

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)

Author: Jo Knight – Interim Finance Executive

Contact jo.knight@guildford.gov.uk

Lead Councillor responsible: Richard Lucas

Email: Richard.lucas@guildford.gov.uk

Report Status: Open

Month 8 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 GF revenue account of £0.467 million which includes specific reserves transfers. Corporate adjustments, provisions and external interest receivable, is forecast to overachieve by £0.629 million to give an overall favourable variance of £1.096 million. Any surpluses or deficits would impact reserves at year end.

Within the forecast of external interest is a budget of £0.800 million which is expected to be received from North Downs Housing, this has been highlighted as being a risk based on past performance, and a provision of £0.300 million has been included to reduce the risk the council is exposed to. Discussions will be held with NDH to agree this position.

Officers are projecting an overspend on the HRA of £0.616 million, details are highlighted in the report.

The Orchard system (Housing management system) contains a number of jobs which have not been invoiced for and therefore not shown in Business World.

GF reserves are forecast to be £34.819 million at year end, of which £31.622 million are earmarked and £3.198 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 £81.85 million on its capital schemes by the end of the financial year against a budgeted expenditure of £228.66 million. This forecast supports the report of the Interim Director of Finance reducing the Capital programme by £99.6 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 Councils 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.
- 9.4. Interest payment of £0.800 million are budgeted from North Downs Housing which based on past performance may not be achieved. As a mitigation £0.300 million has been included as a provision for non-receipt of interest.

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 £1.096 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 virements or supplementary estimates during the year).

GENERAL FUND SUMMARY	Original Estimate 2023-24 £	Latest Estimate 2023-24 £	Projected Outturn 2023-24 £	Variance to latest 2023-24 £
Community Wellbeing	18,037,833	17,969,449	18,082,341	112,892
Place	(2,044,480)	(2,472,928)	(1,573,740)	899,188
Transformation and Governance	10,190,811	9,441,690	7,963,016	(1,478,674)
Total Directorate Level	26,184,164	24,938,211	24,471,617	(466,594)
Less capital charges	(8,772,936)	(8,772,936)	(8,772,936)	0
	17,411,228	16,165,275	15,698,681	(466,594)
<u>Corporate Items</u>				
External interest receivable (net)	(2,794,690)	(3,394,690)	(4,340,706)	(946,016)
Interest payable to Housing Revenue Account	1,375,960	1,375,960	1,307,779	(68,181)
Minimum Revenue Provision	1,780,745	1,618,674	1,617,981	(693)
Other reserve movements	9,940	9,940	95,786	85,846
Business Rates GF impact	(3,152,126)	(3,152,126)	(3,152,126)	0
Provisions	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	0	140,061	140,061	0
Net General Fund Cost	13,120,662	11,252,699	10,157,061	(1,095,638)
Council Tax requirement	11,252,700	11,252,700	11,252,700	0
Shortfall / (surplus)	1,867,962	(1)	(1,095,639)	(1,095,638)

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

Directorate	2023/24 Revised Budget £ million	2023/24 Year-end Forecast £ million	2023/24 Variance £ million
Community Wellbeing	17.969	18.082	0.113
Place	(2.473)	(1.574)	0.899
Transformation & Governance	9.442	7.963	(1.479)
Totals	24.938	24.472	(0.467)

10.2. Housing Revenue Account

The HRA is forecast to have an adverse variance this financial year by £0.616 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	22.885	1.123
Income	(36.654)	(37.161)	(0.507)
Transfer to Reserves	14.893	14.893	0
(surplus)/deficit	0.000	0.616	0.616

All significant variances are shown in appendix 2

Orchard System

The Housing Management System (Orchard) is the systems which holds all the repairs and maintenance for the properties within Guildford. Jobs are entered into this system, undertaken by both internal and external expertise. Once the jobs are approved as being completed, they are authorised within Orchard and transferred to BW for payment. Jobs held within Orchard are jobs which are awaiting post inspection approval or have been cancelled but not removed. These activities cover general fund, capital and HRA properties and budgets. The values held in Orchard below for both a 3 month and 12-month since the job was raised.

