

# Guildford Borough Council

Report to: Corporate Management Board

Date: 22<sup>nd</sup> April 2024

Ward(s) affected: All

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

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Report Status: Open

## Month 11 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 overspend within services on the GF revenue account of £0.714 million which includes specific reserves transfers. This is an adverse movement of £0.477 million from month 10. Whilst there are a number of smaller forecast changes across the Directorates, the three main areas that contribute towards this adverse movement are as follows:

- Within the Investment Property area there is a risk of an income shortfall of £0.589 million following a review of the final expected position.
- Whilst there is a forecasted overall favourable position within Corporate Management, this favourable forecast has been reduced by £0.308 million due to joint management staff charges for 2022-23 and 2023-24.

- The continuing requirement for overtime and casual staff in Building Maintenance to manage demand alongside the increased cost of materials has led to an adverse forecast movement from month 10 to month 11 of £0.426 million.

Corporate adjustments, provisions and external interest receivable, is forecast to overachieve by £0.716 million to give an overall favourable variance of £0.001 million. Any surpluses or deficits would impact reserves at year end.

Officers are projecting an underspend on the HRA of £0.682 million, details are highlighted in the report.

GF reserves are forecast to be £38.948 million at year end, of which £31.165 million are earmarked and £7.783 million are available and classed as usable, this excludes the GF working balance.

Progress against the capital programme is underway. The Council expects to spend £70.976 million on its capital schemes by the end of the financial year against a budgeted expenditure of £227.137 million. This forecast supports the report of the Interim Executive Head of Finance reducing the Capital Programme by £96.6 million

Debt due to the council is £3.642 million of which £1.386 million is supported by payment plans leaving £2.256 million which is debt due to the council.

There are £6.463 million savings within the 2024/25 budget which will be monitored and reported on monthly.

## **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.
- 2.2. That underspends be earmarked for any additional interim support needed at the current time.

### **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. 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 an adverse position of £0.902 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).

<b>GENERAL FUND SUMMARY</b>	<b>Original Estimate</b>	<b>Latest Estimate</b>	<b>Projected Outturn</b>	<b>Variance to latest</b>	<b>Month 10 Variance</b>	<b>Variance Movement</b>
	<b>2023-24</b>	<b>2023-24</b>	<b>2023-24</b>	<b>2023-24</b>	<b>2023-24</b>	<b>2023-24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Community Wellbeing	18,037,833	18,167,133	20,435,670	2,268,537	1,784,244	484,293
Place	(2,044,480)	(2,535,275)	(2,746,637)	(211,362)	(262,231)	50,869
Transformation and Governance	10,190,811	9,285,294	7,943,104	(1,342,189)	(1,284,568)	(57,621)
<b>Total Directorate Level</b>	<b>26,184,164</b>	<b>24,917,152</b>	<b>25,632,138</b>	<b>714,986</b>	<b>237,445</b>	<b>477,541</b>
Less capital charges	(8,772,936)	(8,772,936)	(8,772,936)	0	0	0
	<b>17,411,228</b>	<b>16,144,216</b>	<b>16,859,202</b>	<b>714,986</b>	<b>237,445</b>	<b>477,541</b>
Corporate Items						
External interest receivable (net)	(2,794,690)	(3,394,690)	(4,601,427)	(1,206,737)	(1,046,737)	(160,000)
Interest payable to Housing Revenue Account	1,375,960	1,375,960	1,935,429	559,469	559,469	0
Minimum Revenue Provision	1,780,745	1,618,674	1,549,331	(69,343)	(693)	(68,650)
Other reserve movements	9,940	0	0	0	0	0
Business Rates GF impact	(3,152,126)	(3,152,126)	(3,152,126)	0	0	0
Other Govt Grants	(227,765)	(227,765)	(227,765)	0	0	0
New Homes Bonus	(1,282,629)	(1,282,629)	(1,282,629)	0	0	0
Council Tax Collection Fund	0	140,061	140,061	0	0	0
Net General Fund Cost	<b>13,120,662</b>	<b>11,221,700</b>	<b>11,220,075</b>	<b>(1,625)</b>	<b>(250,516)</b>	<b>248,891</b>
Council Tax requirement	11,392,760	11,392,760	11,392,760	0	0	0
<b>Shortfall / (surplus)</b>	<b>1,727,902</b>	<b>(171,060)</b>	<b>(172,685)</b>	<b>(1,625)</b>	<b>(250,516)</b>	<b>248,891</b>

