

Guildford Borough Council

Report to: Corporate Governance & Standards Committee

Date: 13 March 2024

Ward(s) affected: All

Report of Director: Joint Executive Head of Finance (section 151)

Author: Jo Knight – Interim Finance Executive

Contact jo.knight@guildford.gov.uk

Lead Councillor responsible: Richard Lucas

Email: Richard.lucas@guildford.gov.uk

Report Status: Open

Month 10 Financial Monitoring 2023-24

1. Executive Summary

- 1.1 The report summarises the projected outturn position for the Council's General Fund (GF) revenue account and Housing Revenue Account (HRA), based on the latest actual and accrued data.
- 1.2 The revised budget has been adjusted to reflect the changes agreed to bring the budget back into a balanced position. Officers are projecting an overspend within services on the GF revenue account of £0.237 million which includes specific reserves transfers. Corporate adjustments, provisions and external interest receivable, is forecast to overachieve by £0.488 million to give an overall favourable variance of £0.251 million. Any surpluses or deficits would impact reserves at year end.
- 1.3 Officers are projecting an overspend on the HRA of £0.328 million, details are highlighted in the report.
- 1.4 GF reserves are forecast to be £39.210 million at year end, of which £31.445 million are earmarked and £7.765 million are available and classed as usable, this excludes the GF working balance.

- 1.5 Progress against the capital programme is underway. The Council expects to spend £73.68 million on its capital schemes by the end of the financial year against a budgeted expenditure of £228.64 million. This forecast supports the report of the Interim Executive Head of Finance reducing the Capital Programme by £96.6 million.
- 1.6 Debt due to the Council is £4.576 million of which £1.333 million is supported by payment plans leaving £3.243 million which is debt due to the Council.
- 1.7 There are £6.613 million savings within the 2024-25 budget which will be monitored and reported on monthly.

2. Recommendation to Committee

2.1 The Committee is asked to agree the following:

- (1) That the Council's latest financial monitoring for the financial year 2023-24 be noted and that any comments and observations be passed on to the Executive.
- (2) That underspends be earmarked for any additional interim support needed at the current time.

3. Reason for Recommendation:

3.1. To ensure that councillors and Executives fulfil their responsibilities for the overall financial management of the Council's resources.

4. Exemption from publication

4.1. No.

5. Purpose of Report

5.1. This report shows the projected outturn for 2023-24 for the GF and HRA based on the latest actual position and assumptions, and progress against capital projects within the capital programme.

6. Strategic Priorities

- 6.1. Councillors have reviewed and adopted a Corporate Plan for the period 2021-2025. Monitoring of our financial position during the year is a crucial part of managing the resources that will ultimately support the delivery of the Corporate Plan.

7. Background

- 7.1. The Council's Corporate Management Board, Chief Finance Officer and Deputy review monitoring reports. Financial monitoring for all services is reported to this Committee on a regular basis.
- 7.2. This report sets out the financial monitoring and covers the GF, Capital and HRA monitoring.

8. Consultations

- 8.1. Finance specialists prepare the financial monitoring report in consultation with the relevant service managers, Joint Executive Heads of Service and Directors.
- 8.2. The Lead Councillor for Finance and Property has been consulted on the content of this report.

9. Key Risks

- 9.1. Any overspend on the GF will impact on the Council's reserve position and potentially in future years depending on the reasons for the overspend.
- 9.2. Any overspend on the HRA will impact on the ringfenced reserves held within the HRA.
- 9.3. The value of unpaid work held within the Orchard system may have significant impact on GF and HRA reserves.

10. Financial Implications

General Fund Revenue Account

10.1. The current forecast spending against the Council's net GF budget for the year is projected to be a favourable position of £0.251 million. The forecast is based on the worst-case scenario for expenditure pressure.

10.2 The table below shows the GF Summary monitoring report. Officers have prepared the projected outturn on the latest available information. Monitoring takes place against the revised budget for the year (original budget approved by Council in July 2023 plus any virements or supplementary estimates during the year).