	12 month £M	3 month £M
Capital	13.171	2.002
General Fund	0.307	0.135
HRA	3.518	1.966
Total	16.996	4.103

An exercise is currently being undertaken to review all the outstanding orders and cancel as appropriate. This will leave a true value of outstanding commitments, which will eventually feed into the general ledger system.

10.3. Reserves Monitoring

The GF earmarked revenue reserves estimate as at 31 March 2024 includes £31.122 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 £14.140 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 £3.198 million.

	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	1,079,950	-3,197,762
Carried Forward Items	-870,238	0	122,000	-748,238
ICT Renewals	-1,894,367	-500,000	926,000	-1,468,367
Insurance	-500,000	0	0	-500,000
Spectrum	-773,352	0	352,631	-420,721
Car Parks Maintenance	-2,330,540	0	394,049	-1,936,491
Car Parks Equalisation reserve	0	-500,000	0	-500,000
Business Rates equalisation	-2,930,539	-5,619,763	0	-8,550,302
Special Protection Areas (SPA) sites	-13,588,745	-658,212	107,369	-14,139,588
BR Covid ongoing	-330,462	0	0	-330,462
Other reserves	-1,361,017	-1,666,611	500,207	-2,527,421
TOTAL	-28,856,972	-8,944,586	3,482,206	-34,319,352

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 the Council this would be between £1.249 million 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	177,912	77,963	(99,949)
- Provisional schemes	48,428	48,886	2,078	(46,808)
- Schemes funded by reserves	1,031	1,564	1,504	(60)
- S106 Projects	122	303	303	0
Total Expenditure	196,820	228,665	81,848	(146,817)
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 £77.96 million representing a £99.95 million variance to the revised estimate of £177.9 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 £31.96 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 £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. 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 £1.50 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 £149.35 million. The current estimated underlying need to borrow is £28.3 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	payment due			
	£	£	£	£	£	£	
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				134,637	409,256	
HIF Grant WUV £52.3m	9,875,816	12,433,254		13,745,576	10,344,446	52,300,000	
WUV Funding total	19,470,072	12,433,254		13,745,576	10,479,083	61,894,255	
						0	
Ash Road Bridge						0	
Ash Road Bridge HIF (capacity funding)	410,040					410,040	
Ash Road Bridge HIF £23.9m	5,921,573	8,893,235	4,557,300	4,335,934	9,085,192	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	
ARB Funding total	8,836,947	8,893,235	4,706,402	4,335,934	15,446,090	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 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.

