Executive

Ward(s) affected: All

Report of Director of Resources

Author: Vicky Worsfold

Tel: 01483 444834

Email: Victoria.Worsfold@guildford.gov.uk

Lead Councillor responsible: Councillor Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 23 November 2021

Financial Monitoring 2021-22

Executive Summary

The report summarises the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for the period April 2021 to September 2021.

Officers are projecting an increase in net expenditure on the general fund revenue account of £1,762,936.

Covid-19 continues to impact the Council. The direct expenditure incurred by the Council in the current financial year stands at £299,597. The Council has received a grant of £622,690 to finance direct Covid-19 costs for 2021-22.

The indirect costs of Covid-19, particularly the loss of income is reflected in the services forecasting. The Council has made a claim for some of the income loss for the 3 months of April to June, under the Sales, Fees and Charges (SFC) compensation scheme of £1.45 million. This is currently included within the projection. Officers are currently projecting a loss of income for the full year of around £4.2 million. At present the Government does not appear to have any plans to extend the SFC compensation scheme beyond June 2021.

This report considers the expenditure and income forecasted up to 30 September 2021 and is potentially subject to movement depending on the success of the Government's roadmap for lifting all covid restrictions.

There is a reduction (£178,097) in the statutory Minimum Revenue Provision (MRP) charge to the general fund to make provision for the repayment of past capital debt reflecting a re-profiling of capital schemes.

A surplus on the Housing Revenue Account will enable a projected transfer of £8.4 million to the new build reserve and meet the forecasted £2.5 million to the reserve for

future capital at year-end. The transfer to the New Build reserve is £7,373 slightly higher than budgeted due total income being slighted lower than budgeted.

Progress against significant capital projects on the approved programme as outlined in section 7 are underway. The Council expects to spend £60.4 million on its capital schemes by the end of the financial year.

The Council's underlying need to borrow to finance the capital programme is expected to be £37.78 million by 31 March 2022, against an estimated position of £94.59 million. The lower underlying need to borrow is a result of slippage on both the approved and provisional capital programme as detailed in paragraph 7.3 to 7.6 of the report.

The Council held £204 million of investments and £339 million of external borrowing on 30 September, which includes £193 million of HRA loans. Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2021 as part of the Council's Capital and Investment Strategy.

Recommendation to Executive

That the Executive

- notes the results of the Council's financial monitoring for the period April 2021 to September 2021 and
- approves the actions set out in paragraph 4.3 to achieve in-year savings to help reduce the overspend and mitigate the impact on reserves.
- approves a "voluntary expenditure freeze" be implemented across services.

Reason(s) for Recommendation:
To allow the Executive to undertake its role in relation to scrutinising the Council's finances.

Is the report (or part of it) exempt from publication?
No

1. Purpose of Report

1.1 Recommendation 8 of the 2015 Council Governance Review was: 'That the importance of the Corporate Governance and Standards Committee to the Council be recognised, particularly in the way in which it supports the overview and scrutiny function through ongoing scrutiny of financial matters, including its proposed expanded remit on the treasury management function and budget monitoring.

1.2 This Committee started its enhanced review of our financial management at its meeting on 24 September 2015. This report covers the period April 2021 to September 2021.

2. Strategic Priorities

2.1 Councillors have reviewed and adopted a corporate plan for the period 2018-2023. The plan includes many significant projects and aspirations that will challenge us financially. Monitoring of our financial position during the financial year is a critical part of the management of resources that will ultimately support delivery of the corporate plan.

3 Background

3.1 The Council undertakes regular financial monitoring in the following ways:

a. reporting the General Fund and Housing Revenue Account position projected for the full year based on actual expenditure in the reporting periods on a bimonthly basis [periods 3, 4, 6, 8 and 10]. This report covers the period to September 2021 [period 6].
b. Bi-monthly monitoring of the capital programme
c. monthly and quarterly monitoring of its treasury management activity

3.2 The Council's Corporate Management Team (CMT), Chief Finance Officer and deputy, and officer capital programme monitoring group review monitoring reports. Financial monitoring for all services is reported to the Council's Corporate Governance and Standards Committee on a regular basis.

