



OPEN REPORT COUNCIL

Council – 28 September 2023

REVENUE BUDGET MONITORING QUARTER 1 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 updated revised revenue budget for 2023/24, including the virements as identified in paragraphs 1.2 to 1.4 of the report, be approved.
2. That the forecast underspending of £740,740 for 2023/24 be received and agreed.
3. That any underspend at out-turn for 2023/24 be transferred to reserves as detailed in paragraph 1.11 of the report.

List of Appendices

Appendix 1 Approved Budget Changes since Revenue Out-turn Report (27th July 2023)

Appendix 2 Reserves Requests for approval at quarter 1

Appendix 3 Updated Revised Budget 2023/24

Appendix 4 Summary of Reserves – Forecasts for 2023/24 and 2024/25

Background Papers

None

Consideration of report by Council or other committee

N/A

Council Approval Required

Yes

Exempt from Press or Public

No

Revenue Budget Monitoring Quarter 1 2023/24

1. Background

- 1.1 On 2nd March 2023 Council set a net revenue budget of £13,667,041 for 2023/24.
- 1.2 Since the budget was formally approved in March, there has been a number of minor virements approved under delegated authority and larger virements approved by full Council, which has impacted directorate totals. These additional approved budget changes are summarised in Appendix 1 and have the overall effect of increasing the budget by £196,970.
- 1.3 Additional requests for the use of earmarked reserves are summarised in Appendix 2 these total £366,798. The use of these reserves is for on-going approved Council projects where timing has been uncertain, and funds have previously been set aside within reserves with the exception of the request detailed in section 1.4 below.
- 1.4 An additional £30,000 use of the local plan reserve is requested to employ consultancy services to deliver a design policy review to ensure that as part of the review of the Derbyshire Dales Local Plan we satisfy the Government requirements to ensure the plan incorporates an appropriate design code.
- 1.5 The forecast out-turn position at Quarter 1 for the Council is an underspend of £740,740. This is based on early estimates at 30th June 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	(639)
Increase in forecast tenants' rents	(42)
Overachievement of garden waste income	(70)
Underspend on elections budget	(68)
Anticipated reduction in planning application fees	50
Forecast overspend on staffing budgets*	16
Other non-material variances	12
Total Quarter 1 Forecast underspend	(741)

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

- 1.6 When the 2023/24 budget was set in March 2023 the Bank of England base rate was 4%; by 30 June 2023 this had risen to 5%. The Council has already exceeded its investment income budget at 30 June 2023 with income of £347k

and it is anticipated that a further £529k can be achieved over the remainder of the financial year, giving a forecast budget surplus of £639k. This forecast is based on a number of assumptions and will 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.

- 1.7 It is anticipated that the Council will make a net surplus on tenants' rental income of £42k over budget in 2023/24. This is due to an increase in Housing stock and better than anticipated occupation of properties.
- 1.8 During the year residents have continued to enter into subscriptions for garden waste collections. This has resulted in £70k additional income in excess of the current budget.
- 1.9 The elections budget is forecast to underspend by £68k due to a £15k underspend on elections staffing, £16k additional income above budget from town and parish councils, £31k 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.
- 1.10 A pressure of £50k 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.
- 1.11 Staffing budgets are currently forecast to overspend by £16k (this excludes the £15k underspend on elections detailed in paragraph 1.9). 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	332,920	143
Community and Environmental Services	3,144,339	3,159,392	3,083,732	(75,660)
Corporate Services	1,746,129	1,746,129	1,738,046	(8,083)
Housing	721,311	757,550	758,801	1,251
Regeneration and Policy	745,846	745,846	745,846	0
Regulatory Services	1,650,811	1,650,811	1,655,220	4,409
Resources	794,745	794,745	793,905	(840)
Provision for turnover	(95,000)	(95,000)	0	95,000
Total	9,040,958	9,092,250	9,108,470	16,220

Table includes temporary agency staff and recruitment advertising.

- 1.11 It is proposed that the underspend on elections budgets detailed in paragraph 1.10 is transferred to the elections reserve at year end and any further underspends (currently forecast to be £673,005) is transferred to the General Reserve to enable the use of this funding to be reviewed as part of the update of the Medium-Term Financial Strategy, due later this financial year. Subject to the approval of these proposed transfers, the revised reserves position is shown in Appendix 4.

2. Options considered and recommended proposal.

2.1 The committee is requested to:

- receive and agree the quarter 1 forecast underspend of £740,740 as set out in section 1.5 to 1.11 of the report and detailed in Appendix 3 and the changes to the budget already approved detailed in Appendix 1;
- approve use of reserves requests set out in Appendix 2 and 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

6.1 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 The forecast outturn on the revenue account for 2023/24 is currently a surplus of £740,740 against revised estimates at quarter 1. 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 will be considered when preparing the draft budget for 2024/25, as well as 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 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.

7.2 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.

7.3 The budget and forecasts have been prepared by qualified personnel using accepted principles to ensure proper accountability.