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

<b>Directorate</b>	<b>2023/24 Revised Budget £ million</b>	<b>2023/24 Year-end Forecast £ million</b>	<b>2023/24 Variance £ million</b>
Community Wellbeing	18.167	20.436	2.269
Place	-2.535	-2.747	-0.211
Transformation & Governance	9.285	7.943	-1.342
<b>Totals</b>	<b>24.917</b>	<b>25.632</b>	<b>0.715</b>

## 10.2. Housing Revenue Account

The HRA is forecast to have a favourable variance this financial year by £0.682 million, as summarised in table below. This would increase the transfer to reserves.

	<b>2023/24 Revised Budget £ million</b>	<b>2023/24 Forecast £ million</b>	<b>2023/24 Variance £ million</b>
Expenditure	21.856	21.449	(0.406)
Income	(36.654)	(36.930)	(0.275)
Transfer to Reserves	14.798	15.480	(0.682)
<b>(surplus)/deficit</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

All significant variances are shown in appendix 2

### **10.3. Reserves Monitoring**

The GF earmarked revenue reserves estimate as at 31 March 2024 includes £31.165 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.

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 £14.123 million at 31 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 £7.783 million.

Following the accounting changes approved in the Finance 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 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
<b>General Fund Reserves</b>				
MTFP	-8,264,502	-589,154	1,069,750	-7,783,906
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	390,833	-382,520
Car Parks Maintenance	-2,330,540	300,000	288,264	-2,042,276
Car Parks Equalisation reserve	0	-200,000	0	-200,000
Business Rates equalisation	-2,930,539	-5,619,763	0	-8,550,302
Special Protection Areas (SPA) sites	-13,452,057	-774,164	103,068	-14,123,152
BR Covid ongoing	-330,462	0	0	-330,462
Other reserves	-1,361,017	-1,727,053	490,317	-2,597,753
<b>TOTAL</b>	<b>-32,730,574</b>	<b>-9,110,134</b>	<b>3,192,232</b>	<b>-38,948,476</b>

#### 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
<b>General Fund Capital Expenditure</b>				
- Main Programme	147,379	176,419	69,555	(106,863)
- Provisional schemes	48,288	48,746	0	(48,746)
Schemes funded by reserves	1,031	1,602	1,050	(552)
- S106 Projects	122	370	370	0
<b>Total Expenditure</b>	<b>196,820</b>	<b>227,137</b>	<b>70,976</b>	<b>(156,161)</b>
<b>Housing Revenue Account Capital Expenditure</b>				
Approved programme	47,866	60,955	33,944	(27,013)
Provisional programme	15,928	16,928	0	(16,928)
<b>Total Expenditure</b>	<b>63,794</b>	<b>77,883</b>	<b>33,944</b>	<b>(43,941)</b>

**Approved (main) programme** Expenditure is expected to be £69.56 million representing a £106.86 million variance to the revised estimate of £176.42 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 £50.33 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**

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.

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 £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**

Some capital schemes are funded from the Council's specific reserves. The outturn is anticipated to be £1,050,000. The main projects are:

- Expenditure on car parks £190,000.
- ICT renewals and infrastructure improvements £670,000



## Capital Resources

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 £19.31 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

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	2023-24			2023-24 estimated remaining funding	Future Years	Total Funding
		claimed in year	Funds received to P11	payment due			
	£	£	£	£	£	£	
<b>Weyside Urban Village (WUV)</b>							
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		84,680	45,912	4,045	409,256	
HIF Grant WUV £52.3m	9,875,816	19,652,953	15,771,823	3,881,130	3,124,747	52,300,000	
<b>WUV Funding total</b>	<b>19,470,072</b>	<b>19,652,953</b>	<b>15,856,503</b>	<b>3,927,042</b>	<b>3,128,792</b>	<b>61,894,256</b>	
						0	
<b>Ash Road Bridge</b>						0	
Ash Road Bridge HIF (capacity funding)	410,040					410,040	
Ash Road Bridge HIF £23.9m	5,921,573	13,792,302	8,892,835	4,899,467	4,186,125	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	6,655,334	
						0	
<b>ARB Funding total</b>	<b>8,836,947</b>	<b>13,792,302</b>	<b>9,041,937</b>	<b>4,899,467</b>	<b>10,547,023</b>	<b>35,965,374</b>	

## Housing Investment Programme Approved Capital

The HRA approved capital programme is expected to outturn at £33.944 million against a revised estimate of £60.955 million. Several projects are in progress.

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.

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.

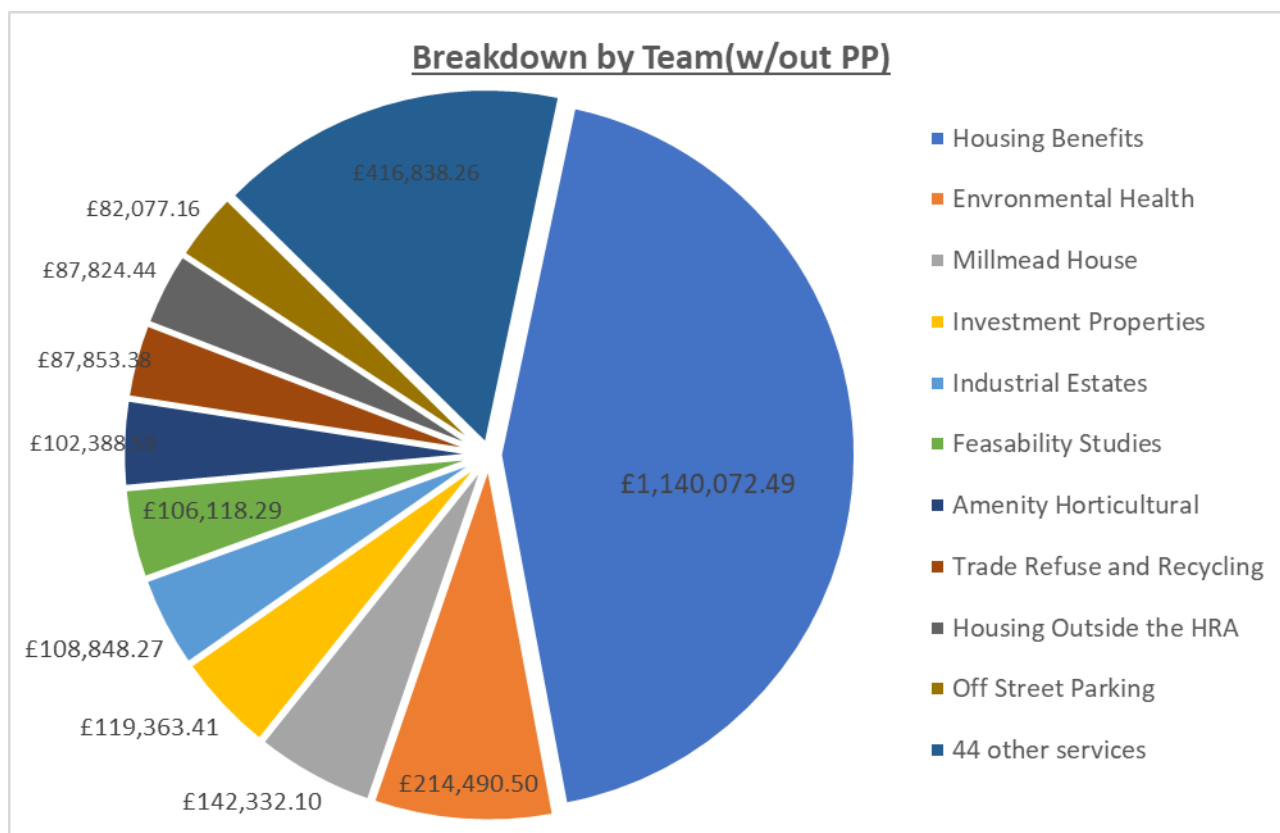
<b>Reconciliation of Spend to RTB</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>	<b>2025-26 £000</b>	<b>2026-27 £000</b>	<b>2027-28 £000</b>
Value of receipts that will need surrendering if no further spend	0	0	0	0	2010
HIP Expenditure required to avoid RTB repayments	0	0	0	0	5,026
Forecast HIP Expenditure from the Approved Capital program	2,704	3,604	5,046	0	0
Cumulative Expenditure forecast	5,657	9,261	14,307	14,307	14,307
Forecast additional receipts that will be used (c x 40%)	1,082	1,441	2,018	0	0
Cumulative additional receipts that will be used ((cumulative e	1,082	2,523	4,541	4,541	2,531
<b>Revised value of receipts that might need to be surrendered</b>			0	0	0

