

Guildford Borough Council

Report to: Corporate Management Board

Date: 20th June 2024

Ward(s) affected: All

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

Author: Mark Riley – Interim Business Partner

Contact mark.riley@guildford.gov.uk

Lead Councillor responsible: Richard Lucas

Email: Richard.lucas@guildford.gov.uk

Report Status: Open

Period 2 Financial Monitoring 2024/25

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 £0.253 million which includes specific reserves transfers. Whilst there are a number of smaller forecast changes across the Directorates, the main areas that contribute towards this overall favourable movement are as follows:

- There are increasing recharges to the HRA following a recalculation within the Democratic Representation service.
- Car parking income and PCN significantly higher than budgeted. Despite the increase in parking fees, both income and transaction numbers have increased to within a couple of percent of pre-pandemic levels and cumulatively are up 26% and 11% respectively on the May 2023/24 totals.
- Partially offsetting these favourable movements are Domestic Refuse & Recycling where there is a forecasted overspend from refuse

freighter hire due to an ageing fleet. Additionally, within the Place Directorate there are unachievable vacancy credits.

The Directorates, Corporate adjustments, provisions and external interest receivable, is forecast to give an overall favourable variance of £0.253 million. Any surpluses or deficits would impact reserves at year end.

Officers are projecting an underspend on the HRA of £0.009 million, details are highlighted in the report.

GF reserves are forecast to be £38.749 million at year end, of which £30.811 million are earmarked and £7.938 million are available and classed as usable, this excludes the GF working balance.

Progress against the capital programme is underway. The Council currently expects to spend £92.272 million on its capital schemes by the end of the financial year matching the revised budget of £92.272 million.

Debt due to the council is £5.740 million of which £1.563 million is supported by payment plans leaving £4.177 million which is debt due to the council.

There are £6.592 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 2024/25 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 2024/25 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.

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 a favourable position of £0.253 million.

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.

GENERAL FUND SUMMARY	Original Estimate	Latest Estimate	Projected Outturn	Variance to latest
	2024-25	2024-25	2024-25	2024-25
	£	£	£	£
Community Wellbeing	20,027,239	20,027,239	20,124,108	96,869
Place	(2,464,865)	(2,464,865)	(2,410,402)	54,463
Transformation and Governance	7,374,286	7,374,286	6,970,181	(404,105)
Total Directorate Level	24,936,660	24,936,660	24,683,887	(252,773)
Less capital charges	(7,440,536)	(7,440,536)	(7,440,536)	0
	17,496,124	17,496,124	17,243,351	(252,773)
Corporate Items				
External interest receivable (net)	(3,294,690)	(3,294,690)	(3,294,690)	0
Interest payable to Housing Revenue Account	1,375,960	1,375,960	1,375,960	0
Minimum Revenue Provision	1,681,397	1,681,397	1,681,397	0
Other reserve movements	9,940	9,940	9,940	0
Business Rates GF impact	(3,152,126)	(3,152,126)	(3,152,126)	0
Other Govt Grants	(379,765)	(379,765)	(379,765)	0
New Homes Bonus	(1,282,629)	(1,282,629)	(1,282,629)	0
Council Tax Collection Fund	61	61	61	0
Net General Fund Cost	12,454,271	12,454,271	12,201,498	(252,773)
Council Tax requirement	(11,728,000)	(11,728,000)	(11,728,000)	0
Shortfall / (surplus)	24,182,271	24,182,271	23,929,498	(252,773)

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

Directorate	2024/25 Revised Budget £ million	2024/25 Year-end Forecast £ million	2024/25 Variance £ million
Community Wellbeing	20.027	20.124	0.097
Place	(2.465)	(2.410)	0.054
Transformation & Governance	7.374	6.970	(0.404)
Totals	24.937	24.684	(0.253)

10.2. Housing Revenue Account

The HRA is forecast to have a favourable variance this financial year by £0.009 million, as summarised in table below. This would increase the transfer to reserves.

	2024/25 Revised Budget £ million	2024/25 Forecast £ million	2024/25 Variance £ million
Expenditure	24.091	24.100	0.009
Income	(38.173)	(38.173)	0
Transfer to Reserves	14.082	14.073	(0.009)
(surplus)/deficit	0.000	0.000	0.000

All significant variances are shown in appendix 2

10.3. Reserves Monitoring

The draft GF earmarked revenue reserves estimate as at 31 March 2025 includes £30.812 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 £14.438 million at 31 March 2025. The level of projected earmarked reserves available for general purposes, to support the revenue or capital budgets is therefore the balance of the MTFP £7.938 million.

