

Report to: Overview and Scrutiny Committee

Date of Meeting: Wednesday 27 July 2022

Report Title: Financial Monitoring Report for 2021/22 – Quarter 4

Report By: Kit Wheeler
Chief Finance Officer

Purpose of Report

To provide a summary of the revised outturn position for services at the end of March 2022 (excluding capital financing charges and recharges).

Recommendation(s)

To accept the contents of the report, and the actions within the conclusion and management action section.

Reasons for Recommendations

To assist the council in understanding the financial position and particularly areas of over and under spend. This assists in identifying areas for review in the next financial year and also in the production of the 2023/24 budget.

Background

1. The original 2021/22 budget agreed by Council was £12,967,638. This figure excludes the contingency budget (£500,000) which is held separately. The 2021/22 budget was then revised as part of the 2022/23 budget setting process to £14,142,110 with zero contingency budget.

Table 1: Revenue position

Directorate	2021/22 Original Budget	2021/22 Revised Budget	2021/22 Variance (Actuals vs Revised Budget)	Trf to / (Use) of Reserves	2021/22 Estimated Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Operational Services	12,160	13,408	(1,495)	1,271	(224)
Corporate Resources	807	734	(584)	502	(82)
Total	12,967	14,142	(2,079)	1,773	(306)

2. As part of the annual 2022/23 Budget setting process a thorough and detailed analysis of the current year's budget is undertaken. As a result of this work the original budget is then revised in line with current and latest available information and forecasts.
3. The overall 2021/22 revenue outturn identifies a positive variance against the revised budget of £306,000 and once reserve funded items amounting to £2.3m are excluded.
4. Appendix 1 provides a more detailed analysis of each directorate and this report seeks to provide further narrative on the main material variations identified.

Operational Services

Environmental Health

5. The service overall is showing a positive variance of £19,457 against the revised 2021/22 budget.
6. The main variance is in Local Licensing where additional income has led to a positive variance of £25,528. The rest is made up of various minor under and over spends detailed in appendix A.

Parking

7. The Parking service overall is showing a negative variance of £55,446 against the revised 2021/22 budget.
8. Off Street Parking is showing an overall negative variance of £39,349. This is due to additional costs for services such as utilities and other associated car park costs being higher than previously anticipated.
9. The remaining balance is made up from various other under and overspends which can be found in Appendix 1.

Waste

10. The service is showing a positive variance of £261,662 against the revised 2021/22 budget.
11. Refuse Collection has seen positive variances against the revised budget due to increased income for bulky waste and also reduced costs as part of contract savings. This means that the service is showing a positive variance of £43,477.
12. The DSO Service is showing a large positive variance of £155,900. This is as a result of reduction in staffing costs, in particular agency staff, by looking at working more efficiently with use of weekend hours and overtime. There were also one off savings in expenditure items such as Equipment and vehicles.
13. The remaining balance is made up from various other under and overspends which can be found in Appendix 1.

Amenities

14. The service is showing an overall positive variance of £43,612 against the revised 2021/22 budget. This is mainly in the area of Parks and Gardens which has seen a reduction in maintenance costs.
15. The remaining balance is made up from various other minor under and overspends which can be found in Appendix 1.

Marketing and Major Projects

16. The service is showing a positive variance of £12,160 against the revised 2021/22 budget.
17. The balance is made up from various other minor under and overspends which can be found in Appendix 1.

Regeneration

18. The service is showing a negative variance of £21,919 against the revised 2021/22.
19. The balance is made up from various other minor under and overspends which can be found in Appendix 1.

Leisure

20. The service is showing an adverse variance of £42,557 against the revised 2021/22 budget which is made up of various minor under or overspends as shown in Appendix 1.

Resort Services

21. The service is showing an adverse variance of £13,232 against the revised 2021/22 budget.
22. The balance is made up from various other minor under and overspends which can be found in Appendix 1.

Housing and Built Environment

23. The service is showing an overspend of £64,911 against the revised 2020/21 budget.
24. Homelessness budget is showing an overspend of £146,655. This is due to the rising costs of temporary housing coupled with the number of residents presenting as Homeless increasing by nearly 30% compared to our original budgeted numbers. This is an issue that has been highlighted previously and the council has implemented a task force specifically aimed at looking to reduce the costs and to look at longer term's solutions to this issue.
25. The remaining balance is made up from various other minor variances which are shown in Appendix 1.

Corporate Services

26. The service shows a positive variance of £82,682 against the revised 2021/22 budget.
27. Unit Factories and Properties and Estates are showing a combined overspend of £78,006 due to increased spend on repairs and maintenance. There are savings in areas such as business rates and reduced expenditure for repairs for factories, but regrettably not enough to offset the additional spend in other properties and Estates.
28. The remaining balance is made up from various other variances which are shown in Appendix 1.

Capital Programme

29. The adjusted capital budget for 2021/22 amounted to £7,961,000 once carry forwards and adjustments amounting to (£14,502,000) have been allowed for.
30. As Table 2 below shows, the spend to the end of March 2022 is £4.895m which is £3.066m under the revised Budget. This is mainly due to delay in moving forward with schemes & those schemes have been moved into 2022/23. Further details are included in Appendix 2.

Table 2: Capital Programme (Gross expenditure)

Directorate	Original Budget 2021/22	Revised Budget 2021/22	Outturn 2021/22
	£'000	£'000	£'000
Operational Services	9,220	5,146	3,114
Corporate Resources	13,243	2,815	1,782
Total	22,463	7,961	4,895

Conclusion and Management Action

31. Despite the 2021/22 outturn seemingly to appear positive compared to budget, it must be noted that these figures being reported in this report are against the revised budget which was increased as part of the budget setting process in February and not the original budget.
32. Work is underway to update and change the current financial reports, both in style and the timing thereof, in order to provide a timelier and easier to understand report. In terms of timelines for this we are aiming for some of the changes in time for Quarter 2 2022/23 report potentially.
33. The Council has not had a signed off Audit opinion report for 2019/20, 2020/21 or the figures contained in this report for 2021/22. Hastings Borough Council are not the only local authority to be in this position, this is an issue for all public sector clients regardless of audit firm used.
34. This means that the figures contained in this report (and previous ones) are as expected and form part of the draft statement of accounts for the year in question but cannot be confirmed until the external audit opinion is provided.

Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Continued quarterly monitoring	Each financial quarter	Relevant O&S meetings	Chief Finance Officer
Further review of 2021/22 under and overspends and any future variances as part of regular reporting.	2023/24 budget	February 2023	Chief Finance Officer

Wards Affected

None

Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	No
Anti-Poverty	No

Additional Information

Appendix 1 Operational Services and Corporate Resources – Revenue Summary Q4
Appendix 2 Operational Services and Corporate Resources – Capital Summary Q4

Officer to Contact

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