

Hambleton District Council

Report To: Cabinet

Date: 7 February 2023

Subject: **2022/23 Q3 Revenue Monitoring**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 The purpose of this report is to update Members on the revenue budget position of the Council and the reserve funds at the end of December 2022.
- 1.2 The Quarter 3 monitoring for the Capital Programme and Treasury Management position is contained in a separate report on this Cabinet agenda.

2.0 Revenue Budget

- 2.1 The Council set its budget on 8 February 2022 for 2022/23 at £11,366,370 in line with the approved Financial Strategy 2022/23 to 2024/25.
- 2.2 At Cabinet on 6 December 2022, the Quarter 2 revenue monitoring report kept the budget at £11,366,370 but recognised that additional pressures have occurred during the year and it was recommended that the projected overspend at Quarter 2 of £1,020,000 would increase the original transfer from reserves budget of £437,486 reported to Cabinet on 8 February 2022.
- 2.3 The approved budget at Quarter 2 in accordance with the Council portfolio themes is detailed below:

Economy & Planning	1,155,420
Environment	4,101,280
Finance & Commercial	3,661,630
Law & Governance	1,185,420
Leisure & Communities	2,147,870
Drainage Board levies	134,750
Projected Outturn at Quarter 2	12,386,370
Additional Reserve Transfer	(1,020,000)
Approved Budget	<u>11,366,370</u>

3.0 Budget Position to December 2022

- 3.1 Since the budget for 2022/23 was set in February 2022, adjustments to the outlook have occurred to reflect agreed changes and reported financial pressures. Further changes and pressures have been identified in Quarter 3 budget monitoring and a summary of these changes, together with a revised projected outturn, is set out below.

	<u>2022/23</u>	
	<u>£</u>	<u>£</u>
Budget Outlook approved at 8 February 2022		11,366,370
Changes to Budget Outlook - Quarters 1 and 2		1,020,000
<u>Quarter 3:</u>		
Corporate Costs		Nil
Departmental Variances:		
- Economy & Planning	409,120	
- Environment	(15,680)	
- Finance & Commercial	5,570	
- Law & Governance	(12,000)	
- Leisure & Communities	464,740	851,750
Projected Outturn at Quarter 3 monitoring		13,238,120
Financial Strategy - 8 February 2022		<u>11,366,370</u>
Shortfall (to be financed from Reserves)		<u>1,871,750</u>

- 3.2 During Quarter 3 monitoring, underspends and overspends for the year have been identified totalling a projected budget pressure of £851,750 in the quarter. Additional pressures have arisen due to reduced fees received from Planning and Car Parking income. It is recommended that the budget remains at £11,366,370 as the table above shows, that the projected position in terms of budget pressures is noted and that any final variance is financed from reserves.
- 3.3 The budgets will continue to be closely monitored in the final quarter of the year and if budget pressure occurs at the year end, it is recommended that this will increase the original transfer from reserves budget of £437,486 reported to Cabinet on 8 February 2022.
- 3.4 Changes to the 2022/23 budget at Quarter 3, totalling the £851,750, are due to departmental variances. Although there have been some changes in corporate costs, as detailed below, these net out to no change overall. Similarly, there has been a number of departmental movements, detailed below, which have a nil effect on the budget.

- 3.5 Corporate costs movements in the budget are set out in the table below but have a nil effect overall on the revenue budget.

