

Guildford Borough Council

Report to: Corporate Governance and Standards

Date: 18th January 2024

Ward(s) affected: All

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

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Report Status: Open

Month 7 Financial Monitoring 2023-24

1. Executive Summary

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.

The revised budget has been adjusted to reflect the changes agreed to bring the budget back into a balanced position. Officers are projecting an underspend within services on the General Fund revenue account of £0.529 million which includes specific reserves transfers. Corporate adjustments, provisions and external interest receivable, is forecast to underachieve by £0.096 million to give a overall favourable variance of £0.433 million. Any surpluses or deficits would impact reserves at year end.

Within the forecast of external interest is a budget of £0.8 million which is expected to be received from North Downs Housing which has been highlighted as being a risk based on past performance. Following further work this has been forecast as £0.300 million to reduce the risk GBC is exposed to.

Officers are projecting an overspend on the HRA of £0.313 million. This report sets out the detail behind this variance.

General fund reserves are forecast to be £32.328 million at year end of which £29.115 million are earmarked and £3.213 million are available and classed as usable

Progress against the capital programme is underway. The Council expects to spend £66.44 million on its capital schemes by the end of the financial year against a budgeted expenditure of £228.59 million

2. Recommendation to Committee

That the Committee notes:

- 2.1. The Council's latest financial monitoring for the financial year 2023/24 and pass any comments and observations to the Executive.

3. Reason(s) 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 its 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 Financial Officer and Deputy review monitoring reports. Financial monitoring for all services is reported to the Council's Corporate Governance and Standards 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 in consultation with the relevant service managers, Joint Executive Heads of Service and Directors.

8.2. The lead councillor for finance 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. Interest payment of £0.8 million are budgeted from North Downs Housing which based on past performance may not be achieved.

10. Financial Implications

10.1. General Fund Revenue Account

The current forecast spending against the council's net GF budget for the year is projected to be a favourable position of £0.433 million. The forecast is based on the worst-case scenario for expenditure pressure.

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 variations or supplementary estimates during the year).

GENERAL FUND SUMMARY	Original Estimate 2023-24	Revised Budget 2023-24	Projected Outturn 2023-24	Variance to latest 2023-24
	£	£	£	£
Community Wellbeing Place	18,037,833	17,954,266	18,165,720	211,454
Transformation and Governance	(2,044,480)	(2,286,375)	(1,920,189)	366,186
Total Directorate Level	10,041,822	9,270,320	8,163,589	(1,106,731)
Less capital charges	(8,772,936)	(8,772,936)	(8,772,936)	0
Net service cost	17,262,239	16,165,275	15,636,184	(529,091)
Corporate Items				
External interest receivable (net)	(2,794,690)	(3,394,690)	(3,529,685)	(134,995)
Interest payable to HRA	1,375,960	1,375,960	1,307,779	(68,181)
Minimum Revenue Provision	1,786,674	1,618,674	1,617,981	(693)
Other reserve movements	9,940	9,940	10,000	60
Business Rates GF impact	(3,152,126)	(3,152,126)	(3,152,126)	0
Provision	0	0	300,000	300,000
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	140,061	140,061	140,061	0
Net General Fund Cost	13,117,664	11,252,700	10,819,799	(432,900)
Council Tax requirement	11,252,700	11,252,700	11,252,700	0
Shortfall / (surplus)	1,864,964	0	(432,901)	(432,900)

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

	2023/24 Revised Budget £ million	2023/24 Year-end Forecast £ million	2023/24 Variance £ million
Community Wellbeing	17.954	18.166	0.211
Place	(2.286)	(1.920)	0.366
Transformation & Governance	9.270	8.164	(1.107)
Totals	24.938	24.409	(0.529)

10.2. Housing Revenue Account

The HRA is forecast to have an adverse variance the year by £0.313 million, as summarised in 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	21.761	22.617	0.855
Income	(36.654)	(37.196)	(0.542)
Transfer to Reserves	14.893	14.893	0
(surplus)/deficit	0.000	0.313	0.313

All significant variances are shown in appendix B

10.3. Reserves Monitoring

The general fund earmarked revenue reserves estimate as at 31 March 2024 includes £29.115 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 general fund.

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 £14.057 million at 31st March 2024.

The level of projected earmarked reserves available for general purposes, to support the revenue or capital budgets is therefore the balance of the MTFP £3.213 million.