GENERAL FUND SUMMARY	Original Estimate	Latest Estimate	Projected Outturn	Variance to latest
	2023-24	2023-24	2023-24	2023-24
	£	£	£	£
Community Wellbeing	18,037,833	17,932,525	19,542,291	1,609,766
Place	(2,044,480)	(2,300,667)	(2,388,420)	(87,752)
Transformation and Governance	10,190,811	9,316,294	8,031,726	(1,284,568)
Total Directorate Level	26,184,164	24,948,152	25,185,597	237,445
Less capital charges	(8,772,936)	(8,772,936)	(8,772,936)	0
	17,411,228	16,175,216	16,412,662	237,445
Corporate Items				
External interest receivable (net)	(2,794,690)	(3,394,690)	(4,441,427)	(1,046,737)
Interest payable to Housing Revenue Account	1,375,960	1,375,960	1,935,429	559,469
Minimum Revenue Provision	1,780,745	1,618,674	1,617,981	(693)
Other reserve movements	9,940	0	0	0
Business Rates GF impact	(3,152,126)	(3,152,126)	(3,152,126)	0
Other Govt Grants	(227,765)	(227,765)	(227,765)	0
New Homes Bonus	(1,282,629)	(1,282,629)	(1,282,629)	0
Council Tax Collection Fund	0	140,061	140,061	0
Net General Fund Cost	13,120,662	11,252,700	11,002,185	(250,515)
Council Tax requirement	11,252,700	11,252,700	11,252,700	0
Shortfall / (surplus)	1,867,962	0	(250,515)	(250,515)

The table below shows variances within the directorates' spending with major variances across services explained in **Appendix 1**.

Directorate	2023/24 Revised Budget £ million	2023/24 Year-end Forecast £ million	2023/24 Variance £ million
Community Wellbeing	17.933	19.542	1.610
Place	(2.301)	(2.388)	(0.088)
Transformation & Governance	9.316	8.0312	(1.285)
Totals	24.948	25.186	0.237

Housing Revenue Account

10.3 The HRA is forecast to have an adverse variance this financial year by £0.953 million, as summarised in the table below. This would reduce the transfer to reserves if action cannot be taken to reduce this.

	2023/24 Revised Budget £ million	2023/24 Forecast £ million	2023/24 Variance £ million
Expenditure	21.856	22.394	0.538
Income	(36.654)	(36.865)	(0.211)
Transfer to Reserves	14.798	14.471	(0.328)
(surplus)/deficit	0.000	0.000	0.000

All significant variances are shown in **Appendix 2**.

Reserves Monitoring

10.4 The GF earmarked revenue reserves estimate, as at 31 March 2024, includes £31.445 million of projected earmarked reserves which are not available for general spending because they are contingent in

nature (for example the insurance reserve) or are earmarked for specific future spending such as car parks maintenance which helps even out expenditure on the GF.

- 10.5 The Council is also required, under accounting practice, to hold endowment funds received as developer planning contributions in earmarked reserves for the long-term repairs and maintenance expenditure on Special Protection Areas (SPA) or Suitable Alternative Natural Greenspaces (SANGs), these reserves are required to fund the revenue costs of SPA / SANGS in perpetuity. Earmarked reserves for SPA and SANGS are projected to be £14.099 million, as at 31 March 2024.
- 10.6 The level of projected earmarked reserves available for general purposes, to support the revenue or capital budgets is therefore the balance of the MTFP £7.765 million.
- 10.7 Following the accounting changes approved in the Financial Recovery Plan in October 2023, the opening balances have moved due to changes made in previous periods. This includes the capitalisation of interest for 2021-22 and 2022-23 as per the budget report. These have been identified and forecast within the current forecast.

	Balance at 31 March 2023	Receipts in Year	Transfers out in Year	Estimated Balance at 31 March 2024
	£000	£000	£000	£000
General Fund Reserves				
MTFP	(8,264,502)	(589,154)	1,088,950	(7,764,706)
Carried Forward Items	(893,738)	0	194,000	(699,738)
ICT Renewals	(1,894,367)	(500,000)	656,000	(1,738,367)
Insurance	(500,000)	0	0	(500,000)
Spectrum	(773,352)	0	352,631	(420,721)
Car Parks Maintenance	(2,330,540)	0	282,222	(2,048,318)
Car Parks Equalisation reserve	0	(500,000)	0	(500,000)
Business Rates equalisation	(2,930,539)	(5,619,763)	0	(8,550,302)
Special Protection Areas (SPA) sites	(13,452,057)	(741,215)	94,701	(14,098,570)
BR Covid ongoing	(330,462)	0	0	(330,462)
Other reserves	(1,361,017)	(1,735,966)	538,208	(2,558,774)
TOTAL	(32,730,574)	(9,686,097)	3,206,712	(39,209,960)

