



Policy, Finance and Development Committee	Tuesday, 18 June 2024	Matter for Information and Decision
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Report Title: **Budget Monitoring Report (Q4 2023/24)**

Report Author(s): **Laura Parsons (Finance Manager)
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Purpose of Report:	To provide the Committee with the Outturn position for the Council for the financial year 2023/24, at the end of the year, Quarter 4 (Q4).
Report Summary:	<p>The outturn position for the year on the General Fund is an overspend of £535K compared to the revised budget of £7,719K for 2023/24.</p> <p>The outturn for the HRA is an overspend of £580K, compared to a budgeted deficit of £391K.</p> <p>Spending on the Council's HRA and General Fund Capital Programmes currently show slippage.</p>
Recommendation(s):	<p>That the Committee:</p> <p>A. Note the contents of the Outturn report and the appendices; and</p> <p>B. Approves the slippage on Capital and HRA programmes be carried forward to 24/25.</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Sal Khan (Interim Strategic Director) (0116) 257 2690 sal.khan@oadby-wigston.gov.uk</p> <p>Laura Parsons (Finance Manager) (0116) 257 2694 laura.parsons@oadby-wigston.gov.uk</p> <p>Simon Ball (Senior Business Partner) (0116) 257 2624 simon.ball@oadby-wigston.gov.uk</p> <p>Aseel Qassim (Finance Business Partner) (0116) 257 2890 aseel.qassim@oadby-wigston.gov.uk</p>
Strategic Objectives:	Our Council (SO1)
Vision and Values:	"Our Borough - The Place to Be" (Vision) Resourceful & Resilient (V4)
Report Implications: -	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out in this report.

Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments: -	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Senior Leadership Team • Heads of Service • Budget Managers
Background Papers:	<ul style="list-style-type: none"> • Council Tax and Budget setting report 23/24 • Budget Monitoring Report Q1 2023/24 • Budget Monitoring Report Q2 2023/24 • Budget Monitoring Report Q3 2023/24 • Operational Update Q4 (2023/24)
Appendices:	<ol style="list-style-type: none"> 1. Variance Analyses of Services 2. Analysis of Movement Between Q3 & Q4 3. Statement of Movement on Reserves 4. HRA Movement Between Q3 & Q4 5. Capital Programme (2023/24) 6. Treasury Management Report

1. Introduction

- 1.1 In February 2023, the Council approved its revenue and capital budgets for the general fund and the HRA for the 23/24 financial year.
- 1.2 This is the fourth and last monitoring report for the 2023/24 financial year and the report details the outturn position for the year. Although economic conditions and inflationary pressures have started to ease, there is still considerable pressure on the Council's budgets and therefore the ability to deliver services within the revised budget.

2. General Fund Revenue Draft Outturn Position 2023/24

- 2.1 The final revenue position for 23/24 was an overspend of **£535k**, initial Q4 outlook reported a variance of £463k, this figure has moved by £72k due to year-end adjustments noted below-
- £28k additional interest paid to the Housing revenue account. We are required annually to apportion interest received between the General Fund and HRA based on the activities of both funds, this is a calculation that can only be carried out after all the accounting for both funds have been carried out.

- £37k for discretionary Council tax support over the grant income amount to facilitate this.
- £7k minor adjustments to accruals and prepayments from services.

2.2 Further to the year-end accounting items above there was further adverse variance to budget of £463k exceptional items in the year are noted below-

- £150k was underprovided for in the budget setting process as previously advised, this has been corrected for future years.
- The Leisure management contract underachieved by £463k as expected, this is due to reduced contract payments as agreed in 2022 occurring in year (£194k) and a further variance of £136k due to the renegotiation of the contact December 2023. £133k of variance was caused by amendments required to budgets.
- The method of calculating MRP has been amended to use an annuity method which results in a saving of £419k, this method will continue to be used for future years.
- £160k of costs were incurred due to the delayed sale of Bushloe House and the continuing utility costs, along with the costs of the move to Brockshill and the new conferencing system.

Detailed descriptions of all variances prior to year-end adjustments totalling £463k are shown in **Appendix 1**.

2.3 At Quarter 3 (December 2023) the forecast outturn position for 2023/24 was **£563K** overspend which represents a 7.3% variance of the revised revenue budget of £7.709m.

