

Title of Report	2023/24 QUARTER 2 GENERAL FUND AND HOUSING REVENUE ACCOUNT (HRA) FINANCE UPDATE	
Presented by	Councillor Nick Rushton Corporate Portfolio Holder PH Briefed <input checked="" type="checkbox"/>	
Background Papers	2023/24 Quarter 1 General Fund and Housing Revenue Account (HRA) Finance Update – Cabinet 19 September 2023	Public Report: Yes
		Key Decision: Yes
Financial Implications	The financial implications are detailed within the report and the attached appendices.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	No legal implications arising from this report.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing implications arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide Cabinet with details of virements and supplementary estimates.	
Reason for Decision	To request approval for the virements and supplementary estimates that are dedicated to Cabinet.	
Recommendations	<p>CABINET IS RECOMMENDED TO:</p> <ol style="list-style-type: none"> 1. APPROVE THE VIREMENTS AS DETAILED IN APPENDIX 1(b). 2. NOTE THE SUPPLEMENTARY ESTIMATES DETAILED ON APPENDIX 2(b) WHICH ARE BELOW £100K AND ARE EXTERNALLY FUNDED. 3. APPROVE THE SUPPLEMENTARY ESTIMATES DETAILED ON APPENDIX 2(b) WHICH ARE ABOVE £100K AND ARE EXTERNALLY FUNDED. 4. APPROVE ALL SUPPLEMENTARY ESTIMATES DETAILED ON APPENDIX 2(b) WHICH REQUIRE 	

	<p style="text-align: center;">COUNCIL FUNDING.</p> <p>5. DELEGATE APPROVAL TO THE DIRECTOR OF RESOURCES FOR SUPPLEMENTARY ESTIMATES BELOW £10,000 REQUIRING COUNCIL FUNDING.</p> <p>6. NOTE THE REVISED 2023/24 GENERAL FUND CAPITAL PROGRAMME BUDGET DETAILED IN APPENDIX 3.</p> <p>7. NOTE THE REVISED 2023/24 HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME BUDGET DETAILED IN APPENDIX 4.</p>
--	--

1.0 BACKGROUND

1.1 The financial position for the first quarter of the financial year was presented to Cabinet on the 19 September 2023. A link to the report is available in the background papers. In summary the financial position reported was:

- a) A forecast overspend of £252k for the General Fund.
- b) The Special Expenses forecast was in line with the approved budget.
- c) A forecast overspend of £436k for the Housing Revenue Account (HRA).

1.2 As reported in the quarter one report, managers are expected to bring their spending back within budget which the Council successfully achieved in the last financial year.

1.3 This report will not provide the same level of detail as the quarter one report due to the ongoing implementation of the new finance system, the ongoing audit of the 2021/22 Statement of Accounts and the vacancies within the Finance team. Rather than undertake detailed budget monitoring the finance team have focused resources on preparation for the setting on the 2024/25 budget, as well as the roll-out of manager dashboards across the organisation. The manager dashboards are an enhancement which has been developed as part of the new financial system and will provide budget holders with improved reporting. An in-depth financial management report will be completed at Quarter 3 and presented to Cabinet on 27 February 2024.

1.4 The purpose of this report is to update Members on:

- a) virements over £100k that require Cabinet approval.
- b) supplementary estimates requested and to request approval for those over £100k which are externally funded and for approval for any which are Council funded.
- c) the capital programme for the period 1 April 2023 to 30 September 2023 on the proposed resourcing of the capital programme and the level of Council capital resources available, including capital receipts.
- d) the changes to the capital programme and the variations to scheme budgets and re-profiling of budgets to future years.

2.0 VIREMENTS

2.1 A virement is defined as where one or more budget(s) are reduced to fund an increase in another budget(s). There is no net change in the total budget agreed by Council arising from a virement. Virement approval levels are detailed in the Constitution and are shown in Appendix 1(a).

2.2 Appendix 1(b) details the virements over £100k that require approval. There are two virements for approval by Cabinet. These are all in relation to the accommodation project and more information is available in the capital update in section 4.

