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Title of meeting: Communities and Central Services Decision Meeting

Subject: Monitoring of the First Quarter 2022/23 Revenue Cash Limits

Date of meeting: Wednesday 21st September 2022

Report by: Director of Finance and Resources

Wards affected: ALL

1. Requested by

The Cabinet Member for the Communities and Central Services Portfolio.

2. Purpose

- 2.1 To inform the Cabinet Member and Opposition Spokespersons of the forecast revenue expenditure for the year compared with the cash limited budget as at the end of the first quarter 2022/23.

3. Information Requested

3.1 Forecast outturn 2022/23

	£000
Forecast Net Overspend (before transfers to/from Reserves)	1,680
Less:	
Covid-19 costs met from Contingency	(100)
Windfall and Exceptional & Significant Items	(1,202)
Net Portfolio (under)/overspend	378

Analysis of this portfolio's variations is attached at Appendix A.

4. Revenue Expenditure

- 4.1 The Revenue Budget Monitoring 2022/23 report to Cabinet on 27th September 2022 sets out the forecast revenue budget position of the whole Council as at the end of the first quarter 2022/23.

It is noted that the Budget approved by the City Council on 15th February 2022 included a provision within the Council's Corporate Contingency to meet estimated

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Covid-19 related costs and lost income. It is also noted that any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. However, the portfolio holder and manager do have an obligation to minimise the impact of a 'windfall cost' from within their areas of responsibility in order to protect the overall financial position of the Council.

- 4.2 The overall net position for this portfolio (set out in para 3.1) is a net overspend of £377,900 after excluding windfall and exceptional & significant items (£1,201,700) and Covid-19 related expenditure (£100,000).

The windfall items within the portfolio include Rent Allowances, Rent Rebates, Land Charges and District Audit Fees.

Exceptional & significant items relate to higher utility costs across the portfolio, the majority relating to the Civic Offices.

Information on the main variances set out in paras 4.3 to 4.12 should be read in conjunction with Appendix A

- 4.3 Item 3 Human resources - overspend £69,900

Overspend relates to reduction in income from traded services and schools. Previous funding for wellness support has not continued into 2022/23. An application has been made for funding support for the wellness post and is awaiting decision. The Directorate is reviewing vacancies and opportunities for income and efficiencies in order to mitigate the overall forecast overspending position.

- 4.4 Item 8 Information Services - overspend £292,900

The Information Service overspend is a result of the delay in the implementation of Office365 with anticipated staff savings of £168,700 which had been factored into the budget but have yet to be fully realised. The service have also budgeted to make a vacancy saving in year of £133,000, which it aims to achieve by holding vacancies and reviewing arrangements for temporary staff but this has yet to be achieved.

The service is continuing to review current expenditure to mitigate the effects of this overspend.

- 4.5 Item 11 & 12 Housing Benefits - Rent Allowance & Rebates - overspend £100,000

Forecast overspending is primarily as a result of the introduction of Universal Credit for new clients from September 2018 which has resulted in a fall in the level of rent allowances and rent rebates upon which the Council receives subsidy. As a consequence, there is a reduction in the level of net subsidy received by the Council

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relating to Housing Benefit overpayments. This is a windfall cost and will be met from Corporate Contingency.

4.6 Item 13 Local Taxation - overspend £100,000

Following the pandemic there is a shortage of available court dates relating to the recovery action on overdue council Tax. This delay is forecast to result in a shortfall in court fee income. These costs will be met from Corporate Contingency.

4.7 Item 21 Municipal Elections - overspend £21,800

The cost of Municipal Elections changes year by year depending on the number of elections taking place on the same day and any contribution received, with any fluctuations being met from the portfolio reserve. In the current year the full cost of the Municipal Elections will fall to the City Council (no other contributions) and the additional cost will be met from the portfolio reserve.

4.8 Item 27 Facilities - overspend £1,094,500

This overspend relates to higher utility costs at the Civic Offices. This represents an exceptional and significant cost which will be met from the Council's Corporate Contingency.

5 Summary

5.1 The overall net forecast outturn position on the portfolio, after taking account of Covid-19 related costs, windfall and exceptional & significant items funded from Corporate Contingency, is a net overspend of £377,900.

5.2 Since 2013/14 portfolio underspends have been retained in a portfolio specific earmarked reserve. This reserve is to be used initially to cover future year end overspendings, budget pressures, and contingent items and spend to save schemes. Once these instances have been satisfied, the reserve may be used for other developments or initiatives. The portfolio holder is responsible for approving any releases from the earmarked reserve in consultation with the Director of Finance and Information Services & S151 Officer and Cabinet.

5.6 After taking into account the forecast portfolio overspend, the uncommitted balance on the reserve is £125,300, some of which should be retained to guard against further financial risks that may arise during the year.

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Signed Director of Finance and Resources

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Appendices:

A Forecast Revenue Variance Statement

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Service Budget Monitoring files	CRS Accountancy team