



Meeting: CABINET

Agenda Item:

Portfolio Area: Resources and Transformation



Date: 12 MARCH 2025

3RD QUARTER REVENUE AND CAPITAL MONITORING REPORT – GENERAL FUND AND HRA

KEY DECISION

Author – Veronika Mendy/Keith Reynoldson/Rhona Bellis
Contributor – Brian Moldon, Finance team and budget Managers
Lead Officers – Brian Moldon
Contact Officer – Brian Moldon

1. PURPOSE

- 1.1 To update Members on the projected General Fund (GF), Housing Revenue Account (HRA) and Capital 2024/25 net expenditure and seek approval to amend the General Fund, HRA and Capital budgets as part of the quarterly revenue monitoring review.
- 1.2 To recommend to Members the use for the 2025/26 UKSPF funding
- 1.3 To update Members on the reserves and balances available to support revenue expenditure and seek approval for revisions to the allocated reserves.

2. RECOMMENDATIONS

General Fund

- 2.1 That the 2024/25 third quarter projected net decrease in General Fund expenditure of £32,480 be approved.
- 2.2 That Members note the proposed movement on reserves as detailed in paragraph 4.2.1
- 2.3 That the UK Shared Prosperity Funding (UKSPF) use of £327K is approved as detailed in section 4.4.

Housing Revenue Account

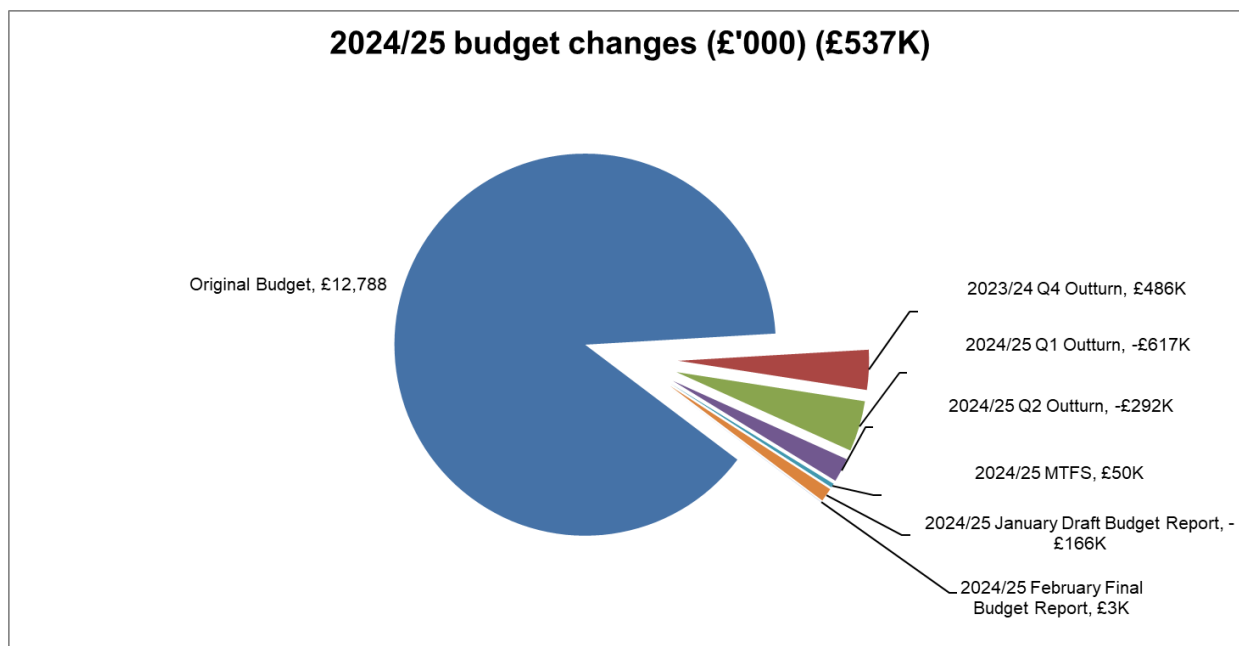
- 2.4 That the 2024/25 third quarter net increase in HRA expenditure of £26,270 be approved.
- 2.5 That a permanent virement of £76,940 is approved for 2025/26 from the repairs and maintenance subcontractor budgets to the salary budgets to enable the audit of payments and ensure the accuracy of contractor claims, as detailed in 4.6.12.

Capital Programme

- 2.6. That the General Fund capital budget re-phasing of £5Million from 2024/25 to future years be approved.
- 2.7. That the Housing Revenue Account capital budget re-phasing of £1Million from 2024/25 to future years be approved.
- 2.8. That net changes to budgets fully grant funded of (£186K) in paragraph 4.8.8 be noted.
- 2.9. That the budget changes of £86k in paragraph 4.7.10 be approved.
- 2.10. That the addition of £60,400 UK Shared Prosperity Funded capital budget 2025/26 in paragraph 4.7.11 be noted.
- 2.11. That General Fund and HRA virements in section 4.8 be approved.
- 2.12. That the proposed changes to the funding of the General Fund and HRA capital budgets in section 4.10 be approved.