3.0 SUPPLEMENTARY ESTIMATES

3.1 A supplementary estimate is an addition to the Council's agreed budget. Supplementary estimates can be one-offs, or recurring. In either case, supplementary estimates should only be considered after all other options, such as virements, or savings, have been considered. Supplementary estimates include budgets fully funded by external grant or contribution.

3.2 All supplementary estimates which require Council funding require Cabinet/Council approval whereas fully external funded are reported to Cabinet below £100k for information and require approval over £100k. The approval levels are documented in Appendix 2(a).

3.3 Appendix 2(b) details all the supplementary estimates grouped by value and funding type with details of the reasons for the requests. As can be seen in the appendix, supplementary estimates total £453k for quarter two, of which £163k is funded externally and £290k requires council funding.

3.4 Under the constitution, all supplementary estimates under £100k requiring Council funding are subject to Cabinet approval. It is requested that delegation is given to the Director of Resources to approve supplementary estimates below £10k to ensure that minor requests for additional budgets are not held up whilst awaiting for Cabinet approval.

4.0 CAPITAL UPDATE

4.1 Schemes in the Capital Programme are grouped under two categories and these are:

Development Pool: These are schemes not yet fully costed or funding sources not identified. A business case is required to be prepared and presented to the Capital Strategy Group for consideration before the scheme can go ahead.

Active Pool: Schemes in this category have been approved (by either Capital Strategy Group, Cabinet or Council), fully funded and are being delivered.

General Fund

4.2 Table 1 below details the quarter two position on the 2023/24 general fund capital programme. Full scheme-by-scheme analysis can be found in Appendix 3.

Table 1 – Quarter 2 2023/24 Forecast Outturn for the General Fund Capital Programme

Department	Original Budget	Prior Year C/fwd	In-Year Changes	Revised Budget	Spend @ Qtr 2	2023/24 Forecast Outturn	Variance (budget v outturn)	C/fwd to Future Years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place	2,843	7,740	- 5,412	5,171	767	5,171	-	5,659
Community Services	3,425	4,972	- 5,470	2,928	1,838	2,924	4	7,726
Resources	168	355	- 223	301	59	301	-	19
Total	6,437	13,067	- 11,105	8,400	2,664	8,395	4	13,404

- 4.3 Expenditure is expected to pick up for the second half of the financial year and the forecast outturn is £8.4m. A total of £13.4m of the budget is projected to be carried forward to future years. This is detailed in Table 2 below.

Table 2 – Reprofiled of budgets to future years

Department	Reprofiled to 24/25	Reprofiled to 25/26	Reprofiled to 25/26	Total
	£'000	£'000	£'000	£'000
Place	4,456	1,203		5,659
Community Services	7,726			7,726
Resources	19			19
Total	12,201	1,203	-	13,404

- 4.4 Table 3 details those schemes that have been moved, following approval at the Capital Strategy Group, from the development pool to the active pool during the year.

Table 3 – Quarter 2 Schemes Movements

Capital Scheme	Movement	Reason for Movement
	£'000	
Linden Way Depot - MOT Lane Upgrade	59,815	Considered by Capital Strategy Group and approved to transfer from development pool to active programme.
UKSPF - Mantel Lane Bridge	64,060	Considered by Capital Strategy Group and approved to transfer from development pool to active programme.
UKSPF - Mother & Child	64,000	Considered by Capital Strategy Group and approved to transfer from development pool to active programme.
	187,875	

- 4.4 There are no new schemes that require approval in quarter 2.
- 4.5 It was reported in the quarter one report, that one of the major schemes within the capital programme, the Accommodation Project, was forecast to be overspent. The forecast overspend is £330k and this is due to inflation and the need to undertake backlog strategic maintenance works especially to Stenson House. Undertaking the backlog maintenance works now has prevented additional expenditure in the future. The financing of the overspend is detailed in Appendix 1(b). The Accommodation Project is now complete and upon the sale of the former council office site, the Coalville Regeneration budget will be recompensed for funding used for the overspend.

Housing Revenue Account (HRA)

- 4.6 Table 4 below details the quarter two position on the 2023/24 general fund capital programme. Full scheme-by-scheme analysis can be found in Appendix 4.

