

<b>REPORT TO:</b>		Cabinet	
<b>DATE:</b>		21 June 2023	
<b>PORTFOLIO:</b>		Councillor Peter Britcliffe - Deputy Leader of the Council, Resources	
<b>REPORT AUTHOR:</b>		Martin Dyson, Executive Director – Resources	
<b>TITLE OF REPORT:</b>		Draft Financial Outturn Position – Revenue Budget Monitoring - Financial Year 2022/23	
<b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b>	<b>No</b>	Not applicable	
<b>KEY DECISION:</b>	<b>No</b>	If yes, date of publication:	

## 1. **Purpose of Report**

- 1.1 The report informs Cabinet of the draft financial spending of the Council up to the end of the financial year in March 2023.
- 1.2 A further report will be provided once all the work is completed if there is any significant change to the position reported here.

## 2. **Recommendations**

- 2.1 Cabinet notes the progress of spend against the Revenue Budget for 2022/2023.

## 3. **Latest Revenue Forecast**

- 3.1 The financial detail of the report is shown as a table at the end of this document.
- 3.2 The initial draft forecast year end position for the financial year 2022/23 is a total spend of £11,989,433 against a Budget of £12,334,453. This gives a revenue underspend of £345,020 compared to the Budget set at the start of the year. Further analysis of these changes are shown in section 4 and Appendix A of the report below.
- 3.3 Appendix A includes a breakdown of the Forecast Outturn Variances between staffing costs, non-staffing costs and income. Some service areas show large variances in the breakdown figures where grant funding is received and subsequently used to fund expenditure but budgets are not in place because the amounts are not known in advance. In these instances, although the breakdown figures may be large, they offset each other

and the overall variance is much lower, or even nil. The largest instance of this is in the Customer Contact section under Policy & Corporate Governance. The breakdown of variances shows £5.488m for non-staffing costs and £5.742m for income but £5.4m of both these figures relate to the Council Tax Energy Rebates scheme. Other instances where the breakdown figures are skewed in this way are:

- Environmental Services – UK Shared Prosperity Funding
- Culture & Leisure – Leisure
- Planning & Transportation – Section 106
- Regeneration & Housing – Housing Advice and Selective Licensing

3.4 The revenue underspend in year is an increase since the figure of £128,906 reported at Period 10 and is an increase of £216,114. Further analysis of these changes are shown in section 5 and Appendix B of the report below.

3.5 During 2022/2023 the Council experienced some significant budget pressures that included an increased, nationally, awarded pay award for staff that averaged 4.6% above the original budgeted inflation figure of 2% and increases in energy and supply costs as an impact from the War in Ukraine. All these costs have been maintained within the overall budget set for the year and have been offset by increased investment income and other good budget management processes.

3.6 Not all work on producing the Final Accounts has been completed as yet and the Accounts are still subject to External Audit, so the surplus figure of £345,020 is a draft at this stage.

#### 4. **Forecast Variance by Service**

4.1 The forecast underspend by service is summarised below, with the variances including the budget pressures and additional investment income mentioned at paragraph 3.5 above.

Service Area	Current Position		
	Current Budget	Forecast Outturn	Forecast Outturn Variance
Environmental Services	4,476,688	4,851,233	374,545
Culture & Leisure	299,373	163,477	(135,896)
Planning & Transportation	544,829	728,713	183,884
Regeneration & Housing	480,198	460,780	(19,418)
Policy & Corporate Governance	5,077,115	5,229,033	151,918
Non-Service	1,456,250	556,198	(900,052)
<b>Grand Total</b>	<b>12,334,453</b>	<b>11,989,433</b>	<b>(345,020)</b>

4.2 Environmental Services are predicting a year-end adverse variance of £374,545 and the main variances are:

Waste Services are predicting an adverse variance for the year of £176,065. This is due to £69,676 of additional staffing costs, £149,644 of increased costs in vehicle fuel and waste supplies and additional income of £43,255.

The Parks & Cemetery Service is forecasting an adverse variance of £22,311, due to vehicles and supplies and services costs of £177,891 and staffing costs of £47,941 largely netted off by additional income of £203,521 from burials and cremations.

The Town Centre & Market Budget is predicting an adverse variance of £12,358, with £31,314 of additional staffing costs and savings on supplies and service of £11,020 and increased income of £7,935.

