

Title: Q3 Budget Update 2023/24
Lead Officer: Steven Leathley (01926 456843)
Portfolio Holder: Councillor Chilvers
Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	14/02/24	Councillor Chilvers
Finance	13/02/24	Steven Leathley
Legal Services		
Chief Executive	13/02/24	Chris Elliot
Director of Climate Change	13/02/24	Dave Barber
Head of Service(s)	13/02/24	Andrew Rollins
Section 151 Officer	13/02/24	Andrew Rollins
Monitoring Officer	13/02/24	Graham Leach
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		
Accessibility Checked?	Yes	

Summary

The report provides an update on the current financial position as at 31st December 2023, providing a full year forecast for the 2023/24 financial year, and for the medium term through the Financial Strategy. Key variances and changes are highlighted to inform members, with some recommendations also being put forward for their consideration.

The Council's Corporate Strategy made a clear commitment to ensure continued financial sustainability. To contribute this priority and the Council's medium-term financial strategy, there will be an organisational change programme, which will set out the approach and timeframe to achieve financial efficiencies needed. The change programme business case - the case for change, will be presented to Cabinet in March 2024 for approval. The change programme will have senior Cabinet and Officer sponsorship and oversight.

Recommendation(s)

- (1) That Cabinet notes the latest current year financial position for (General Fund £0.299m Favourable (£1.250m adverse once adjusted for Reserves & EMR's) and Housing Revenue Account £0.583m Favourable, with the key variations that drive these positions.
- (2) That Cabinet notes the impact on the Medium Term Financial Strategy (MTFS) due to changes detailed within the report, and how these changes are expected to be accommodated.
- (3) That the Council agrees the ongoing forecast deficit outlined in the MTFS is reviewed further as part of a later report to Cabinet once proposals for tackling the deficit have been developed.
- (4) The Cabinet notes the current capital variations for schemes originally approved in February 2023 and approves all changes.

1 Current year variances - General Fund

A full review and full year forecast have been completed by all Cost Centre Managers to estimate the total financial commitment for this current year. Accountancy has supported managers in the preparation of these figures. As at 31st December (end of Quarter Three) there is an Favorable forecast variance of £0.259m, which after adjustment for Reserves and proposed EMR's is an Adverse variance of £1.250m for the 2023/24 financial year to 31st March.

Department / Portfolio	Budget £000	Forecast Q3 £000	Variance £000
Customer & Digital Services	733	834	101
Finance	1,688	879	(809)
Housing Services - GF	3,462	3,037	(425)
Neighbourhood & Assets	8,658	9,090	432
People and Communication	74	162	88
Place, Arts & Economy	13,002	13,494	492
Safer Communities, Leisure & Environment	5,964	5,989	25
Strategic Leadership	1,808	1,645	(163)
General Fund Total	35,389	35,130	(259)

The below charts show the breakdown of the Quarter Three variance once adjustments to Reserves and proposed Earmarked Reserves for projects that have slipped from the current financial year to next financial year have been accounted for.

The chart shows a comparison from Quarter Two (blue) to Quarter Three (Green), this shows that once slippage has been removed (EMR etc) that the overspend in the GF has been stable between Q2 & Q3.

All Earmarked Reserves will be requested as part of the Quarter Four, Outturn Report to Cabinet once the Accounts have been closed.

Department / Portfolio	Q3 Variance £000	GF Volatility Reserve £000	Other Reserves £000	EMR £000
Customer & Digital Services	101	101	0	0
Finance	(809)	(809)	0	0
Housing Services - GF	(425)	(425)	0	0
Neighbourhood & Assets	432	1,432	0	(1,000)
People and Communication	88	63	25	0
Place, Arts & Economy	492	648	0	(156)
Safer Communities, Leisure & Environment	25	185	0	(160)
Strategic Leadership	(163)	55	32	(250)
	(259)	1,250	57	(1,566)

Department / Portfolio	Q2 Variance £000	GF Volatility Reserve £000	Other Reserves £000	EMR £000
Customer & Digital Services	405	405	0	0
Finance	(715)	(715)	0	0
Housing Services - GF	(1,320)	(1,320)	0	0
Neighbourhood & Assets	1,339	1,339	0	0
People and Communication	62	37	25	0
Place, Arts & Economy	1,221	1,221	0	0
Safer Communities, Leisure & Environment	84	244	0	(160)
Strategic Leadership	(476)	90	40	(606)
	600	1,301	65	(766)