3.3 This report sets out the financial monitoring and covers:

(a) general fund revenue monitoring (section 4)
(b) housing revenue account monitoring (section 5)
(c) treasury management (section 6)
(d) capital programmes (section 7)

4 General Fund Revenue Account monitoring

4.1 Officers are projecting an increase in net expenditure on services, net of reserve transfers of £1,762,936.

4.2 Officers have begun putting together an in-year savings plan in order to mitigate the current overspend. Current proposals (not yet included in the forecast outturn) are shown in the table below.

Service	Details	Amount £
Asset Management	Asset maintenance Programme. Pause of works not immediately essential and no financial commitment yet made	£300,000
Finance	Interest on Investments: Propose to trade in the M&G Global dividend fund to realise capital growth of around £1.5 million as investment income this year. We will then re-invest the original £2 million investment into a similar fund which	£1,500,000

	yields a similar income return. Arlingclose to suggest a replacement fund.	
Strategy	Reduction in grants budgets as prior year savings following review of grants didn't feed into 2021-22 budget process	£185,980
	Total	**£1,985,980**

4.3 For the first six months of the year officers have been projecting a significant overspend which without additional actions will not be brought back into a balanced position. Officers are seeking executive approval for a voluntary expenditure freeze which will consist of the following actions. The following actions will not apply to the Housing Revenue Account, Approved Capital Programme or Capital Programmes funded from reserves:

- Service managers to very closely monitor income and expenditure on a monthly basis and report underspends at the earliest opportunity
- Service managers to identify any in year savings which can be made to the Director of Resources, where a log will be maintained for further discussion with Executive.
- All discretionary expenditure to be put on hold or delayed, as far as reasonably possible.
- Service managers to review fees and charges for possible increases in the current financial year and advise the Director of Resources of opportunities for further discussion with Executive.
- Reduce the use of agency staff unless funded by specific government grants, Future Guildford, or capital.
- No movement between the provisional capital programme to the general fund capital programme to be considered.
- Accelerate those efficiencies within the savings programme with a view to delivering at speed.
- Consider not filling any vacant posts in discretionary services and agree any need for recruitment with Directors.

4.4 The direct costs associated with the Covid-19 pandemic in the current financial are £299,597 and are included in the forecast for the Resources Directorate. The breakdown of the direct costs to date are shown in the table below along with an estimated forecast for the year. The forecast assumes that we will spend the grant money that we have received from Government.

Description	Actual £	Forecast £
Housing		**20,000**
Emergency Accommodation	800	
Culture		**240,000**
Leisure costs	105,619	

Other lockdown compliance		**149,000**
Equipment, materials, contractors	149,678	
Public Health		**220,000**
Track and Trace	43,500	
Gross Expenditure	**299,597**	**629,000**

4.5 **Appendix 1** shows the summary monitoring report for the general fund revenue account. Officers have prepared the projected outturn on four months actual and accrued data.

4.6 Net external interest receivable is currently estimated to be £690,000 more than budgeted. This is due to lower interest payable of £300,000 due to not taking out planned external loans to finance capital expenditure, and additional investment income of £390,000 from North Downs Housing Ltd. The interest amount given to the HRA on its investment balances is in line with 2020-21 interest rates and has reduced by £460,000

4.7 The Minimum Revenue Provision (MRP) based on the Capital Financing Requirement (CFR) on 31 March 2021 for the purposes of this report is shown as £1.356 million. This is £178,097 lower than originally estimated. The reduction is due to slippage in the capital programme experienced during 2020-21.

4.8 **Appendix 2** shows the financial performance of each service against the revised budget. We monitor the projected outturn against the revised (or latest) budget as this takes into account any virement or supplementary estimates approved since the original budget was set in February 2021.

4.9 The tables below show the supplementary estimates and virements approved to date.

Supplementary Estimates 2021-22

Service/Description	Approval Date	Committee	Value £
Nil			
TOTAL			**NIL**

Virement Record 2021-22

Service/Description	Nature of Virement	Approved by	Date of Approval	Value £
Homicide review	Revenue	CFO	23-04-2021	12,000
Stoney Castle	Revenue	MD	21-06-2021	180,000
TOTAL				**192,000**

4.10 **Appendix 2** provides detailed information on variances at service level. The table below summarises the variances against the revised budgeted directorate level expenditure on each of the services in 2021-22 before any changes to reserves.

