
FINANCE REPORT

Committee: Finance & Assets Committee

Date: 24th November 2022

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[X115]

1. ISSUE

- 1.1 This report provides Members with budget monitoring information for services under the Finance & Assets Committee and then, as part of its corporate remit, for the Council as a whole.

2. RECOMMENDATION (S)

- 2.1 Members are requested to note:

- this Committee has a projected yearend overspend of £44,400 when compared to its approved revenue budget of £5,607,728.
- that overall the Council has a projected yearend underspend of £97,300 when compared to its approved revenue budget of £14,937,774.
- that the overall position for the Council on Capital is a projected outturn of £8,933,870, this is an underspend of £1,901,131 when compared to the revised budget.

3. BACKGROUND / OPTIONS

- 3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.
- 3.2 This is the second report for the 2022/23 financial year and details actual expenditure incurred and income received as at 30th September 2022 and projections as to the yearend position at this time.
- 3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then the position for the Operational Services Committee and the funding lines shown in summary.
- 3.4 The detailed revenue position for the Operational Services Committee is shown in appendix 2. There are six forecast variations being reported at this time, with

the net position being that the Committee is forecast to come in £125,000 underspent when compared to its net budget.

- 3.5 With regard to the Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of September 2022, where no variance is forecast for yearend, are detailed below:

Service	Variance £	Explanation
Closed Churchyards	£12,680	Premises Asset Management cost included in these figures. This will be reconciled at the end of year and budget allocated
Corporate Management	(£119,526)	Accruals from 2021/22 remain unpaid in relation to external audit costs
Cost of other Elections	(£53,452)	Roll over of income from previous years to fund future elections
Depot Services	£114,415	Recharge to be done in October
General Gang	(£20,461)	There is an underspend in the first half of the year due to a vacancy in the Team.
Housing Strategy	(£27,213)	Staff vacancies in the first half of the year have resulted in this underspend, these will be recruited to shortly
HR	(£24,894)	Training costs remains behind the expected profile
Local Elections	£15,722	Unbudgeted elections, not least in relation to neighbourhood planning (please see below)
Local Plans	(£71,805)	This relates to unbudgeted Government grant for neighbourhood planning applications
Mepal Outdoor Centre	(£22,272)	The Business Rates for Mepal Outdoor Centre remain unpaid as we have challenged the charge following the demolition of the buildings
Registration of Electors	(£36,827)	Roll over of income from 2021/22 to fund work to be actioned in the current year
COVID-19	(£247,924)	This relates to ringfenced Government grants that have been received. Repayment of grants has been made recently.

3.6 Explanations for the forecast yearend variances reported for this Committee are detailed in the table below:

Service	Variance £	Explanation
Council Tax	£12,700	The current underspend relates to the Government grant to provide the discretionary element of the Council Tax Energy Rebate, this will be paid out to residents before the end of November. The yearend overspend is due to ARP undertaking a data cleanse on the Council Tax database, the cost of this will be charged to the Council via the partnership management fee at yearend
Crematorium	£2,700	This is a consultant's fee
Data Management	(£2,000)	This is a saving made from a vacancy in the first half of the year.
Economic Development	(£50,000)	Occupancy rates at the e-space centres has been in advance of the level projected in the budget during the first two quarters of 2022-23. The on-going position will be closely monitored in the coming months. The other savings are on the Council Tax and staffing budgets
Housing Benefits	£40,000	The budget was built using 2021/22 figures (the latest available at the time), with the revised forecast now reflecting the forecast 2022/23 position
Interest & Financial Transactions	(£280,000)	Interest rates on treasury deposits have improved significantly during the first half of the year and are expected to rise further if the bank rate continues to increase
Land Charges Admin	(£35,000)	Increased income over the first two quarters, this forecast is based on income received so far in the year and will be increased if income levels remain stable
Legal	(£10,000)	Savings have been made in staffing during the first half of the year.
Member & Committee Support	(£30,000)	An underspend on staffing in the first six months of the year; the restructuring of the team will also have an impact, but this reflects the saving to date.

Miscellaneous Finance	(£4,000)	Minimum Revenue Provision (MRP) is lower than budgeted as we were able to fund more of the Leisure Centre costs from CIL at the end of 2021/22 than forecast
Office Accommodation	£12,000	The increase in electricity costs plus a tenant leaving and the related redecoration costs to get the property ready to be put back on the market have caused the increase in costs.
Parking of Vehicles	£26,000	The fees in car parks are still not reaching pre-Covid levels – Ely commuter car park is well down on income. The budget was built assuming some reduction in pre-Covid levels, but the recovery has been slower than expected
Parks & Open Spaces	£70,000	There was some confusion over the transfer of the Trees Officer post when this moved to Parks and Open Spaces, and it appears that this was not correctly budgeted for
Payroll	£30,000	Revised I-trent contract payments in relation to the new contract.
Public Conveniences	£16,000	Increased cleaning has increased the costs by £8,000 so far this year. In addition, the increase in electricity costs has affected this budget.
Reprographics	(£3,000)	The first half of the year has generated an increase in income. This is a prudent estimate, and will be revised in the next quarter.
Sport & Recreation	(£70,000)	The Sports Facility Funding Reserve was fully funded in 2021/22 therefore this budget is not needed in 2022/23

Additional Staff Costs	£319,000	The local government pay award has not yet been determined, but indications suggest that it will be significantly in excess of the 2% that we built into the budget. Clearly when the increase is agreed and paid to staff, this will show on individual budget lines. However, to ensure that it is reflected in this report, it is shown as a separate line on the Finance and Assets Report at this point as an interim measure. The current offer from the employer is £1,925 on every spinal point. At the mini-budget in September the 1.25% increase in National Insurance was removed and this too is reflected in the figure presented.
Internal Drainage Board	(£16,700)	The Council's budget was set before the individual IDBs set theirs and the estimate made has proved to be slightly above what was needed

Capital

- 3.7 The Council's capital programme for 2022/23 (appendix 3) has had £827,964 slippage from 2021/22 applied.
- 3.8 The new loan facility approved by Council on the 21st April 2022 is shown within the overall capital budget. While the full loan facility approved was for £7.5 million, the profile of borrowing expected that £5.6 million of this would be needed in 2022/23 and this value has been shown against this year, with the additional amounts detailed in future years in the MTFS.
- 3.9 The revised capital programme for the Council is therefore £10,835,001, with the outturn position forecast to be £8,933,870. The main variance being the expectation that due to the delays between ordering and delivery, it is now considered unlikely that even if the Waste vehicles were ordered that they will be operational before the 31st March 2023.

Reserves

- 3.10 With Planning Committee granting planning permission for the Crematorium at its meeting on the 12th October 2022, a further £20,000 will be spent during the remainder of the financial year preparing a full business case; ensuring that any cost changes since the outline business case was approved are understood. The £20,000 will be charged against the Major Projects Development Reserve.

4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £14,840,474 in 2022/23. This would be an underspend of £97,300 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £8,933,870.

5 FINANCIAL IMPLICATIONS / EQUALITY AND CARBON IMPACT ASSESSMENTS

- 5.1 There is a revenue underspend of £97,300 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at year-end.
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – September 2022
Appendix 2 – Operational Services Budget Monitoring – September 2022
Appendix 3 – Capital Budget Monitoring – September 2022
Appendix 4 – Reserve Balances – September 2022

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Council Budget as approved by Council on the 22nd February 2022	Room 104 The Grange Ely	Ian Smith Director, Finance Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk