

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: 2023/24 Finance Performance Report – Provisional
Outturn

Meeting/Date: Cabinet – 18th June 2024

Executive Portfolio: Executive Councillor for Finance and Resources

Report by: Director of Finance and Corporate Resources

Ward affected: All

Executive Summary:

This report sets out the provisional outturn for the financial year 2023/24 for both revenue and capital.

REVENUE FORECAST

The net current revenue budget for 2023/24 is £23.949m (Original budget of £24.113m plus brought forward of budget of £0.142m and less budget carried forward to 2024/25 of £0.306m), the provisional outturn for 2023/24 is £22.292m, an underspend of £1.657m.

This is as a result of (large variations);

Corporate Resources underspend £2.1m as a result of; increased income from interest received but offset by reduced commercial rents and Land Charge fees. Also increased expenditure including increased internal drainage board levies, external audit fees, training and recruitment, offset by reduced costs including utilities, business rates, maintenance costs, canvassers fees, postage and insurance premiums.

Chief Operating Officer underspend £0.8m as a result of; government grants, increased taxi applications and court fees recovered, but a reduction in pest control fees and Communities income. Savings from vacancies, shared roles and reduced cost of bad debts.

ICT underspend £0.1m as a result of; savings from consolidation of contracts through use of EastNet framework, offset by increased expenditure in quarter 4.

Operations overspend £0.9m as a result of; the costs of the Garden Waste Subscription Service were, prudently charged to 2023/24 instead of 2024/25, the loss of Street Cleansing income offset by increased CCTV and grounds maintenance income. Expenditure on severance payments, market supplements and agency staff increased. Fleet management costs were underspent.

Leisure and Health overspend £0.3m as a result of; increased maintenance, gas, contract, marketing and equipment costs. Offset by increased membership, swimming and spa fee income.

Chief Planning Officer overspend £0.1m as a result of; reduced planning fee income, and agency staff costs.

CAPITAL FORECAST

The approved original budget was £29.392m, which included re-phased budget from prior years of £15.898m. At the year end the actual budget rephased was £18.342m, which is £2.444m more rephased than budgeted, in addition funded housing grant of £0.744m has been confirmed from DLUHC, £0.295m funding for Ramsey Public Realm, and £0.275m for One Leisure St Ives Pitch Replacement. The current budget is therefore £33.150m (£29.392m + £2.444m + £1.314m). The outturn for 2023/24 is £13.407m, an in-year underspend of £19.743m, with a total rephasing to 2024/25 of £18.917m.

This is as a result of (Large variations only);

The most significant variations being, in-year underspends and rephasing

Market Town Programme £13.9m, Hinchingsbrooke Country Park £2.6m, Vehicles £1.0m, ICT projects £0.6m Car Parking £0.4m, Housing Company £0.2m; Commercial Property enhancements £0.9m, Parks and signage £0.6m, CIL £1.3m. Wheeled Bins £0.1m Resources schemes £0.2m.

Against overspends; on Fareham office enhancements £0.5m (funded from reserves), Housing Fund £1.1m (externally funded) and Disabled Facilities Grants £0.5m (extra net £0.130m as part funded from additional external grant).

Recommendation(s):

It is recommended that:

- Cabinet considers and comments on the revenue financial performance for the financial year 2023/24, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is invited to consider and comment on the capital financial performance for the financial year, as detailed in Appendix 2 and summarised in paragraph 3.3.

PURPOSE OF THE REPORT

- 1.1 To present details of the Council's financial performance for 2023/2024.
- Revenue outturn provisional underspend of £1.657m.
 - Capital outturn provisional in-year underspend of £19.743m, and a rephasing to 2024/25 of £18.917m.

BACKGROUND

- 2.1 The budget and MTFs for 2023/24 approved in February 2023, assumed a net expenditure budget of £24.113m since reduced by net brought/carry forwards of £0.164m a net total of £22.292m. A gross capital budget of £29.392m was approved, increased to £33.150m due to additional re-phasing of schemes at the year-end of £2.444m, and funding for housing grant, Ramsey Public Realm and OLSI Pitch Replacements of £1.314m not included in the original budget.
- 2.2 The detailed analysis of the 2023/24 provisional outturn is attached at Appendix 1 for revenue, and Appendix 2 for capital.

FINANCIAL PERFORMANCE

3.1 Financial Performance Headlines

The outturn position for the current financial year and the impact of variations will be incorporated within the MTFs.

Revenue The current budget is £23.949m (Original budget £24.113m + budget brought forward from 2022/23 £0.142m less £0.306m budget carried forward to 2024/25), the provisional outturn is £22.292m which is an underspend of £1.657m.