3. BACKGROUND - GENERAL FUND

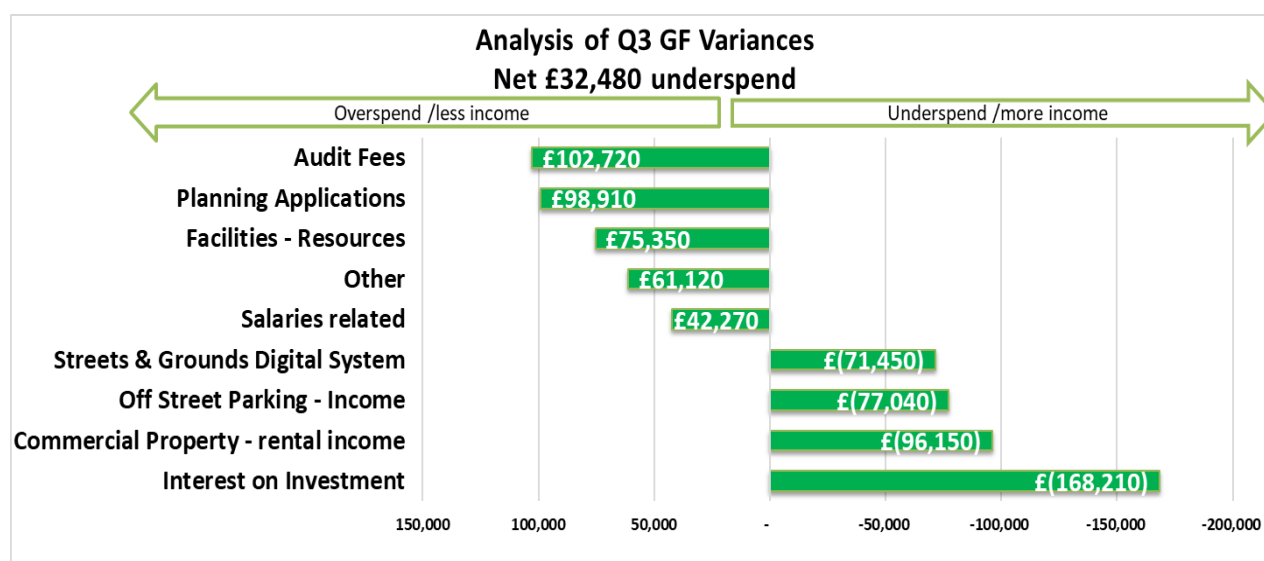
- 3.1. Since the General Fund net budget of £12,788,410 was approved at February 2024 Council, Members have approved net budget changes of £536,500 as detailed in the chart below:



4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

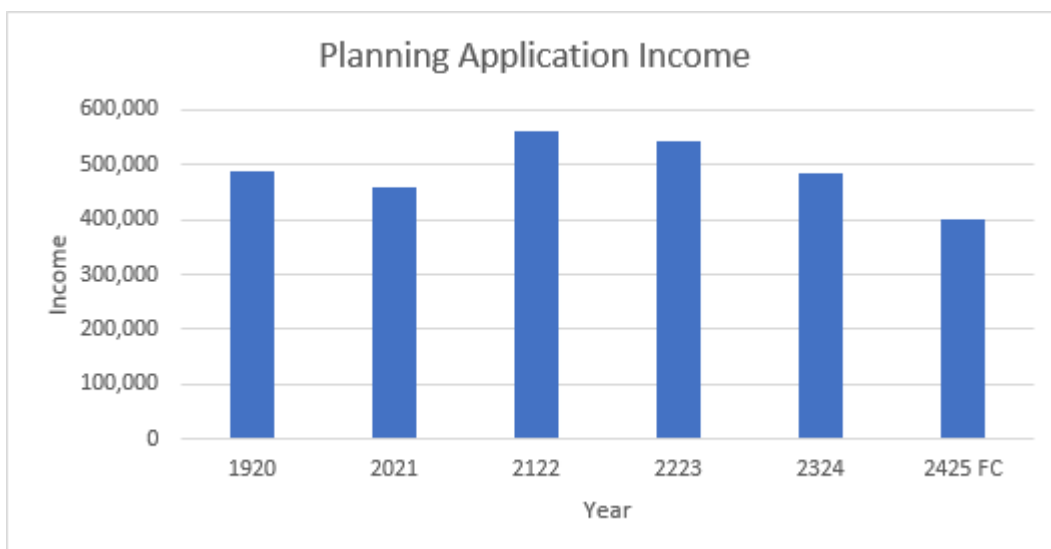
4.1 General Fund – Budget Review

4.1.1 Following the third quarter review of the General Fund budgets officers have identified a projected decrease in the forecast budget for the year of £32,480 (which will result in an overall net reduction against Original Budget of £569K for the year).



4.1.2 The primary reasons for the underspend are detailed below, with a full analysis of less significant variances available in Appendix A:

- **Audit Fees £103K** – The Council has concluded the 2021/22, 2022/23 and 2023/24 audits as a result of the audit backstop regulations however, audit fees for these years have now been sent by the Council's current and former auditors. In addition, the 2024/25 audit fee budget requires an increase based on current projections. Part of the additional cost is due to the additional audit work required under the revised auditing standards.
- **Planning Applications £99K** – number of planning applications has reduced from previous years, in particular majors and household applications. Recent government statistics show that applications received across England are down by 7% from 2023. However, new planning fees are coming into force from April 2025 which should help to offset fluctuations in income and help fund the total cost of the service.



- **Facilities - Resources £75K.**
 - **£29K** - A Utilities Manager was appointed in April 2024 to review Council's utility costs which resulted in largely one-off savings for both General Fund and HRA which have been previously reported. This is a one-year temporary appointment.
 - In addition, **£46K** of consultancy costs to support a delivery of the Facility Management Procurement. One of the CIPFA actions and Strategic Asset Management recommendations were to carry out a procurement of new contracts for maintenance, cleaning and soft services – of which:
 - a) £29K** in relation to Hard FM procurement fees (services relating to the physical maintenance of buildings) and covers mechanical, fire safety and electrical workstreams.
 - b) £17K** - Soft FM procurement fees (services relating to the running of buildings – cleaning and security).

- **Other variances £61K** – A breakdown of these smaller variances can be found in Appendix A.

- **Recruitment related £42K** – this relates to targeted recruitment support for a number of senior Leadership roles, including specialist support and national advertising to ensure the Council was able to recruit the right calibre of senior officers.

- **Streets and Grounds Digital System (£71K)** – delay in implementing streets and grounds digital system has identified a one-off cost saving resulting from prior year carry forwards no longer being required to fund the project in 2024/25. Funding has been built into the MTFS for 2025/26 and efficiency savings resulting from implementation of the system will fund the project in future years.

- **Off Street Parking Income (£77K)** – Income has improved as usage was higher than anticipated at third quarter. This may be due to increased construction in the town centre and increased usage over the Christmas period. However, Members should note that income budget has been reduced since COVID and for 2024/25 it was reduced by £300K.
- **Commercial Property - rental Income (£96K)** – additional income has been generated from the recent rent and lease reviews and back dated rent. There was £90K added to the commercial income budget for 2025/26.
- **Interest on Investment (£168K)** – The increase in expected investment interest of £168K is projected due to higher average levels of balances. This is because a number of capital schemes have been reprofiled, resulting in more cash available for investment than initially projected at the beginning of the year and the receipt of some grant funding. Additionally, interest rates have remained higher for longer than forecasted. The investment budget has been revisited for the 2025/26 estimates in line with current forecasts.

4.1.3 The cumulative changes made to the General Fund net budget, remain within the £400,000 increase variation limit delegated to the Cabinet.

Executive Delegation - General Fund	£'000
Original Net General Fund Budget	12,788
Previously approved Budget Changes	(537)
Revised GF Budget agreed	12,252
Quarterly monitoring Q3	(32)
Updated GF Budget	12,219
Within Executive Delegated Limit	969

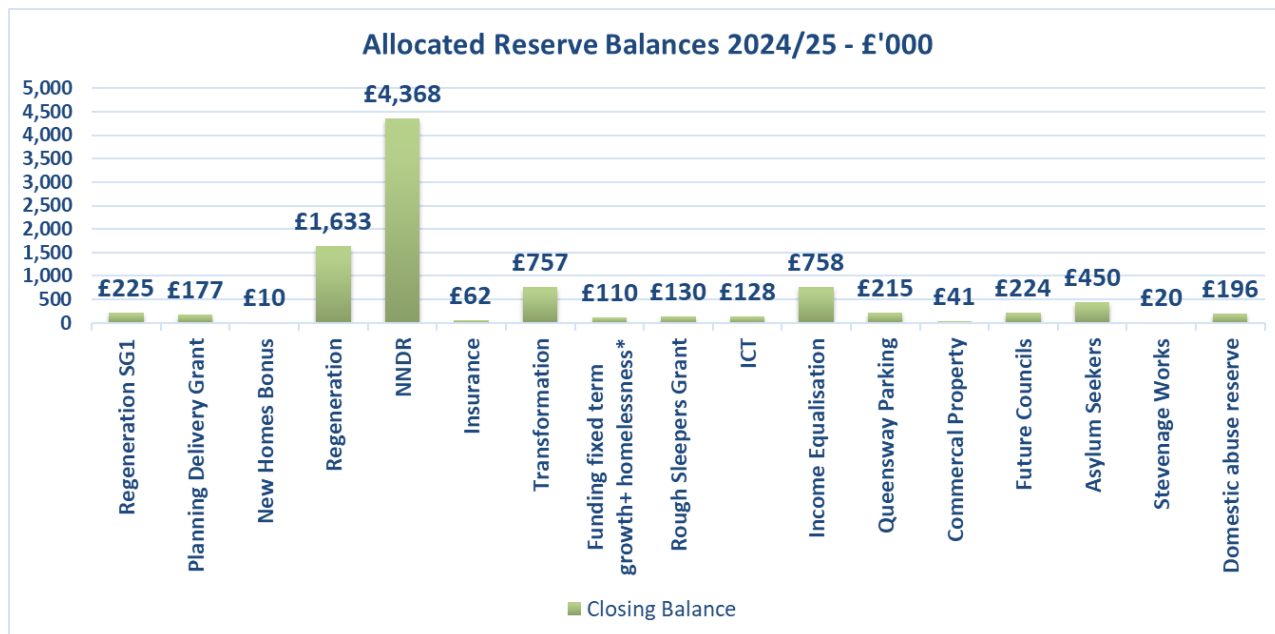
4.2 Review of General Fund Balances

4.2.1 **Allocated Reserves** - these balances are ‘ring fenced’ and have been set aside for specific purposes. The estimated total value of (revenue) allocated reserves as at 31 March 2025 is **£9,501,430** (31 March 2024, £8,758,063). During quarter three, the following movement between reserves have been recommended.

Reserves	Q3 To Be Approved
Regeneration	56,710
Transformation	(137,690)
Total	(80,980)

*() represents movement to reserves

- **Regeneration** – The forecast transfer from reserve for the year is based on the latest activity profile for 2024/25:
 - Legal Fees in relation to a real estate advice on the Forum and SG1 projects, are expected to be **£65K** higher than previously projected.
 - In addition, there was **£43K** of expenditure request for Events Island.
 - These cost pressures were offset by a saving of **£51K** from staff vacancies.
- **Transformation** - The transfer to reserves is based on the latest projections for the year.



4.2.2 General Fund Balance – Following the 3rd quarter review the General Fund balance as at the 31 March 2025 is now forecast to be £5,932,673.

General Fund Balances	Working Budget £'000
Original Net General Fund Budget	12,788
Approved budget changes	(537)
Net Working budget approved to Date	12,252
3rd Quarter Review	(32)
Total Net Expenditure post Q3 review	12,219
Less core resources at Budget Setting Report	(12,849)
Transfer (to)/from General Fund balances	(629)
General Fund balance 31/3/24	(5,303)
Transfer (to)/from General Fund balances	(629)
Projected General Fund balance 31/3/25	(5,933)
Allocated Revenue Reserves (Paragraph 4.2.1)	(9,501)
Total General Fund Revenue balances (estimated 31/3/25)	(15,434)

4.3 Review of Savings – As part of the 2024/25 budget setting, the Council agreed savings of £1.224Million. The table below represents the RAG rated delivery of those schemes.

Target	RAG		% of Target
1,223,880	Delivering	1,206,727	99%
	Partially Achieving	2,345	0%
	Not Achieving	14,808	1%
1,223,880		1,223,880	

4.3.1 Based on the Third Quarter expenditure position, the successful delivery of the majority of savings is projected. However, as previously reported a small number of schemes are not expected to meet the saving target totalling £15K.

- The new Billboard advertising locations did not generate expected income of £8K however, potential uptakes are in the pipeline for 2025/26.
- £5K from the reduction in car parking running costs due to unexpected costs for replacing old equipment. Savings are expected to start from 2025/26.
- The income from filming activities is ad hoc in its nature and difficult to predict. There has been reduced interest this year resulting in a shortfall against the target by £2K.

4.3.2 In addition, the increased fees for kennelling as part of the animal control contract has partially achieved its target. These fees have exceeded the budgeted costs, impacting the saving target by £2K.

4.4 UKSPF Funding Approval For 2025/26

4.4.1 In the Autumn Budget of October 30, 2024, the Chancellor announced a one-year £902Million extension of the UK Shared Prosperity Fund (UKSPF) into the 2025/26 fiscal year. This extension aims to continue providing support across the three central priorities of the fund:

- Community & Place – This pillar focuses on strengthening the social fabric of communities and to enhance public spaces, support cultural initiatives, and promote community-led projects that improve the overall quality of life in local areas.
- Supporting Local Business – This priority is dedicated to nurturing the growth and innovation of local businesses. The goal is to boost productivity and create sustainable employment opportunities within communities.
- People & Skills – This pillar aims to enhance employment opportunities and support individuals in developing the skills needed for the local labour market.

4.4.2 The council's allocation is a total of £327,146, with £60,401 designated for capital projects and £266,745 for revenue initiatives. This is 50% of the amount allocated to the council in 2024/25, which has meant that we are unable to provide a full continuation of funding across all previously funded elements.

4.4.3 The proposed allocation is broken down into three key strands, which respond directly to the three central priorities, as described above. These build on the successes of UK Shared Prosperity Funding and the council's broader work on Enterprise & Skills over the last three years and provide a level of continuity as the council looks to continue to grow its ambitions in these areas:

- Hertfordshire Futures – £120,000 – Continuing the programme of support provided across the county to support local businesses coordinated by Hertfordshire Futures and delivered in partnership with other key local providers such as Wenta and Step2Skills. This approach allows the council The programme is comprised of 6 elements that are a continuation of the programme that was funded as part of the previous tranche of funding. The projects are as follows:
 - Hertfordshire Growth Hub – Serving as the central access point for business support in the county, the Hertfordshire Growth Hub offers tailored advice, training, and mentoring to small and medium-sized enterprises.
 - Get Enterprising – This program provides fully funded specialist support to early-stage businesses in Hertfordshire. It assists start-ups operating for less than five years with guidance in areas such as finance and digital marketing.
 - Hertfordshire Opportunities Portal (HOP) – Acting as the premier gateway in Hertfordshire for exploring career opportunities. It serves as a comprehensive resource for both employers and individuals seeking information on employment and skills development.
 - Hertfordshire Film Office – Dedicated to supporting the film and creative industries, the Hertfordshire Film Office offers resources and opportunities for young people interested in creative careers and businesses aiming to join the film and TV sector's supply chain.
 - Inward Investment Programme – This project focuses on attracting and supporting businesses to invest in the county. It emphasizes key sectors such as life sciences, film and media, aerospace, and defence.
 - Pathways to Employment – This initiative aims to connect residents with employment opportunities by providing access to training, skills development, and job placement services.
- Pioneering Young STEM Futures – £151,868 – Providing additional match funding to continue the council's ambitious Pioneering Young STEM Futures programme. The programme represents a partnership not only between the council and Mission44, but also includes the University of Hertfordshire, North Hertfordshire College and Hertfordshire Futures as part of the key partnership group. A Phase Two proposal would look to expand the breadth and depth of the Discovery Phase and will potentially unlock significant further investment from the partnership as well as industry. A full report will be provided to cabinet

for approval later in the year, aligned to the approval of the funding from Mission44.

- Neighbourhood Allocation – £55,278 – Aligned with the Community & Place pillar of UKSPF, this builds on the work that has been undertaken in the previous UKSPF allocation and aims to strengthen local communities by enhancing locality budgets and supporting ward-level initiatives. This funding provides flexibility to address emerging needs and priorities within Stevenage’s neighbourhoods. This funding has natural synergy with both Local Community Budgets and the Climate Change Community Fund, both of which also provide funding for elected members at a ward level to unlock local projects in collaboration with the Community.

4.4.4 In the 2025/26 Draft budget report officers committed to confirm the use of the UKSPF funding for 2025/26. The updates to cabinet on the progress of these priorities will be incorporated into the council’s quarterly performance reporting as part of the Making Stevenage Even Better Corporate Plan.

