



OPEN REPORT GOVERNANCE AND RESOURCES COMMITTEE

Governance & Resources Committee – 21 March 2024

REVENUE BUDGET MONITORING FOR QUARTER 3 OF FINANCIAL YEAR 2023/24

Report of the Director of Resources

Report Author and Contact Details

Karen Henriksen, Director of Resources,
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Gemma Hadfield, Financial Services Manager,
01629 761214 or gemma.hadfield@derbyshiredales.gov.uk

Wards Affected

District-wide

Report Summary

This report provides an update on the Council's revenue budget for 2023/24 and seeks approval for virements and the revised budget for 2023/24.

Recommendations

1. That the forecast underspending of £1,830,920 for 2023/24 be received and agreed.
2. That Council be requested to approve the updated revised revenue budget for 2023/24, including the virements as identified in paragraphs 1.2 to 1.3 of the report.
3. That Council be requested to approve that any underspend at out-turn for 2023/24 be transferred to reserves as detailed in paragraph 1.17 of the report.

List of Appendices

- Appendix 1 Approved Budget Changes since Revenue Budget Monitoring Quarter 2 Report (14th December 2023) and Reserves Requests for approval at quarter 3
- Appendix 2 Updated Revised Budget 2023/24
- Appendix 3 Summary of Reserves – Forecasts for 2023/24 and 2024/25

Background Papers

None

Consideration of report by Council or other committee

No

Council Approval Required

No

Exempt from Press or Public

No

Revenue Budget Monitoring for Quarter 3 of financial year 2023/24

1. Background

- 1.1 On 2nd March 2023 Council set a net revenue budget of £13,667,041 for 2023/24. This was subsequently updated when the revised net revenue budget of £14,396,043 was approved by Council on the 14th December. After allowing for all transfers to and from earmarked reserves and all external funding, the forecast underspend at quarter 2 was £795,579.
- 1.2 Since the revised budget was formally approved, there has been one minor virement approved under delegated authority which has impacted directorate totals. This additional approved budget change is summarised in Appendix 1 and have the overall effect of increasing the budget by £7,000.
- 1.3 The forecast out-turn position at Quarter 3 for the Council is an underspend of £1,830,920. This is based on estimates at 31st December 2023; updated forecasts will be reported throughout the financial year. Appendix 3 details the current forecast position and revised budget. A breakdown of the key variances can be found in the table below:

	£ 000's
Forecast overachievement of investment income	(1,013)
Increase in forecast tenants' rents	(52)
Overachievement of garden waste income	(63)
Underspend on elections budget	(49)
Anticipated reduction in planning application fees	100
Change of treatment of Government Grant - income budget to be removed	51
Increase in cost of Revenues and Benefits contract	100
Forecast reduction in recovery of rent allowance overpayments	25
Above budget increase in Bakewell ABC recharges	(38)
Forecast underspend on staffing budgets*	(40)
Forecast reduction in consultancy fees for Matlock Market Hall	(36)
Forecast reduction in Leisure contract expenditure	(19)
Underspend on Waste Services	(799)
Other non-material variances	2
Total Quarter 1 Forecast underspend	(1,831)

*excludes (£15k) underspend on elections staffing to be transferred to elections reserve.

- 1.4 When the 2023/24 budget was set in March 2023 the Bank of England base rate was 4%; by 30 September 2023 this had risen to 5.25%. The Council had already exceeded its investment income budget by quarter 1 and had forecast an overachievement of £963k at quarter 2. The interest rate remains at 5.25% and therefore at quarter 3 we now forecast that we will earn investment income of £1.013m over the original budget. This forecast is based on a number of assumptions and continue to be refined throughout the financial year; it currently assumes an average interest rate of 5% will be achieved on investments for the remainder of the financial year.
- 1.5 It is anticipated that the Council will make a net surplus on tenants' rental income of £52k over budget in 2023/24. This is due to an increase in Housing stock and better than anticipated occupation of properties.
- 1.6 During the year residents have continued to enter into subscriptions for garden waste collections. This has resulted in £63k additional income in excess of the current budget.
- 1.7 The elections budget is forecast to underspend by £49k due to a £14k underspend on elections staffing, £16k additional income above budget from town and parish councils, £19k underspend on stationery, printing and elections equipment and other minor underspends. It is proposed to transfer this amount to the elections reserve at year end to support the costs of future years' elections.
- 1.8 A pressure of £100k is anticipated on planning application fee income due to the increase in interest rates and the likely impact that may have on demand for the service.
- 1.9 A pressure of £51k on Local Council Tax Support has been identified due to a change in the treatment of this grant by Government for 2023/24 which was not identified at budget setting. As a result, the budget set for the receipt of this grant within Housing Benefits & Local Council Tax Support will not be achieved.
- 1.10 There is a forecast pressure of £100k on the Revenues and Benefits contract due to the implementation of a new structure, pressures from the 2023/24 final pay award and increased contributions to the pension fund. This pressure could be partially mitigated by vacancies in the service for 2023/24 and will be monitored throughout the year.
- 1.11 It is currently forecast that there will be a £25k reduction of income collected for Housing Benefit overpayments, based on the income collected to date in 2023/24 and the 2022/23 out-turn.
- 1.12 Additional income of £38k is anticipated as a result of increased utilities charges to external partners at the Agricultural Business Centre, this is due to increases in electricity charges incurred by the Council to be passed onto partners; the increases in electricity charges were budgeted for in 2023/24, however the impact on the recharge was not reflected in the income budgets.

