



Enquiries to:  
Kelly Baxter

Direct Dial: 024 7637 6204

Direct Email:  
member.services@nuneatonandbedworth.gov.uk

Date: 1<sup>st</sup> November 2023

Dear Sir/Madam,

**Cabinet – 8<sup>th</sup> November, 2023**

I refer to **Agenda Items 8 – GENERAL FUND BUDGET MONITORING Q2 (Page 2), 9 – HRA BUDGET MONITORING Q2 (Page 12) and 10 – CAPITAL MONITORING Q2 (Page 21)** and attach the reports that were marked to follow on the agenda.

Yours faithfully,

BRENT DAVIS

Chief Executive

To: Members of the Cabinet

Councillor K. Wilson (Leader of the Council and Business and Regeneration)  
Councillor C. Golby (Deputy Leader and Housing and Communities)  
Councillor S. Croft (Finance and Corporate)  
Councillor S. Markham (Public Services)  
Councillor R. Smith (Planning and Regulation)  
Councillor J. Gutteridge (Health and Environment)

Observer

Councillor C. Watkins (Leader of the Main Opposition Party)



**Cabinet**

---

**Report Summary Sheet**

**Date: 8<sup>th</sup> November 2023**

**Subject: General Fund Budget Monitoring Q2**

**Portfolio: Finance & Corporate (Councillor S Croft)**

**From: Strategic Director – Finance & Governance**

**Summary:**

To present the forecast revenue outturn position for the General Fund as at 30<sup>th</sup> September 2023.

**Recommendations:**

That the forecast outturn position for the General Fund for 2023/24 be noted, with consideration given to key variances.

**Options:**

To accept the report or request further information on the forecasted position.

**Reasons:**

The Council is required to achieve a balanced budget each year.

**Consultation undertaken with Members/Officers/Stakeholders**

Councillor Croft, Management Team and relevant officers

<b>Subject to call-in:</b> Yes
<b>Ward relevance:</b> None directly.
<b>Forward plan:</b> Yes

<b>Building a Better Borough Aim:</b> Work
<b>Building a Better Borough Priority:</b> Grow a strong and inclusive economy.
<b>Relevant statutes or policy:</b> Local Government Finance Act 1992

<b>Equalities Implications:</b> None
<b>Human resources implications:</b> None
<b>Financial implications:</b> Detailed in the report.
<b>Health Inequalities Implications:</b>

None

**Section 17 Crime & Disorder Implications:**

None

**Risk management implications:**

The Council analyses risks as part of the budget setting process and ensures an appropriate level of reserves are in place.

**Environmental implications:**

None

**Legal implications:**

To achieve a balanced budget each year.

**Contact details:**

Vicki Summerfield, Strategic Director - Finance & Governance

[Victoria.summerfield@nuneatonandbedworth.gov.uk](mailto:Victoria.summerfield@nuneatonandbedworth.gov.uk)

## AGENDA ITEM NO.8

### NUNEATON AND BEDWORTH BOROUGH COUNCIL

**Report to:** Cabinet - 8<sup>th</sup> November 2023  
**From:** Strategic Director - Finance & Governance  
**Subject:** General Fund Budget Monitoring Q2  
**Portfolio:** Finance & Corporate (Councillor S Croft)

**Building a Better Borough Aim: Work**

### Building a Better Borough Priority: Grow a strong and inclusive economy

1. Purpose of Report

- 1.1 To present the forecast revenue outturn position for the General Fund as at 30<sup>th</sup> September 2023 unless otherwise stated in the report.

2. Recommendations

- 2.1 That the forecast outturn position for the General Fund for 2023/24 be noted, with consideration given to key variances.

3. Background

- 3.1 The General Fund and Housing Revenue Account (HRA) revenue and capital budgets for 2023/24 were approved by Cabinet and Council in February 2023. This report is a detailed update of performance against the General Fund revenue budget as at September 2023.
- 3.2 This report considers the spend pressures that may be coming to the forefront, whether income projections are on target and whether savings that were built into the budget are on track.

4. Body of Report

- 4.1 Apart from Council housing, day-to-day revenue income and expenditure for Council services is accounted for through the General Fund. The net expenditure is financed through the Council's Core Spending Power which includes Council Tax, Retained Business Rates and other general Government Grants.
- 4.2 The revenue budget for 2023/24 was set as a net expenditure of £16,906,464 with core income and reserve contributions expected of £16,909,808 resulting in a surplus of £3,344 which included assumptions for inflation and increases in fee income. Unfortunately, due to the challenging and continually changing marketplace, some of

the assumptions will not be sufficient or achievable. An overspend of £465,235 is currently forecast.

- 4.3 If the additional cost / reduction in income is not addressed throughout the year, a transfer from earmarked reserves to cover the deficit will be required. The S151 Officer has instigated a freeze on recruitment into vacant posts whilst the transformation programme review is undertaken to mitigate further burden on reserves.
- 4.4 A summary of the Council's budget and forecasted expenditure is contained in the following table with more detail included in Appendix 1.