Table 4 – Quarter 2 2023/24 Forecast Outturn for the HRA Capital Programme

Department	Original Budget	Prior Year C/fwd	In-Year Changes	Revised Budget	Spend @ Qtr 2	2023/24 Forecast Outturn	Variance (budget v outturn)	C/fwd to Future Years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
New Build	2,948	6,003	- 8,222	729	12	729	-	8,222
Improvements & Modernisation	12,226	8,555	- 10,457	10,324	1,765	10,269	55	10,457
Total	15,174	14,558	- 18,679	11,053	1,777	10,998	55	18,679

4.7 Expenditure at the end of quarter two was £1.8m and the majority is in relation to the Improvement and Modernisation Programme. The forecast outturn is in line with the revised budget. This is the result of the programme of expenditure being allocated against workstreams with realistic timings. The programme will be continued to be monitored against these timings. The relevant budgets have been re-profiled to future years to reflect the updated timings.

Policies and other considerations, as appropriate	
Council Priorities:	The spending from the budget provides funding for the Council to deliver against all its priorities
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	The Council plans to invest up to £3.5m in town centre regeneration and public realm works in the current financial year.
Environment, Climate Change and Zero Carbon:	The Council plans to invest up to £3.1m retrofitting Council homes to make them carbon neutral. Up to £0.5m is forecast to be spent on purchasing environmentally friendly vehicles and installing electric vehicle charging points throughout the district in the current financial year.
Consultation/Community/Tenant Engagement:	None
Risks:	High levels of inflation can undermine the Council's financial reserves. As inflation rises, the real purchasing power of the Council's reserves steadily erodes, meaning the same amount of money can purchase progressively fewer goods and services. This erosion of value poses a challenge to the organisation's ability to maintain financial stability and achieve its long-term financial objectives. Furthermore, the Council has opted to allocate its increased interest earnings (resulting from increased base rate) towards funding its base revenue budget rather than reinvesting them into reserves. This strategic

	<p>choice, combined with the inflationary pressure, leads to an overall devaluation of reserves. Essentially, this practice leaves the organisation with reduced financial resilience, as it does not adequately account for the eroding effect of inflation on its reserves.</p> <p>Although the current high levels of inflation are causing additional pressure, reserves might be expected to grow with more moderate levels of inflation over the long term. Real returns (i.e. after inflation) are and have been negative despite investment returns rising. So even if the Council changed its policy to add interest earnings to reserves it still would not address the whole problem. Indeed, very few investment returns are beating inflation and in general if the Council wanted higher returns it would need to invest for a longer period and/or with riskier assets, which the Council has decided not to do. The budgets will continue to be monitored throughout the year to ensure the Council remains within its funding envelope.</p>
Officer Contact	Anna Crouch Head of Finance anna.crouch@nwleicestershire.gov.uk

Virement – Approval Levels

Value	Within a Budget Head	Between Budget Heads in same Directorate	Between Directorates
Between £0 - £4,999	Heads of Service	Heads of Service	Heads of Service
Between £5,000 and £24,999	Head of Service and Strategic Directors	Strategic Directors and Portfolio Holder(s)	Strategic Directors and Portfolio Holder(s)
Between £25,000 and £99,999	Strategic Directors and Portfolio Holder(s)	Strategic Directors and Portfolio Holder(s)	Strategic Directors and Portfolio Holder(s)
Between £100,000 and £249,999	Cabinet	Cabinet	Cabinet
£250,000 and over	Full Council	Full Council	Full Council

Virements - General Fund, HRA & Special Expenses (Capital & Revenue)

Capital/ Revenue	General Fund/ HRA / Special Expenses	Directorate	Service	Service Area/Scheme	Directorate	Service	Service Area/Scheme	Recurring/ One-Off	Amount £	Reason For Request
		From			To					
Externally Funded Between £100,000 and £249,999 (for Cabinet Approval)										
Capital	General Fund	Place	Property and Economic Regeneration	Coalville Regeneration	Place	Property Services	Accommodation	One-off	178,711	To fund the overspend on the accommodation project
Capital	General Fund	Place	Property and Economic Regeneration	Council Office Demolition	Place	Property Services	Accommodation	One-off	150,000	To fund the overspend on the accommodation project
									328,711	
Externally Funded Over £250,000 (For Council Approval)										
									-	
TOTAL SUPPLEMENTARY ESTIMATES									328,711	