Summary of Reserves 2023-24				
	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	-4,277,712	0	1,064,900	-3,212,812
Carried Forward Items	-870,238	0	750,000	-120,238
ICT Renewals	-1,894,367	-68,760	926,000	-1,037,127
Insurance	-500,000	0	0	-500,000
Spectrum	-773,352	0	334,334	-439,018
Car Parks Maintenance	-2,330,540	0	394,049	-1,936,491
Business Rates equalisation	-2,930,539	-5,619,763	0	-8,550,302
Special Protection Areas (SPA) sites	-13,588,745	-571,382	102,642	-14,057,485
BR Covid ongoing	-330,462	0	0	-330,462
Other reserves	-1,361,017	-1,041,157	258,124	-2,144,050
TOTAL	-28,856,972	-7,301,062	3,830,049	-32,327,985

There is no statutory minimum for the level of General Fund Balance to be held although it is widely accepted that a between 5% – 10% of net budget is best practice. For Guildford Borough Council this would be between £1.249 and £2.498 million

10.4. Capital Programme

The table below summarises the current position on the various strands of the Council’s capital programme. A detailed explanation is provided in 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	147,239	177,837	62,581	(115,256)
- Provisional schemes	48,428	48,886	2,078	(46,808)
- Schemes funded by reserves	1,031	1,564	1,479	(85)
- S106 Projects	122	303	303	0
Total Expenditure	196,820	228,590	66,440	(162,149)
Housing Revenue Account Capital Expenditure				
Approved programme	47,866	60,955	34,537	(26,419)
Provisional programme	15,928	16,928	0	(16,928)
Total Expenditure	63,794	77,883	34,537	(43,347)

Approved (main) programme Expenditure is expected to be £62.58 million representing a £115.25 million variance to the revised estimate of £177.8 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 £26.9 million may seem low, several significant projects are in progress and delivery of the corporate projects and programmes is progressing. See appendix C for details of the movements.

Provisional programme

Expenditure on the provisional programme is expected to be £2.07 million, against the revised estimate of £48.8 million, representing a variance of £46.8 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 2023/24.

S106 programme

Capital schemes funded from s106 developer contributions are expected to total £303,000. 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

Some capital schemes are funded from the Council's specific reserves. The outturn is anticipated to be £1.47 million. The main projects are:

- Expenditure on car parks £330,000.
- ICT renewals and infrastructure improvements £926,000

Capital Resources

When the Council approved the budget in February 2023, the estimated underlying need to borrow for 2023/24 was £149.354 million. The current estimated underlying need to borrow is £12.918 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.

Capital Funding

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.

		2023-24					
	Funding received or accrued as at 31.03.23	claimed in year	Funds received	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					-	409,256
HIF Grant WUV £52.3m	9,875,816	3,981,066		5,293,389	18,796,634	19,646,484	52,300,000
WUV Funding total	19,470,072	3,981,066		- 5,293,389	18,796,634	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	4,557,300	4,557,300		13,421,127	-	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	4,557,300	4,706,402	-	19,782,025	2,640,000	35,965,374

Housing Investment Programme Approved Capital

The HRA approved capital programme is expected to outturn at £34.537 million against a revised estimate of £60.955 million. Several projects are in progress.

The Guildford Park, Bright Hill 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 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.

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	2676
HIP Expenditure required to avoid RTB repayments	0	0	0	0	6,691
Forecast HIP Expenditure from the Approved Capital program	4,978	15,839	6,019	0	0
Cumulative Expenditure forecast	6,250	22,089	28,107	28,107	28,107
Forecast additional receipts that will be used (c x 40%)	1,991	6,335	2,407	0	0
Cumulative additional receipts that will be used ((cumulative d	1,991	8,327	10,734	10,734	8,058
Revised value of receipts that might need to be surrendered			0	0	0