Capital The approved original budget is £29.392m, which included budgeted rephasings of £15.898m. At the year end the actual budget rephased was £18.342m, which is £2.444m more rephased than budgeted. As a result, the current budget including growth from funded schemes, is £33.150m (£29.392m+£2.444m+£1.314m).

3.2 Summary Revenue Variances by Service (Appendix 1 for detail)

The table below shows the total variances for each Service and the main reasons for the variance;

Head of Service	Original budget £000	Budget b/Fwd £000	Budget c/fwd £000	Current budget £000	Q3 forecast £000	Actuals to 31 March £000	Contribution to/from reserves £000	Provisional outturn £000	Variance to budget £000	Variance to forecast £000	Comments
Corporate Resources	7,878	51	(12)	7,917	5,163	2,397	3,469	5,866	(2,051)	703	Income; Increased interest received but reduced Land Charges fees and reduced commercial property rents received. Expenditure; Increased IDB and external audit fees. Reduced legal fees, utilities bills, business rates, canvassers and postage costs, maintenance costs and insurance premiums. Costs increased in relation to training, licences and recruitment. Contribution to reserves.
Chief Operating Officer	5,313	36	(39)	5,250	5,069	3,683	750	4,433	(817)	(636)	Income; Increased taxi applications, government grants and court costs recovered. Reduction in pest control income and Communities income. Expenditure; Increased cost due to return of utility bill payments to MBH residents. Salary savings due to staff turnover, vacancies and shared roles. Reduced cost of bad debt provision.
Economic Development	207	-	-	207	207	209	-	209	2	2	
Housing Strategy	200	-	-	200	201	280	(71)	209	9	8	
Corporate Leadership	1,295	-	(45)	1,250	1,284	778	480	1,258	8	(26)	Expenditure; Salary savings offset by recruitment, membership and consultancy costs.
Chief Planning Officer	369	39	(75)	353	1,038	610	393	1,003	50	(35)	Income; Fees income down, but an additional government grant was received. Expenditure; Savings from vacant posts, but increased agency staff costs.
Strategic Insight and Delivery	117	16	(1)	132	438	486	(366)	120	(12)	(378)	Income; Markets income reduced, car parks fees down, less sports development income, but additional parks grants and s106 income and external apprentice funding. Expenditure; Increased security costs at HCP, Projects and Programmes expenditure funded from the transformation reserve
Operations	5,152	-	(40)	5,112	5,308	5,889	163	6,052	940	144	Income; Increased CCTV income, grounds maintenance income but loss of Street Cleansing income. Expenditure; Garden Waste Subscription Service set up costs were costed to 2023/24. Increased costs due to severance payments, market supplements, agency staff cover and maintenance costs. Reduced fleet management costs.
Leisure and Health	304	-	-	304	428	608	(29)	579	275	151	Income; Increased memberships fees, junior swimming and Spa income. Expenditure; Increased gas costs, sinking fund contribution, maintenance costs, equipment purchases, contract and marketing costs. Water costs were less than expected.
ICT	2,658	-	(34)	2,624	2,622	2,633	(70)	2,563	(61)	(53)	Expenditure; Reduced network line costs due to contract consolidation, but increased Business Case expenditure in quarter 4.
Total	24,113	142	(306)	23,949	22,418	17,573	4,719	22,292	(1,657)	(126)	

Further analysis of the revenue variance and service commentary are in Appendix 1. This provides the variances by service and comments have been provided by the budget managers/Head of Service.

3.3 Capital Programme (Appendix 2 for detail)

The approved gross capital programme for 2023/24 is £29.392m, this total included budgeted rephasings of £15.898m. At the year end a total of £18.342m was rephased, an additional rephase of £2.444m. The total current budget is £33.150m including growth of £1.314m (£29.392m+£2.444m+£1.314m).

The capital programme is forecast to have an in-year underspend of £19.743m, as detailed in the table below, along with the requested rephasings to 2024/25. Some budgets will already have been rephased as part of the 2024/25 MTFs, the rephasings below and also detailed in Appendix 2 will be netted off the budgeted rephasings.

The table below shows the total variances for each Service and the main reasons for the variances.