Table 1 - General Fund Budget Monitoring Position by Service

Service	Original Budget 2023/24	Revised Budget 2023/24	Outturn	Variance
	£	£	£	£
Senior Leadership Team	482,350	492,350	455,447	(36,903)
Finance & Resources (Including Corporate Budgets)	2,390,454	3,344,202	3,741,678	397,476
The Built Environment	1,258,986	1,315,247	964,245	(351,002)
Law & Democracy	757,652	730,162	782,750	52,588
Community & Wellbeing, Corporate Assets, Depot	1,088,928	1,088,928	1,990,279	901,351
Customer Service & Business Transformation	1,970,768	1,164,438	1,126,534	(37,904)
HRA Recharge	(1,433,803)	(1,433,803)	(1,433,803)	0
Capital Financing	1,017,100	1,017,100	626,443	(390,657)
Net Revenue Expenditure	7,532,435	7,718,624	8,253,573	534,949

NOTE TO TABLE 1

* Law and Democracy: £32K of the £50,210K variance relates to budget setting errors.

** Community and Wellbeing, Corporate Assets, Depot: £118K of the £902,328K variance relates to budget setting errors.

2.4 **Table 1** shows the draft outturn position at Q4 of **£535k** reducing the forecast overspend of **£563K** forecast in Q3 which is an improvement and represents a 7.0% variance of the revised revenue budget of £7.719m.

2.5 Detailed analysis of the changes between Q3 and Q4 are shown in **Appendix 2**.

The major variances at year end are summarised in Table 2 below. Further detailed analysis of the variances in each Service with explanatory notes is provided in **Appendix 1**.

Table 2 – Major Variances over £30K

Service Area	Team	Under/Over spends	Key reasons for forecast variance
SLT	Senior Leadership Team	(40)	Savings on Strategic Director posts due to changes in post holders.
Finance & Resources	Corporate Management	69	Health insurance £18K, sundry debt write offs etc £36K, £6K apprentice levy underbudgeted.
	Vacancy Target	166	Corporate vacancy savings target removed.
	Finance	(30)	£(37)K vacancy savings, £6K professional service costs (CIVICA, LG Futures)
	Insurance	37	Impact of inflation
	Non-Domestic Rates	(36)	Vacancy savings
	Net Cost of Benefit	264	Mainly homeless costs for temporary accommodation offset by improved recovery of overpayments
	Head of Finance, Revenues & Benefits	(40)	Improved savings on salaries due to team restructure, including travel costs.
	ICT	(39)	Vacancy savings
The Built Environment	Environment Strategy	(43)	Accounting correction of revenue overspend in previous years due to incorrect split between capital and revenue grant funding.
	Building Control Section	36	Due to economic downturn and cost of living crisis there is a shortfall in anticipated income resulting from contributions to the delegated Leicestershire Building Control Partnership, resulting in an additional fee of £8k, £13k implementation costs and £3k training costs.
	Planning Control	59	Mostly £43K from unachieved planning income, and £15K salary pressures and minor variances.
	Planning Policy	(64)	2 Years of grant income relating to Net biodiversity gain was received in year, relating to new planning legislation.
	Economic Development	(96)	£(73)K due to some salary capitalisation not achieved, pressure from Pay Award mitigated by vacancy savings on Economic Regeneration Manager and 2x Officers, and £(18)K savings from costs charged elsewhere, £(6)K savings on town events being funded.
	Homelessness	(281)	Mainly from additional homeless grants income and housing benefit receipts.
Law & Democracy	Taxi Licences	(37)	Additional income from new drivers' licences.
	Selective Property Licensing Scheme	121	Mainly from underachieved income from Private Landlord Property licences.
	Licensing Service	(40)	Due to £(32)K salary, £(2)K grant funding and £(5)K subscription changes recharged elsewhere.