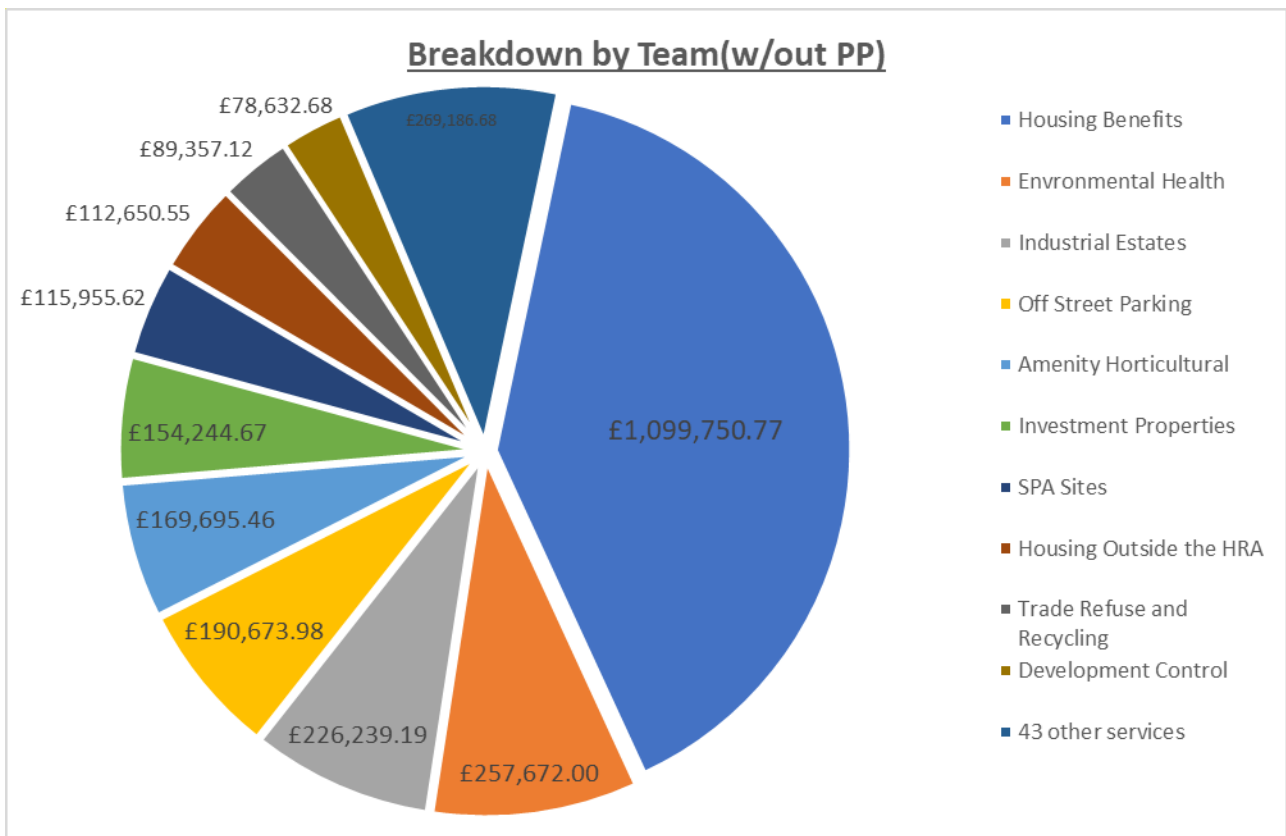
11. Sundry Debt

11.1. As at the 31st October 2023 the current sundry debt (including Housing Benefit overpayments) position is £5.411 million of which £0.912 million is less than 30 days and within payment terms leaving £4.499 million due. £1.746 million is supported by payment plans leaving £2.754 million which is the debt due to the council, over £1m less than previous month.

Period	Total Overdue Debt	Total Payment Plan	Remaining Overdue Debt	Payment Plan %
202207	£ 5,395,445.99	£ 2,159,454.02	£ 3,235,991.97	40%
202208	£ 5,592,452.61	£ 2,010,598.34	£ 3,581,854.27	36%
202209	£ 5,620,812.91	£ 2,365,288.44	£ 3,255,524.47	42%
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%

Overdue debt, at £4.499m is at its lowest since June 2020 during the Covid pandemic and down £7.832m less than at the end of March 2023. Housing Benefit Overpayment remain the highest cause of overdue debt without

payment plans and an update will be brought with next months Monitoring report.



Age of Debt

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

Period of time overdue	less than 30 days	31 - 60 days	61 - 90 days	3 -12 months	over 12 months	All debt
Type of Debt	£	£	£	£	£	£
Sundry Debt on a Payment plan	5,120	5,454	56,851	254,322	752,442	1,084,675
Remaining Sundry Debt	277,724	375,024	73,063	357,756	580,738	2,559,490
Housing Benefit Debt on Payment Plan	9,151	0	2,233	9,468	640,190	661,043
Remaining Housing Benefit Debt	2,885	9,717	2,588	60,249	1,024,310	1,105,975
Total Debt	294,881	390,196	134,737	681,795	2,997,682	5,411,183

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

1. Aged debt has improved from previous months with all areas improving as shown in table above. Debt over 12 months old is still the biggest area but continues to be a priority for collection.
2. We are working on improving reporting which will allow more efficient collection process and help the team prioritise debt in preparation for escalation.
3. As part of the escalation process, we are working on reports which can be provided to services on regular basis which will enable regular review between finance and the service.

12. Legal Implications

- 12.1. Financial reporting is consistent with the Section 151 officer's duty to ensure good financial administration of the council.

13. Human Resource Implications

- 13.1. There are no human resources implications arising from this report.

14. Equality and Diversity Implications

- 14.1. 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.
- 14.2. 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.

15. Climate Change/Sustainability Implications

- 15.1. 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.

16. Summary of Options

16.1 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 October Finance Recovery Plan

17. Conclusion

17.1. The report summarises the financial monitoring position to date for the 2023/24 financial year.

17.2. There is currently a net adverse variance from budget of £0.398 million on the general fund. Services must review all known risks and continue to manage budgets to ensure this remains favourable.

18. Background Papers

18.1. None.

19. Appendices

19.1. Appendix A Summary Directorate Variances

19.2. Appendix B HRA Summary Variances

19.3. Appendix C Approved Capital Programme Movements

19.4. Appendix D Capital Programme

Please ensure the following service areas have signed off your report.
Please complete this box and do not delete.

Service	Sign off date
Finance / S.151 Officer	
Legal / Governance	
HR	
Equalities	
Lead Councillor	
CMB	
Executive Liaison/briefing	
Committee Services	