7.4 There are 3 recommended decisions contained within this report. The legal risk for taking the decisions as recommended 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 2024/25 and beyond. The transfer of most of the forecast surplus for 2023/24 (currently forecast to be £673,005) into the General Reserve will help to mitigate this risk, though its use would not be sustainable. 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	18/09/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	20/09/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	20/09/2023

Appendix 1 – Approved Budget Changes

2023/24 approved use of reserves:

15,053	use of general reserve approved by Council 16 March 2023 for clean and green review
8,376	approved use of committed expenditure reserve - approved budget report 2nd March 2023
173,540	use of 22/23 carry forwards transferred to the committed expenditure reserve approved in provisional out-turn report July 27th 2023

196,970

2024/25 and beyond approved use of reserves:

55,500	use of 22/23 carry forwards transferred to the committed expenditure reserve approved in provisional out-turn report July 27th 2023
--------	---

Supplementary budgets approved and actioned in 2023/24 to 30/06/23:

182,459	Increase Housing budgets for additional expenditure funded by the Housing Support Fund round 4 grant.
(182,459)	Additional income budget for Housing Support Fund round 4 grant received.
5,000	Increase Regulatory Services budgets for additional administration expenditure funded by HUG2 Mobilisation Grant.
(5,000)	Additional income budget for HUG2 Mobilisation grant received.
26,807	Increase in budget for biodiversity expenditure subject to approval from biodiversity sub committee
(26,807)	Additional unbudgeted biodiversity grant received in 2023/24 subject to approval from biodiversity sub committee

0

APPENDIX 2 – RESERVES REQUESTS FOR APPROVAL AT QUARTER 1

Reserves Requests requiring approval:

107,727	use of revenue grants unapplied - UK Shared Prosperity Fund
50,000	use of general fund reserve to fund local plan work
20,087	use of revenue grants unapplied - Homes for Ukraine funding
127,000	use of revenue grants unapplied - Homelessness Reduction Act
11,984	use of revenue grants unapplied - Biodiversity (subject to approval of biodiversity sub-committee)
20,000	use of general fund reserve to fund biodiversity work (subject to approval of biodiversity sub-committee)
30,000	use of local plan reserve to fund a design policy review for the Derbyshire Dales Local Plan

366,798

APPENDIX 3 – 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	385,119	386,997	386,997	(1,878)	(1,878)
Community and Environmental Services	4,977,290	5,054,803	5,126,913	(77,513)	(149,623)
Corporate Services	3,051,350	3,127,730	3,127,730	(76,380)	(76,380)
Housing	675,322	554,032	701,119	121,290	(25,797)
Regeneration and Policy	1,049,037	766,766	1,040,224	282,271	8,813
Regulatory Services	1,655,995	1,598,209	1,598,209	57,786	57,786
Resources	2,236,132	2,081,137	2,150,862	154,995	85,271
Net cost of Services	14,030,245	13,569,674	14,132,053	460,571	(101,808)
Non-Service Items:					
Interest on Balances	(875,932)	(237,000)	(237,000)	(638,932)	(638,932)
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	13,488,680	13,667,041	14,229,420	(178,361)	(740,740)
Appropriations to / from Reserves	(2,027,305)	(1,464,926)	(2,027,305)	(562,379)	(0)
Funding Requirement	11,461,375	12,202,115	12,202,115	(740,740)	(740,740)
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 1 Forecast Surplus (reserves tfr at year-end)	740,740				
Total	(0)	0	0	(740,740)	(740,740)

*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 4 – 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	(587,952)	0	(4,365,338)	0	0	0	0	(4,365,338)
	(4,777,401)	0	0	(587,952)	0	(5,365,353)	0	0		0	(5,365,353)
Capital Balances											
Capital Receipts	(1,977,814)	(160,000)	0	0	1,150,631	(987,183)	(110,000)	0	0	725,000	(372,183)
Capital Grants Unapplied	(1,900,813)	(11,090,309)	0	0	12,353,191	(637,931)	(13,335,357)	0	0	13,375,357	(597,931)
	(3,878,628)	(11,250,309)	0	0	13,503,822	(1,625,115)	(13,445,357)	0	0	14,100,357	(970,115)
Earmarked Reserves											
Business Rates Fluctuations Reserve	(1,675,496)	0	0	0	0	(1,675,496)	0	0	0	0	(1,675,496)
Capital Programme reserve	(956,984)	0	0	0	925,409	(31,575)	0	0	0	0	(31,575)
Carsington Improvements	(33,452)	0	0	0	0	(33,452)	0	0	0	0	(33,452)
Committed Expenditure Reserve	(538,005)	0	104,049	181,917	0	(252,039)	0	0	33,048	0	(218,991)
Corporate Plan Priority Reserve	(201,471)	0	0	0	201,471	0	0	0	0	0	0
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	48,000	(37,838)	0	0	0	0	(37,838)
Elections Reserve	(188,056)	0	167,757	(67,735)	0	(88,035)	0	(30,000)	0	0	(118,035)
Funding Uncertainties Reserve	(508,406)	0	0	0	0	(508,406)	0	0	0	0	(508,406)
Information Technology Reserve	(282,166)	0	0	0	191,852	(90,314)	0	0	0	0	(90,314)
Insurances Reserve	(464,473)	0	0	0	25,000	(439,473)	0	0	0	0	(439,473)
Investment Fund / Invest to Save Reserve	(562,510)	0	0	0	562,510	0	0	0	0	0	0
Job Evaluation	(150,000)	0	0	0	0	(150,000)	0	0	0	0	(150,000)
Local Plan Reserve	(113,879)	0	50,000	30,000	0	(33,879)	0	(30,000)	0	0	(63,879)
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	(26,517)	0	0	(56,132)
Revenue Grants Unapplied	(9,305,465)	(83,197)	1,077,590	266,798	5,773,352	(2,270,922)	0	167,334	0	260,000	(1,843,588)
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	525,188	0	0	(386,928)
Ashbourne Reborn Reserve	(175,000)	0	0	0	0	(175,000)	0	0	0	0	(175,000)
	(16,871,376)	(83,197)	1,463,538	410,980	8,222,726	(6,857,329)	0	306,005	33,048	646,000	(5,872,276)
TOTAL	(25,527,405)	(11,333,506)	1,463,538	(176,972)	21,726,548	(13,847,796)	(13,445,357)	306,005	33,048	14,746,357	(12,207,743)