Environmental Protection Services show an adverse variance of £155,523 due to increased staffing costs of £120,507 and reduced income of £47,805, offset by some savings in supplies and services of £12,789.

Environmental Health is indicating a positive variance of £56,750, due to reduced staffing costs.

Environmental Maintenance is forecasting an adverse variance of £59,798, due to vehicles and supplies and services costs of £79,823 and staffing costs of £8,122 offset by additional income of £28,147.

Other Environmental Maintenance services are predicting an adverse variance of £5,818 largely around additional staffing costs of £11,561, offset partly by reduced operating costs of £3,030 and increased income of £2,713.

- 4.3 Culture and Leisure Services are indicating a positive variance of £135,896. Service expenditure on Leisure is forecasting a positive variance of £131,517 through reduced management fees, while the Haworth Art Gallery is predicting a positive variance of £4,379 due to increased income from Wedding bookings.
- 4.4 Planning & Transportation are predicting an adverse variance for the year of £183,884. This is due to predicted unfinanced additional spend on agency / salary costs of £219,047, £10,907 of reduced miscellaneous costs and an additional £24,257 of income.
- 4.5 Regeneration & Property Services are predicting a positive variance of £19,418 at year-end. This is a positive movement of £97,024, which is due to the end of the selective licensing scheme of which £102,294 surplus in year was achieved. This surplus can now be used to offset the deficit that the Council incurred in the 1<sup>st</sup> year of the scheme.
- 4.6 Policy & Corporate Governance are predicting an adverse variance of £151,918.

Assurance service have an adverse variance of £63,977 which comprises additional costs relating to insurance £21,000, audit fees £16,000 and bank charges £28,000.

There was a net surplus of COVID grant income of £37,792 that has been released into the revenue accounts to fund costs incurred across all council services.

Customer Contact has an overall positive variance of £116,932, which is mainly due to Housing Benefit costs being £19,886 lower than budget and additional court fees income of £105,000.

Democratic service has an overall adverse variance of £10,812. There were additional costs of £40,000 relating to the by-election, offset by grant income of £18,000 and staffing underspends of £12,000.

Finance services is indicating an adverse variance of £149,815, which includes the corporate savings target of £101,000 and net additional staffing costs in Finance of £49,000, partly due to overlap of posts relating to retirement of the previous Deputy Chief Executive (S151 Officer).

HR & Policy has an adverse variance of £28,672 due to additional staffing costs of £17,000 and supplies and services costs of £11,000.

ICT services has an adverse variance of £41,805 due to additional costs of supplies and services.

Legal services has an adverse variance of £41,813 which is mainly due to agency staff for Land Charges of £30,000 and additional costs for supplies and services in Licensing of £19,000 offset by extra income of £7,000.

'Management – Resources' has a positive variance of £27,335 mainly due to a saving against budget on the contribution to Citizens Advice Bureau of £16,000 and an underspend on the staffing budget of £11,000.

- 4.7 Non Service Items are predicting a positive variance for the year of £900,052. This is due to forecast savings on borrowing and leasing costs of £368,884 plus additional treasury investment income of £531,168 due to utilising new investment funds and the increase in interest rates available.

## 5. Forecast Underspend Movements since last Reported

- 5.1 The increase in underspend from period 10 is summarised below:

Service Area	Change since last report		
	Movement in Budget	Movement in Forecast	Movement in Forecast Variance
Environmental Services	(124,773)	(23,639)	101,134
Culture & Leisure	35,239	5,247	(29,992)
Planning & Transportation	1,793	(71,025)	(72,818)
Regeneration & Housing	(183,398)	(280,422)	(97,024)
Policy & Corporate Governance	(36,263)	244,990	281,253
Non-Service	307,402	(91,266)	(398,668)
<b>Grand Total</b>	<b>-</b>	<b>(216,114)</b>	<b>(216,114)</b>

- 5.2 Environmental Services movement is an adverse variance of £101,134 and the main variances are:

Environmental Protection – There was additional staffing costs of £19,000 and a shortfall in income of £17,000 due to closure of the Gypsy Site, giving an adverse variance of £36,307.

Parks and Cemeteries had an increase of £89,919 due to additional staffing costs relating to a back pay claim of £16,000, additional agency staff costs of £21,000, further staffing cost increases of £7,000, an increase in supplies and services relating to the crematorium of £35,000 and reduced income of £11,000.