Directorate	Revised Budget, £	Projected Outturn, £	Variance, £
Resources	4,735,468	5,794,108	1,058,640
Services	13,461,110	17,982,711	4,521,601
Strategy	396,301	-125,930	-522,231
Totals	**18,592,879**	**23,650,889**	**5,058,010**

4.11 The main variances which contribute towards the overspend (that are not offset by transfers from reserves) are: -

i. Planning development control - £520,351 overspend due to additional expenditure on agency staff and consultants to support major planning applications (partially offset by income from planning performance agreements) and loss of income due to suspending the pre-application advice service to deal with an increase in planning application volumes

ii. Leisure Management Contract - £785,650 overspend due to the loss of income from the contract because of Covid-19 and a lower management fee income on extension of the contract

iii. Off street & On-Street parking income - total of £3.7 million overspend due to loss of parking fee income projected due to Covid-19 and an expectation that income levels will not fully recover to pre-covid levels this financial year

iv. Miscellaneous income - £2.93 million underspend – this is the central income contingency budget which partially offsets the overspends in each service area above

Use of Reserves

4.12 As part of the budget setting process for 2021-22 it was anticipated that £16.975 million would be transferred from earmarked reserves during the year. Major movements anticipated at this point in the year are explained in the table below.

Reserve	Variance (£000)	Explanation
On Street Parking Reserve	260	Surplus income not expected
Car Park Maintenance	(2,421)	Revenue contributions to capital spending.
IT Renewals	(831)	IT expenditure
New Homes Bonus	(200)	Ripley Village Hall offset by less expenditure expected on the Town Centre masterplan.
Spectrum Reserve	(277)	Capital financing costs
Invest to Save Reserve	(2,578)	Future Guildford implementation cost - offsets expenditure on the Business Improvement service
Other Reserves	(109)	To finance SPA site maintenance

Net movement	(6,156)	Movement from reserve

4.13 The forecast level of reserves for the 31 March 2022 is shown below. The forecast assumes that the overspend currently projected would need to be financed from the General Fund Reserve if no action is taken to mitigate the overspend.

Forecast Level of Reserves 31 March 2022	**Balance 31.3.21, £000**	**Net Movement 2021-22, £000**	**Expected Balance 31.3.22, £000**	**Useable amount, £000**
Business Rates equalisation	24,040	(17,641)	6,399	2,899
Car Parks Maintenance	3,566	(2,295)	1,271	0
Interest Rate Movements	1,197	0	1,197	0
New Homes Bonus	747	(565)	182	182
Insurance	976	0	976	0
IT Renewals	544	(288)	256	0
Invest to Save	2,420	(2,328)	92	92
Spectrum	2,012	(616)	1,396	0
COVID grants	2,385	0	2,385	0
SPA Reserves	10,213	1,314	11,527	0
Other reserves	7,623	174	7,798	709
TOTAL Earmarked Reserves	**55,722**	**-22,254**	**33,468**	**3,882**
General Fund Reserves	3,748	(1,763)	1,985	1.985
TOTAL GENERAL FUND RESERVES	**59,470**	(24,007)	**35,463**	**5,867**

4.14 As part of the budget report to Council in February 2021, the Chief Finance Officer advised that based on a risk analysis of the council's budget the Council should seek to hold a minimum level of reserves of £12 million. The Council is forecast to have £35.4 million in total reserves for the general fund at the end of this financial year, however, £11.5 million of those reserves relate to SPA sites where the Council needs to hold the reserve 'in perpetuity' to fund site maintenance and £23.9 million of reserves are held to offset future expenditure which we are committed to under various contracts, legislation or grant determinations meaning that those reserves would need to be replaced to meet the commitments if they were used. This leaves a balance of useable reserves of £5.8 million.