Department / Portfolio	Other Reserves	Q3 £000
People and Communication	Working for Warwick Reserve	(25)
Strategic Leadership	Other Commuted Sums Reserve	(32)
	Amount to / (from) Reserve	(57)

Department / Portfolio	Earmarked Reserves (EMR)	Q3 £000
Neighbourhood & Assets	Demolition of Covent Garden Car Park	1,000
Place, Arts & Economy	The Local Plan	156
Safer Communities, Leisure & Environment	Abbey Cycle Path	160
Strategic Leadership	Barford Youth and Community Centre	250
	Total EMR for 2024/25	1,566

Department / Portfolio	Other Reserves	Q2 £000
People and Communication	Working for Warwick Reserve	(25)
Strategic Leadership	Other Commuted Sums Reserve	(40)
	Amount to / (from) Reserve	(65)

Department / Portfolio	Earmarked Reserves (EMR)	Q2 £000
Safer Communities, Leisure & Environment	Abbey Cycle Path	160
Strategic Leadership	Trees for Future	606
	Total EMR for 2024/25	766

A summary by Portfolio of major variances is provided below:

Quarter Three Variations		£000	Favourable (F) / Adverse (A)
Customer & Digital Services			
1.1.2.1	Benefits General - Homelessness Rent Rebates	178	A
1.1.2.2	Digital by Default	210	A
1.1.2.3	Warwickshire Direct	(64)	F
1.1.2.4	Microsoft Licence Renewal	(252)	F
Finance			
1.1.3.1	Contingency Budgets	(821)	F
1.1.3.2	External Audit Fee	75	A
1.1.3.3	Energy Rebate Discretionary scheme	(52)	F
Housing Services - General Fund			
1.1.4.1	Homelessness/Housing Advice	(632)	F
1.1.4.2	Rough Sleeping Initiative	418	A
1.1.4.3	Private Sector Housing	(80)	F
1.1.4.4	Private Sector Housing - HMO Licences	(130)	F
Neighbourhood & Assets			
1.1.5.1	Car Parking	471	A
1.1.5.2	Demolition of Covent Garden Car Park	(1,000)	F
1.1.5.3	Riverside House Running Costs	271	A
1.1.5.4	Relocation of Riverside House	(70)	F
1.1.5.5	Crematorium	506	A
1.1.5.6	Cemeteries	112	A
1.1.5.7	Waste Management	571	A
1.1.5.8	Public Conveniences	67	A
1.1.5.9	Centralised Repairs & Maintenance & Corporate PPM	(588)	F
1.1.5.10	Asset Management	40	A
1.1.5.10	Compliance Management	41	A
People & Communication			
1.1.6.1	Media Team	44	A
1.1.6.2	Centralised Occupational Health	34	A
1.1.6.3	Apprentiship Scheme	(38)	F
1.1.6.4	Team Building	25	A
1.1.6.5	Legal Services - Employment	25	A
Place, Arts & Economy			
1.1.7.1	Planning & Development	917	A
1.1.7.2	Building Control	40	A
1.1.7.3	Town Hall	73	A
1.1.7.4	Women's Cycle Tour	(30)	F
1.1.7.5	Enterprise Development	32	A
1.1.7.6	Royal Spa Centre	(171)	F
1.1.7.7	Pump Room	(208)	F
1.1.7.8	Local Plan	(156)	F
Safer Communities, Leisure & Environment			
1.1.8.1	Green Spaces	88	A
1.1.8.2	Abbey Field Cycle Track	(160)	F
1.1.8.3	Community Safety	92	A
1.1.8.4	Environmental Protection	(46)	F
1.1.8.5	Bowling Facilities	55	A
Strategic Leadership			
1.1.9.1	Legal Services	108	A
1.1.9.2	Barford Youth and Community Centre	(250)	F
1.1.9.3	Corporate projects - Linen Street Feasibility	(63)	F
1.1.9.4	Climate Emergency	32	A

1.1.1 Salary Costs (General Fund).

- 1.1.1.1 As part of the Vacancy factor process for Q3, A full year forecast of all Salary budgets has been completed and the Vacancy factor calculations have been made. This forecasts that 100% of the for General Fund Vacancy Factor (£1.132m) has been met. The current forecast variance for the year is a surplus of £0.428m. This surplus has been partially offset against the Agency spend shown in 1.1.1.2.
- 1.1.1.2 Agency use is currently forecast over budget by £0.725m. A further review on the use of agency staffing will be carried out as part of a wider review into long-term vacancies held by the Council, forming part of the ongoing work in improving recruitment.