- 5.3 Culture and Leisure Services movement is a positive variance of £29,992. The Haworth Art Gallery had a positive variance of £19,000 due to reduced supplies and service costs of £13,000 and additional income of £6,000 and Leisure services has a positive variance of £11,000 due to reduced supplies and service costs.

- 4.4 Planning & Transportation movement is a positive variance of 72,818. The main variances are additional planning fee income £20,000 and allotments income £14,000, reduced supplies and services costs for Engineering of £15,000 and reduced energy costs for amenity lighting of £11,000.

- 4.5 Regeneration & Property Services movement is a positive variance of £97,024. There is only one significant variance, which is the end of the selective licensing scheme resulting in an in-year surplus of £102,294. This surplus can now be used to offset the deficit that the Council incurred in the 1<sup>st</sup> year of the scheme.

- 4.6 Policy & Corporate Governance movement is an adverse variance of £281,253.

Assurance services has an overall adverse movement of £23,194 with the main movements being an increase in insurance costs of £42,000 offset by the overspend in audit fees being £16,000 lower than previously forecasted.

There was a net surplus of COVID grant income of £37,792 that has been released into the revenue accounts to fund costs incurred across all council services.

Customer Contact has an overall adverse movement of £254,007. The net cost of Housing Benefit payments less subsidy income had an adverse movement of £178,000, offset by a positive variance of £29,000 relating to the recovery of overpayments. Housing Benefit grant income was lower than previously expected with an adverse movement of £70,000 and a further adverse variance of £44,000 due to a transfer from reserves not being required.

Democratic services has a positive movement of £26,358 due to additional grant income of £18,000 and reduced staffing costs of £8,000.

ICT services has an adverse movement of £14,990 due to additional costs for supplies and services.

Legal services has an adverse movement of £62,793 due to additional costs for agency staffing in Land Charges of £30,000 and £32,000 shortfall in the income expected at month 10.

- 4.7 Non Service Items movements is a positive variance for the year of £398,668. This is due to additional treasury investment income of £217,000, one-off interest receipts of £39,000 relating to the settling of a debt and £32,000 in relation to the winding-up of the Barnfield joint venture, additional interest of £36,000 from loans to Hyndburn Leisure, a net increase in the provision for bad debt of £16,000 and reduced charges for Minimum Revenue Provision of £85,000.

**5. Alternative Options Considered and Reasons for Rejection**

- 5.1 Not Applicable. This report is for information purposes only.

**6. Consultations**

- 6.1 None applicable in this instance.

**7. Implications**

<b>Financial implications (including any future financial commitments for the Council)</b>	As outlined in the report.
<b>Legal and human rights implications</b>	Not Applicable
<b>Assessment of risk</b>	Not Applicable
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	Not Applicable

**8. Local Government (Access to Information) Act 1985: List of Background Papers**

Financial Monitoring Report – Revenue Budget 2022/2023 as at Period 10 / January 2023 – Cabinet 22<sup>nd</sup> March 2023