1.13 Staffing budgets are forecast to underspend by £40k (this excludes the £14k underspend on elections detailed in paragraph 1.7). This is mainly due vacancies across the Council. A breakdown of the current forecast out-turn for staffing budgets by directorate is included in the table below:

	Original Budget	Revised Budget	Forecast Out-turn	Variance
Chief Executive	332,777	332,777	332,438	(339)
Community and Environmental Services	3,144,339	3,222,829	3,186,246	(36,583)
Corporate Services	1,746,129	1,881,457	1,869,480	(11,977)
Housing	721,311	698,198	729,926	31,728
Regeneration and Policy	745,846	747,385	657,400	(89,986)
Regulatory Services	1,650,811	1,675,727	1,616,323	(59,404)
Resources	794,745	729,081	741,972	12,891
Provision for turnover	(95,000)	(113,652)	0	113,652
Total	9,040,958	9,173,802	9,133,785	(40,017)

Table includes temporary agency staff and recruitment advertising.

1.14 There is a forecast underspend of £36k on the consultancy budget for Matlock Market Hall due to scheme delays and revised Phase 1 proposals.

1.15 A £19k underspend is forecast on the Leisure Centre contract budget, this is mainly due to a reduction in the anticipated inflation pressures which were budgeted for as part of the 2023/24 budget setting process.

1.16 It is anticipated the waste contract budgets will be underspent by £799k in 2023/24. This is mainly due to the cautious approach taken at budget setting for 2023/24 when there were a number of uncertainties, in particular the impact of rising inflation on the contract and the impact of the closure of the Vital Earth plant used for processing organic waste. This revised position has been taken into account when setting the 2024/25 budgets.

1.17 With regard to the forecast underspend of £1,830,920 it is proposed that:

- the underspend on elections budgets, £48,691, detailed in paragraph 1.8 is transferred to the elections reserve at year end.
- £500,000 of the remaining underspend is transferred into a Waste Vehicles Replacement Reserve.
- £500,000 is transferred to the Recruitment and Retention Reserve.
- £225,126 is transferred to the Corporate Plan Priority Reserve and
- the remainder £557,103 is transferred into the Capital Programme Reserve.

These transfers will be actioned at year-end, once the final out-turn position for 2023/24 has been determined.

2. Options considered and recommended proposal.

2.1 The committee is requested to:

- receive and agree the quarter 3 forecast underspend of £1,830,920 as set out in section 1.5 to 1.17 of the report and detailed in Appendix 3 and the changes to the budget already approved detailed in Appendix 1;
- receive and agree the revised reserves position in Appendix 4;

3. Consultation

3.1 None.

4. Timetable for Implementation

4.1 If approved, the budget will be updated shortly after notification of Council approval and officers will have the authority to incur expenditure within revenue budgets.

5. Policy Implications

5.1 The Council's financial position is considered in determining all the priorities and allocating resources in the Corporate Plan.

6. Financial and Resource Implications

6.1 At the end of quarter 3, the forecast outturn on the revenue account for 2023/24 is a surplus of £1,830,920 against revised estimates at quarter 3. The position on the revenue account will continue to be monitored throughout the financial year and reported to Council quarterly. The report explains how these underspends have occurred and any recurring items have been considered when preparing the draft budget for 2024/25 and have been reflected in the updated Medium Term Financial Plan.

6.2 The financial risk arising from the report's recommendations is assessed as low.

7. Legal Advice and Implications

7.1 The Council has a legal duty to set a balanced budget and has a general duty to act in the public interest in managing the custody of public funds. The budget and forecasts have been prepared by qualified personnel using accepted principles to ensure proper accountability. The legal risk of challenge to the decision recommendations noted at the beginning of this report has been assessed as low.

