

7D. REFERRAL FROM FAR 7 SEPTEMBER 2022: FIRST QUARTER REVENUE BUDGET MONITORING 2022/23

RECOMMENDED TO CABINET: That Cabinet:

- (1) Note this report
- (2) Approves the changes to the 2022/23 General Fund budget, a £559k decrease in net expenditure
- (3) Notes the changes to the 2023/24 General Fund budget, a £414k increase in net expenditure
- (4) Delegates to the Service Director: Resources authority to enter in to a Business Rate Pooling arrangement (if available).

REASON FOR DECISIONS: Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.

Audio recording – 1:11:45

Ian Couper, Service Director – Resources, presented the report entitled First Quarter Revenue Budget Monitoring 2022/23.

- This report is on revenue budget and is what we spend on the day-to-day things, such as staffing
- Following the end of year position, we did notice one adjustment that needed to be made. This was put through the statement of accounts and it does affect the closing balance at the end of the year.
- Another thing to highlight is the amount of transfers to and from earmarked reserves wasn't quite there yet and we are still waiting for the final decision on the collection fund account
- The current plan from our external auditors is that they'll commence the audit of the 21/22 financial statements in November
- Our draft accounts have been published in line with the requirements and they are on our website.
- We have now gone through the public inspection of accounts period and we've had no feedback to directly to us and we will check with auditors if there has been any feedback with them. This process gives members of the public and residents a chance to ask questions and seek out documents we hold in relation to the statement of accounts
- In relation to table 3 of the report, the impact of these numbers is much lower than it could've been. The variances are moving in the right direction in terms of reducing our spend or increasing our income.
- This relates to our treasury investment income, we have a current forecast of an underspend of £589,000. This is predicted to have a continuing impact of half a million in future years
- A big provision was set within the budget at the start of the year in relation to the impact of covid-19 continuing. The amount we set aside seems to be right and a lot of variances within this relate to the provisions set aside to balance this
- Recycled materials is an area where the budget is moving in the right direction. At the moment, the value is very high compared to what we forecast it would be,

but these vary. Although there has been a £341,000 underspend this year, there's nothing in the forecast for next year as it may move by then

- Many areas of overspend are covered by the amount set aside for the impact of covid-19
- The only one that isn't, is in relation to staff costs. This forecast is based on the current employer offer to the unions which is a £1925 increase for all pay grades. This is being considered by unions at the moment, two have gone out with no recommendations, one is recommending employees don't take the offer. This is due back in September/October.
- For a number of years we have set a number of areas of income and the more significant areas of income for the Council. This has changed from last year, for example land charge has been taken out and bigger numbers have been put in.
- There are colour targets, red being if they will miss the forecast, amber they are uncertain if it will reach forecast and green when they are on track or exceed forecasts. These significant areas include garden waste charging, planning fees, and car parking
- We also have some activity linked to the areas which will give them context, for example number of bin subscribers for the garden waste charge.
- We have recently received an email from the Department of Levelling Up Housing and Community about interest in business rate pooling.
- We collect business rates and are able to retain a small portion of them. If there is any growth, we get to retain some of this. Business rate pooling allows the authorities in an area to join together to retain a higher amount of business rates. In order to do this, you must have the County Council and then usually four or five districts.
- In previous years it's been definite however this year it is more uncertain if it will happen. However, we are looking at doing it with Hertfordshire County Council. We are seeking delegation from Cabinet to commit to a pool if it looks beneficial for us.
- We have already commissioned some work as a joint group of chief finance officers across the county to look at if it makes sense and if we will be part of the pool.
- Our general fund is the Council's core pot of money, and the current projection is that we will be slightly ahead of where we were forecast to be. This is good news in relation to planning for the future.

The following Members asked questions:

- Councillor Clare Billing
- Councillor Terry Hone

In response to questions, Ian Couper advised:

- None of our estates income are in the report. Our estates portfolio generates income around £1M a year. We would expect that the income we used to get from Churchgate which was around £140,000 from the head lease will go up to reflect that we will be getting income directly from the tenants. In future maybe we will put our commercial income in the report in terms of our estates. Although there is a lot of income to be generated from Churchgate, there is also a lot of risk, especially in the medium term. We may need to set some aside in reserves to mitigate the impacts that may be coming down the line.
- I think the gas expenditure is realistic this year. On the Medium Term Plan Strategy, which is the next item, there is a further increase within that report.

- Yes we have benefit from business rate pooling in the past. It can vary between pooling gains between £300,000 up to about £600,000 on year.
- We account for AFM in arrears, so this is the number from last year so this would have been confirmed by now. Not sure what it is for this year as we will get it next year. It is a slow gradual rate of recovery, but it isn't back to where it used to be yet.

RESOLVED: That the Committee note and comment on the First Quarter Revenue Budget Monitoring 2022/23

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[The reports and papers associated with this item can be found here.](#)