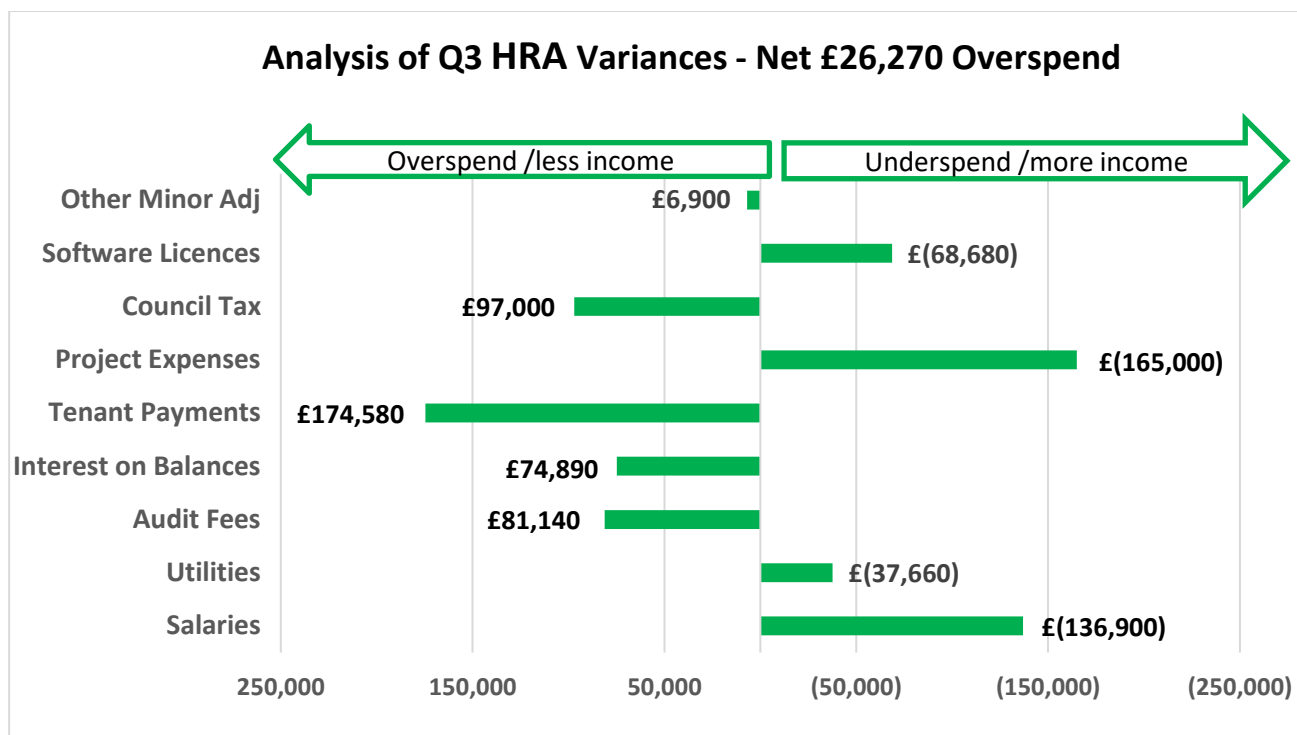
4.5 Housing Revenue Account

4.5.1 Since the Housing Revenue Account (HRA) net budget deficit of £261K was approved at Council in January 2024, Members have further approved net changes of (£494K) shown in the following table.

HRA Working Budget	£'000
Original Budget 2024/25	261
23/24 Q4 Carry Forwards	47
23/24 Q4 New Budget Pressures for 24/25	2,434
24/25 Q1 Review	(970)
24/25 Q2 Review	(4,129)
25/26 HRA Final Budget Report	2,123
Total Working Budget	(233)

4.6 Housing Revenue Account - Budget Review

4.6.1 Following the third quarter review of revenue budgets officers have identified and projected the following budget movements.



4.6.2 **Salaries (£136K).** The latest projection for employee costs shows an underspend of £136K against a total working budget of £10.7Million. This is due to operational vacancies and the timing differences when recruiting to those posts.

4.6.3 **Utilities (£38K).** The latest projection for gas and electricity costs shows a small saving of £18K and £19K respectively. This is against total budgets of £550K for gas supply and £705K for electricity in 2024/25.

4.6.4 **Audit Fees £81K.** As explained at 4.1.2 the outstanding audit fees have been re-calculated to reflect the impact of the audit backstop regulations work and the latest projection for the 2024/25 audit fees. There has also been an increased cost for completing the outstanding required audits of the Right to Buy receipts pooling arrangements. The Council's original auditors were unable to complete the certification of the 2018/19 return and this work had to be duplicated. The combined impact of these pressures is an increase of £81K on the budget.

4.6.5 **Interest on Balances £75K.** The latest calculation for interest earned from HRA balances held over the financial year has reduced by £75K. This leaves an expected income of £1.1Million in the HRA, but this figure will be confirmed as part of the year end process to reflect actual rates and balances.

4.6.6 **Tenant Payments £174K.** There are three main areas of pressure relating to payments to tenants and these are detailed below.

- **Compensation Payments £42K.** There has been a higher level of compensation payments to tenants in the current financial that has resulted in a projected pressure of £42K. While this is still a very small level compared

to annual rent income of £49Million, this area is being reviewed to minimise the issues leading to payments .

