

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**COALVILLE SPECIAL EXPENSES WORKING PARTY –
TUESDAY, 14 FEBRUARY 2023**



Title of Report	2022/23 QUARTER 3 FINANCE UPDATE REPORT
Presented by	Anna Crouch - Finance Team Manager and Deputy Section 151 Officer
Background Papers	<p>Budget and Council Tax 2022/23 – Council, 24 February 2022</p> <p>Coalville Special Expenses Draft Budget 2022/23 – Coalville Special Expenses Working Party, 14 December 2021</p> <p>2022/23 Qtr 2 Finance Update Report - Coalville Special Expenses Working Party, 3 January 2023</p>
Financial Implications	<p>The monitoring figures as at Quarter 3 show a forecasted net revenue expenditure of £654,914 and total funding of £557,722. The forecasted deficit of £97,192 would mean estimated surplus balances of £12,662 as at 31 March 2023.</p> <p>The level of balances are below the suggested minimum of 10%, and whilst a balanced budget is proposed for 2023/24 balances continue to be below the minimum, and need to be built up again.</p> <p>It is essential the Working Party manage the budget within available resources to ensure the financial sustainability over the medium term.</p> <p>Signed off by the Section 151 Officer: Yes</p>
Legal Implications	<p>No direct legal implications arising from this report</p> <p>Signed off by the Monitoring Officer: Yes</p>
Staffing and Corporate Implications	<p>None</p> <p>Signed off by the Head of Paid Service: Yes</p>
Purpose of Report	To present the 2022/23 budget monitoring figures as at Quarter 3 along with the forecasted outturn for the financial year.
Recommendations	<p>THAT THE WORKING PARTY NOTES:</p> <ol style="list-style-type: none"> 1. THE 2022/23 QUARTER 3 BUDGET MONITORING FIGURES AND FORECASTED OUTTURN FOR 2022/23. 2. THE PROPOSED 2023/24 COALVILLE SPECIAL EXPENSES BUDGET.

1. QUARTER 3 BUDGET MONITORING AND FORECAST OUTTURN FOR 2022/23

- 1.1 Following consultation with this working party at its meeting on the 14 December 2021, the Coalville Special Expenses budget was approved by Council on the 24 February 2022. The budget approved was not a balanced budget and had a deficit of £163,000 on the proviso that savings would be established for 2023/24 onwards to reduce the recurring net expenditure of Coalville Special Expenses. The budgeted deficit was due to be funded from reserves and would have taken balances into a £78,175 deficit position by the 31 March 2023. This is clearly an unsustainable financial position to be in.
- 1.2 The forecast net revenue expenditure outturn for 2022/23 is £654,914, a reduction of £30,556 compared to budget. A summary of the financial position is shown in the table below and a more detailed breakdown is shown in Appendix A.

Table 1: 2022/23 Forecast Outturn and Variance

	2022/23 Budget £	Forecast Outturn £	Variance £
Recurring Expenditure	411,480	446,210	34,730
One-off Expenditure	144,610	79,324	(65,286)
Service Management	129,380	129,380	-
Net Revenue Expenditure	685,470	654,914	(30,556)
Funded by:			
Precept	492,903	492,903	-
Grant	29,193	29,193	-
Reserves	163,374	97,192	(66,182)
Earmarked Reserves	-	9,271	9,271
External Funding	-	26,355	26,355
	685,470	654,914	(30,556)

- 1.3 The main variances between the budget and forecast outturn are detailed in Table 2.

Table 2: 2022/23 Budget and Forecast Outturn Variance Analysis

	£
Recurring Expenditure:	
<u>Parks, Recreation Grounds, Open Spaces and War Memorials</u> Increase in general repairs of £25,000 offset by S106 funding of £13,000. Reduction in ongoing tree maintenance budget of £6,000 Removal of income of £15,700 in relation to Local Authority Parks Improvement Programme, which has been delayed into 23/24.	23,518
<u>Broomley's Cemetery</u> Additional income from burial fees of £2,000 offset by small variances in expenditure	(1,208)
<u>Events</u> Increase in insurance premium for Jubilee event – £2,800 Staffing Costs – additional £3,040 Christmas Decorations £11,410 over budget Christmas in Coalville – additional income and reduction in expenditure resulting in £1,710 saving Cancellation of Coalville by the Sea – savings of £3,500 Other minor variances of £380	12,420