Supplementary Estimates Authorisation Levels

Value	Approval Level Required	
	Fully Externally Funded	Requires Council Funding
Between £0 and £99,999	Head of Service [then reported to Cabinet at next meeting]	Cabinet
Between £100,000 and £249,999	Cabinet	Cabinet
£250,000 and over	Full Council	Full Council
Notes:		
<ol style="list-style-type: none"> 1. In all circumstances Supplementary Estimates require approval by the S151 Officer. 2. Council funding includes (but is not limited to) revenue budget, reserves, Section 106, capital receipts and borrowing. S151 Officer decision will undertaken an assessment. 3. Supplementary Estimates should not be artificially disaggregated. 4. Supplementary Estimates rules apply to capital and revenue. 		

Supplementary Estimates - General Fund, HRA & Special Expenses (Capital & Revenue)

Capital/ Revenue	General Fund/ HRA / Special Expenses	Directorate	Service	Service Area	Recurring/ One-Off	Amount £	Funded By	Reason For Request
Externally Funded Between £0 and £99,999 (for Info)								
Revenue	General Fund	Resources	Revenues & Benefits	Revenues & Benefits	One-Off	28,720	Dept for Energy Security/Net Zero	New Burdens for energy bills support scheme alternative funding and alternative fuel payment alternative funding.
Revenue	General Fund	Place	Planning	Planning	One-Off	26,807	DEFRA	Biodiversity Net Gain
						55,527		
Externally Funded Between £100,000 and £249,999 (for Cabinet Approval)								
Revenue	General Fund	Communities	Health & Wellbeing	Leisure Services	Recurring	107,190	LCC	LRS/LSA Grant 23/24
						107,190		
Externally Funded Over £250,000								
						-		
TOTAL EXTERNALLY FUNDED						162,717		
Council Funded Between £0 and £249,999 (for Cabinet Approval)								
Revenue	General Fund	Resources	Finance	Finance	Ongoing	100,000	Business Rates Reserve	Creation of a feasibility pot for capital projects
Revenue	General Fund	Place	Planning	Planning Policy	One-Off	50,000	Unallocated EMR	Local Plan - communities facilities study/playing pitch strategy update
Revenue	General Fund	Place	Planning	Land Charges	One-Off	40,000	Land Charges EMR	Scanning of documents in relation to land charges
Revenue	General Fund	Resources	Finance	Finance	One-Off	100,000	MTPF	Ongoing improvements to the finance system to enable efficiencies across the Council
TOTAL COUNCIL FUNDED						290,000		
TOTAL SUPPLEMENTARY ESTIMATES						452,717		

North West Leicestershire District Council
Quarter 2 2023/24 General Fund Capital Programme Update

Scheme	Original Budget £'000	Prior Year C/fwd £'000	In-year Changes £'000	Revised Budget £'000	Expenditure @ P6 £'000	23/24 Forecast Outturn £'000	Variance £'000	Carry-Forward to Future Years £'000
GENERAL FUND								
Active Programme:								
Disabled Facilities Grant	670	123	(255)	538	180	537	1	2,429
Council Offices Works	720	803	331	1,853	683	1,853	0	150
IT & Software (Including Finance review and Wi-Fi)	158	152	(19)	291	59	291	0	19
Car Parks	13	71	(32)	52	38	53	(2)	0
Leisure Centres	195	1,000	(1,046)	150	111	150	0	1,046
Electric Vehicle Charging Points	0	248	(131)	118	83	122	(4)	50
Marlborough Square Improvements	0	2,385	(532)	1,852	78	1,852	0	992
Appleby Magna Caravan site redevelopment	0	39	0	39	0	39	0	0
Bins and Recycling Containers	194	0	0	194	63	189	5	0
Commercial Property Works	0	3,491	(3,391)	100	2	100	(0)	3,391
Public Conveniences	0	0	23	23	18	19	4	0
							0	
Development Pool:							0	
Heritage Assets Work	0	10	(9)	1	1	1	0	9
Transport Account Vehicles	2,202	3,480	(4,151)	1,531	1,344	1,531	0	4,151
Hermitage Recreational Ground Building demolition	0	196	(171)	25	1	25	0	146
Coalville Regeneration	500	345	(820)	25	0	25	0	542
The Courtyard Roof Repair	200	0	(200)	0	0	0	0	200
UK Shared Prosperity Funded Schemes	515	477	(198)	795	0	795	0	230
Kegworth Public Realm Works	908	0	(290)	618	3	618	0	0
Other schemes	151	50	(15)	185	0	185	0	50
Programme Contingency	0	204	(204)	0	0	0	(0)	0
Special Expenses:								
Staples Drive - Fencing replacement	10	0	0	10		10	0	0
TOTAL	6,437	13,072	(11,110)	8,400	2,664	8,395	4	13,404