1.1.2 Customer & Digital Services.

- 1.1.2.1 Previously reported. An increase in Homelessness Rent Rebates for which the authority does not receive full government subsidy. The number of residents claiming this allowance, and the duration for which they claim it, has increased in recent years, while the subsidy has remained at a level set back in 2011 (Local Housing Allowance Rate). Further work will take place to look at the accommodation in which people are placed, and whether there is more that can be done to reduce durations, particularly in accommodation such as hotels and B&B's which are not fully reimbursed by the subsidy.
- 1.1.2.2 Previously reported. Digital by Default savings not realized in year. The original plan to introduce Arcus system with the Authority has been withdrawn as agreed by committee report completed by the Head of Service.
- 1.1.2.3 Difficulties in recruitment for CSA posts within the Warwickshire Direct service area. Recruitment for vacant post is ongoing.
- 1.1.2.4 Microsoft License Renewal overestimated in Q2 report. Actual figures now forecast based on what is due in year. Original budget and estimate include next year's costs.

1.1.3 Finance.

- 1.1.3.1 Previously reported. At budget setting in February 2023, contingency budgets were set to mitigate the unknown rising costs of contracts linked to inflation. These are held and managed centrally by the Head of Finance. In Q1, the contingency budgets have been forecast to offset some of the increased expenditure reflected in this report. In Q3 General Contingency has been re-aest as fully utilized in year.
- 1.1.3.2 Previously reported. Increase cost of External Audit for the completion of the 2021/22 Statement of Financial Accounts, this is partly due to the additional work required due to the change of Financial System mid-year of 2021/22, and extra scrutiny required from our External Auditors.
- 1.1.3.3 Actual spend for Energy Rebate Discretionary scheme forecast within the Revenues team where spend occurs.

1.1.4 Housing Services – General Fund.

- 1.1.4.1 Previously reported. The Council has received an increase in grant for Homelessness Advice, which will be used in conjunction with previously allocated budgets within the homelessness service. The grant is ring-fenced to support the delivery of this specific service.
- Revised forecast has reduced the original underspend of budget based on actual spend and commitments to date.
- 1.1.4.2 The activation of SWEP Severe Weather Emergency Protocol on a number of occasions has led to an increase in use and cost of the provision of Bed & Breakfast Temporary Accommodation.
- 1.1.4.3 Contribution to salary received from University of Warwick, and vacancies within the team during the year.
- 1.1.4.4 HMO License renewals in year exceeded budget, forecast updated based on actuals income received.

1.1.5 Neighborhood & Assets.

- 1.1.5.1 Previously reported. Car Parking. There has been a loss of income due to the closure of Covent Garden Car Park (only the surface car park remains open) of £0.230m. The closure of Linen Street car park means no charges will be made in year, but there are still an ongoing cost for the car park of £0.050m as the basement is still used by tenants. Other car parks in Leamington have had their income projections increased, totaling £120k, as part of assessing data from this year to date and last year, with a driver of this being the displacement of vehicles from Covent Garden. As part of the 2024/25 fees and charges process due to commence at the start of September, a comprehensive review of our Car Parking portfolio will be carried out.
- 1.1.5.2 The demolition of Covent Garden Car Park has been delayed until next Financial Year. This budget will need to be available as an earmarked reserve in 2024/25.
- 1.1.5.3 Previously reported. The original budget set in February 2023 estimated that WDC would move out of Riverside House in June 2023. The additional running costs for continuing to occupy Riverside House for this financial year.
- 1.1.5.4 The cost to relocate offices from Riverside House to Saltisford in Warwick, the Town Hall and the Pump Room in Leamington are predicted to be underspent, this forecast is based on spend and commitment to date on the project.
- 1.1.5.5 Previously reported. Crematorium. Revised income projection for crematorium fees based on current activity. This adjustment has been reflected within the Fees & Charges report for 2024/25 and is more realistic to the income the service will receive in this financial year and next. Additional Repair & Maintenance required in year to equipment.
- 1.1.5.6 Cemeteries. Significant downturn in numbers of new graves being purchased. Existing family plots are being be used for burial of cremated remains rather than new plots for full burial.