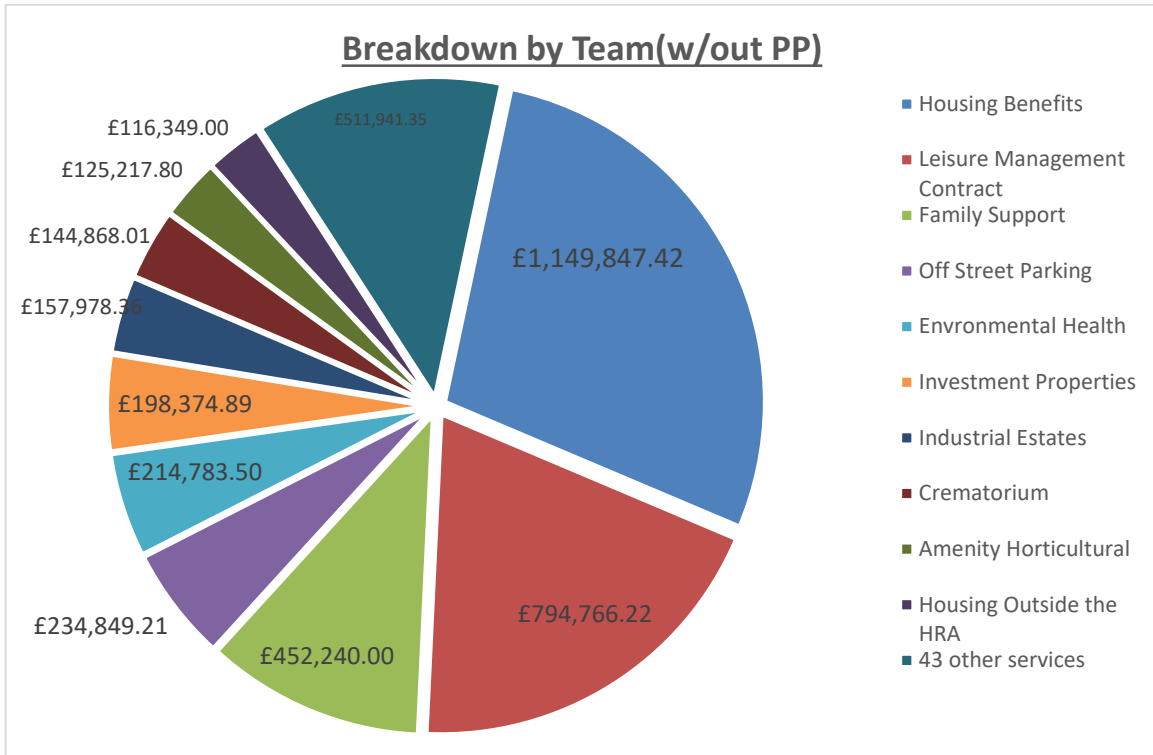
Reconciliation of Spend to RTB	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Value of receipts that will need surrendering if no further spend	0	0	0	0	2676
HIP Expenditure required to avoid RTB repayments	0	0	0	0	6,691
Forecast HIP Expenditure from the Approved Capital program	4,428	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%)	1,771	6,335	2,407	0	0
Cumulative additional receipts that will be used ((cumulative	1,771	8,106	10,514	10,514	7,838
Revised value of receipts that might need to be surrendered			0	0	0

11. Sundry Debt

11.1. As at the 30 November 2023 the current sundry debt (including Housing Benefit overpayments) position is £5.642 million of which £1.2 million is less than 30 days and within payment terms, leaving £4.442 million overdue debt. Of that £1.541 million is supported by payment plans leaving £2.901 million which is debt due to the council. This has risen from last month due to one invoice for £611,000 moving to overdue, it has been confirmed this has now been paid.

Period	Total Overdue Debt	Total Payment Plan	Remaining Overdue Debt	Payment Plan %
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%
202308	£ 4,442,079.40	£ 1,541,055.43	£ 2,901,023.97	35%

Overdue debt continues the downward trend at £4.442 million with only the one invoice of £611,000, that has now been paid, stopping us being under £4 million overdue.



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	13,108	429	61,310	222,938	614,702	912,487
Remaining Sundry Debt	789,437	63,152	215,918	307,872	402,964	1,779,343
Housing Benefit Debt on Payment Plan	2,972	9041.44	0	11,922	604,207	628,142
Remaining Housing Benefit Debt	3,038	2,740	9,677	54,775	1,051,877	1,122,107
Total Debt	808,554	75,362	286,905	597,507	2,673,751	4,442,079

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

1. As seen from the above majority of areas re showing a reduction with the exception of less than 30 days which is reflective of the £611,000 which has now been paid.
2. New reporting is now available to the case team which should allow for easier prioritization and more effective collection from the team.
3. Escalation process is an ongoing project in collaboration with Finance, Resource Case team and services. A further update on this will be given on a monthly basis to ensure the relative people are informed of progress.
4. 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. 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 December 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 favourable variance from budget of £1.096 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 1 Summary Directorate Variances

19.2. Appendix 2 HRA Summary Variances

19.3. Appendix 3 Approved Capital Programme Movements

19.4. Appendix 4 Capital Programme

Please ensure the areas have signed
Please complete this delete.

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

following service off your report. box and do not