**9. Freedom of Information**

- 9.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

Service Area	Current Position			Breakdown of Forecast Outturn Variances		
	Current Budget	Forecast Outturn	Forecast Outturn Variance	Variance Staffing	Variance Non Staffing	Variance Income
<b>Environmental Services</b>						
Covid	-	(579)	(579)	89,332	5,921	(95,833)
Environmental Health	332,042	275,292	(56,750)	(109,426)	80,134	(27,458)
Environmental Maintenance	(218,786)	(158,988)	59,798	8,122	79,823	(28,147)
Environmental Protection	251,923	407,446	155,523	120,507	(12,789)	47,805
Other Environmental Services	60,578	66,396	5,818	11,561	(3,030)	(2,713)
Parks & Cemeteries	744,644	766,955	22,311	47,941	177,891	(203,521)
Town Centre & Markets	482,653	495,011	12,358	31,314	(11,020)	(7,935)
UK Shared Prosperity Funding	-	-	-	-	296,509	(296,509)
Waste Services	2,823,634	2,999,699	176,065	69,676	149,644	(43,255)
<b>Environmental Services Total</b>	<b>4,476,688</b>	<b>4,851,233</b>	<b>374,545</b>	<b>269,027</b>	<b>763,083</b>	<b>(657,565)</b>
<b>Culture &amp; Leisure</b>						
Haworth Art Gallery	132,717	128,338	(4,379)	14,436	2,158	(20,973)
Leisure	166,656	35,139	(131,517)	(5,469)	886,279	(1,012,327)
<b>Culture &amp; Leisure Total</b>	<b>299,373</b>	<b>163,477</b>	<b>(135,896)</b>	<b>8,967</b>	<b>888,437</b>	<b>(1,033,300)</b>
<b>Planning &amp; Transportation</b>						
Building Control	6,022	5,528	(494)	(6,344)	37,322	(31,472)
Engineers and Transportation	202,672	188,120	(14,552)	1,319	(11,378)	(4,493)
Green Infrastructure	67,320	31,029	(36,291)	1,220	(6,014)	(31,497)
Planning	268,815	504,036	235,221	222,853	(30,836)	43,205
Section 106	-	-	-	-	301,875	(301,875)
<b>Planning &amp; Transportation Total</b>	<b>544,829</b>	<b>728,713</b>	<b>183,884</b>	<b>219,047</b>	<b>290,968</b>	<b>(326,132)</b>
<b>Regeneration &amp; Housing</b>						
Economic Development	-	(0)	(0)	-	(0)	-
Facilities	135,600	75,244	(60,356)	3,838	(7,358)	(56,836)
Housing Advice	171,124	170,672	(452)	54,514	870,170	(925,135)
Property	(5,737)	122,181	127,918	88,829	44,069	(4,980)
Selective Licensing	6,140	(96,155)	(102,295)	210,901	165,836	(479,031)
Strategic Housing	173,071	188,838	15,767	1,410	(5,318)	19,675
<b>Regeneration &amp; Housing Total</b>	<b>480,198</b>	<b>460,780</b>	<b>(19,418)</b>	<b>359,491</b>	<b>1,067,398</b>	<b>(1,446,307)</b>
<b>Policy &amp; Corporate Governance</b>						
Assurance	321,832	385,809	63,977	2,318	106,861	(45,202)
Covid	-	(37,792)	(37,792)	-	141,283	(179,074)
Customer Contact	988,947	872,015	(116,932)	136,483	5,488,147	(5,741,562)
Democratic Services	689,487	700,299	10,812	(43,137)	86,850	(32,901)
Finance	857,930	1,007,745	149,815	80,062	(26,957)	96,709
HR and Policy	540,905	569,577	28,672	7,322	126,342	(104,991)
ICT	520,368	562,173	41,805	(3,425)	45,230	-
Legal	143,649	185,462	41,813	16,730	19,138	5,945
Management - L&D	111,759	108,840	(2,919)	(2,324)	125	(720)
Management - Resources	902,238	874,904	(27,335)	43,219	188,327	(258,880)
<b>Policy &amp; Corporate Governance Tot</b>	<b>5,077,115</b>	<b>5,229,033</b>	<b>151,918</b>	<b>237,248</b>	<b>6,175,345</b>	<b>(6,260,675)</b>
<b>Non-Service</b>						
Bad Debt	-	16,445	16,445	-	16,445	-
Capital	-	-	-	-	-	-
Interest	471,734	(209,434)	(681,168)	-	(152,439)	(528,729)
MRP	984,516	749,187	(235,329)	-	(235,329)	-
<b>Non-Service Total</b>	<b>1,456,250</b>	<b>556,198</b>	<b>(900,052)</b>	<b>-</b>	<b>(371,323)</b>	<b>(528,729)</b>
<b>Grand Total</b>	<b>12,334,453</b>	<b>11,989,433</b>	<b>(345,020)</b>	<b>1,093,780</b>	<b>8,813,909</b>	<b>(10,252,709)</b>