- 1.1.5.7 Previously reported. Waste Management. It has now been confirmed that WDC will receive Dry Waste Income from the new Sherbourne MRF. This will come into effect in the last quarter of the year. A prediction of income has been incorporated into the Forecast for Q2, once sales are made this will be reviewed and adjusted if required. At Budget setting the overall budget was not set high enough, based on information received from third parties, thus showing an overspend. This service is expected to match estimated cost within the year. The Budget issue will be resolved in Budget setting 2024/25.
 - 1.1.5.8 Higher Contract cleaning costs for public conveniences than current budget. This is in line with current contract and Future Budgets will be reviewed to ensure correct funding going forward.
 - 1.1.5.9 Underspend forecast in overall PPM budget based on actual work and commitments to date. Repair & Maintenance costs are showing as slightly over budget for the year. This is the first year of centralising these budgets within the Financial Management System (FMS) to allow better financial management by the service leads. Further development to continue on reporting within the FMS to develop reports on usage and financial performance on a monthly basis.
 - 1.1.5.10 Budgeted Income not achieved in year as Grant not relevant for this Financial year, this is to be reviewed in future budgets. Additional License and planning expenditure in year.
 - 1.1.5.11 Consultancy for additional Audit work completed.
- 1.1.6 People & Communications.
- 1.1.6.1 Previously reported. Reduced external printing income and reduced internal income from printer clicks estimated in year, this has been partially offset by reduced printing expenditure. Additional costs after HAY review have been included in the forecast and will be revised in Budget Setting 2024/25.
 - 1.1.6.2 Previously reported. The centralised Occupational Health Budget is showing a forecast over budget, this estimate is based on the costs for last financial year, which were higher than agreed budget.
 - 1.1.6.3 Previously reported. Due to the profile of current Apprentices, there is a surplus forecast within apprenticeship salaries. This relates to new apprentices being employed at initial programme rates.
 - 1.1.6.4 Previously reported. Team Building. Budget to be vired into this account from underspend in previous year Applause Box, not completed in the accounts until 2022/23 closedown completed.
 - 1.1.6.5 The centralised Legal service for employment is projecting an overspend in year based on current actuals and known commitments, this is the first year holding this budget centrally which will allow more accurate forecasting / budgeting in the future.
- 1.1.7 Place, Arts & Economy.
- 1.1.7.1 Previously reported. Planning fees reduced income based on current performance at Q3. This has improved slightly from Q2 and a lack of larger planning applications through the first half of the year has reduced the Outturn forecast. From 1st April 2024, new legislation allowing the increase

in planning fees of 25% for small applications, and 35% for larger application will increase the value of planning income, although the current predictions show this will not meet Budget and will still show under achieved. Within the Service large Staff Agency cost continue which compounds the financial position with the reduction in income. Further review within this service is required for Budget Setting 2024/25 on both cost and income to ensure that it is with Budget constraints.

- 1.1.7.2 Previously reported. Building control reduction of income due to the service provision provided for Daventry returning to West Northamptonshire Council. This has been partially offset by a reduction in service delivery costs.
 - 1.1.7.3 Previously reported. Due to the partial closure of the Town Hall for development, a loss of income has been forecast of £0.055m as the Council is unable to hire space out during this time.
 - 1.1.7.4 Previously reported. The Women's cycle tour due to take place in 2023 was unfortunately cancelled. Therefore the £0.030m budget in place will not be used in year. The event is scheduled to go ahead in 2024, and so it is expected that the budget will be carried forward to support this taking place.
 - 1.1.7.5 Previously reported. New contract for Softcat install, equipment and managements fees included within this forecast. This will be reviewed for budget setting 2024/25. Lost of rent and able to relet space at the Creative Quarter.
 - 1.1.7.6 The Royal Spa center has overachieved its income targets this year, helped by a very successful Christmas pantomime in 2024.
 - 1.1.7.7 NNDR Refunds received in year relating to March 2016 and 2017
 - 1.1.7.8 The Local Plan budget has been set aside to support a programme of work on the South Warwickshire Local Plan (SWLP) over several years. An estimate of costs was made when the SWLP was commenced in 2021, recognising that it would be needed over the lifetime of the project. Work is proceeding apace on the SWLP and, to date, costs have predominantly related to the cost of preparing the evidence base and public consultation. A revised timetable for the SWLP was agreed in November 2023 and this sees the SWLP being adopted in 2027. This project is also being funded by Stratford-on-Avon District Council and costs are being shared between the two authorities.
- 1.1.8 Safer Communities, Leisure & Environment.
- 1.1.8.1 Previously reported. Green Spaces - Extensive works required in the maintenance of our outdoor paddling pools. £0.021m reduction of income from sponsorships and sales of hanging baskets.
 - 1.1.8.2 Previously reported. Abbey Field Cycle Track. Budget from New Homes Bonus in 2023/24 will not be used, this is to be deferred to 2024/25.
 - 1.1.8.3 Previously reported. Community Safety. Increase in staffing costs approved by ERF to cover sickness.
 - 1.1.8.4 Reduction in Salary and overtime costs and full utilization of previous years EMR for staffing.
 - 1.1.8.5 Previously reported. Bowls income budget unachievable, this will be reviewed at budget setting 2024/25