5 Housing Revenue Account

HRA Budget	2021-22 Estimate, £	2021-22 Projection, £	Variance, £
Income	(33,732,537)	(33,718,202)	14,335
Expenditure on Housing Services	17,710,972	17,689,264	(21,708)
HRA Share of CDC	256,800	256,800	0
Net Interest	5,142,230	5,142,230	0
Net reserves transfer	11,220,795	11,228,168	7,373
Net HRA Budget	**598,260**	**598,260**	**0**

5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period to September 2021. The report shows that HRA gross service expenditure, projected outturn is 99% of the budgeted level arising from a likely underspend in repairs due to access restrictions because of Covid 19, whilst income is projected to be 99% of the budgeted level, with a likelihood of increased bad debt provision. The projected outturn would enable a transfer of around £8.4 million to the new build reserve and £2.5 million to the reserve for future capital expenditure.

- The rental income estimates for 2021-22 included a revised prudent allowance for Right to Buy (RTB) sales and the re-commissioning of new units. Rental income from dwellings is currently projected to be £30.5 million.

- Emphasis continues to be on planned rather than responsive maintenance, supported by the benefits accruing from past levels of expenditure on planned capital and revenue maintenance works. Looking at last year's out-turn we are forecasting a modest increase in budget but slightly below last year's expenditure on repairs.

- The tenant services underspend is due to the economic impact of Covid-19.

- Apart from receipts from RTB sales, the estimates for the year do not provide for any repayment of HRA debt principal or for setting aside any amounts towards the repayment of debt. This is consistent with the HRA Business Plan, which prioritised the provision of additional housing. This approach will be subject to regular review and an updated business plan will be submitted reflecting constraints placed on the HRA by the prevailing legislation.

5.2 Tenancy arrears remain stable and are consistent with the assumptions contained in the business plan. Particular attention is paid to introductory tenancies (tenants of less than 12 months), as they often have no previous experience of managing a household budget or of renting a property.

6 Treasury Management

6.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management ("the Code") recommends that Councillors are informed of treasury management activities at least twice a year. This report therefore ensures the Council is embracing best practice in accordance with CIPFA's recommendations by reporting quarterly to Councillors.

Debt management

6.2 We have a substantial long-term PWLB debt portfolio for the HRA totalling £193 million. Currently, the general fund is only borrowing short-term for cash flow purposes. There is no cost of carry on our short-term borrowing. The Council held £146.5 million short term loans and making total borrowing as at 30 September 2021 £339 million. **Appendix 13** shows the schedule of loans.

Investment activity

6.3 During the period, we have continued with the diversification of our in-house investment portfolio into secure instruments such as bonds and secure bank deposits (not subject to bail-in) in line with our Treasury Management Strategy. The Council held £23.3 million of strategic investments and £181 million of in-house investments at 30 September 2021. **Appendix 14** shows the schedule of investments.

Prudential Indicators

6.4 Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2021 as part of the Council's Treasury Management Strategy Statement.

Authorised limit and Operational Boundary for External Debt

6.5 The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit, which we should not breach.

6.6 The Council's authorised borrowing limit was set at £531 million for 2021-22.

6.7 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst-case scenario without the additional headroom included in the Authorised Limit.

6.8 The operational boundary was set at £477 million for 2021-22.

6.9 The Chief Financial Officer confirms that there have been no breaches to the authorised limit and operational boundary during the year.

7 Capital Programmes

7.1 **Appendices 4 to 9** of this report set out the following for each scheme on the Council's capital programme

- the gross estimate for the scheme approved by the Executive
- the cumulative expenditure to 31 March 2022 for each scheme
- the estimate for 2021-22 as approved by Council in February 2021
- the 2021-22 revised estimate which considers the approved estimate, any project under spends up to 31 March 2021, and any virement or supplementary estimates
- 2021-22 current expenditure
- 2021-22 projected expenditure estimated by the project officer

7.2 The table below summarises the current position on the various strands of the Council's capital programme. A detailed explanation is provided in paragraphs 7.3 to 7.11 below.