Service Area	Position at Last Report			Change since last report		
	Last Report Budget	Last Report Forecast	Last Report Forecast Variance	Movement in Budget	Movement in Forecast	Movement in Forecast Variance
<b>Environmental Services</b>						
Covid	-	(0)	(0)	-	(579)	(579)
Environmental Health	331,541	285,650	(45,891)	501	(10,357)	(10,858)
Environmental Maintenance	25,655	82,959	57,304	(244,441)	(241,947)	2,494
Environmental Protection	251,073	370,290	119,217	850	37,157	36,307
Other Environmental Services	60,124	67,194	7,070	454	(797)	(1,251)
Parks & Cemeteries	660,765	593,167	(67,598)	83,879	173,788	89,909
Town Centre & Markets	454,018	481,217	27,199	28,635	13,794	(14,841)
UK Shared Prosperity Funding	-	-	-	-	-	-
Waste Services	2,818,285	2,994,396	176,111	5,349	5,304	(45)
<b>Environmental Services Total</b>	<b>4,601,461</b>	<b>4,874,872</b>	<b>273,411</b>	<b>(124,773)</b>	<b>(23,639)</b>	<b>101,134</b>
<b>Culture &amp; Leisure</b>						
Haworth Art Gallery	112,788	127,359	14,571	19,929	979	(18,950)
Leisure	151,346	30,871	(120,475)	15,310	4,268	(11,042)
<b>Culture &amp; Leisure Total</b>	<b>264,134</b>	<b>158,230</b>	<b>(105,904)</b>	<b>35,239</b>	<b>5,247</b>	<b>(29,992)</b>
<b>Planning &amp; Transportation</b>						
Building Control	5,723	17,284	11,561	299	(11,756)	(12,055)
Engineers and Transportation	202,455	214,015	11,560	217	(25,895)	(26,112)
Green Infrastructure	67,101	45,333	(21,768)	219	(14,304)	(14,523)
Planning	267,757	523,105	255,348	1,058	(19,069)	(20,127)
Section 106	-	-	-	-	-	-
<b>Planning &amp; Transportation Total</b>	<b>543,036</b>	<b>799,737</b>	<b>256,701</b>	<b>1,793</b>	<b>(71,025)</b>	<b>(72,818)</b>
<b>Regeneration &amp; Housing</b>						
Economic Development	-	11,546	11,546	-	(11,546)	(11,546)
Facilities	349,783	301,811	(47,972)	(214,183)	(226,567)	(12,384)
Housing Advice	170,672	170,672	(0)	452	0	(452)
Property	(34,611)	81,337	115,948	28,874	40,844	11,970
Selective Licensing	5,858	5,858	(0)	282	(102,012)	(102,294)
Strategic Housing	171,894	169,978	(1,916)	1,177	18,860	17,683
<b>Regeneration &amp; Housing Total</b>	<b>663,596</b>	<b>741,202</b>	<b>77,606</b>	<b>(183,398)</b>	<b>(280,422)</b>	<b>(97,024)</b>
<b>Policy &amp; Corporate Governance</b>						
Assurance	403,879	444,662	40,783	(82,047)	(58,853)	23,194
Covid	-	-	-	-	(37,792)	(37,792)
Customer Contact	976,839	605,899	(370,940)	12,108	266,115	254,007
Democratic Services	688,019	725,189	37,170	1,468	(24,890)	(26,358)
Finance	830,354	981,770	151,416	27,576	25,974	(1,602)
HR and Policy	539,786	563,195	23,409	1,119	6,383	5,264
ICT	518,883	545,698	26,815	1,485	16,475	14,990
Legal	142,664	121,684	(20,980)	985	63,778	62,793
Management - L&D	111,498	109,323	(2,175)	261	(482)	(743)
Management - Resources	901,456	886,622	(14,834)	782	(11,718)	(12,500)
<b>Policy &amp; Corporate Governance Tot</b>	<b>5,113,378</b>	<b>4,984,042</b>	<b>(129,336)</b>	<b>(36,263)</b>	<b>244,990</b>	<b>281,253</b>
<b>Non-Service</b>						
Bad Debt	-	-	-	-	16,445	16,445
Capital	-	-	-	-	-	-
Interest	471,734	120,350	(351,384)	-	(329,784)	(329,784)
MRP	677,114	527,114	(150,000)	307,402	222,073	(85,329)
<b>Non-Service Total</b>	<b>1,148,848</b>	<b>647,464</b>	<b>(501,384)</b>	<b>307,402</b>	<b>(91,266)</b>	<b>(398,668)</b>
<b>Grand Total</b>	<b>12,334,453</b>	<b>12,205,547</b>	<b>(128,906)</b>	<b>-</b>	<b>(216,114)</b>	<b>(216,114)</b>