- **Relocation Incentives £70K.** This pressure has been driven by the successful work of officers in encouraging tenants to downsize to more manageable accommodation and the availability of 88 new sheltered accommodation units at the Kenilworth development. While this is an additional cost, it does free up family sized accommodation and helps the Council to discharge its housing duties to homeless applicants, avoiding the use of expensive temporary accommodation. Officers are currently reviewing the opportunities for next financial year, but it is unlikely to be this high again, as property availability is likely to be lower.
- **Decant Costs £62K.** A budget of £47K was rolled forward from last year in this area, specifically relating to the new Kenilworth development. That figure was calculated the known cases at the time. However, due to the success of identify and facilitating downsizing from the wider stock (see point above) this has resulted in more costs. As with the relocation incentives, this area is currently being reviewed, but is not likely to be repeated in the next financial year.

4.6.7 **Project Expenses (£165K) reduction.** The original HRA budget included £200K for Transformation, to meet service improvement targets and deal with new demands. However, due to the time and resources that were required to facilitate the first Housing Regulator inspection and the large project to migrate the housing system to the cloud, which is separately budgeted, this funding has not been fully utilised in the current year.

4.6.8 **Council Tax £97K.** Council tax payments on empty properties totalled £467K last year. The main two reasons for this increase were properties that were being held empty for redevelopment, as many were charged at 150% under the empty homes premium policy, and backlog work on void properties for re-letting. With expected improved void property turn-around times and the demolition of long term empty properties for re-development, the budget for the current year was reduced to £226K. While void turn-around rates have improved and planned demolition works have been completed, or commissioned, this has happened slightly later than originally estimated in the budget and has led to a £97K expected pressure in this year.

4.6.9 **Software Licences (£69K) reduction.** There is an expected underspend of £69K on software licence costs, while the implementation of the project to move the housing system to the cloud. It is expected that, once the system is hosted by the software provider, the Council will be able to implement further software modules to improve services and operational efficiency. However, the move to the cloud is not going to be complete until next financial year and has led to this underspend.

4.6.10 **Other Minor Adjustments £7K.** There were other minor operational variances that net to a £7K overspend that have been included in the projection for Q3.

4.6.11 **Repairs and Voids Costs.** This year significant additional resources have been invested in responsive repairs and void property refurbishment costs. This has enabled quicker turn-around times for empty properties and helped the housing service meet current repairs demands and regulatory requirements. Current projections indicate that there may be a slight budget pressure on both of these services by the year end. However, as they are demand led and the variance is small in comparison to the overall budget this will be reported in the outturn position for Q4.

4.6.12 In addition to the proposed changes to the 2024/25 budget there is also a virement request for the 2025/26 budget to reflect current operational need, detailed in the table below. Sub-contractor costs within repairs and maintenance have increased substantially over the last two years and this has required revised processes to ensure value for money is achieved. Part of these changes has been a dedicated resource to analyse payments and find any over-charging or inaccuracies in submitted invoices. This has been successful in reducing costs and it is proposed to make this a permanent appointment that would be self-financed by reductions in subcontractor costs. Therefore, a virement of £76,940 from the subcontractor to the salary budgets is requested for next financial year, as virements over £50,000 require Cabinet approval.

Budget Description	Original Budget 2025/26	Virement	Working Budget 2025/26	%age Change
Management and Admin Support Salaries	£818,810	£76,940	£895,750	+9%
Responsive Repairs Sub-contractor Costs	£1,497,220	(£76,940)	£1,420,280	-5%
Total	£2,316,030	£0	£2,316,030	

4.7 Housing Revenue Account Balances

4.7.1 Following the third quarter review, the HRA balance is now forecast to be £10.8Million and is above minimum required balances. The recent budget report to Council in January highlighted ongoing concerns regarding the level of expenditure on repairs and maintenance and these balances will be required in the medium term to support the service, while savings options are identified to re-balance the ring-fenced fund.

Housing Revenue Account Outturn Position	£'000
Working Budget – Council 22nd January 2025	(233)
3rd Quarter Net Projected Overspend	26
Projected net Surplus post 3rd Quarter review	(207)
HRA balance brought forward 1/4/24	(10,584)
Surplus in year	(207)
Projected HRA balance 31/3/2025	(10,791)
Remaining Cabinet Delegated Limit	374

4.8 Capital Monitoring

4.8.1 The latest capital strategy (Final Capital Strategy) was approved by Council on 26 February 2025 and includes all member approved changes up to the date of this report. The 2024/25 approved budget for each fund is as follows:

- General Fund £26Million
- Housing Revenue Account £32Million

4.8.2 The table below summarises the Capital programme 2024/25 and the proposed changes including rephasing of capital budgets at Q3 into 2025/26.

£000	2024/25				2025/26	2026/27
	Actual Spend Q3	Final Capital Strategy	Revised Strategy Q3	Variance Final v Q3	Changes Q3	Changes Q3
Total GF Schemes	9,700	26,275	21,062	(5,213)	807	3916
Total HRA Schemes	20,188	31,662	30,708	(954)	954	0
Total Capital Programme	29,888	57,937	51,770	(6,167)	1,761	3,916
<i>Re-phase detail:</i>						
Stevenage Direct Services				(359)	(3,775)	3,916
Housing Development				(1,128)	1,128	0
Finance & Estates				(1,869)	1,820	0
Digital & Transformation				(149)	149	0
Regeneration				(1,100)	1,100	0
Communities & Neighbourhoods				(478)	478	0
Planning and Regulatory				93	157	0
Deferred Works Reserve				(222)	(250)	0
Total GF Re-phasing				(5,213)	807	3,916
New Build (Housing Development)				(862)	862	0
Digital & Transformation				(92)	92	0
Total HRA Re-phasing				(954)	954	0