CAPITAL EXPENDITURE SUMMARY	2021-22 Approved £000	2021-22 Revised £000	2021-22 Outturn £000	2020-21 Variance £000
General Fund Capital Expenditure				
- Main Programme	92,790	88,165	49,033	-39,132
- Provisional schemes	53,533	53,681	7,717	-45,964
- Schemes funded by reserves	1,975	4,008	3,541	-467
- S106 Projects	0	235	153	-82
Total Expenditure	**148,298**	**146,088**	**60,444**	**-85,645**
Housing Revenue Account Capital Expenditure				
Approved programme	17,988	24,936	15,761	-9,176
Provisional programme	34,117	34,367	0	-34,367
Total Expenditure	**52,105**	**59,303**	**15,761**	**-43,543**

Approved (main) programme (Appendix 4)

7.3 Expenditure is expected to be £49 million representing a £39.1 million variance to the revised estimate of £88.2 million. If a project is on the approved programme, it is an indicator that the project has started or is near to start following the approval of a final business case by Executive. Whilst actual expenditure for the period of £16.4 million may seem low, several significant projects are in progress and delivery of corporate projects and programmes is progressing. These include:

- OP6 – Vehicles, Plant & Equipment Replacement (£1.4 million) – to include the replacement of minibuses and sweepers.
- P5 – Walnut Bridge replacement (£2.1 million) – works are progressing and the timeframe for completion by 31 March 2022. This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP).

As part of the grant funding agreement there are specific milestones that must be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding. The Major Projects Portfolio Board is monitoring the progress of this project and at the moment the project is on track to deliver by the completion date.

- P21 – Ash Road Bridge (£7.7 million) – work is progressing on this scheme. This project is part grant funded from Homes England Housing Infrastructure Fund (HIF). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding. Officers complete regular monitoring reports to Homes England and the Major Projects Portfolio Board on the progress of the project which is currently on track.
- ED6 – WUV (£17.46 million) and (New GBC Depot (£2.4 million) - work is progressing on the detailed design, pre-planning and site investigation work for this scheme to inform the final business case. Funds have now been moved from the provisional to the approved programme and reprofiled as detailed in the September 2021 Executive report. This project is also part grant funded from Homes England Housing Infrastructure Fund (HIF). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding. Officers complete regular monitoring reports to Homes England, the WUV programme Board and the Major Projects Portfolio Board on the progress of the project which shows the project is currently on track.
- North Downs Housing (£2.97 million) and Guildford Holding Ltd (£1.98 million) – target to purchase further properties this financial year.
- ED49 – Midleton Industrial Estate redevelopment (£4 million) – Phase 4 due to go out to tender, report to be prepared to move remaining budget from provisional programme.
- P16 – A331 Hotspots (£3.6 million) – scheme is being delivered by SCC and amounts will be payable upon request from SCC. This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.
- P22 – Guildford Economic Regeneration Programme - (£1.1 million).

7.4 In addition to the schemes outlined above, the re-profiling of the following significant amounts that were due to be spent on schemes or projects in 2021-22 will now be carried forward into 2022-23 or future years:

- Sustainable Movement Corridor (£2.5 million) – Currently estimated spend in 2021-22 is £300,000, this scheme is currently being reprofiled, This project is part grant funded from the Enterprise M3 Local Enterprise Partnership (LEP). As part of the grant funding agreement there are specific milestones that have to be met in the delivery of the project and any slippage in delivery of the programme to the milestones may result in the loss of grant funding.

- P12 – Strategic Property Acquisitions (£25.2 million). This budget has been moved into later years due to a lack of investment opportunity in the market and the government tightening rules around property acquisition for commercial purposes.
- North Downs Housing (£1.07 million) and Guildford Holding Ltd (£710,000) – reprofiled to 22-23. Original budget for 2021-22 was NDH £4.04 million and GHL £2.7 million but due to slowdown in property purchases spend has been reduced and remaining budget reprofiled to 2022-23.
- FS1 – Capital Contingency Fund – (£4.96 million)
- P21 – Ash Road Bridge (£2.8 million) – work is progressing on this scheme, current estimated spend in 2021-22 is £7.7 million from original budget of £10.5 million due to a revision of project milestones with Homes England for 2021-22. The latest monitoring report for the project shows it remains on track.

Provisional programme (Appendix 5)

7.5 Expenditure on the provisional programme is expected to be £7.7 million, against the revised estimate of £53.7 million, representing a variance of £45.96 million. These projects are still at feasibility stage and will be subject to Executive approval of a business case before they are transferred to the approved capital programme. It is only once the business case is approved that the capital works can begin. Monitoring the progress of these projects is key to identifying project timescales.

