



**South  
Cambridgeshire  
District Council**

<b>Report to:</b>	Cabinet	05 December 2023
<b>Lead Cabinet Member:</b>	John Williams - Lead Cabinet Member for Finance	
<b>Lead Officer:</b>	Peter Maddock - Head of Finance	

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## **2023/2024 Revenue and Capital Budget Monitoring (Quarter 2)**

### **Executive Summary**

1. To consider the latest monitoring data and trends in respect of the 2023/24 General Fund revenue, Housing Revenue Account (HRA) and capital budgets and emerging budget issues.

### **Key Decision**

2. No.

### **Recommendations**

3. It is recommended that cabinet considers the report and, if satisfied, to:
  - (a) **Note the 2023/24 revenue position against the approved revenue budget to date shown in Appendix B, the projected major variances with reasons for these variances at Appendices C1 to C7 and the action being taken to address the underlying issues.**
  - (b) **Note the latest Capital Programme 2023/24 position [and variances, if any] as shown in Appendix D.**

### **Reasons for Recommendations**

4. To advise the Cabinet of the latest monitoring information in respect of the 2023/24 revenue and capital budgets and emerging budget issues, for the second quarter period to 30 September 2023.

### **Details**

2023/24 Revenue Budget Monitoring – Overview

5. Effective budget monitoring is a requirement of the Council’s Financial Regulations and the Medium-Term Financial Strategy (MTFS) and is critical to sound financial management. This process enables the Cabinet to monitor the approved budget, to identify emerging issues and, where appropriate, to put plans in place to address forecast budget issues.
6. A framework for budget monitoring has been established and this enables budgetary performance and agreed efficiency actions to be monitored through the use of performance flags (Red, Amber and Green – RAG Status) and Direction of Travel indicators. This provides a statement of financial health and an overview of how the Council is utilising its resources.
7. An integral part of the monitoring process is the regular meetings with Budget Holders to proactively monitor compliance with the approved budget. This enables the identification of potential risks and emerging budget pressures so that appropriate action can be taken at an early stage.
8. The Council like many other organisations will be affected by the significant increase in inflation and cost of living in one way or another over the forthcoming months. there will be some financial challenges as a result, and this has had a more significant impact on the Housing Revenue Account than the General Fund.

Revenue Budget Monitoring – 2023/24 Efficiency Assumptions

9. The ongoing process also includes the monitoring of compliance with the efficiency assumptions built into the 2023/24 revenue budget. The evaluation of the efficiencies has been made on the basis of a RAG rating using the following criteria:

The proposal has been implemented and is on target to achieve the budgeted saving in this financial year.	<b>Green</b>
The proposal has or is being implemented but the delivery of the savings have been delayed but will be achieved in full in a future financial year or years.	<b>Amber</b>
The proposed saving will now not be delivered or the level of saving is expected to be lower than that included in the current year budget.	<b>Red</b>

10. The original budget for 2023/24 included efficiency proposals totalling £1,766,000 comprising of £74,000 one off savings and £1,692,000 ongoing savings. The range of efficiency proposals are summarised at **Appendix A** the current status of these are shown in the appendix.
11. The areas of efficiency savings continue to be subject to ongoing review and there are no further areas of concern at this stage.

Revenue Budget Monitoring

12. This report represents the revenue monitoring information for the period 1 April 2023 to 30 September 2023.
13. A summary of budget variances is reported at **Appendix B**, with explanations for significant items of variance reported at Appendix C1 to C6 (General Fund) and Appendix

C7 (Housing Revenue Account). with explanations for significant. The variances have been assigned a RAG status (Red, Amber and Green) based on the following:

Under spends and overspends up to 2% of the budget	Green
Overspends between 2% and 10% of the budget	Amber
Overspends greater than 10%	Red

14. It is to be noted where negative variances are shown in the appendices, they represent underspends against the budget or when income is greater than the budget.

