

## Cabinet – 4 September 2024

### Financial Monitoring Report (based on Performance April to June 2024 inclusive)

Purpose	For Decision
Classification	Public
Executive Summary	<p>This report provides the latest budget forecasts for the General Fund, Housing Revenue Account (HRA) and capital programme for the 2024/25 financial year, based on quarter one performance from April 2024 to June 2024 inclusive.</p> <p>It confirms a balanced budget is forecast in the General Fund. A forecast deficit in HRA currently of £122k to be managed and mitigated throughout the remainder of the financial year and an increase in the capital programme for 2024/25 of £3.454m predominately due to the rephasing of 2023/24 activity into 2024/25.</p>
Recommendation(s)	<p><b>It is recommended that Cabinet:</b></p> <ol style="list-style-type: none"><li><b>1) note the latest budget forecasts of the General Fund, HRA, and Capital.</b></li><li><b>2) approve supplementary budgets of £50,000 in the General Fund and £90,000 in the Housing Revenue Account for additional trees maintenance costs.</b></li><li><b>3) approve supplementary budget provision of £125,000 for additional operating costs of the Green Waste service, funded from additional income from the Green Waste service.</b></li></ol>
Reasons for recommendation(s)	<p>To comply with accounting codes of practice and best practice which requires councils to regularly monitor the annual budget position and take any action to support the sustainability of the council's financial position ensuring we are being financially responsible.</p>

	To comply with the council's financial regulations regarding budget virements and supplementary budget requests.
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron - Finance and Corporate
Strategic Director(s)	Alan Bethune - Strategic Director Corporate Resources and Transformation (Section 151 Officer)
Officer Contact	Paul Whittles Assistant Director - Finance 02380 285766 paul.whittles@nfdc.gov.uk

### **Introduction and background**

1. Following the approval of the Original Budget for 2024/25 in February 2024, this report provides an update on the General Fund, Housing Revenue Account and Capital budgets, adjusting for any budget changes now required and recommended.
2. Financial Monitoring is an important feature in the management of the council's finances as it gives an opportunity to reflect on variations as against the latest set budget and reflect on the impact that these variations may have over the period covered by the council's Medium Term Financial Plan (MTFP).

### **Pay award implications**

3. The 2024/25 pay award for Chief Officers (Strategic Directors) has been agreed at 2.5% but other agreements have still not been reached. Currently, a ballot on potential industrial action is being carried out by one of the three unions represented at the council, indicating a ballot result in October and therefore agreement is likely to still be several months away.

### **General Fund revised projection**

4. A General Fund budget of £24.513 million for 2024/25 was agreed by council in February 2024 (£24.898 million at Portfolio analysis level, with other budget elements reducing this to this lower General Fund budget figure).

5. The latest budget variations reported include net unfavourable expenditure variations of £371,000, net income increases of £375,000 and additional grant income of £36,000. Furthermore, expenditure projects totalling £805,000 have been rephased from 2023/24 and £228,000 additional income received in 2023/24 rephased to be spent in future years. Major variations are detailed below (ordered in accordance with Appendix 1), with full variations listed in Appendix 2.
6. Rephasing budgets between years are summarised below:

	<b>£'000</b>
<b>Community, Safety and Wellbeing</b>	
Grants	25
CCTV - Expansion	85
<b>Environment and Sustainability</b>	
Cemeteries - Maintenance	29
Waste – Posts from Corporate Plan Priorities	153
<b>Finance and Corporate</b>	
Salisbury Road, Totton	140
<b>Leader</b>	
UKSPF Schemes	112
<b>Planning and Economy</b>	
Policy - Digital Planning Grant	100
Economic Development – Initiatives budget	34
<b>Portfolio adjustments – Non-Direct</b>	
AMR Scheme - North Wing Appletree Court	34
AMR Scheme - East Wing Appletree Court	93
<b>TOTAL FROM 2023/24</b>	<b>805</b>
<b>Housing and Homelessness</b>	
Homes for Ukraine Grant (para 15)	-228
<b>TOTAL INTO FUTURE YEARS</b>	<b>-228</b>
<b>NET REPHASINGS INTO 2024/25</b>	<b>577</b>

## **Community, Safety and Wellbeing (Housing and Communities)**

7. **Health and Leisure Centres (-£127,000)** – Funding of £127,000 originally allocated to maintenance projects at the health and leisure centres has been vired to supplement the budget for the Appletree Court East Wing Roof scheme. Sufficient funds remain in the enhanced Health and Leisure Centre budgets to meet expected maintenance needs. (See Finance and Corporate Portfolio and Housing Revenue Account).