Community & Wellbeing	Swimming Pools & Leisure Centre	463	Income shortfall on the leisure management fee income previously reported an overspend external contractor costs.
	Crime and Disorder Partnership	(58)	Unbudgeted cumulative CSP funding for 2021-24 and £(51)K and £(22)K saving on OPCC Youth prevention work.
Corporate Assets	Cemeteries	54	Mostly from reduced fees income.
	Facilities Management Holding Account	46	Salary costs: SLT approved recruitment of Manager mostly financed by savings from an apprentice vacancy and services/supplies savings.
	Bushloe House Offices and Grounds	76	Delays in sale, incurred utility costs (under investigation).
	Brocks Hill Move	83	Moving costs, utilities and maintenance of new conferencing system.
Depot	Domestic Refuse Collection	48	Overspend due to contractual payments for working bank holidays.
Capital Financing	Capital Financing	(419)	Savings in capital financing charges due to £(343)K MRP savings, £(29)K savings from interest payable due to slippage, £(47)K additional interest receivable due to interest rate increases.

- 2.6 Although easing, inflationary pressures continue to affect all services across the Council, the Local government pay award was £147k above budgeted, utility costs are still a pressure in many areas, costs of supplies and materials remain high and increase the costs of works and repairs.
- 2.7 The cost of providing homelessness accommodation is shown above in both Finance and Resources and The Built Environment, the below table shows the Income and expenditure incurred to provide the homelessness service.

	23/24 Income/ Expenditure £	23/24 Budget £	Variance
Homelessness emergency accommodation	603,344	269,000	334,344
Cost of providing the service	238,537	233,180	5,357
Housing benefit for emergency accommodation	(551,082)	(200,000)	(351,082)
Other recovery	(33,227)	(14,000)	(19,227)
Grant income- Homelessness	(195,568)	(142,380)	(53,188)
Grant income- Homes for Ukraine	(144,395)	0	(144,395)
Other income	(52,319)	0	(52,319)
	(134,710)	145,800	(280,510)

The Housing benefit income for emergency accommodation (£551k) is full payment for accommodation costs incurred, only a small element of these costs are able to be reclaimed through the Housing subsidy resulting in a deficit in the provision for housing benefits.

Homelessness accommodation is also supported by grant income to reduce the burden on the authority, in 23/24 we have also received grant income relating to Ukraine tenants that became eligible to be included on housing registers.

3. General Fund Funding and Reserves

- 3.1 The Budget for 23/24 required £430k of funding from the General Fund reserve to enable a balanced budget, due to the overspend of £535k this amount is also required to be funded by reserve, a total of £1.121m. **Table 3** below demonstrates the funding required for 23/24.
- 3.2 The use of reserves in setting the budget and using the reserve to fund the in-year overspend is not sustainable. Both these actions reduce reserves further making the Council vulnerable to any future unforeseen budget pressures. Members and Officers are continuing to work together to move away from the reliance on reserves to balance the budget.

Table 3

Service	Original Budget 2023/24	Revised Budget 2023/24	Outturn	Variance
	£	£	£	£
Net Revenue Expenditure	7,532,435	7,718,624	8,253,573	534,949
Financed by:				
Funding	6,959,048	6,959,048	6,959,048	-
Earmarked Reserves	143,200	173,389	173,389	-
General Fund Reserve	430,187	586,187	1,121,136	534,949
Total Financing	7,532,435	7,718,624	8,253,573	534,949

- 3.3 The General fund reserve has a balance of £1.799m at the end of 23/24. Detailed movements in reserves are shown in **Appendix 3**.

A balanced budget was set for 24/25 requiring no funding from the general fund reserve, further saving plans are in place to prevent use of general fund reserves and bolster the Councils Finances.

4. Sustainability Programme 2023/24

- 4.1 The budget for 2023/24 included the following savings in respect of the sustainability programme approved as part of the MTFS.

Table 3 - Sustainability Programme Savings

Sustainability Programme Savings	2023/24
Service Reviews	£50,000
Income Generation	£15,000
Total savings	£65,000

4.2 The 2023/24 saving targets have been achieved as reported in previous quarterly reports. £50K was achieved through Regeneration Team Restructuring/review and £15K additional income has been achieved through licensing income process improvements.

5. Business Rates

5.1 The only element of the Council Funding that is not fully fixed for the year at budget stage is Business Rates. The table below shows the latest forecast in respect of Business Rates for 2023/24.