#### Revenue Budget Monitoring –Variances

15. The ongoing monitoring and assessment of the 2023/24 revenue budget has not identified any issues that need to be kept under review.

#### Salary Budgets

The table below identifies the variance on salary budgets by service area as at 30 September 2023:

	2023/24			
	Budget to date (30 Sept 2023)	Actual to date (30 Sept 2023)	Variance	Variance %
Chief Exec Office Climate, Environment & Waste	713,700	577,693	(136,007)	-19%
Finance	4,864,220	4,846,846	(17,374)	0%
Housing	1,997,546	1,847,334	(150,212)	-8%
Greater Cambridge	3,290,360	3,087,452	(202,908)	-6%
Shared Planning Transformation, HR & Corporate	3,678,720	3,726,129	47,409	1%
	2,622,050	2,572,859	(49,191)	-2%
<b>Total</b>	<b>17,166,596</b>	<b>16,658,313</b>	<b>(508,283)</b>	<b>-3%</b>

The analysis takes account of the cost of agency staff backfilling vacant permanent posts (with agency costs generally much higher than permanent appointment). The overall variance stands at -3%.

16. The only area with an overspend comparative to the budget at the end of quarter 2 is Planning. This is offset by £46,631 contribution from the Greater Cambridge Partnership (GCP).
17. The highest underspend is in Housing, mainly due to the timescale of recruitment in filling vacant posts. Several posts have now been filled and these costs will transpire in the next quarter.

#### Virement Movements

18. A virement is when a sum of money set aside in the budget for one purpose is then moved and used for another purpose. There have been no virement movements in the period 1 April 2023 to 30 September 2023.

Revenue Budget – Summary Position

19. The table below summarises the budgetary position relevant to each Service Area, with detailed information included at **Appendix B**, and further explanation of significant variances in **Appendices C(1) to C(7)**.

20. The Council has received £899,000 income above the reported budget. This has obviously had a significant impact on the figures presented in the below table. Whilst there are several large variances, some of these might be significant in percentage terms but are not significant in monetary terms and others are delays in income and expenditure.

Directorate	Full Year Budget £'000	Budget to date £'000	Actual to date £'000	Variance to date £'000	Variance to date %
Chief Executives Office	2,457	959	742	(216)	-23%
Climate, Environment & Waste	10,584	2,340	1,998	(342)	-15%
Finance	8,607	1,125	1,190	65	6%
Housing General Fund	3,023	(168)	(732)	(565)	-336%
Greater Cambridge Shared Planning	6,088	1,273	1,186	(86)	-7%
Transformation, HR & Corporate	4,752	1,740	1,145	(597)	-34%
<b>Net Service Costs</b>	<b>35,512</b>	<b>7,268</b>	<b>5,528</b>	<b>(1,741)</b>	<b>-24%</b>
Overheads	<b>13,333</b>	<b>4,764</b>	<b>4,430</b>	<b>(334)</b>	<b>-7%</b>

21. The Council has a current underspend position of £1,741,000 (24%) on its net cost of service when compared to the budget, with some quite significant variances within the figures.

22. The only area with an overspend comparative to the budget at the end of quarter 2 is Finance. Housing benefit subsidy levels are set at the start of the year but because of an increase in case load relating to the cost of living crisis expenditure is running at a higher level. The subsidy position is re-assessed at the half way point of the year and will be brought in line with expenditure at that point which will be reflected in the budgets in quarter. Around £290,000 has been received in October to off set the expenditure.

23. The area of highest underspend is within Housing, this was because during quarter two the service received a grant of £449,408 for the Ukraine Homeless Prevention.

24. The Transformation, HR & Corporate Services variance is due to receiving income of £290,000 during the first quarter from the Integrated Care System (ICS) in respect of setting up a community hubs network within the district. In addition to this, during quarter two the service received £160,000 relating to the national programme for the placement of asylum seekers across the country.