North West Leicestershire District Council

HRA Capital Programme 2023/24

Scheme	Original Budget	Prior Year C/fwd	In-year Changes	Revised Budget	Expenditure @ P6	2023/24 Forecast Outturn	Variance	Carry-Forward to Future Years
	£'000	£'000	£'000	£'000	£'000		£'000	£'000
Development Pool:								
Acquisitions and New Build								
Queensway, Measham (Phase 4)		929	(764)	165	3	165	0	764
Howe Road, Whitwick (Phase 4)		823	(823)	0	0	0	0	823
Woulds Court, Moira (Phase 5)		2,089	(2,019)	70	1	70	0	2,019
Cedar Grove, Moira (Phase 5)	460	323	(668)	115	0	115	0	668
The Oaks	1,064	636	(1,625)	75	3	75	0	1,625
Phase 6 - Western Avenue		4	(4)	0	0	0	0	4
S106 purchase - Osgathorpe	0	395	(395)	0	0	0	0	540
S106 purchase - Ravenstone/The Coppice	0	82	(82)	0	0	0	0	82
Acquisition of affordable homes		722	(718)	4	5	4	0	573
EMH - Standard Hill	924	0	(824)	100	0	100	0	824
New Sites - Contingency	500	0	(300)	200	0	200	0	300
Active Programme:								
Improvements and Modernisation								
Home Improvement Programme								
2019 - 2024 Home Improvement Programme	4,500	5,738	(5,938)	4,300	1,502	4,300	0	5,938
Estate Improvements								
Off Street Parking	1,000	220	(720)	500	0	500	0	720
Footpaths and Unadopted Roads	50	100	0	150	0	150	0	0
Garage demolition and replacement	100	99	0	199	0	199	0	0
Place Shaping Pilot	0	250	(250)	0	0	0	0	250
Estate Projects - other	100	236	(300)	36	0	31	5	250
Commercial Boilers	150	0	0	150	0	150	0	0
Stock Condition Survey	450		(200)	250	0	250	0	250
Vehicles	55	0	0	55	0	55	0	0
Compliance								
Passive Fire Safety	1,100	0	(700)	400	0	400	0	700
Major Aids and Adaptations	400	0	0	400	214	400	0	0
Zero Carbon Programme	3,139	0	(1,439)	1,700		1,700	0	1,439
Supported Housing Improvements								
Speech Module	0	260	(260)	0	0	0	0	260
Sheltered Housing Improvements	100	650	(600)	150	0	100	50	450
Scheme Lighting	200	0	0	200	0	200	0	0
Tunstall System	260		(150)	110	0	110	0	200
Electrical Upgrades	0	200	100	300	0	300	0	0
Energy Performance Certificates	130	0	0	130	0	130	0	0
Large Roof Replacement	300	0	0	300	0	300	0	0
Other Capital Spend								
Capital Works - Voids	0	494	0	494	0	494	0	
Housing Management IT System	192	308	0	500	48	500	0	0
Capital Salaries	0	0	0	0	0	0	0	0
Total	15,174	14,558	(18,679)	11,053	1,777	10,998	55	18,679