

# East Herts Council Report

## Council/Executive/Committee

Audit & Governance Committee

Executive

## Date of meeting:

29th September 2022 Audit & Governance Committee

4<sup>th</sup> October 2022 Executive

**Report by:** Councillor Geoff Williamson, Deputy Leader & Executive Member for Financial Sustainability

**Report title:** QUARTERLY CORPORATE BUDGET MONITOR – QUARTER 1 JUNE 2022

**Ward(s) affected:** ALL

## Summary –

- The net revenue budget for 2022/23 is £11.526m as set out in table 1, this is funded by Council Tax. The forecast outturn as at 30<sup>th</sup> June 2022 predicts an overspend of £229k.
- The revised capital budget for 2022/23 is £33.440m, of which £2.670m is approved but not yet committed, as set out in Appendix C. There is a forecast overspend of £500k, within major projects, which is due to be offset by a reduction in major projects contingency (approval pending, paragraph 2.4)

## RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE:

- a) The net revenue budget forecast overspend of £230k be noted;
- b) The capital programme overspend and proposed virement of £500k be noted.

### 1.0 Proposal(s)

1.1 Not applicable

### 2.0 Background

**2.1** The revenue budget and capital programme were approved by council on 1<sup>st</sup> March 2022. The budgets were set amid an ongoing period of continued financial uncertainty arising from the pandemic, the lack of a multiple year Comprehensive Spending Review and risks for local government, particularly the impact of Local Council Tax Support on the Council Tax base. The report that follows provides details of the forecast outturn position against the budgets set in March 2022.

**2.2** The 2022/23 net revenue budget is £11.526m, the table below shows the budget alongside the 2022/23 forecast outturn as at Quarter 1. A breakdown of the revenue budget and forecast outturn can be found in Appendix A:

Table 1: 2022/23 Revenue forecast outturn

	<b>2022/23 Budget</b>	<b>2022/23 Forecast outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Cost of Services	16,129	16,358	229
Total corporate budgets	483	269	(214)
Total reserves	266	480	214
Total Funding	(5,352)	(5,352)	-
<b>Net revenue spend</b>	<b>11,526</b>	<b>11,755</b>	<b>229</b>
Funded by Council Tax	(11,526)	(11,526)	-
<b>Overspend/(underspend)</b>	<b>-</b>	<b>229</b>	<b>229</b>

**2.3** With high inflation, the cost of living crisis has impacted on the councils spending with contract costs, utilities and salaries increases at levels above budget. Increases to the Bank of England's base rate have resulted in interest rate rises which impact on the rate at which the council can borrow and also on the return that the Council can achieve on its investments. A summary of significant variances is provided in Appendix B, this gives details of the £229k forecast overspend.

**2.4** The 2022/23 capital budget is £33.46m, Appendix C provides a breakdown of the capital programme. Due to increased archaeological spend at the 3g Pitch at Grange Paddocks Leisure Centre, an overspend of £500k is forecast. Approval is being sought for a virement from the capital contingency budget.

**2.5** The outstanding debt as at Quarter 1 was £2.4m, of this £720k is less than 30 days old. The total outstanding debt has reduced by £467k from the position at 31 March 2022. Debt over 365 days old totals £1.1m, this is being reviewed by officers, with legal advice being sought as necessary. The split of aged debts can be found in Appendix D

### **3.0 Reason(s)**

**3.1** Section 28 of the Local Government Act 2003 requires the Council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit & Governance Committee and the Executive with expenditure forecasts to the year end

**3.2** The Executive must consider the budget forecasts and ensure that action is taken in relation to any expenditure over spends or

any underachievement of income so that the Council's financial resources are not exceeded

#### **4.0 Options**

4.1 Not applicable

#### **5.0 Risks**

5.1 Higher inflation and rising interest rates will put pressure on the Councils revenue and capital budgets.

#### **6.0 Implications/Consultations**

6.1 The finance team has consulted with Heads of service, service managers and budget managers in writing this report

#### **Community Safety**

No

#### **Data Protection**

No

#### **Equalities**

No

#### **Environmental Sustainability**

No

#### **Financial**

All financial implications are included in this report.

#### **Health and Safety**

No

#### **Human Resources**

No

## Human Rights

No

## Legal

Section 28 of the Local Government Act 2003 requires the Council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit & Governance Committee and the Executive with expenditure forecasts to the year end.

## Specific Wards

None

## 7.0 Background papers, appendices and other relevant material

7.1

Appendices	
A	2022/23 Revenue budget & forecast outturn
B	Significant variances
C	2022/23 Capital programme & forecast outturn
D	Quarter One Debtors position

### Contact Member

Councillor Geoffrey Williamson, Deputy Leader  
& Executive Member for Financial Sustainability

[geoffrey.williamson@eastherts.gov.uk](mailto:geoffrey.williamson@eastherts.gov.uk)

### Contact Officer

Steven Linnett, head of Strategic Finance and  
Property

Contact Tel. No. extn 2050

[steven.linnett@eastherts.gov.uk](mailto:steven.linnett@eastherts.gov.uk)

**Report Author**

Alison Street, Financial Planning Manager

[alison.street@eastherts.gov.uk](mailto:alison.street@eastherts.gov.uk)