## **Environment and Sustainability (Place, Operations and Sustainability)**

8. **Open Spaces – Trees (£50,000)** – NFDC’s contract for arboricultural services was subject to a retendering exercise that completed in Q4 of 2023/24. The rates now in place with the successful providers (x2) are higher than those originally budgeted for 2024/25. Tree works are carried out following inspection by one of the council’s Corporate Tree Officers, and expenditure levels are generally difficult to predict and can also be affected by storm events. A £50,000 budget pressure has been estimated based on the increase in rates and an expected level of required works based on previous years. This represents an increase on the original budget of 42%.
9. **Recycling – Glass Income (-£150,000)** – glass collected from residents and businesses is passed to our recycling contractor Veolia, who pass income from the sale of glass back to Hampshire’s Waste Collection Authorities. The price secured for the period up to February 2025 is higher than forecast, leading to £200,000 higher than expected income. £50,000 of this income has been used to provide additional temporary administration support to teams involved in rolling out the new Bartec ICT system designed to improve back-office and customer facing ICT relating to waste, street scene and grounds maintenance services.
10. **Recycling – Garden Waste (-£50,000)** – the new garden waste service now has over 23,000 customers, which is an increase on customer numbers using the previous sack-based service. The service growth in July alone was an additional 400 customers. This is estimated to deliver additional income of around £175,000 but does also require further investment of £125,000 in collection resources, including staff and vehicle hire costs. Operational teams are devising a longer-term proposal for the resource required for these increasing customer numbers.

11. **Sustainability - (£150,000)** - Funding of £250,000 was originally allocated within the capital programme for Sustainability projects. Some spend will be classified as revenue, and consequently an adjustment between the Capital Programme and Revenue account is required. This has no impact on the overall council financial resources.

### **Finance and Corporate (Corporate Resources and Transformation)**

12. There are no variations that impact directly on the reported Finance and Corporate Portfolio summary but other variations under the control of the Portfolio holder which impact all Portfolios or other General Fund budgets are:
13. **Grants (-£36,000)** – The council has received higher than anticipated Guarantee Grant of £33,000 and Services Grant of £3,000.
14. **Appletree Court East Wing Roof Repairs (£95,000)** – Additional expenditure requirements of £127,000 on the roof repairs are to be funded by the virement of budget from the Health and Leisure Centres Asset Maintenance Programme. See Community, Safety and Wellbeing Portfolio. £95,000 of this expenditure will impact the General Fund and £32,000 the Housing Revenue Account.

### **Housing and Homelessness (Housing and Communities)**

15. **Homeless Assistance (-£228,000)** – The council has received additional revenue funding grant of £228,000 to assist Ukrainian Families. It is currently anticipated that the existing expenditure budget this year of £314,000, including staffing costs, will be sufficient in meeting all our requirements in providing this support, and therefore the additional funding received will initially be carried forward to be utilised next financial year. The position will continue to be monitored throughout the year.
16. The overall impact of all variations results is an updated General Fund Budget of £24.509 million; a reduction of £4,000 from the original estimate. In addition, there is additional Government Grant of £36,000.
17. The revised General Fund Budget for 2024/25 can be seen at Appendix 1, with further details on the variations being reported included within Appendix 2.

## **Other Financial Issues**

18. **Car Parking** – Based on income received to date the annual car parking income is forecast to be £4.8m compared to a budgeted expectation of £5m. This budget will be closely monitored throughout the year and reviewed again once pricing decisions, effective from January 2025, are made.
19. **Development Management** – Income is currently £118,000 below profiled budget but this is partially offset by £60,000 staffing vacancy savings. No adjustment to the budget is being proposed at this time, but the budgets will be closely monitored and reviewed later through the year.