1.1.9 Strategic Leadership.

- 1.1.9.1 This is dependent on the use of SDC Legal Services by the whole council. The transition from WCC to SDC legal from 01/04/22 was on the basis of a 60/40 split, this is fairly new and there will be a review and challenge of this agreement to ensure the split is reflective.
- 1.1.9.2 This Spend will be slipped into early part of next year due to delays in approval of plans, no expected expenses in 23/24. An Earmarked Reserve will be required to transfer this money into the new financial year.
- 1.1.9.3 This is a long on-going project, the forecast is an estimate based on expected costs for existing work for 23/24. The remaining Budget will be requested by Embarked Reserve to transfer into the new financial year.
- 1.1.9.4 Previously reported. Staffing cost increase to include Climate Change Projects and Delivery Officer. This post and overspend is to be funded by approved S106 funds.

1.2 Current year variances – Housing Revenue Account (HRA).

- 1.2.1 Variations have been identified by the Accountancy Team in conjunction with the relevant budget managers, giving a full year Surplus variance of £0.883m.

Department / Portfolio	Budget £000	Forecast Q3 £000	Variance £000
Housing Services - HRA	0	(583)	(583)
HRA Total	0	(583)	(583)

A summary of major variances is provided below:

Quarter Two Variations	£000	Favourable (F) / Adverse (A)
Housing Revenue Account		
1.2.3 Housing Central Heating	(150)	F
1.2.4 HRA Stock Condition Structural Surveys	(268)	F
1.2.5 Right to Buy Admin	(78)	F

- 1.2.2 As part of the Vacancy factor process for Q3, A full year forecast of all Salary budgets has been completed and the Vacancy factor calculations have been made. This forecasts that 100% of the for HRA Vacancy Factor (£0.235m) has been met. The current forecast variance for the year is a surplus of £0.011m.
- 1.2.3 Housing Central Heating – Revised forecast based on actuals to date and work completed for new year budget setting shows Gas budgets previously set to high based on last year’s predictions. Current forecast based on new contract uplifts and at a more realistic spend.
- 1.2.4 Stock Survey project for 100% HRA assets underway and will continue past the end of the financial year. Underspends in this year expected to be brought forward in the new financial year when surveys will be completed.
- 1.2.5 Right to Buy Admin – Reduction in legal fees charged directly to the service.

1.3 Medium Term Financial Plan (MTFS). Recommendations 2 & 3

1.3.1 The MTFS was last formally reported to members in February 2024 as part of the Budget setting and Council Tax setting reports. At that stage the profile of revenue savings to be found was as follows:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Deficit-Savings Req (+)/Surplus (-) future years	0.759	4.475	2.434	(0.250)	(0.903)

1.3.2 In light of the variations highlighted in this report, the MTFS been updated as outlined below:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Deficit-Savings Req (+)/Surplus (-) future years	1.250	4.475	2.434	(0.250)	(0.903)

1.3.3 Variances highlighted at Q3 that are recurrent, (housing benefits / waste contract), or are linked to ongoing decisions (Relocation project), have been taken into account in the new financial year budget setting report approved at Cabinet in February 2024.

1.3.4 Officers are continuing to review ways of reducing the deficit, including income generation, service efficiency and cost saving schemes.