Capital Programme

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

CAPITAL EXPENDITURE SUMMARY	2023/24 Approved £000	2023/24 Revised £000	2023/24 Outturn £000	2023/24 Variance £000
General Fund Capital Expenditure				
- Main Programme	147,379	177,962	72,317	(105,646)
- Provisional schemes	48,288	48,746	0	(48,746)
Schemes funded by reserves	1,031	1,564	997	(567)
- S106 Projects	122	370	370	0
Total Expenditure	196,820	228,642	73,684	(154,959)
Housing Revenue Account Capital Expenditure				
Approved programme	47,866	60,955	34,361	(26,595)
Provisional programme	15,928	16,928	0	(16,928)
Total Expenditure	63,794	77,883	34,361	(43,523)

Approved (main) programme

10.9 Expenditure is expected to be £72.32 million representing a £105.65 million variance to the revised estimate of £177.96 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 the Executive. Whilst actual expenditure for the period of £42.58 million (as shown in **Appendix 4**) may seem low, several significant projects are in progress and delivery of the corporate projects and programmes is progressing. See **Appendix 3** for details of the movements.

Provisional programme

10.10 Expenditure on the provisional programme is expected to be £0 million, against the revised estimate of £48.75 million, representing a variance of £48.75 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.

10.11 The re-profiling of schemes has resulted in a lower level of expenditure than planned in 2023-24.

S106 programme

10.12 Capital schemes funded from s106 developer contributions are expected to total £370,000. 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. There is regular reporting to CGSC on the position of s106 agreements.

Reserves

10.13 Some capital schemes are funded from the Council's specific reserves. The outturn is anticipated to be £997,000. The main projects are:

- Expenditure on car parks £190,000.
- ICT renewals and infrastructure improvements £656,000

Capital Resources

10.14 When the Council approved the budget in February 2023, the estimated underlying need to borrow for 2023-24 was £149.35 million. The current estimated underlying need to borrow is £20.58 million. The reduction is due to significant changes in the programme where schemes have been re-profiled into future years, removed from the programme or moved to the Capital Vision (as agreed as part of the Financial Recovery Plan in December).

Capital Funding

10.15 The table below outlines the various streams of grant and s106 funding for our two main Capital Projects, Weyside Urban Village (WUV) and Ash Road Bridge.

	Funding received or accrued as at 31.03.23	claimed in year	Funds received to P10	payment due	2023-24 estimated remaining funding	Future Years	Total Funding
	£	£	£	£	£	£	£
Weyside Urban Village (WUV)							
LEP: WUV Internal Estate Road	5,106,767					-	5,106,767
LEP WUV	3,943,233					-	3,943,233
Grant WUV £135k Homes for England SCC	135,000					-	135,000
HIF Grant WUV (capacity funding)	409,256		64,417		70,220	-	409,256
HIF Grant WUV £52.3m	9,875,816	15,771,823	12,433,254	3,338,569	7,005,877	19,646,484	52,300,000
WUV Funding total	19,470,072	15,771,823	12,497,671	3,338,569	7,076,097	19,646,484	61,894,256
							0
Ash Road Bridge							0
Ash Road Bridge HIF (capacity funding)	410,040					-	410,040
Ash Road Bridge HIF £23.9m	5,921,573	8,892,835	8,892,835	-	9,085,592	-	23,900,000
Ash Road Bridge SCC					5,000,000	-	5,000,000
Ash Road Bridge s106 contributions	2,505,334		149,102		1,360,898	2,640,000	6,655,334
							0
ARB Funding total	8,836,947	8,892,835	9,041,937	-	15,446,490	2,640,000	35,965,374

Housing Investment Programme Approved Capital

10.16 The HRA approved capital programme is expected to outturn at £34.361 million against a revised estimate of £60.955 million. Several projects are in progress.

10.17 Guildford Park and 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 changes on RTB 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.

10.18 Based on this scenario there is no current risk of repayment over the MTFP period; however, should the capital programme be subject to delay and slippage this risk will increase.