<u>Variance</u>	£
Corporate Salary Savings	
- Environmental Health Salaries – vacancies in the section are being covered by agency staff	105,520
- Waste & Street Scene Salaries – vacant posts	(55,520)
- Business & Economy Salaries – vacant posts	(20,000)
- Stokesley Leisure Centre Salaries – vacant posts	(15,000)
- Bedale Leisure Centre Salaries – vacant posts	(15,000)
TOTAL	-

- 3.6 Departmental movements create an additional overspend of £851,750 and are detailed as follows:

- (i) Economy and Planning – budget pressures of £409,120 relate to the following areas:

<u>Variance</u>	£
Development Management – Reduced number of large planning application fees and an increase in smaller applications.	480,000
Bed & Breakfast Rents – Increase in complex cases where there is no appropriate accommodation in Hambleton, therefore alternative accommodation is found from outside the District.	60,000
Local Plan Consultancy – Consultancy to help with a specific case is no longer required.	(93,000)
Enforcement Action Costs – Savings due to lower than anticipated costs.	(22,880)
Land Charges – Increased expenditure of £10,000 is offset by additional income of £25,000 due to Hambleton continuing to provide the Land Charges service.	(15,000)
TOTAL	409,120

- (ii) Environment – a saving of £15,680 relates to the following areas:

<u>Variance</u>	£
Waste & Street Scene Transport Recharges – savings due to falling price of diesel in the last quarter	(60,000)
Green Waste Disposal Costs – reduction of green waste tonnage	(12,400)
Green Waste Recycling Credits – reduction of green waste tonnage	16,700
Waste & Street Scene Clothing & Uniforms – increased costs due to staff turnover and new uniforms for Local Government re-organisation.	16,000
Street Scene Vehicle Hire – additional hire costs due to a vehicle being off the road.	16,020

Commercial Environmental Health – Barrister fees required for a specific case.	8,000
TOTAL	(15,680)

- (iii) Finance & Commercial – budget pressures of £5,570 relate to the following:

Variance	£
Council Tax Other Income – one off income to the section.	(32,210)
Council Tax – Grants – increased grant in relation to Family Annexes in the area.	(17,720)
Investment Interest Income – Additional income due to the rise in Bank Rate	(60,000)
Minimum Revenue Provision – increased MRP to reflect the capital programme.	60,000
Audit Fees – Increased charges to audit the annual Housing Benefits assurance audit / report.	40,000
Apprenticeship Levy – increased salary costs result with an increased Apprenticeship levy.	15,500
TOTAL	5,570

- (iv) Law & Governance – a saving of £12,000 is due to the following:

Variance	£
Corporate Training – savings due to a reduced programme	(12,000)
TOTAL	(12,000)

- (v) Leisure & Communities – budget pressures of £464,740 relate to the following:

Variance	£
Car Parking Income – Reduced income due to lower visitor numbers compared to pre-covid and the effects of the cost-of-living crisis.	208,740
Car Park Charging Points – the installation of the electric vehicle charging points has been delayed resulting in reduced income.	36,000
Maple Park Crematorium Dividend – Maple Park has been open for a number of months, thus providing more detailed data on income/expenditure. This includes initial set up costs before operation began including staffing and IT systems. Increased utility and running costs combined with revised numbers of cremations likely to be undertaken in the first 16 months of trading. As a result, a reduced dividend payable to the Council is expected.	220,000
TOTAL	464,740

- 3.7 Departmental budget movements that have nil effect on the overall budget but exceed £20,000, as detailed in the Council's Financial Regulations require Cabinet approval as follows:
- (i) Increased Local Government Reorganisation costs previously approved by Cabinet will be funded by the Local Government Reorganisation Reserve and the General Reserve.
 - (ii) Professional advice is required relating to Local Government Reorganisation, the estimated additional costs are £48,320 which will be funded by Reserves.
 - (iii) At Cabinet on 6 December 2022 financial support of £30,000 was approved for Hardship Relief Fund for Foodbanks, £30,000 for a Warm Places fund and an additional £30,000 was approved to top-up the Discretionary Housing Payment Fund for 2022/23. These were all to be funded by reserves.
 - (iv) The Council received Grant funding in relation to Energy Efficiency Local Authority Delivery scheme (LAD). £29,250 is to be used for Staffing requirements, therefore budgets are to be established with no effect to the overall budget.
 - (v) Salary budgets in Environmental Health relating to Contain Outbreak Management Fund (COMF) require to be adjusted to reflect the use of agency staff. £21,910 is to be transferred to Agency with no effect to the overall budget.
 - (vi) The expenditure of £12,360 for the hire of 2 vehicles taken out at the time of COVID-19 require budgets that will be funded by part of the grants received that have been transferred to the One-off Fund.
 - (vii) Budget movements totalling £65,000 of expenditure and £29,640 of income need to be allocated to reflect the combining of Thirsk All Weather Pitch and the new facility at Thirsk and Sowerby Sports Village to create Thirsk and Sowerby Sports Pitches.
 - (viii) Additional external Section 151 Officer support relating to a specific piece of work on Local Government Reorganisation to be funded from the Finance One-off Fund budget.
 - (ix) Additional staffing from North Yorkshire County Council is required to cover a vacant post in Human Resources and is estimated to cost £21,010. This will be financed by the savings from the vacancy.
 - (x) A number of Economic Development projects have been approved and budgets of £165,470 are required to be aligned with the delivery of the projects with no effect to the overall budget.