Summary of Reserves 2024-25

	Estimated Balance at 31 March 2024 £000	Receipts in Year £000	Transfers out in Year £000	Estimated Balance at 31 March 2025 £000
General Fund Reserves				
MTFP	(7,937,747)	0	0	(7,937,747)
Carried Forward Items	(745,948)	(3,814)	16,000	(733,762)
It Renewals	(1,860,792)	0	467,790	(1,393,002)
Spectrum	(382,520)	0	0	(382,520)
Car Parks Maintenance	(2,203,793)	0	855,940	(1,347,853)
Car Parks Equalisation reserve	(200,000)	0	0	(200,000)
Business Rates Equalisation	(8,550,302)	0	0	(8,550,302)
Special Protection Areas (SPA) sites	(14,437,920)	0	0	(14,437,920)
BR Covid ongoing	(330,462)	0	0	(330,462)
Other reserves	(3,155,291)	(296,899)	16,068	(3,436,122)
TOTAL	(39,804,775)	(300,713)	1,355,798	(38,749,690)

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	2024-25 Approved £000	2024-25 Revised £000	2024-25 Spend to Period 2 £000	2024-25 Variance £000
General Fund Capital Expenditure				
Main Programme	90,592	92,272	12,346	(79,926)
Provisional Schemes	94,420	94,420	0	(94,420)
Schemes Funded by Reserves	1,662	2,012	45	(1,967)
S106 Projects	0	0	0	0
Total Expenditure	186,674	188,704	12,392	(176,313)
Housing Revenue Account Capital Expenditure				
Approved Programme	4,554	24,375	1,053	(23,321)
Provisional Programme	9,444	9,444	0	(9,444)
Total Expenditure	13,998	33,819	1,053	(32,766)

Approved (main) programme Expenditure is expected to be £92.27 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. The actual expenditure to the end of May 2024 (period 2) is £12.35 million (as shown in the above table and in Appendix 4). Several significant projects are in progress and delivery of the corporate projects and programmes is progressing. It is expected there will be a significant overspend due to WUV and work is ongoing to calculate this and options available to the council. This will be reported in future forecasts. 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 £94.42 million, representing a variance of £94.42 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.

S106 programme

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 £2.01 million. The main projects are:

- Expenditure on car parks £0.93 million.
- ICT renewals and infrastructure improvements £0.33 million.

Capital Resources

When the Council approved the budget in February 2024, the estimated underlying need to borrow for 2024/25 was £126.99 million.

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 31.03.24	Estimated Remaining Funding	Future Years	Total Funding
Weyside Urban Village (WUV)	£			
LEP Internal Estate Road	5,106,767			5,106,767
Lep Grant - Wuv	3,943,233			3,943,233
Grant WUV £135k Homes For Eng SCC	135,000			135,000
HIF Grant - (Capacity Funding)	409,256			409,256
HIF Grant - SCC (SARP)	33,080,905			33,080,905
WUV Funding Total	42,675,161	0	0	42,675,161
Ashroad Bridge				
HIF - ARB Capacity Funding	410,040			410,040
Ash Road Bridge HIF £23.9	19,713,875			19,713,875
Ash Road Bridge SCC		5,000,000		5,000,000
Ash Road Bridge S106 Contributions	2,654,436		2,640,000	5,294,436
ARB Funding Total	22,778,351	5,000,000	2,640,000	30,418,351

Housing Investment Programme Approved Capital

The HRA approved capital programme is expected to outturn at £24.375 million as per the revised budget. 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.

Reconciliation of Spend to RTB	2023-24 Actual £000	2024-25 Estimate £000	2025-26 Estimate £000	2026-27 Estimate £000	2027-28 Estimate £000	2028-29 Estimate £000
Value of receipts that will need surrendering if no further spend	0	0	0	0	1890	2904
HIP Expenditure required to avoid RTB repayments	0	0	0	0	4,725	7,261
Forecast HIP Expenditure from the Approved Capital programme	2,387	3,604	5,046	0	0	0
Cumulative Expenditure forecast	5,657	9,261	14,307	14,307	14,307	14,307
Forecast additional receipts that will be used (c x 40%)	955	1,441	2,018	0	0	0
Cumulative additional receipts that will be used ((cumulative e) + a)	955	2,396	4,414	4,414	2,525	-380
Revised value of receipts that might need to be surrendered			0	0	0	380