## 11. Sundry Debt

11.1. As at the 29<sup>th</sup> February 2024 the sundry debt (including Housing Benefit overpayments) position is £3.858 million of which £0.216 million is less than 30 days and within payment terms, leaving £3.642 million overdue debt. Of that, £1.387 million is supported by payment plans leaving £2.255 million which is debt due to the council. This is the lowest debt position for the council since May 2021. The team have reduced overdue debt by £5.7m since the start of financial year 2023/24.

Period	Total Overdue Debt	Total Payment Plan	Remaining Overdue Debt	Payment Plan %
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%
202311	£ 3,642,066.10	£ 1,386,627.98	£ 2,255,438.12	38%

March is usually a difficult time to collect due to the financial year end for majority of our customers as well as the council which means overdue debt will likely rise for this next period as per the annual trend but we do expect that debt older than 60 days overdue will continue to reduce.



## Age of Debt

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
Type of Debt	£	£	£	£	£	£
Sundry Debt on a Payment plan	2,205	3,435	5,800	137,194	656,694	<b>805,404</b>
Remaining Sundry Debt	15,056	117,345	344,978	333,432	306,419	<b>1,331,918</b>
Housing Benefit Debt on Payment Plan	1,214	0	588	15,749	563,671	<b>581,223</b>
Remaining Housing Benefit Debt	11,194	6,710	18,025	47,926	1,054,423	<b>1,140,072</b>
Total Debt	<b>29,670</b>	<b>127,491</b>	<b>369,392</b>	<b>534,302</b>	<b>2,581,208</b>	<b>3,858,618</b>

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

Recruitment to two roles within the case team has been successful with successful candidates starting their roles in April and May by which time we will be at full quota for the first time in 6 months.

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. 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. 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**

The 2024/25 budget includes £6.463 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 Guildford Borough 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 Place	£1,038,000	£938,000	£50,000
Trans & Governance	£187,000	£187,000	£124,000
All Services	£3,444,000	£3,444,000	£889,000
	£1,793,900	£1,793,900	£420,000
<b>GBC Total</b>	<b>£6,462,900</b>	<b>£6,362,900</b>	<b>£1,483,000</b>

### **13. Legal Implications**

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

### **14. Human Resource Implications**

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

### **15. Equality and Diversity Implications**

13.1. 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.

13.2. 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**

14.1. 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 Finance 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 £0.001 million on the general fund. Services must continue review all known risks for the remainder of the financial year.

## **19. Background Papers**

19.1. None.

## **20. Appendices**

20.1. Appendix 1 Summary Directorate Variances

20.2. Appendix 2 HRA Summary Variances

20.3. Appendix 3 Approved Capital Programme Movements

20.4. Appendix 4 Capital Programme