Capital Budget Monitoring

25. The Cabinet monitors the performance of the capital programme by reviewing on a regular basis the progress of all schemes. Regular reports on the Capital Programme to the Cabinet should identify the following changes:

- any schemes that are not being progressed as originally envisaged or those that are no longer required;
- the revised phasing of a scheme(s) having regard to the latest information and any changes in forecast funding;
- changes in funding requirements of committed schemes and the reasons relating thereto;
- any budget amendments.

26. The Capital Programme is summarised at **Appendix D**. It should be noted that the Capital Programme set out is that as approved by Council on 21 February 2023.

## **Options**

27. The report provides monitoring information to ensure awareness of budget trends and emerging budget issues.

## **Implications**

28. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

## **Financial and Fraud Risk**

29. The financial implications are outlined in the details section of the report.

30. There are no fraud risks identified as a result of this report.

## **Legal**

31. The legal position and relevant issues can be summarised as follows:

### **(a) Revenue Budget**

The Council is required, by law, to set a balanced revenue budget each year which for 2023/2024 this was approved by Council on 21 February 2023. The purpose of this report in accordance with best financial management practice is to advise Cabinet of any significant variations from that budget.

### **(b) Capital Programme**

Prudential Indicators that underpin the Council's capital investment demonstrate that the

investment is prudent, sustainable and affordable. The Council is required, in compliance with the Code, to monitor and report performance against established Prudential Indicators. The ongoing review of the capital programme is required to effectively monitor these indicators.

## **Risks/Opportunities**

32. The risk implications can be summarised as follows:

### **(a) Revenue Budget**

When the Council considers each revenue service and function budget it is important that endeavours are made to identify potential risks. Inevitably, during the course of the financial year, some of these risks will occur and impact on the budget by either requiring further expenditure or by reducing the Council's budgeted income.

The budget is monitored on a regular basis to identify risks and take action to mitigate the risks when they arise. The Council holds a contingency with regard to budgetary risk in year, together with a range of Reserves to deal with specific issues.

### **(b) Capital Programme**

In relation to Capital resources, the following risks should be taken into account when considering this report:

- (i) Capital schemes can emerge at any time based on newly identified needs or changes in legislation which require funding to be identified;
- (ii) The forecast cost/timing of existing schemes may vary as implementation is undertaken;
- (iii) Forecast capital receipts may not be achieved which could result in some schemes not proceeding until other sources of capital finance become available or unless further recourse is made to borrowing;
- (iv) Key risks associated with the Capital Programme are that budgets are not adequate, leading to overspend with consequent financial implications or that the schemes will not meet the desired objectives.

## **Consultation responses**

33. None

## **Alignment with Council Priority Areas**

### **Growing local businesses and economies**

34. The report provides an update on the latest budget position of those service areas who are providing extra support to local businesses adapting to Covid secure measures via several different grant schemes as directed by Central Government.

## **Housing that is truly affordable for everyone to live in**

35. This report supports the Councils business plan by providing an update on the New Build Programme within the Capital Programme and HRA budgets for 2023/24.

### **Green to our core**

36. The 2023/24 revenue and capital position provides reasons for variances on a number of schemes relating to the green to our core element of the Councils business plan.

### **A Modern and caring Council**

37. The Council provides an update on the income position which was generated from investments and other commercial activities. In addition, the report supports the Councils business plan by providing an update on expenditure that it would not normally incur to support residents and businesses within the district especially those in hardship.

## **Background Papers**

- Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- Capital Programme Update – Report to Cabinet: 12 December 2022
- Budget Report – Report to Cabinet: 06 February 2023
- Business Plan 2023/2024 Revision – Report to Council: 21 February 2023

## **Appendices**

Appendix A: Service Efficiency/Income Generation Assumptions 2023/24: Update

Appendix B: Budget Monitoring by Service Area – Position as at 30 September 2023.

Appendix C: Explanation: General Fund & HRA Budget Variances – Position as at 30 September 2023.

Appendix D: Capital Programme – Financial Update Position as at 30 September 2023.

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