4.0 CIL Reserve

- 4.1 The Community Infrastructure Levy (CIL) balance as at 31 December 2022 is £6,367,088. The Council is committed to using this reserve for priority schemes and to distribute to parishes. The movements in 2022/23 can be seen in the table below.

	Amount £
2022/23 Opening Balance	4,493,124
Add in year income	2,222,808
Less in year payments to Parishes	(348,844)
Closing Balance Quarter 3	6,367,088
6th December 2022 allocations —subject to section 24 Approval	4,610,478
Balance after allocations as at 31 December 2022	1,756,610

5.0 Other Matters – Grants

The following grants and contributions have been allocated to the Council during Quarter 3.

Description	Amount £
Department for Levelling Up, Housing and Communities:	
Rough Sleeping	16,300
Homelessness Prevention Top Up Grant	20,227
Department for Works and Pensions:	
Local Authority Delivery Scheme (LADS) IT Costs	2,614
Total	39,141

6.0 Sensitivity Analysis

- 6.1 Further to the recommendations for changes to the budget in this Quarter 3 monitoring report, this report also highlights where there are areas of budget uncertainty. This can give Members early warning of possible issues in the future. All areas will continue to be closely monitored and an update provided for Quarter 4. Annex 'A' attached details the sensitivity analysis.

7.0 Link to Council Priorities

- 7.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council's service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

8.0 Risk Assessment

- 8.1 There are no major risks associated directly with this report. However, a list of potential pressures on the budget is shown in Annex A.

9.0 Financial Implications

9.1 The financial implications are dealt with in the body of the report.

10.0 Legal Implications

10.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balance budget and monitor the financial position throughout the year.

11.0 Equality and Diversity Issues

11.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

12.0 Recommendations

12.1 That Cabinet approves and recommends to Council:

- (1) that the budget remains at £11,366,370 as detailed in paragraph 3.2 of the report for 2022/23; and
- (2) that budget pressures in 2022/23 are financed by an increase in the transfer from reserves as detailed in paragraph 3.3 of the report; and
- (3) the departmental budget movements as detailed in paragraph 3.7 of the report.

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Background papers:	Budget Monitoring Q3 working papers
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Annex A

Budget 2022/23 Quarter 3 Sensitivity Analysis – potential savings / cost pressures

Council Directorates	Area of Sensitivity	Commentary
Economy and Planning	Planning Fees	Planning Fees will continue to be closely monitored.
	Workspace Management Income	This will continue to be closely monitored.
Finance & Commercial	Housing Benefit Payments	Whilst any increase in Housing Benefit payments will be partly offset by subsidy, the budget is so large that a small increase in percentage terms can lead to a large amount in monetary terms.
Leisure & Communities	All Leisure Centres	The income at the Leisure Centres will continue to be closely monitored due to the current economic climate and various issues being experienced by the centres.
	Car Park Income	Car Parking income will continue to be closely monitored.