8. Equalities Implications

8.1 There are no direct equalities implications for this report.

9. Climate Change Implications

9.1 There are no direct climate change implications arising from the recommendations of this report.

10. Risk Management

10.1 Financial and legal risks are explained above. The key risks result from the need to make savings or raise additional revenue income in the medium term. "Financial Resilience" has been identified on the Council's Strategic Risk Register and has been assessed as high risk, pending the delivery of the required savings and the outcome of the Local Government Finance Settlement for 2025/26 and beyond. The consequences of failing to identify the required savings are shown as:

- Lack of resources available to deliver the core Council activities and priorities;
- Controls not performed or overlooked due to time and resource pressures;
- Cash flows are not available to maintain standards and quality of service provision;
- Increase in claims made against the Council;
- Initiatives, development programmes etc. (e.g. around capital enhancements, car park maintenance) may not be performed resulting in members of the public being hurt or public property damaged.

Report Authorisation

Approvals obtained from Statutory Officers:-

	Named Officer	Date
Chief Executive	Paul Wilson	11/03/2024
Director of Resources/ S.151 Officer	Karen Henriksen	13/03/2024
Monitoring Officer	Helen Mitchell	12/03/2024

Appendix 1 – Approved Budget Changes and Reserves Requests for Approval at Quarter 3

Supplementary Budgets approved and actioned between 1 October and 31 December 2023:

7,000.00 Use of Committed Expenditure Reserve to fund Azure AD and Modern.gov CRM integration

APPENDIX 2 – UPDATED REVISED BUDGET

	Forecast Out- turn 2023/24	Original Budget 2023/24*	Proposed Revised Budget 2023/24**	Variance from Original Budget 2023/24	Variance from Revised Budget 2023/24
Chief Executive	395,525	386,997	386,997	8,528	8,528
Community and Environmental Services	4,285,290	5,054,803	5,173,013	(769,513)	(887,723)
Corporate Services	3,099,702	3,127,730	3,197,103	(28,028)	(97,401)
Housing	789,937	554,032	788,794	235,905	1,143
Regeneration and Policy	918,797	766,766	1,060,553	152,031	(141,755)
Regulatory Services	1,700,394	1,598,209	1,663,246	102,185	37,148
Resources	2,395,479	2,081,137	2,133,338	314,342	262,141
Net cost of Services	13,585,124	13,569,674	14,403,043	15,450	(817,920)
Non-Service Items:					
Interest on Balances	(1,250,000)	(237,000)	(237,000)	(1,013,000)	(1,013,000)
Borrowing Interest Paid	225,150	225,150	225,150	0	0
Statutory Debt Repayment	100,849	100,849	100,849	0	0
Loan Premium Due	110,924	110,924	110,924	0	0
Income from Investment Properties	(102,556)	(102,556)	(102,556)	0	0
Net Revenue Expenditure	12,669,491	13,667,041	14,500,410	(997,550)	(1,830,920)
Appropriations to / from Reserves	(2,298,295)	(1,464,926)	(2,298,295)	(833,369)	0
Funding Requirement	10,371,196	12,202,115	12,202,115	(1,830,919)	(1,830,920)
Funded by:					
External Funding					
Retained Business Rates including S31 Grant, Payments to/from Pool	(3,977,147)	(3,977,147)	(3,977,147)	0	0
Business Rate Collection Fund (Surplus)/Deficit	201,550	201,550	201,550	0	0
CT Collection Fund (Surplus)/Deficit	100,322	100,322	100,322	0	0
Revenue Support Grant	(64,574)	(64,574)	(64,574)	0	0
Rural Services Delivery Grant	(471,000)	(471,000)	(471,000)	0	0
3% Funding Guarantee Grant	(626,887)	(626,887)	(626,887)	0	0
New Homes Bonus	(241,183)	(241,183)	(241,183)	0	0
Services Grant	(67,748)	(67,748)	(67,748)	0	0
Other Government Grants	0	0	0	0	0
Total External Funding	(5,146,667)	(5,146,667)	(5,146,667)	0	0
District Council Tax Requirement	(7,055,448)	(7,055,448)	(7,055,448)	0	0
Total Funding	(12,202,115)	(12,202,115)	(12,202,115)	0	0
Quarter 3 Forecast Surplus (reserves tfr at year-end)	1,830,920				
Total	0	0	0	(1,830,919)	(1,830,920)

*ICT and Data Protection have moved from Resources to Corporate Services since the budget was set in March 2023