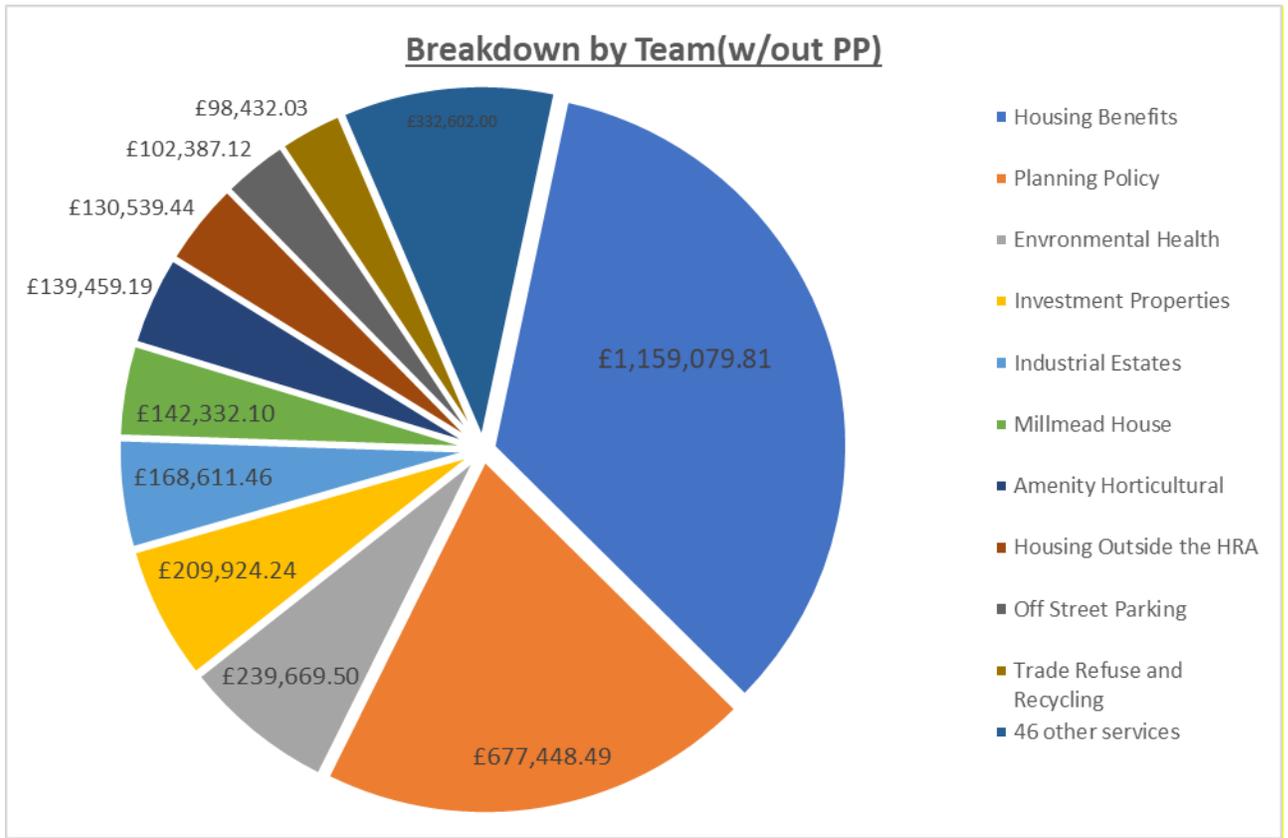
Reconciliation of Spend to RTB	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Value of receipts that will need surrendering if no further spend	0	0	0	0	2010
HIP Expenditure required to avoid RTB repayments	0	0	0	0	5,026
Forecast HIP Expenditure from the Approved Capital program	3,193	3,620	5,006	0	0
Cumulative Expenditure forecast	6,075	9,695	14,701	14,701	14,701
Forecast additional receipts that will be used (c x 40%)	1,277	1,448	2,002	0	0
Cumulative additional receipts that will be used ((cumulative	1,277	2,725	4,728	4,728	2,717
Revised value of receipts that might need to be surrendered			0	0	0

11. Sundry Debt

11.1. As at 31 January 2024, the sundry debt (including Housing Benefit overpayments) position is £4.734 million of which £0.157 million is less than 30 days and within payment terms, leaving £4.576 million overdue debt. Of that, £1.333 million is supported by payment plans leaving £3.243 million which is debt due to the Council. This is down from the position at the end of December but still higher than November. The position is still high due to the one invoice for £0.620 million (SAMM Contribution) rolling over again from last month, but this has now been paid.