1.4 Capital Forecast 2023/24. Recommendation 4.

1.4.1 Capital currently forecasts a reduction in funding requirement in year of £7.163m for General Fund and £4.651m for HRA. A full breakdown of Capital Variances is shown in Appendix 1.

1.5 Reserves

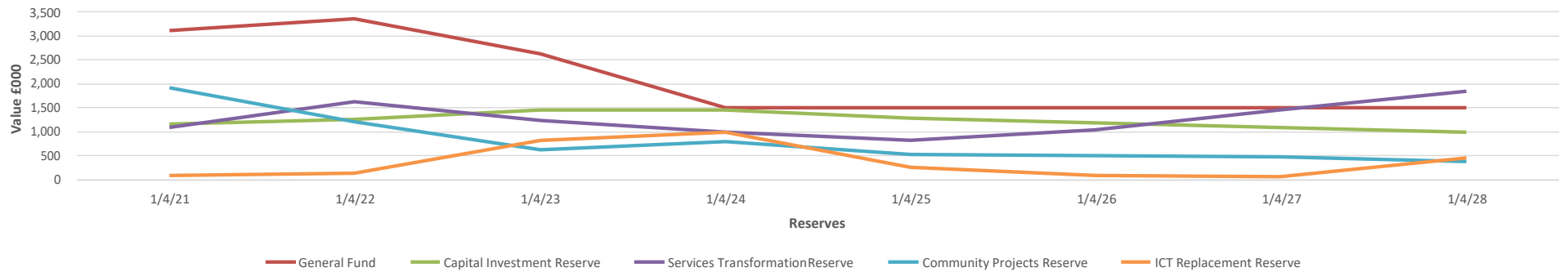
1.5.1 The below table presents the latest summary of available reserves. This reflects non committed, and non-ringfenced balances as at Budget Setting reports approved at Cabinet February each Financial Year, and ranges from 1st April 2020 (Showing previous 3 years and current year) up to 1 April 2028 (the period covered by the current MTFS).

This is subject to the final outturn of 2022/23 financial position, which is being completed as part of the draft statement of accounts process and to be reported to Cabinet.

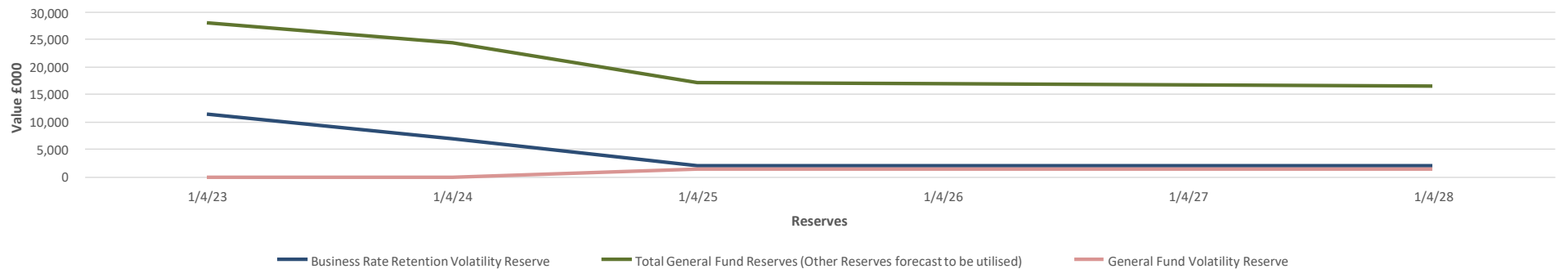
All reserves do not include any adjustments in relationship to the final position of the 2023/24 (Current year) financial position.

General Fund Reserve	Notes	1/4/21	1/4/22	1/4/23	1/4/24	1/4/25	1/4/26	1/4/27	1/4/28
		Balance at	Balance at	Balance at	Balance at	Balance at	Balance at	Balance at	Balance at
		£000	£000	£000	£000	£000	£000	£000	£000
General Fund	Minimum agreed balance £1.5m	3,118	3,341	2,631	1,500	1,500	1,500	1,500	1,500
Capital Investment Reserve	minimum agreed balance £1.0m	1,153	1,256	1,456	1,456	1,283	1,183	1,083	983
Services Transformation Reserve		1,087	1,632	1,229	982	824	1,050	1,450	1,850
Community Projects Reserve		1,919	1,210	616	809	534	509	484	379
ICT Replacement Reserve		94	132	829	990	262	96	80	448
General Fund Volatility Reserve	Transfer from BRRVR to leave £2m	0	0	0	0	1,419	1,419	1,419	1,419
Business Rate Retention Volatility Reserve	£2m agreed balance ahead of anticipated Business Rate Reset in 2025/26 is achieved.	7,522	18,110	11,485	6,913	2,000	2,000	2,000	2,000
Total General Fund Reserves (Other Reserves forecast to be utilised)		21,924	34,443	28,004	24,361	17,279	17,051	16,846	16,595