4.8.3 The movements in the general fund balances are summarised below:

General Fund Capital Programme Movements	£000
Re-phasing into 2025/26 net (including £200k deferred works reserve)	(747)
Re-phasing into 2026/27	(3,916)
Grant funded budget movements	(186)
Other Budget Movements	86
Reduction in deferred works reserve to fund Boston House Refurbishment	(450)
Variance Final v Q3	(5,213)

Re-phasing

- 4.8.4 Re-phasing (re-profiling) of budgets are changes regarding the forecast timing of expenditure from the approved programme, between financial years, with no reported increase or decrease in budget requirement.
- 4.8.5 Forecasting spend during the year involves making assumptions about future events that may be out of the control of service managers e.g. Weather, thus re-phasing is a normal part of capital monitoring.
- 4.8.6 General Fund – re-phasing £4.7Million - the main items are explained below:
- Housing Development £1.1Million – the remaining budget for the Kenilworth Community Centre has been re-phased into 2025/26 pending review of the future requirements of the community centre schemes/locality review.
 - Estates £1.8Million - resourcing challenges in the estates team in 2024/25 have resulted in delays to delivery of capital projects across the team. A full review of capital works will be undertaken by officers and the impact of the review on capital budgets will be reported in the next monitoring report (outturn). Projects with no or minimal spend have been re-phased into 2025/26 pending this review.
 - Regeneration £1.1Million – part of the budget for the reconfiguration of Boston House prior to the move of the indoor market to Park Place has been re-phased into 2025/26 to reflect the delivery of this project due to be complete in the summer of 2025.
 - Communities and Neighbourhoods - the fire stopping works at the Stevenage Arts and leisure centre have been re-phased for delivery in 2025/26 - £380K
 - Garage Improvement plan – this long term project was approved at Council on 26 February 2025 and shown in 2025/26 and not as profiled in the GIP, the 3rd quarter monitoring report shows the 2025/26 spend phasing in line with the garage report and the balance (£4Million) being moved to 2026/27.
- 4.8.7 HRA – re-phasing £1Million from 2024/25 into future years relates to Housing Development budgets only. Planned Housing investment is expected to spend all of the allocated budget by the end of 2024/25.
- The Oval - £800K, spend on this project has been on hold whilst the outcome of a Homes England funding bid is awaited. The funding request will make a significant contribution to the delivery of the scheme, with the potential to fully fund the new Community Facilities on site. Progress will continue on this project at pace once the outcome of the funding ask has been determined.
- 4.8.8 **Changes to Grant funded Schemes £(186)k –**
- Food Collection Vehicles (5) £220K reduction in budget and grant funding - The original budget for the provision of 5 food collection vehicles was estimated at £850K (fully grant funded). The actual cost and funding available have now been fixed at £630K and the budget reduced by £220K to reflect this change.

- The Council holds some legacy Disabled Facility Grant which can be used for relevant expenditure – during 2024/25 £30K was spent and the budget increased to cover this cost.
- A small increase in the Electric Car Charging Points (Grant funded) budget of £4K was made to increase the budget to match both the grant funding available and the expenditure incurred.

4.8.9 Other Budget Movements

4.8.10 Members are asked to approve the following budget changes £86k net:

- Increase in budget provision for the Automatic number-plate recognition (ANPR) project from £444K to £529K to enable completion of the installation in the Councils car parks (excluding the forum). The overspend of £84.5K is to be funded from ring fenced receipts allocated to the parking service £76.5K and £8k from the deferred works reserve.
- Transformation revenue contribution to Digital system streets and grounds services £9K to complete the funding for this project. The budget has been increased to reflect this additional funding.

4.8.11 Members are asked to note the addition of £60,400 UK Shared Prosperity Fund capital budget to 2025/26. A proportion of this funding will be allocated to each area of Stevenage with wards being divided by North/Central/South. At Co-operative Neighbourhood Strategic Board meetings, members will work with officers to determine allocation and priorities for this spend, taking into account resident engagement activities and data sources.

4.9 Virements for Approval

4.9.1 Members are asked to approve the following virements:

General Fund:

- SDS - Digital Systems streets and ground services – to move surplus budgets from KE931- Digital system play area inspections/management £16.5K and KE933 - Asset Management system £10K to KE930 - Digital system streets and grounds services £26.5K to support delivery of this project.
- SDS – Vehicles –
 - To amalgamate the £305K budget in KE599 Refuse Vehicles with KE951 Domestic Recycling Collection vehicles budget to reflect the management of vehicle replacements through KE951.
 - To transfer surplus budget from KE520 Welfare improvements (no longer required) £10K and from KE497 - Trade Waste containers budget £20K to KE930 to cover expected overspend in this budget of £30K in 2024/25.

- To transfer £16.2K to KE936 General Vehicles from savings in KE600 Sweeper Replacement - £4k and £12.2K from KE929 Digital system fleet and workshop operation.
- To Transfer net savings in KE929 Digital system fleet and workshop operation of £7.5K to the deferred works reserve, KR911 to increase capacity in that budget.
- Estates – to move the £50K unspent budget in KS278 New Management Software to the deferred works reserve KR911 to increase capacity in that budget
- Planning and Regulatory –
 - To transfer £78K from the deferred works reserve KR911 to fund
 - £8K of overspend in the APNR budget KE119 and
 - £70k to the same budget to fund a new phase 4 of the scheme investing in APNR at the Forum car park, equipment that will be moved to the new forum car park when it is built in the future.
 - To transfer £15K to KE217 Parking restriction to fund an expected overspend in that budget, from the deferred works reserve £2K, the Workplace Travel Plan KE531 £7K, and the Cashless on street parking transition budget KE569 £6K.