Period	Total Overdue Debt	Total Payment Plan	Remaining Overdue Debt	Payment Plan %
202210	£ 5,336,596.73	£ 2,305,930.36	£ 3,030,666.37	43%
202211	£ 8,077,774.74	£ 2,317,955.82	£ 5,759,818.92	29%
202212	£12,180,649.67	£ 2,644,307.89	£ 9,536,341.78	22%
202301	£ 9,354,272.01	£ 2,607,303.05	£ 6,746,968.96	28%
202302	£ 7,053,358.32	£ 2,578,619.12	£ 4,474,739.20	37%
202303	£ 5,682,074.83	£ 2,346,931.83	£ 3,335,143.00	41%
202304	£ 5,364,338.08	£ 2,209,650.54	£ 3,154,687.54	41%
202305	£ 4,534,405.53	£ 1,951,096.70	£ 2,583,308.83	43%
202306	£ 5,644,518.75	£ 1,859,929.23	£ 3,784,589.52	33%
202307	£ 4,499,292.52	£ 1,745,717.13	£ 2,753,575.39	39%
202308	£ 4,442,079.40	£ 1,541,055.43	£ 2,901,023.97	35%
202309	£ 5,201,773.84	£ 1,504,745.50	£ 3,697,028.34	29%
202310	£ 4,576,319.89	£ 1,333,417.39	£ 3,242,902.50	29%

11.2 The total debt figure continues to fall and overdue debt without a payment plan has reduced by over £0.400 million, had the invoice above been paid before the end of January we would have been at the lowest debt for the previous 12 months. As this is now paid, it is expected that the total debt will reduce at the end of period 11.



Age of Debt

11.3 Age of debt is monitored to ensure our response is appropriate and effective.

Age of Debt	Overdue by less than 30 days	Overdue between 31 & 60 days	Overdue between 61 & 90 days	Overdue between 3 to 12 months	Overdue by more than 12 months	Total Debt *inc debt not due
Type of Debt	£	£	£	£	£	£
Sundry Debt on a Payment plan	1,725	18,559	9,545	153,419	562,027	749,193
Remaining Sundry Debt	704,349	582,125	88,760	340,482	384,429	2,241,406
Housing Benefit Debt on Payment Plan	0	0	5,047	9,938	569,237	584,224
Remaining Housing Benefit Debt	7,026	23,960	5,889	49,148	1,060,645	1,159,079
Total Debt	713,101	624,645	109,243	552,989	2,576,340	4,733,903

NB: **Green** = value is less than last month **Red** = value is higher than last month

1. Recruitment to two roles within the case team continues which is having an impact in a small team.
2. Monthly reviews of the case team debt portfolio are scheduled and continue to benefit the team with clear prioritisation and more support on difficult customers.
3. Escalation process is continuing to progress with services now receiving the debt reports for their services and also the wider finance team include the debt position into the regular conversations being had around budget monitoring.
4. Any overdue debt at the end of the financial year will give rise to a bad debt calculation and impact on the GF revenue account.

12. Budget Savings for 2024-25

12.1 The 2024-25 budget includes £6.613 million of savings which are either service specific or cross organisational. Work is currently being undertaken with services to ensure there are robust plans including timelines for all savings plans. During 2024-25 reporting on the achievement of savings will form part of the monthly monitoring and forecasting. Achievement of the savings will enable the Council to balance its budget and any savings which cannot be achieved will require mitigations to be in place.

Service	Saving Target	Saving forecast	Saving achieved to date
Community Wellbeing	£1,038,000	£1,038,000	£50,000
Place	£187,000	£187,000	£124,000
Transformation & Governance	£3,594,000	£3,594,000	£707,000
All services	£1,793,900	£1,793,900	£0
Total Savings	£6,612,900	£6,612,900	£881,000

13. Legal Implications

13.1 Financial reporting is consistent with the Section 151 officer's duty to ensure good financial administration of the Council.

14. Human Resource Implications

14.1 There are no human resources implications arising from this report.

15. Equality and Diversity Implications

15.1 There are no direct equality and diversity because of this report. Each Executive Head of Service will consider these issues when providing their services and monitoring their budgets.

15.2 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

16. Climate Change/Sustainability Implications

16.1 This duty has been considered in the context of this report and it has been concluded that there are no climate change or sustainability implications arising directly from this report.

17. Summary of Options

17.1. This report outlines the anticipated end of year position for the 2023-24 financial year based on the latest assumptions and actual data.

This report should be considered in the current economic context and the updated December Financial Recovery Plan

18. Conclusion

- 18.1. The report summarises the financial monitoring position to date for the 2023-24 financial year.
- 18.2. There is currently a net favourable variance from budget of £0.251 million on the general fund. Services must review all known risks and continue to manage budgets to ensure this remains favourable.

19. Background Papers

None.

20. Appendices

Appendix 1: Summary Directorate Variances

Appendix 2: HRA Summary Variances

Appendix 3: Approved Capital Programme Movements

Appendix 4: Capital Programme