Selected General Fund Reserves

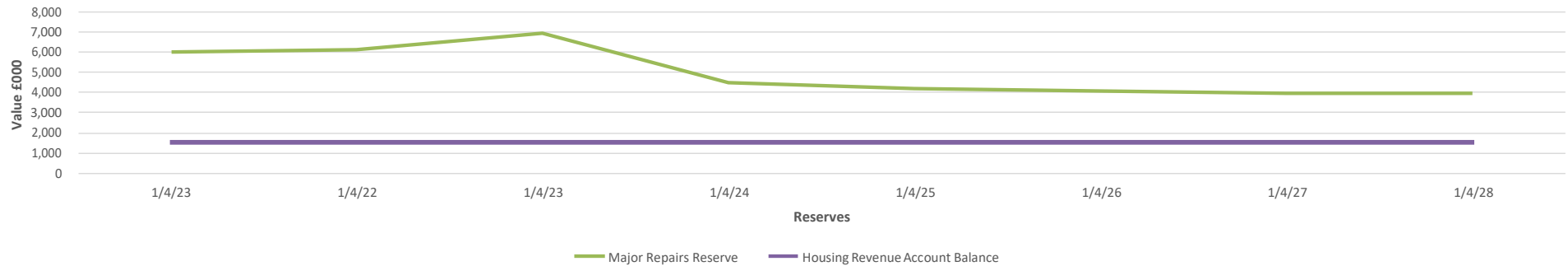


Total General Fund Reserves, BRRVR and GF Volatility

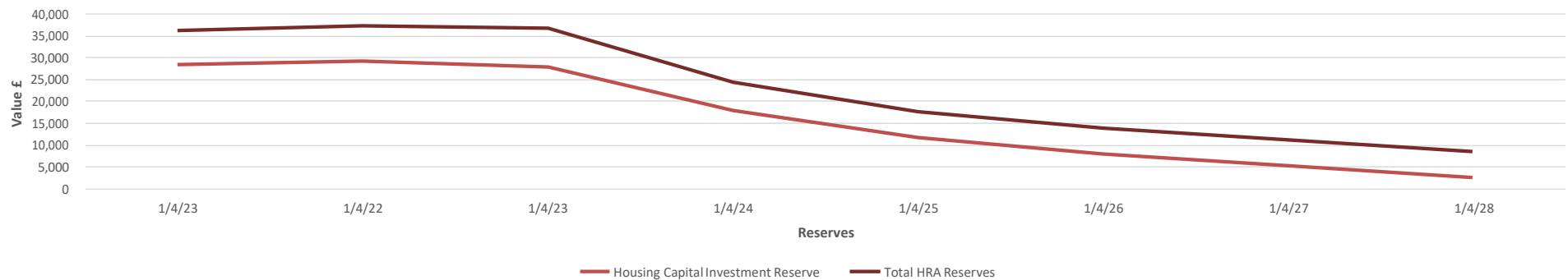


Housing Revenue Account Reserve	1/4/23	1/4/22	1/4/23	1/4/24	1/4/25	1/4/26	1/4/27	1/4/28
	Balance at	Balance at	Balance at	Balance at (Estimated)	Balance at (Estimated)	Balance at (Estimated)	Balance at (Estimated)	Balance at (Estimated)
	£000	£000	£000	£000	£000	£000	£000	£000
Housing Capital Investment Reserve	28,495	29,206	27,871	18,032	11,751	7,939	5,275	2,694
Major Repairs Reserve	5,996	6,150	6,956	4,491	4,176	4,079	3,975	3,975
Housing Revenue Account Balance	1,513	1,552	1,500	1,500	1,500	1,500	1,500	1,500
Housing Early Retirements Reserve	21	21	21	41	61	81	101	121
HRA Rough Sleeping Initiative Reserve	262	262	262	262	262	262	262	262
Lifeline Funding for Assistive Technology Reserve	0	0	127	21	21	21	21	21
Total HRA Reserves	36,287	37,191	36,737	24,347	17,771	13,882	11,134	8,573

