

Quarter 2 2022/23 Budget Monitoring - Community Services Committee

Community Services Committee Tuesday, 10 November 2022

Report of: Mark Hak-Sanders - Chief Finance Officer (Section 151)

Purpose: To note the 2022/23 Quarter 2 / Month 6 (September)
financial position of the Committee.

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents the 2022/23 Quarter 2 / Month 6 (September) financial position of both Revenue and Capital for the Committee.

This report supports the Council's priorities of:

Building a better Council.

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Recommendation to Committee:

That the Committee's forecast Revenue and Capital budgets positions as at Quarter 2 / M6 (September) 2022 be noted.

Reason for recommendation:

The Council has a duty to ensure that its expenditure does not exceed resources available. The medium-term financial outlook remains uncertain, particularly in respect of Government funding, and so the Council must continue to take steps

towards growing its financial resilience, including building reserves to a sustainable level.

It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that any new expenditure is contained within the available resources.

Finance have committed to bringing quarterly financial monitoring updates to each committee to ensure that all members are aware of the financial position of the services within their remit, as context for decisions needed to mitigate any variance to budget and as background to the emerging budget for 2023/24.

The consolidated position will be reported to Strategy & Resources Committee on the 1st December 2022.

Introduction and background

- 1 The 2022/23 Community Services Revenue budget was approved at £4,051k on 17th March 2022, including the distribution of staffing increments and vacancy factor (known as the Tranche 2 budget).
- 2 The 2022/23 Community Services Capital Budget was approved at £672k by Council on 10th February 2022 having been considered by Community Services Committee on the 18th March 2022.
- 3 This was increased to £1,839k by carry-forwards from 2021/22 approved by S&R committee on 30th June 2022.

Summary

- 4 At Month 6 a full-year overspend of £324k is forecast. This is a £124k increase from the Q1 position last formally reported to committee, but a £9k improvement from the Month 5 position. Despite the increase in Community Services, the overall position for the Council has improved from Q1. The consolidated picture will be reported to Strategy & Resources Committee on 1st December.
- 5 The key headline at M6 is a forecast revenue overspend of £238k in Waste Management. This relates to the projected impact of inflation on the contract, which is dependent upon national factors and is in the process of being finalised. The forecast has increased by £38k from Q1 to reflect latest expectations
- 6 The increased impact of inflation was anticipated in the 2021/22 financial outturn report to Strategy and Resources Committee on the 30th June 2022 along with other budgetary risks, and amounts were set aside as a corporate contingency to mitigate the risk.

- 7 Currently the full contingency is being held back as it is possible that the committee forecast will improve and the full contingency may not be necessary. Release of the contingency will be considered later in the year by Strategy and Resources Committee, once the committee's revenue forecast becomes clearer.
- 8 In addition to the variance in Waste, shortfalls in expected income of £108k make up the majority of the remaining variance, particularly:
 - a. £44k in car parking income against budget
 - b. £49k in cesspool emptying income
 - c. £15k in parks and open spaces income
- 9 The other variances are detailed in Appendix A.
- 10 A small amount (£20k) of savings in Ops and Localities is currently flagged as amber, relating to a reduction in the number of mechanical sweepers. Whilst the number of active sweepers will be reduced, the service is awaiting quotes for a scheduled replacement, likely to be next financial year. It is expected that the majority of the saving can be delivered.
- 11 At present it is assumed that the full Capital Budget is deliverable. Spend at Q2 represents c.25% of budget. The capital schemes are being line by line reviewed for deliverability.

Key implications

Comments of the Chief Finance Officer

The Section 151 Officer confirms the financial information presented in this report has been based on reasonable working assumptions taking into account all material, financial and business issues and risks. The key financial implications at this stage are captured in the body of the report.

Comments of the Head of Legal Services

It is essential, as a matter of prudence, that the financial position of services continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget. This report satisfies this statutory requirement.

Equality

There are no equality implications associated with this report.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix A - Committees M6 (September) 2022 Financial Report and supporting data.

Background papers

- Community Services Committee 22/23 draft budget and Medium-Term Financial Strategy – Community Services Committee – 18th January 2022
- 2022/23 final budget and 2023/24 MTFS - Strategy and Resources Committee 1st February 2022
- Community Services Committee - 2022/23 Budget – Tranche 2 Pressure and Savings Distribution – Community Services Committee - 17th March 2022
- 2021/22 Budget – Outturn Report – Strategy and Resources Committee 30th June 2022
- Quarter 2 2022/23 Budget Monitoring - Community Services Committee 18th October 2022

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