Head of Service	Existing and New Bids £000	Budget Rephase (1) £000	Original Budget £000	Year End Rephase (2) £000	Net Rephase (3) £000	Growth/ Virement £000	Current Budget £000	Q3 Forecast £000	Outturn Actual £000	Over/(Under) Spend £000	Rephase to 2024/25	Comment on Outturn Variance
Finance and Corporate Resources	1,398	452	1,850	1,033	581	0	2,431	2,257	1,860	(570)	1,035	Expenditure on Fareham to enhance tenant appeal and unspends on Commercial Estates improvement projects.
Community Services	1,650	39	1,689	0	(39)	0	1,650	1,867	2,185	535	0	Increased demand for DFGs as a result of an aging population, increased number childrens cases, more complex cases. As well as increased contractor costs.
Chief Planning Officer	3,570	0	3,570	0	0	0	3,570	3,906	2,174	(1,396)	0	CIL project funding not expended due to projects milestones not being met.
Housing Manager	0	206	206	206	0	744	950	2,480	1,829	879	(1,085)	The Housing Fund (grant funded) has been spent sooner than budgeted, so a reduction in expenditure is rephased to reduce the 2024/25 budget allocation.
Customer Services	0	0	0	34	34	0	34	0	0	(34)	34	Voice bot expenditure rephased
Leisure and Health	600	12	612	133	121	275	1,008	989	952	(56)	124	Contracted condition survey works and Ramsay car park works have been delayed and are to be rephased. Additional expenditure to repair the Burgess Hall air conditioning.
Operations	1,638	328	1,966	584	256	0	2,222	1,396	1,089	(1,133)	1,039	Wheeled bin underspend and vehicle replacement budget rephased. Vehicles lives are extended as much as possible.
Insights and Delivery	43	3,217	3,260	3,661	444	0	3,704	481	228	(3,476)	3,453	HCP improvements delayed to 2024/25, and other Parks schemes underspent or rephased. Car parking and CPE also rephased to ensure funds are available for CPE.
ICT	498	431	929	403	(28)	0	901	600	314	(587)	471	Data Centre tasks projects to be completed in 2024/25. Hardware replacement budget underspent. AV, Public Switched Network, Windows 2012 server replacement budgets to be rephased.
Place	4,097	11,213	15,310	12,289	1,076	295	16,681	3,690	2,776	(13,905)	13,846	Projects underway and at various stages of completion, budgets to be rephased to 2024/25 to complete and continue works.
Total	13,494	15,898	29,392	18,342	2,444	1,314	33,150	17,667	13,407	(19,743)	18,917	
<p>⁽¹⁾ This is the estimated rephase when the budget is set.</p> <p>⁽²⁾ This is the actual rephase at the year end when all costs are known</p> <p>⁽³⁾ This is the actual rephase less the budget rephase. Original budget + net rephase + growth = Current budget</p>												

3.4 Council Tax and Business Rates Collection

The Council Tax collection rate at the end of quarter 4 (97.80%) is fractionally lower than the previous year (97.86%). The Business Rates collection rate at the end of quarter 4 (99.38%) is higher than at the end of quarter 4 in the previous year (99.12%).

The number of working age Council Tax Support claimants at the end of quarter 4 was 4,166 which is 240 more than at the end of quarter 4 in 2022/23 (3,926). The number of pensioner council tax support claimants continues to fall, 2,813 at the end of quarter 4 2023/24, compared to 2,866 for the same period last year.

3.5 Miscellaneous Debt Update

The table below shows the debtor analysis as at 31st March 2024.

Service	Debtor Aging Days						Future	Total Debt
	Current	<90	91 to 180	181 to 365	>365			
	£000s	£000s	£000s	£000s	£000s	£000s		
3C Shared Services	650	17	3	6	145		821	
Business Improvement District		3	20		4		27	
Commercial Rent	72	183	15	55	224		549	
Community	117		1	5	6		129	
Community Infrastructure Levy	1,441	16			148	2,145	3,750	
Environmental				1	3		4	
Finance	1	1,477	2	2	21		1,503	
Hinchingsbrooke Country Park		4			1		5	
Housing	65	39	19	39	324		486	
Housing Benefit Overpayment					22		22	
Licensing	6	2	4	7	12		31	
Markets				1			1	
Moorings				1			1	
One Leisure	82	25	1	7	2		117	
Operations	91	8	1	6	22	1	129	
Paxton Pits	2				25		27	
Private Sector Housing	2						2	
Section 106	84						84	
Trade Waste	4	2					6	
Prepayments		(125)	(10)	(90)	(136)		(361)	
Total	2,617	1,651	56	40	823	2,146	7,333	

4.0 Update on the Commercial Investment Strategy and Investment Properties

4.1 The Commercial Investment Strategy (CIS) was approved by Cabinet in September 2015 and the CIS Business Plan in December 2015. The implementation of the CIS is seen as a key means by which the Council can generate income to assist it in meeting the forecast gap in the revenue budget. The CIS supplements the income from the legacy estate of investment properties, held for the purpose of generating revenue income.

