

East Herts Council Report

Audit & Governance Committee

Date of meeting: 26 September 2023

Report by: Councillor Carl Brittain, Executive Member for Financial Sustainability

Report title: QUARTERLY CORPORATE BUDGET MONITOR – QUARTER 1 JUNE 2023

Ward(s) affected: ALL

Summary –

- The net revenue budget for 2023/24 is £12.113m as set out in table 1, this is funded by Council Tax. The forecast outturn as at 30th June 2023 predicts an overspend of £403k.
- The revised capital budget for 2023/24 is £36.688m as set out in Appendix C. The forecast spend is £37.158m, an overspend of £490k. Hertford Theatre is forecasting an overspend of £2.645 million and officers are working to reduce this overspend by project phasing and re-engineering.

RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE:

- a) The net revenue budget forecast overspend of £403k be noted;
- b) The capital programme forecast overspend of £490k be noted;

- c) The forecast overspend on Hertford Theatre of £2.645 million and officer actions to reduce this figure be noted.

Proposal(s)

1.1 Not applicable

2.0 Background

2.1 The revenue budget and capital programme were approved by council on 1st March 2023. 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 high inflation. The report that follows provides details of the forecast outturn position against the budgets set in March 2023.

2.2 The 2023/24 net revenue budget is £12.113m, the table below shows the budget alongside the 2023/24 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

	2023/24 Budget	2023/24 Forecast outturn	Variance
	£'000	£'000	£'000
Net Cost of Services	17,030	17,289	259
Total corporate budgets	1,373	1,517	144
Total reserves	(818)	(818)	-
Total Funding	(5,472)	(5,472)	-
Net revenue spend	12,113	12,516	403
Funded by Council Tax	(12,113)	(12,113)	-
Overspend/(underspend)	-	403	403

2.3 With high inflation, the cost of living crisis has impacted on the council's 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 £403k forecast overspend.

2.4 The revised capital budget for 2023/24 is £36.668m as set out in Appendix C. The forecast outturn is £37.158m giving a variance of £490k. The main variances are being the current projected overspend on the Hertford theatre build of £2.645 million which officers are working to bring down and the £2.0 million saving arising from delay to the likely commencement of the Arts Centre . Appendix C provides a further breakdown of the capital projects.

2.5 The outstanding debt as at Quarter 1 was £3.64m, of this £1.25m is less than 30 days old. The total outstanding debt has increased by £609k from the position at 31st March 2023. Debt over 365 days old totals £1.5m, 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	2023/24 Revenue budget & forecast outturn
B	Significant variances
C	2023/24 Capital programme & forecast outturn
D	Quarter one Debtors position

Contact Member

Councillor Carl Brittain, Executive Member for Financial Sustainability

carl.brittain@eastherts.gov.uk

Contact Officer

Steven Linnett, head of Strategic Finance and Property

Contact Tel. No. extn 2050

steven.linnett@eastherts.gov.uk

Report Author

Alison Street, Financial Planning Manager

alison.street@eastherts.gov.uk