The re-profiling of schemes has resulted in a lower level of expenditure than planned in 2020-21.

7.6 A number of projects, that were also anticipated to start in 2021-22 have been re-profiled into future years including:

- PL21(p) - Ash Road Footbridge (£4.5 million)
- P12(p) – Strategic Property Acquisitions (£28.3 million)
- North Street/ Bus Station relocation (£1 million)
- North Downs Housing (£5.5 million)
- Guildford Holding Ltd (£3.7 million)
- Guilford west (PB) Station (£1 million)

S106 (Appendix 6)

7.7 Capital schemes funded from s106 developer contributions are expected to total £153,000. Developer contributions are time limited and if they are not used within the timescales to fund a capital project then they will need to be repaid to the developer. As a result, it is important that the Council closely monitors the S106 funds it has and puts plans in place to spend the contributions within the required timescales.

Reserves (Appendix 7)

7.8 Some capital schemes are funded from the Council's specific reserves. The outturn is anticipated to be £3.541 million. The main projects are:

- expenditure on car parks £1.80million
- ICT renewals and infrastructure improvements £831,000

Capital resources (Appendix 8)

7.9 When the Council approved the budget in February 2021, the estimated underlying need to borrow for 2021-22 was £94.6 million. The current estimated underlying need to borrow is £37.8 million. The reduction is due to slippage in the programme where schemes have been re-profiled into future years.

Housing Investment Programme Approval Capital (Appendix 9)

7.10 The HRA approved capital programme is expected to outturn at £15.8 million against a revised estimate of £24.9 million. Several projects are in progress. These include:

- Guildford Park – (£792,000) this scheme is awaiting decision regarding progression of works and submission of a new planning application for approval. The complete budget for this scheme has been moved to the HRA capital programme, a significant amount of the cost of this project is still on the provisional capital programme awaiting final business case approval. (£2.6 million has been reprofiled to future year)
- Various small site projects – (£807,000) there is slippage on these projects. (£5.6 million has been reprofiled to future years)
- Acquisitions of Land and Buildings – (£4.9 million) spend is dependent on availability of sites, we are currently actively purchasing suitable properties to mitigate slippage on building projects.
- Major Repairs & Improvements – (£9.2 million) outturn is expected to be on budget as works delayed due to COVID can now be progressed.

The Guildford Park, various small site new build projects and acquisition of land and buildings into the HRA is partially funded by receipts generated through Right to Buy (RTB) Sales of Council Houses. With the recent changes on Right to Buy Pooling the council now has 5 years in which it can spend RTB receipts and can fund 40% of the cost of replacement housing from the RTB receipts. Should the Council not spend enough money on its Housing Investment Programme in order to utilise its RTB receipts within the timescales then they will need to be repaid to government with interest at base rate plus 4%. The RTB schedule below details:

- the amount of expenditure required to avoid repayment, based on actual spend to date and assumption of 20 RTB sales per year, and

- A forecast of expenditure to be incurred as detailed on the approved housing capital programme.

Based on this scenario there is no current risk of repayment, however, should the capital programme be subject to delay and slippage this risk will increase (Appendix 12).

Reconciliation of Spend to RTB	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Value of receipts that will need surrending if no further spend			708	2,167	708	4,457
HIP Expenditure required to avoid RTB repayments	0	0	1,770	5,418	1,771	11,143
Forecast HIP Expenditure from the Approved Capital programme	4,346	8,041	9,253	1,400	400	0
Cumulative Expenditure forecast	6,486	14,527	23,780	25,180	25,580	25,580
Forecast additional receipts that will be used (c x 40%)	1,738	3,216	3,701	560	160	0
Cumulative additional receipts that will be used ((cumulative e) + a)	**1,738**	**4,955**	**7,948**	**6,341**	**5,792**	**1,335**
Revised value of receipts that might need to be surrendered			0	0	0	0

Housing Investment Programme Provisional Capital (Appendix 10)

7.11 The provisional programme revised estimate is £34.4 million with no expenditure anticipated this financial year to date. The reprofiling of schemes will result in a lower level of expenditure in 2021-22.