**Includes proposed transfers to reserves requested in Appendix 2

APPENDIX 3 – SUMMARY OF RESERVES – FORECASTS FOR 2023/24 AND 2024/25

Revenue Funding	Balance at 31st March 2023	Contribution in 2023/24	Budgeted transfers (to)/from in 2023/24 Revenue	Requested transfers (to)/from reserves	Use in 2023/24 Capital	Forecast Balance at 31st March 2024	Budgeted Contribution in 2024/25	Approved transfers (to)/from in 2024/25 Revenue	Anticipated Use in 2024/25 Revenue	Estimated (Use)/contribution in 2024/25 Capital	Estimated Balance at 31st March 2025
	£	£	£		£	£	£	£	£	£	£
Revenue Balances											
General Fund Working Balance	(1,000,014)	0	0	0	0	(1,000,014)	0	0	0	0	(1,000,014)
General Reserve	(3,777,386)	0	0	255,326	0	(3,522,060)	0	0	0	0	(3,522,060)
	(4,777,401)	0	0	255,326	0	(4,522,075)	0	0		0	(4,522,075)
Capital Balances											
Capital Receipts	(1,977,814)	(400,000)	0	0	574,450	(1,803,364)	(110,000)	0	0	1,337,793	(575,571)
Capital Grants Unapplied	(1,900,813)	(5,574,601)	0	0	4,795,381	(2,680,033)	(14,010,703)	0	0	17,513,246	822,510
	(3,878,628)	(5,974,601)	0	0	5,369,831	(4,483,398)	(14,120,703)	0	0	18,851,039	246,938
Earmarked Reserves											
Business Rates Fluctuations Reserve	(1,675,496)	0	0	0	0	(1,675,496)	0	180,724	0	0	(1,494,772)
Capital Programme reserve	(956,984)	0	0	0	632,739	(324,245)	0	0	0	111,354	(212,891)
Carsington Improvements	(33,452)	0	0	0	0	(33,452)	0	0	0	0	(33,452)
Committed Expenditure Reserve	(538,005)	0	104,049	188,917	0	(245,039)	0	39,902	0	0	(205,136)
Corporate Plan Priority Reserve	(201,471)	0	0	(508,406)	0	(709,877)	0	0	0	51,896	(657,981)
Customer Innovation Project	(76,166)	0	76,166	0	0	(0)	0	0	0	0	(0)
Economic Development Reserve	(140,769)	0	54,931	0	9,896	(75,942)	0	0	0	48,000	(27,942)
Elections Reserve	(188,056)	0	167,757	0	0	(20,300)	0	(30,000)	0	0	(50,300)
Funding Uncertainties Reserve	(508,406)	0	0	508,406	0	0	0	0	0	0	0
Information Technology Reserve	(282,166)	0	0	9,530	155,737	(116,899)	0	10,000	0	30,000	(76,899)
Insurances Reserve	(464,473)	0	0	0	0	(464,473)	0	0	0	0	(464,473)
Investment Fund / Invest to Save Reserve	(562,510)	0	0	0	0	(562,510)	0	0	0	0	(562,510)
Recruitment and Retention Reserve	(150,000)	0	0	0	0	(150,000)	0	0	0	0	(150,000)
Local Plan Reserve	(113,879)	0	50,000	55,443	0	(8,435)	0	(30,000)	0	0	(38,435)
Member / Officer Indemnity	(25,000)	0	0	0	0	(25,000)	0	0	0	0	(25,000)
Major Repairs Reserve	(12,660)	0	(16,955)	0	0	(29,615)	0	(27,000)	0	0	(56,615)
Revenue Grants Unapplied	(9,305,465)	(397,473)	1,077,590	325,542	4,056,828	(4,242,978)	0	326,002	0	2,202,526	(1,714,451)
Vehicle Renewals reserve	(549,302)	0	(50,000)	0	495,133	(104,169)	0	(300,000)	0	386,000	(18,169)
Waste Fluctuations Reserve	(912,116)	0	0	0	0	(912,116)	0	0	0	0	(912,116)
Ashbourne Reborn Reserve	(175,000)	0	0	0	0	(175,000)	0	0	0	0	(175,000)
TOTAL	(16,871,376)	(397,473)	1,463,538	579,432	5,350,333	(9,875,546)	0	169,628	0	2,829,776	(6,876,143)
	(25,527,405)	(6,372,074)	1,463,538	834,758	10,720,164	(18,881,019)	(14,120,703)	169,628	0	21,680,815	(11,151,279)

*This appendix does not include the transfers of the forecast surplus detailed in section 1