Table 4 – Business Rates Forecast 2023/24

	Original Budget 2023/24	Forecast Outturn Q3	Outturn Q4	Variance
	£	£	£	£
NNDR Income	(4,947,649)	(4,947,649)	(4,947,649)	-
Tariff	3,745,755	3,745,755	3,745,755	-
Section 31 Grants - Funded Reliefs	(1,406,489)	(1,343,611)	(1,300,593)	105,896
Levy	315,693	61,088	41,817	(273,876)
Renewable energy	(8,564)	(8,564)	(8,564)	-
Previous year's (surplus)/deficit	113,886	113,886	113,886	-
Total Financing	(2,187,368)	(2,379,095)	(2,355,348)	(167,980)

5.2 Due to the complexities of the Collection Fund, it is important to note that the largest element of this position 'NNDR income' is fixed based on the amount forecast at budget setting, any variance from the actual NNDR income impacts on the budget in 24/25 in the form of the surplus/deficit for the previous year. The forecast cumulative deficit at the end of 2023/24 that will impact on the budget in 2024/25 is £1.07m.

An element of this deficit is the result of additional reliefs given by central government. There is Section 31 grant being held as an earmarked reserve of £306K to off-set this element of this deficit. A large part of this deficit relates to a provision held for appeals which has been increased during the year, this provides for any successful appeals against Businesses that believe their rateable value is too high. Should the appeals be unsuccessful the provision will be reduced back down, however should the appeals be successful we have made a provision for these payments.

5.3 Oadby & Wigston are part of a business rate pool led by Leicester City Council, £199k was received in year in benefits from the Pool in 22/23, £531k is forecast to be received from pooling activities for 23/24.

5.4 The Collection fund reserve at Q4 has a balance of (492,548).

	Council Tax	NNDR	Total
Opening balance 1st April 2023	(59,893)	158,810	98,917
Movement in year	(38,660)	432,291	393,631
Closing Balance 31st March 2024	(98,553)	591,101	492,548

The movements in year reflect the expected surplus/deficits on the funds for 23/24, which will impact in 24/25.

6. Housing Revenue Account (HRA)

6.1 At the end of the year, the HRA is showing an adverse variance of **£580K** compared to the revised budget. Movements since Q3 are shown in **Appendix 4**.

6.2 The position on the account as the end of the year is set out in **Table 6** below.

Table 6 HRA Variance to Budget at Quarter 4

Service	Variance 2023/24 £'000	Reason for Variance
Estate Management	12	Horsewell Lane development project management costs of £29K offset against savings of £(17)K from the consultancy budget.
Rents and Service Charges	(24)	£(11K) additional income from service charges due to increases in management and cleaning costs. £15K variance due to lower-than-expected income from garage rents. All vacant garages have now been allocated to those who qualify. £(28K) in additional rental income due to fewer void properties.
Depreciation & Impairment	964	This is a statutory accounting adjustment for depreciation & impairment and is based on the asset values and useful life from the most recent annual accounts.
Communal Heating Charges	(50)	Savings are due to heating costs being lower than what we budgeted for from October 2023. Since October 2023 we are now working on a full cost recovery basis.
Gas Service Repairs Contract	100	£20K overspend is due to an inflationary linked increase to the annual contract from October onwards. Remaining £80K overspend due to the temporary boiler plant installation and hire costs for Chartwell House.
Computer Software	11	Overspend due to inflationary linked increases to the annual licences and maintenance of the Housing IT system.
Repairs & Maintenance	(222)	Variance largely down to savings in voids and planned maintenance costs. We have had fewer voids compared to prior years. More planned maintenance work to be carried out once we receive the stock condition survey.
Capital Charges	(69)	Savings on interest paid on loans £(10)K and interest received on balances £(59)K.
Compensation	(7)	Fewer instances of compensation being paid following improvements to internal processes.
Housing Tenancy Management Posts	(100)	Saving on salaries after a restructure, vacancies which have now been recruited to £(35K). Unbudgeted capitalisation of salaries of £(27K). Back funded pension charge to service £(38K).
Housing Maintenance Posts	(78)	Savings from vacancies and capitalisation of salaries.
Provision for Bad Debts	(51)	The assessment of the level of bad debt provision required at 31 March 2024 has resulted in a smaller amount of £24K being moved to the provision compared to the budgeted position requiring £75k.
Communal Services	83	Variance due to energy costs for communal areas at our estates being higher than expected.

PCN site	11	Reduction in income due to the telephone mast lease ending at one of our estates.
	580	

6.3 The Closing balance on the Housing Revenue account reserve is £1,426m this is a movement of £8k from £1,418m.

7. Capital Programme

7.1 The 2023/24 Capital Programme was set at Full Council in February 2023. Table 8 below shows a summary of the 2023/24 capital programme; the full capital programme is shown in **Appendix 3**.

7.2 The forecast outturn for the **General Fund capital programme** is £2.906m with significant slippage of £705K estimated by outturn. A significant reason for that is the new sports facilities schemes now being re-programmed for 2024/25 - £484K. This is offset on the table by £651K of spend on the grant-funded Local Authority Delivery 3 programme, which was not included in the budget.

7.3 The forecast outturn for the **HRA capital programme** is £1.725m with significant slippage of £3.560m estimated by outturn. The New Housing Initiatives scheme shown in the Table below accounts for £2.178m (61%) of the anticipated slippage with explanations provided. Another £0.761m (21%) is due to the Decarbonisation scheme.

7.4 Approval is requested to reduce the capital budgets for 2023/24 and increase the 2024/25 by the reported slippage amounts for the general fund and HRA. Capital spend against the revised budgets will be monitored for the remainder of the financial year.

Table 8 – Capital Programme Summary

Fund	Revised Budget 2023/24 £'000	Outturn £'000	Forecast Variance to Budget £'000	Explanation
General Fund Schemes				
New Council Offices	563	928	365	Overspend as per report to Capital Sub Committee.
Vehicle Refurbishment	939	653	(286)	Order placed. Long lead time on vehicles, so delivery slipped into next financial year.
Sports Facilities Improvement Programme	495	11	(484)	Schemes will slip to 24/25
Local Authority Delivery	0	651	651	Grant funded
Other	963	663	(300)	Slippage on various projects.
Total	2,960	2,906	(54)	
Housing Revenue Account				
New Housing Initiatives	2,178	0	(2,178)	No capital spends this year.

Purchasing Existing Properties	245	254	9	Purchase of a single existing property.
Decarbonisation of Housing Stock	761	0	(761)	£277K of grant funding received for 23/24. £514K of Council funding already allocated. No spend in year.
Housing Block Improvements	450	534	84	Expected to spend in full
Other	1,651	937	(714)	Chartwell House boiler replacement slipped into 24/25, delays in contractor procurement.
HRA Scheme Total	5,285	1,725	(3,560)	
Total	8,245	4,631	(3,614)	

8. Treasury Management as at Quarter 4

- 8.1 The report includes an update on Treasury Management activities to 31 March 2024. This is required to comply with both the "Code of Practice on Treasury Management in Local Government" and the Council's own Treasury Management Policy Statement.
- 8.2 The Code requires the Section 151 Officer to ensure that the treasury management function operates in accordance with treasury management practices adopted by Council. There are no issues of non-compliance with these practices that need be brought to Member's attention.
- 8.3 As at the 31st of March 2024, the total debt portfolio of the Council (including HRA debt) is £36.474m offset by investments of £1.0m, resulting in an overall net debt position of £35.474m.

External Borrowing	As At 31/03/23 £m	As At 31/03/24 £m
Fixed Rate PWLB	19.069	17.974
Other Local Authorities	15.000	18.500
Total Gross External Debt	34.069	36.474
Investments	0.000	(1.000)
Total Net External Debt	34.069	35.474

- 8.4 The total accrued interest received to 31 March 2024 on temporary investments amounted to £165,802 (2022/23 £92,465). A summary of the total amount invested in 2023/24 to date is given at **Appendix 6**.
- 8.5 **Prudential Indicators**
The Local Government Act 2003 requires Councils to comply with the Prudential Code for Capital Finance in Local Authorities when carrying out their budgeting and treasury management activities. Fundamental to this is the calculation of a number of prudential indicators which provide the basis for management and monitoring of

borrowing and investments. These indicators were agreed by Council on 23 February 2023. An update on the indicators is provided at ***Appendix 6***.