- Guildford Park – (£19 million) - this scheme is awaiting decision regarding progression of works and submission of a new planning application for approval. (£14.5 million has been reprofiled to future years)
- Bright Hill & Redevelopment Bids – (£16.2 million) - reprofiled to future years

The projects above are partially funded by RTB receipts, there is a significant risk that repayment of RTB receipts will be necessary in future years if project delivery falls significantly behind schedule.

Housing Revenue Account Resources (Appendix 11)

7.12 Appendix 11 shows how the HRA capital programme is financed and the projected balances on reserves at the end of the financial year.

Summary of Housing Revenue Account Capital Expenditure and Financing (Appendix 12)

7.13 The summary shows the overall expenditure and financing of the Housing Investment Programme and the Overall HRA Capital programme for the current financial year and how the projected expenditure on the Housing Investment Programme relates to what is required to be spent as per the RTB model to avoid repayment of RTB receipts.

8 Consultations

8.1 The finance specialists prepare the budget monitoring in consultation with the relevant service managers.

9 Equality and Diversity Implications

9.1 There are no direct equality and diversity implications as a result of this report. Each service manager will consider these issues when providing their services and monitoring their budgets.

10 Financial Implications

10.1 The financial implications are contained throughout the report.

11 Legal Implications

11.1 The Local Government Act 1972, Section 151 states that each local authority has a statutory duty to make arrangements for the proper administration of their financial affairs. In addition, the Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure that financial management is adequate and effective and that they have a sound system of internal control, including arrangements for the management of risk.

11.2 Proper administration is not statutorily defined; however, there is guidance, issued by the Charted Institute of Public Finance and Accountancy (CIPFA) on the responsibilities of the Chief Financial Officer (CFO). This states that local authorities have a corporate responsibility to operate within available resources and the CFO should support the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework. Regular monitoring of the Council's actual expenditure to budget and forecasting of the expenditure for the full year is part of the proper administration and governance of the Council.

11.3 There are no further direct legal implications because of this report.

12 Human Resource Implications

12.1 There are no human resource implications arising from this report.

13 Summary of Options

13.1 This report outlines the anticipated outturn position for the 2021-22 financial year based on three months actual data. There are no specific recommendations and therefore no options to consider.

14 Conclusions

14.1 The report summarises the financial monitoring position for the period April 2021 to September 2021 for the 2021-22 financial year.

14.2 Officers are currently projecting an increase in expenditure of £1,762,936 on the general fund revenue account. Mainly due to ongoing pressures on expenditure and particularly income in relation to Covid-19.

14.3 The Chief Financial Officer in consultation with the Lead Councillor for Resources will determine the treatment of any overspend as part of closing the 2021-22 accounts.

14.4 The surplus on the Housing Revenue Account will enable a transfer of £8.4 million to the new build reserve and £2.5 million to the reserve for future capital at year-end.

14.5 Actual expenditure incurred on our general fund capital programme for the period has been comparatively low against the programme envisaged at the 1 April 2021. Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £60.4 million on its capital schemes by the end of the financial year.

14.6 It is anticipated that the Council's underlying need to borrow to finance the capital programme will be £37.8 million by 31 March 2022. The Council has complied with Prudential Indicators during the period.

14.7 At the end of September 2021, the Council had £204 million of investment balances, and £339 million borrowing.

15 Background Papers

15.1 None

16 Appendices

- Appendix 1 - General Fund Revenue Account Summary
- Appendix 2 - General fund services - revenue detail
- Appendix 3 - Housing Revenue Account summary
- Appendix 4 - Approved capital programme
- Appendix 5 - Provisional capital programme
- Appendix 6 - Schemes funded from S106
- Appendix 7 - Capital reserves
- Appendix 8 - Capital resources
- Appendix 9 - Housing Revenue Account approved capital programme
- Appendix 10 - Housing Revenue Account provisional capital programme
- Appendix 11 - Housing Revenue Account resources
- Appendix 12 - Summary of HRA Capital Expenditure and Financing
- Appendix 13 – Schedule of loans
- Appendix 14 – Schedule of investments