was set.

Background Papers

Budget papers for 2024/25

Appendices

None