Housing Revenue Account Reserves



Total HRA Reserves and CIR



2 Alternative Options

2.1 No alternative options are presented.

3 Legal Implications

3.1.1 The proposals are in line with current legislation where applicable.

4 Financial Services

4.1.1 Officers review current year budgets against outturn on a monthly basis at the same time as considering their implications for the medium term. Members are updated on a quarterly basis. As part of this process budget managers are asked to review both their salary position and revenue position through returns with Accountancy, and update / comment as necessary. This process has been strengthened over the last few years through increased formalisation. Further reviews and changes to this process will be implemented through utilisation of the new Financial Management System (FMS).

4.1.2 The Budget Review Process provides a planning tool to ensure resources are directed to the Council's priorities. Alongside the Council's own activities, external factors influencing its finances are also taken into consideration, for example Central Government Financing, the Business Rates Retention scheme, changes in legislation and the economy.

4.1.3 The Council maintains its Reserves to deliver Capital and other projects, and to ensure that there are sufficient resources available to manage unforeseen demands and continue to deliver its services. Close monitoring of these Reserve balances and Capital Programme, together with plans to replenish them will preserve the financial stability of the organisation for future years.

4.1.4 Variations in departmental budget forecast lines between Q2 and Q3 remain bigger than expected and we continue to work with Cost Centre Managers to improve forecast utilising the new FMS and training of managers.

5 Corporate Strategy

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation.

5.2 Delivering valued, sustainable services.

5.3 Low cost, low carbon energy across the district.

5.4 Creating vibrant, safe and healthy communities of the future.

6 Environmental/Climate Change Implications

6.1 WDC has a budget of £500,000 per annum for Climate Change. It is proposed to utilise this for 2023/24 to support a number of priorities within the Climate Change Action programme.

7 Analysis of the effects on Equality

7.1 Not relevant.

8 Data Protection

8.1 Not relevant.

9 Health and Wellbeing

9.1 Not relevant.

10 Risk Assessment

10.1 The February Budget report detailed the main financial risks facing the Council. Many of these related to local authority funding, notably Business Rate Retention.

10.2 Many controls and mitigations are in place to help manage the financial risks facing the Council. These include:

10.2.1 The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current, and future years, along with any possible issues that may impact upon their budgets. As part of this process, regular Budget Review reports are issued to Cabinet and the Senior Leadership Team.

10.2.2 Financial Planning with the MTFs / financial projections, bringing together all issues that will impact on the Council's finances in the medium term.

10.2.3 Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).

10.2.4 Project Management and associated controls.

10.2.5 Trained staff and access to appropriate professional advice (e.g. Legal).

10.2.6 Implementation and continued development of the new Financial Management System.

10.2.7 Risk Management process across the Council, including the on-going review and maintenance of risk registers.

10.2.8 Scrutiny by members of the Council's finances, including Budget Reports, and the financial implications of all proposals.

10.2.9 Reserves – The Council holds a number of reserves, with each being allocated for specific purposes. Whilst much of these reserves have already been earmarked for agreed projects, it is important that reserves are held for any unforeseen demands. The Business Rate Retention Volatility Reserve (BRRVR) was used over prior years to deliver a balanced budget. However, to ensure this reserve remains available for its primary purpose of smoothing business rate receipts, any overperformance above a £2m balance has been reallocated to the General Fund Volatility Reserve. The General Fund Balance is available to accommodate any unplanned expenditure, or to make up any shortfall in income. However, the Council should seek to maintain the balance of at least £1.5m.

10.2.10 The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register. Each Service Area's Risk Register is presented to Finance and Audit Scrutiny Committee annually on a rolling basis.

Background papers:

Budget setting 23-24 Report (Cabinet 9 February 2023 – Item 7)

Housing Revenue Account (HRA) Budget 2023/24 and Housing Rent Setting (Cabinet 9 February 2023 – Item 8)

Supporting documents:

Appendix 1 – Capital Variations 2023/24.

Appendix 2 - Reserves