## **Housing Revenue Account Revised Projection**

20. A break-even HRA budget for 2024/25 was agreed in February 2024, with a Revenue Account contribution of £9.700 million supporting the financing of the £32.380 million HRA Capital Programme.
21. This report identifies net budget increases of £183,000 with £61,000 being funded from reserves from schemes rephased from 2023/24. Work will continue over the remainder of the year to mitigate the net overspend. New variations are detailed in the following paragraphs and summarised in Appendix 3.
22. **General Management - (£93,000)** – The Housing Revenue Account contribution towards the additional Appletree Court North and East Wing Roof works is £74,000 but £42,000 of this is funded from reserves for items rephased from 2023/24. In addition, £19,000 has been rephased from 2023/24 relating to Tenants Charter costs.
23. **Grounds Maintenance and Trees - (£90,000)** – Following a retender of the Grounds Maintenance contract costs are anticipated to increase by £90,000 (see para 8).
24. The updated HRA budget can be seen at Appendix 3.

## **Capital Expenditure (General Fund and Housing Revenue Account)**

25. A Capital Programme budget of £48.959 million for 2024/25 was agreed by council in February 2024.
26. The latest forecast confirms gross programme changes totalling £225,000 and net rephasing into 2024/25 of £3.229 million which

results in an updated 2024/25 Capital Programme Budget of £52.413 million (Appendix 4).

27. Details of the changes and rephasing are provided below:
28. **Environment and Sustainability** – St Georges Hall Calshot – New expenditure of £375,000 has been allocated to refurbish St Georges Hall. This is to be funded by £214,000 from the Contain Outbreak Management Reserve and £161,000 from the Rural England Prosperity Fund.
29. **Environment and Sustainability** – As detailed in paragraph 11, £150,000 of resources for Sustainability projects has been transferred to the revenue budget.
30. Rephasing £3.229 million from 2023/24 added to 2024/25:

	<b>£'000</b>
<b>Leader</b>	
UK Shared Prosperity Fund	22
Rural England Prosperity Fund	231
<b>Environment and Sustainability</b>	
Strategic Regional Coastal Monitoring	258
Barton Drilling Trials	53
Waste Strategy Containers	63
<b>Finance and Corporate</b>	
New Depot Site: Hardley	1,602
Vehicles and Plant; Replacement Programme	1,000
<b>REPHASINGS FROM 2023/24</b>	<b>3,229</b>

### **Corporate plan priorities**

31. Regular monitoring and reporting of our financial activity including adjusting budgets whilst maintaining a balanced medium term financial plan (MTFP), ensures we are being financially responsible and supports our Future New Forest transformation programme which underpins the delivery of all our priorities.

### **Options appraisal**

32. No realistic alternative options are available, not approving the supplementary budget regarding tree works would mean the

services have an inability to maintain service levels under the new higher priced contract. Similarly, not investing in the waste service will negatively impact delivering the service with its increased demand. Thereby not meeting the expectations of customers which in turn would put at risk ongoing future revenue streams.

### **Consultation undertaken**

33. Internal consultation between finance officers, service managers and budget holders has determined the forecast data presented in the report.

### **Financial and resource implications**

34. This is a financial report with budget implications already detailed and considered in the main body of the report.

### **Legal implications**

35. There are no legal implications arising directly from this report.

### **Risk assessment**

36. The projected forecast is prepared based on estimates and assumptions in consultation with services. There are key risks in the projections across all service areas and both revenue and capital activity.

### **Environmental / Climate and nature implications**

37. There are no environmental implications arising directly from this report.

### **Equalities implications**

38. There are no equality implications arising directly from this report.

### **Crime and disorder implications**

39. There are no crime and disorder implications arising directly from this report.

### **Data protection / Information governance / ICT implications**

40. There are no data protection, information governance or ICT implications arising directly from this report.

#### **Appendices:**

Appendix 1 – Revised General Fund Budget 2024/25

#### **Background Papers:**

Cabinet 21 February 2024 – Budget Reports 24/25



Appendix 2 – Variation Analysis  
General Fund 2024/25

Appendix 3 – Revised Housing  
Revenue Account Budget 2024/25

Appendix 4 – Revised Capital  
Programme 2024/25

Housing Revenue Account Budget  
and the Housing Public Sector  
Capital Expenditure Programme  
2024/25

Medium Term Financial Plan and  
Annual Budget 2024/25