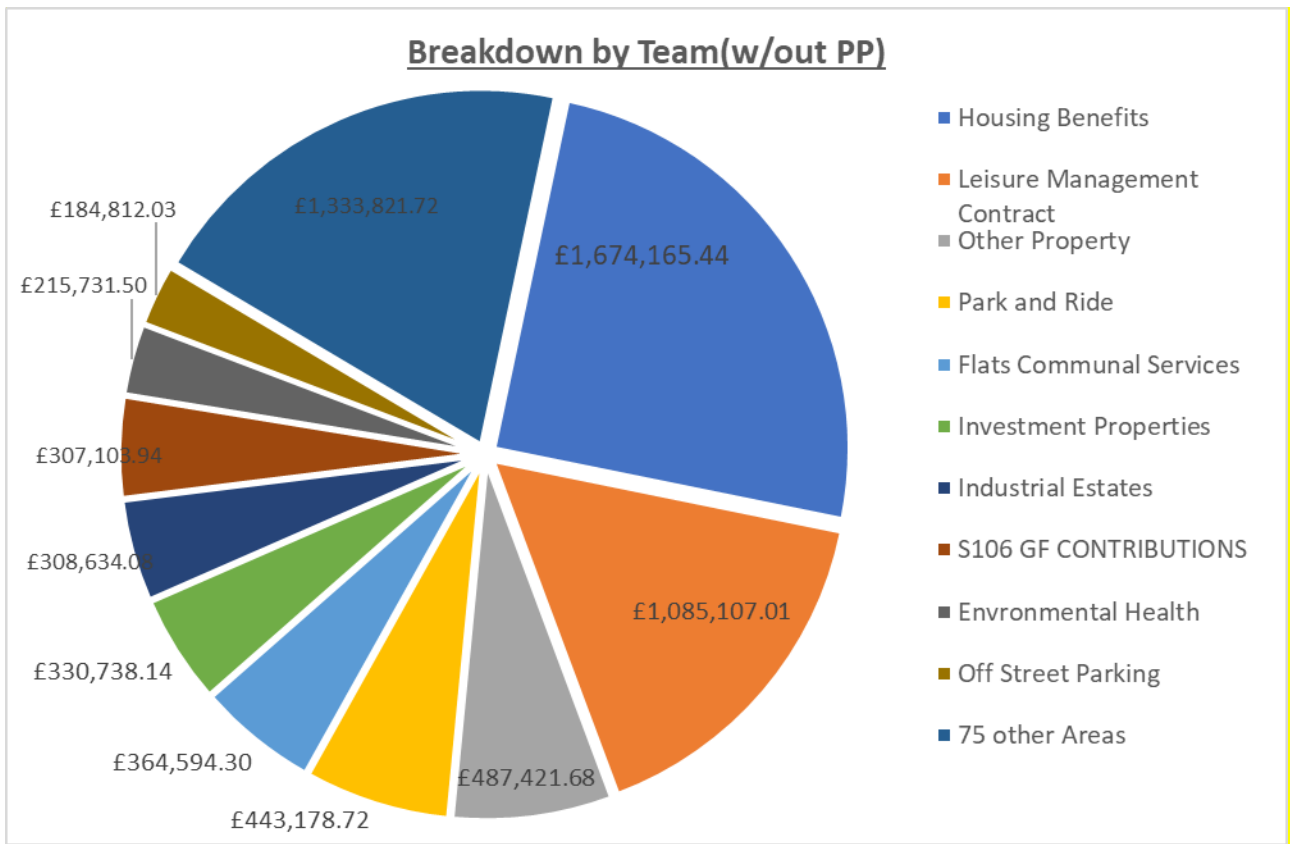
Note - Repayment will not be required for 2023-24 and in future years unless actual expenditure does not occur in line with forecast.

11. Sundry Debt

11.1 As at the 31st May 2024 the sundry debt (including Housing Benefit overpayments) position is £6.735 million of which £0.994 million is less than 30 days and within payment terms, leaving £5.740 million overdue debt. Of that, £1.563 million is supported by payment plans leaving £4.176 million which is debt due to the council. Although the total debt figure has risen through the first to period of 2024/25, over £7m of invoices have been raised which is £4.5m more than last year and debt over 60 days overdue is down £2.2m from this time last year.

Period	Total Overdue Debt	Total Payment Plan	Remaining Overdue Debt	Payment Plan %
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%
202312	£ 4,048,517.16	£ 1,819,493.61	£ 2,229,023.55	45%
202401	£ 4,950,196.90	£ 1,693,219.75	£ 3,256,977.15	34%
202402	£ 5,740,499.37	£ 1,563,883.18	£ 4,176,616.19	27%

The increase in debt is expected for this time of the year due to the value of invoices that get raised. The AR team is now fully resourced and currently being trained which means we are in a good place to ensure ongoing collections continue to reduce in the coming months.



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	9,527	1,966	370,315	80,356	564,210	1,026,424
Remaining Sundry Debt	1,379,288	434,122	405,501	585,065	238,431	4,034,719
Housing Benefit Debt on Payment Plan	0	0	0	18,943	518,516	537,459
Remaining Housing Benefit Debt	33,176	1,115	1,792	48,448	1,049,729	1,136,706
Total Debt	1,421,991	437,203	777,608	732,812	2,370,886	6,735,309

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

Recruitment to two roles within the case team including a team leader role has been successful with successful candidates started and within the training period. 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.

12. Budget Savings for 2024/25

The 2024/25 budget includes £6.592 million of savings which are either service specific or cross organisational. Work is currently being undertaken with services to monitor plans including timelines for all savings plans. Moving forward through 2024/25, reporting on the achievement of savings will form part of the monthly monitoring and forecasting with the level of achievements to date and a RAG rating to determine the likelihood of meeting targets. 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.

Directorate / Service	2024-25 Savings
Housing & Environment	(938,000)
Organisational Design	(140,000)
Place	(347,000)
Resources	(3,206,000)
All	(1,961,900)
Grand Total	(6,592,900)

13. Legal Implications

11.1. 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 2024/25 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 2024/25 financial year.
- 18.2. There is currently a net favourable variance from budget of £0.253 million on the general fund. Services must continue to 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

a) Service	b) Sign off date
c) Finance / S.151 Officer	d)
e) Legal / Governance	f)
g) HR	h)
i) Equalities	j)
k) Lead Councillor	l)
m) CMB	n)
o) Executive Liaison/briefing	p)
q) Committee Services	r)