4.9.2 HRA – reallocation of budgets from Schemes Under Development £567K and Kenilworth underspend £203K to specific development site budgets £37K and open market acquisitions £733K. Details can be seen in Appendix B.

4.10 Deferred Works Reserve –

4.10.1 Changes to the Deferred Works Reserve budgets including proposals above are summarised below.

Deferred Works Budget Movements	2024/25 £000	2025/26 £000
Final Capital Strategy	387	282
<i>Proposed for approval:</i>		
Re-phasing into 2025/26	(200)	200
ANPR – Forum Car Park	(70)	0
ANPR – Other Car Parks	(8)	0
Parking Restrictions	(2)	0
Savings identified across services	57.5	0
<i>Approved:</i>		
Boston House Reconfiguration	0	(450)
Variance Final v Q3	(222)	(250)
Capital Strategy Q3	165	32

4.10.2 The total Capital Programme, detailing all programmes with relevant approval to spend and proposed changed for approval, is detailed in Appendix A (GF) and B (HRA).

4.11 Capital Financing

4.11.1 The table below sets out the change in the Capital Financing position since quarter 1, as a result of changes to the expenditure phasing and virements discussed above.

£000	2024/25				2025/26	2026/27
	Actual Spend Q3	Final Capital Strategy	Revised Strategy Q3	Variance Final v Q3	Changes Q3	Changes Q3
Total Capital Programme	29,888	57,937	51,770	(6,167)	1,761	3,916
<i>Changes detail:</i>						
Short Term Borrowing				(1,850)	(2,243)	1,756
Capital Receipts				(3,018)	3,030	2,000
Grants and Contributions				(15)	147	42
Reserves and RCCO				(330)	(127)	118
Total GF Financing changes				(5,213)	807	3,916
MRR				(203)	203	0
Capital Receipts				(522)	522	0
Direct Revenue Financing				(229)	229	0
Total HRA Financing changes				(954)	954	0
Total Capital Financing				(6,167)	1,761	3,196

4.12 Capital Receipts Forecast

4.12.1 A key recommendation from the June 2020 MTFs report was that a pipeline of land disposals be identified from Locality Reviews to help maintain the resilience of General Fund balances. This strategy continues and along with other property sales and housing development receipts support the delivery of capital projects.

4.12.2 The tables below summaries the current capital receipts forecasts for the General Fund.

Table 5: Capital Receipts	Previous Forecast £000	Revised Forecast £000	Variance £000
Capital Receipts (including Locality)			
Year 2024/25 Forecast	7,060	6,704	(1,271)
Year 2025/26 Forecast	1,450	3,045	1,350
Year 2026/27 Forecast	12,240	12,240	0
Grant Total Capital Receipts	21,910	21,989	(216)

Table 5: Capital Receipts	Previous Forecast £000	Revised Forecast £000	Variance £000
Sales Costs 4%	(612)	(634)	(22)
Contingency adjustment	(745)	(145)	600
Total Net Receipts	20,553	21,210	362

4.12.3 Until sold, the value of land sales can fluctuate from the forecast as can be seen. The overall increase in the forecast is mainly due to the inclusion of potential additional land sales of £1.2Million in 2025/26. Proposals for further garage sales will be reported to members separately. Other capital receipts include those associated with housing development and regeneration.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included above. The impact of these changes for future years will be incorporated into the budget setting process.

5.2 Legal Implications

5.2.1 The objective of this report is to outline the projected General Fund net expenditure, HRA and Capital Strategy for 2024/25 and the impact on the General Fund and HRA balances. While there are no legal consequences at this stage Members are reminded of their duty to set a balanced budget.

5.3 Equalities and Diversity Implications

5.3.1 This report summarises external and internal factors that impact on approved budgets and recommends changes to those budgets in year. Budget changes identified for future years that could adversely impact on groups covered by statutory equality duties will be incorporated into the budget setting process which includes Equality Impact Assessments (EqIA). None of the budget changes reported will change any existing equalities and diversity policies.

5.4 Risk Implications

5.4.1 A risk based assessment of balances is undertaken and reported to Council as part of the General Fund Budget setting process. Both the General Fund and HRA balances are projected to be above minimum levels.

5.5 Policy Implications

5.5.1 The budget framework represents a development of a policy led budgeting approach across Council services and the overall Medium Term Financial Strategy.

5.6 Climate Change Implications

5.6.1 The Budget and Policy setting process prioritised growth for climate change. The process should have due regard for climate change implications based on the Council's Climate Change Strategy. There are no direct climate change implications from the budget changes in this report.

6. BACKGROUND PAPERS

BD1 – Final Housing Revenue Account Budget Setting and Rent Report 2024/25 (Council 24 January 2024)

BD2 – Council Tax Setting Report 2024/25 and Final Capital Strategy 2023/24-2028/29 (Council 21 February 2024)

BD3 – 4th Quarter Monitoring Report General Fund, Housing Revenue Account, Capital, and Group Companies 2023/24 (Cabinet 24 July 2024)

BD4 – 1st Quarter Monitoring Report General Fund, Housing Revenue Account, and Capital 2024/25 (Cabinet 18 September 2024)

BD5 – 2nd Quarter Revenue and Capital Monitoring Report - General Fund, and Housing Revenue Account 2024/25 (Cabinet 13 November 2024)

BD6 – Final Housing Revenue Account Budget Setting and Rent Report 2025/26 (Council 22 January 2025)

Appendices

- A - GF Revenue Monitor
- B - HRA Capital Strategy (2024/25)
- C - General Fund Capital Strategy (2024/25)