4.2 At the end of the financial year 2023/24, the actual expenditure and income for the CIS and investment properties are:

CIS Investments	Budget £000	Outturn £000	Variance £000
Cash Investments			
CCLA Property Fund	(162)	(185)	(23)
Total Cash Investments	(162)	(185)	(23)
Property Rental Income	(4,379)	(3,922)	457
Loan Interest	581	515	(66)
Total Property Investments	(3,798)	(3,407)	199
TOTAL	(3,960)	(3,592)	368
CIS Borrowing (Maturity Loans from PWLB)			
Property	Maturity Date	Amount	% (Fixed)
Wakefield	26/06/2039	£11,963,000	2.18
Fareham	02/10/2037	£5,000,000	2.78
Rowley Centre	11/03/2039	£7,292,000	2.49

4.3 Market Update and Activity

There has been little substantial change in the commercial property market since the last quarter. Although inflation is falling, interest rates remain at relatively high levels and the announcement of a general election later this year gives sufficient uncertainty to stall improvement in a cautious market.

We continue to achieve renewals of existing leases but offers received for vacant space remain demanding in terms of the levels of incentives required, particularly for larger units where tenants tend to be commercially astute and well advised.

There has been some activity in the CIS portfolio, the majority of which is positive, although currently vacancies remain at the same level as previously.

At Little End Road, St Neots, a draft lease has been issued to potential tenants of 23a. The rent increase achieved on review of the rent for unit 23b&c has now been documented. 21a remains vacant and we are liaising with our agents to improve re-letting prospects.

The refurbishment of the two vacant Fareham office properties is now virtually complete and they are ready for letting either on a floor by floor basis, or as whole buildings. We have just accepted an offer on the ground floor of Office 1500. Although our offices are now of a high standard with greatly improved energy efficiency ratings it is notable that there is an increasing amount of other vacant space on this business park which is creating something of a 'tenant's market' and increasing the level of incentives that potential tenants demand.

Two of the restaurant units at Rowley Arts Centre remain vacant but we continue to receive interest in them. An offer is currently under discussion which would be a good development of the site.

At Freeway Drive Castleford the index linked rent review has yielded a substantial rent increase. This is due to be documented.

The table below shows the activity in relation to leases, rents and vacant properties.

Property Statistics	2023/24				2024/25
	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Quarter 1 Forecast
Number of lettable units held by HDC	186	186	186	186	190 ¹
No. let on typical commercial leases	128	128	128	127 ²	126 ²
No. let on long leases	24	24	24	24	24
No. let on non commercial leases	17	17	17	18 ²	18 ²
No. vacant	15	15	15	15	20
Vacant properties by town;					
• Huntingdon	8	7	7	6	6
• St Neots	5	6	6	6	6
• St Ives	0	0	0	0	2
• Fareham	2	2	2	2	6 ¹

Property Activity	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Quarter 1 Forecast
Number of leases renewed	0	0	2	1	9
Number of rents reviewed	5	1	0	1	3
Number of new lettings	2	1	1	1	7
Number of units under offer	2	1	1	0	3
Number of leases ended	2	1	0	0	4
Financial changes	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Quarter 1 Forecast
Increases/(decrease) in annual rents receivable due to lease renewals*	£0	(£11,125)	(£270,950)	£4,000	(£5,900)
Increases/(decrease) in annual rents receivable due to rent reviews	£11,457	£8,666	£0	£23,000	£178,832
Increase in annual rents receivable due to new leases	£53,299	£10,500	£4,000	£6,250	£37,800
Decrease in annual rents receivable due to vacations & insolvencies	(£87,140)	(£59,640)	£0	£47,500	£15,700

NB: Some reviews and renewals may be backdated so effective from previous quarters.

Where stepped rents are agreed the figures quoted relate to the average rent.

¹ Fareham is now recorded as 6 lettable office suites instead of 2 buildings.

² CAB's occupation of Eastfield House has moved from commercial to non-commercial terms and will remain non-commercial when they relocate to Pathfinder House.

5 COMMENTS OF OVERVIEW & SCRUTINY

Overview and Scrutiny comments to be added here.


6. RECOMMENDATIONS

- Cabinet is invited to consider and comment on the provisional revenue financial performance for the financial year 2023/24, as detailed in Appendix 1 and summarised in paragraph 3.2.
- Cabinet is invited to consider and comment on the provisional capital financial performance for the financial year 2023/24, as detailed in Appendix 2 and summarised in paragraph 3.3.

7. LIST OF APPENDICES INCLUDED

Appendix 1 – Financial Performance 2023/24 Provisional Outturn Revenue
Appendix 2 – Financial Performance 2023/24 Provisional Outturn Capital

CONTACT OFFICER

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