One-Off Expenditure - PPM:	
<u>Parks, Recreation Grounds, Open Spaces and War Memorials</u> Delay of PPM at Scotlands Bowl Pavilion - £5,490 Savings in relation to the roof works at Thringstone Recreation Ground - £12,506	(17,996)
<u>Broomley's Cemetery</u> Delay of the replacement of the wall at Coalville Cemetery – saving £44,290 and removal of the budget in relation to the Garden of Remembrance - £3,000	(47,290)
Funding:	
<u>Ear Marked Reserves (EMR)</u> EMR that are no longer required or the expenditure has been delayed have been released back to balances: Graffiti Art Project - £600 Thringstone Miners Social Centre Training Pitch - £7,431 Storage and Water Heaters Upgrade at Scotlands Bowls Club - £1,240	9,271
<u>External Funding</u> External funding has been received from Bardon Community Fund as part funding towards replacement equipment at Cropston Drive and Sharpley Avenue.	26,355

- 1.4 Coalville Special expense balances are forecast to be in surplus by £12,662 as at 31 March 2023.

Table 3: Coalville Special Expenses Balances

	2022/23 Budget £	Forecast Outturn £	Variance £
Balances as at 01.04.22	85,199	109,854	24,655
Contribution (from)/to reserves	(163,374)	(97,192)	66,182
Forecast Balances as at 31.02.23	(78,175)	12,662	90,837

- 1.5 A list of the earmarked reserves is detailed in Appendix B and summarised in the table below.

Table 4: Ear Marked Reserves

	Balance as at 01.04.22 £	Forecast Expenditure £	Transferred to Balances £	Balance as at 31.03.23 £
EMR – General	45,981	19,369	8,031	18,581
EMR - PPM	10,100		1,240	8,860
Total EMR	56,081	19,369	9,271	27,441

- 1.6 The EMR in relation to Local Authority Parks Improvement Programme will not be spent in 2022/23 and will be carried over to 2023/24.
- 1.7 As detailed in the Capital Projects Update report, on the same agenda as this report, there are two EMR which could be released back to balances. These are in relation to Claremont Drive Play Area and Bardon Road Verge Improvements. These are not included in Table 3 above and would increase balances by £9,000 to £21,662.

2. 2023/24 PROPOSED BUDGET AND THE MEDIUM-TERM FINANCIAL SUSTAINABILITY

- 2.1 The proposed Coalville Special Expenses Budget is due to be presented to Council on the 23 February 2023 for approval. A summary of the financial position is shown in the table below and a more detailed breakdown is shown in Appendix C. The budget proposed for 2023/24 is balanced with a small contribution from reserves of £2,402.

Table 5: 2023/24 Proposed Budget Summary

	2023/24 Budget £
Recurring Expenditure	388,810
One-off Expenditure	26,010
Service Management	99,880
Net Revenue Expenditure	514,700
Funded by:	
Precept	497,701
Grant	14,597
Reserves	2,402
	514,700

- 2.2 Even though a balanced budget is proposed for 2023/24, the level of balances will be below the minimum 10% in line with best practice. The budget will need to be closely monitored during the year to ensure it remains within its budget envelope. The forecast balances are shown in the table below.

Table 6: Forecast Balances as at 31 March 2024

	2023/24 Budget £
Forecast Balances as at 01.04.23	12,662
Contribution (from)/to reserves	(2,402)
Forecast Balances as at 31.02.24	10,260
10% minimum balance	38,881
Shortfall	28,621

- 2.3 The budget may have been balanced for 2023/24, however the financial position for 2024/25 is bleaker. To balance the budget a number of PPM projects were delayed into future years. The funding for these is currently unclear.
- 2.4 Once the Special Expense Budget and Precepts are approved by Council for 2023/24 focus will turn to considering the medium-term financial position for special expense budget to ensure their financial sustainability. This work will involve balancing the pressures arising from inflation, the PPM programme and service levels against the resources available. A review of the Special Expense Policy will be undertaken alongside this work to identify if any improvements are required to promote financial stability and sustainability for the special expense areas.