	Forecast £	Approved Budget £	Variance £
Business & Regeneration	1,909,344	1,920,660	-11,316
Finance & Corporate	4,674,837	4,527,564	147,273
Health & Environment	3,219,482	3,206,894	12,588
Housing & Communities	1,650,108	1,555,978	94,130
Planning & Regulation	-369,641	-224,929	-144,712
Public Services	7,926,318	7,594,458	331,860
Central Services	35,412	0	35,412
Portfolio Total	19,045,860	18,580,625	465,235
Other Operating Costs/Income	-1,674,161	-1,674,161	0
Core Funding	-16,909,808	-16,909,808	0
Total <b>Surplus</b> / Deficit	461,891	-3,344	465,235

- 4.5 The key variances are included below with commentary:

	£'000
Planning Fee Income	-444
Elections Underspend	-111
Increased Income	-63
Taxation Collection Costs	-30
NNDR Saving	-22
Legal / Vet Fees	12
Website Costs	35
Audit Costs	40
Potential Planning Appeal Costs	180
Agency/Staffing Cost	195
Recycling and Refuse	325
Homelessness / HB Subsidy Losses	354
Other Minor Variances	-6
	<u>465</u>

## Spend Pressures

- 4.6 The budget for recycling income was reviewed as part of the budget setting process and an average income per tonne over the past few years was assumed. The marketplace for recyclable materials has fallen considerably since the start of the financial year which is resulting in an assumed loss of income (£310k), in addition, Coventry City Council have increased the contract cost of recycling (£195k), informing the Council after the budget setting round had been finalised. Savings however are being seen in the recycling processing contract (£140k) and transport (£40k).
- 4.7 Small changes to Benefit subsidy can have a significant impact on the Council due to the size of the budget. Losses are mainly due to the cost of housing homeless individuals that cannot be recovered and has been an ongoing problem for the Council for a number of years. In addition, losses on hostel income are being seen currently. Both subsidy losses and hostel income are now part of a project including teams from Housing, Finance and Revenues and Benefits to review systems and ensure no errors are present. The outcome of this review will be reported to a future Cabinet.
- 4.8 Agency cost is being seen in refuse (£60k) and planning (£120k). Refuse is required due to vacancies and sickness to ensure the freighters can legally collect waste and planning has required additional support for appeals claims against the Council. The cost of agency in planning also includes costs for the Assistant Director who was not made a permanent employee until May 2023. Costs are also being seen for a post in markets (£15k) that was expected to be removed in April but continued until August.
- 4.9 Three planning appeals have been issued against the Council and at this stage it is prudent to account for costs. If the Council is successful in its defence, costs will be recoverable and there will be no impact to the General Fund. Planning fee income is covering these potential costs.
- 4.10 A tender was conducted by the Public Sector Audit Appointments (PSAA) for external audit and the fee has increased by 150% year on year. An increase was included in the budget for 2023/24 but it is unlikely to cover the full cost.
- 4.11 Cabinet was informed of an additional cost pressure for the requirement to host the Council's own website in April 2023. At the time of approving the budget for 2023/24, the cost and requirement for this was unknown.
- 4.12 Legal fees have been provided for due to a potential appeal against an enforcement notice which were unbudgeted. In addition, the Council is experiencing higher than expected vet fees for stray animals.

## **Savings**

- 4.13 Planning fee income is in excess of the budget and is expected to remain high during the year due to an increase in applications. The levels of income expected is under review monthly but is a prudent assessment and any fluctuation will be reported as part of the budget monitoring reports quarterly.
- 4.14 A budget for a local election was included in error and will be a saving in year. The level of budget required for 2024/25 is being considered due to boundary review and is therefore only a cost saving in year. This budget will increase for 2024/25 due to additional ward members being required.
- 4.15 Increased income above budget has been seen from developer contributions for new bins (£35k) and enforcement activity (£18k) plus car parking income (£10k).
- 4.16 Collection costs recovered after a court hearing for Council Tax are above budget due to increased recovery activity in the revenues team.
- 4.17 The budget for NNDR charges on Council owned assets was slightly higher than the annual charge for the year mainly on car parks.

## 5. Conclusion

- 5.1 The Council is required to set a balanced budget and will not remain financially sustainable into the medium-term with predicted deficits at the level currently being seen. Utilising earmarked reserves to prop up the General Fund cannot be continued into the future.
- 5.2 A freeze on recruitment has been implemented by the S151 Officer to mitigate further cost pressures and reduce the burden on reserves. This will be kept under review and any removal of the freeze will be reported to Cabinet. The freeze was not implemented until September 2023 and therefore savings are not yet factored into the update.
- 5.3 The transformation programme is starting to gather pace and will be key to increasing efficiency and effectiveness across the Council which will in turn generate savings and income and is essential to ensure the Council remains financially viable.
- 5.4 £1.3m was set-aside as part of the budget round to ensure financial resilience plus to invest in changes to services through transformation. There is the ability in year to cover the additional cost pressure, but this should be the means of last resort.

## 6. Appendices

- 6.1 Appendix 1 General Fund Forecast 2023/24



7. Background Papers

7.1 General Fund Budget Setting Report – Cabinet and Council February 2023

## SUMMARY GENERAL FUND FORECAST OUTTURN

as at end of September 2023

	2023/24 Current Budget £	2023/24 Current Forecast £	2023/24 Forecast Variance £	Key Reason for Forecast Variance to Budget
Business & Regeneration	1,920,660	1,909,344	-11,316	NNDR saving (£22k), markets/car parking income (£10k); WMCA increase £5k, salary overspend £15k
Finance & Corporate	4,527,564	4,674,837	147,273	Election budget saving as no election this year (£111k), increased taxation collection (£30k), Members Allowances saving (£11k); HB Subsidy losses £260k, external audit £40k
Health & Environment	3,206,894	3,219,482	12,588	Increased legal costs and vet fees £12k
Housing & Communities	1,555,978	1,650,108	94,130	Reduced income for homelessness £104k; savings on NABCEL (£10k)
Planning & Regulation	-224,929	-369,641	-144,712	Increased planning application income (£444k); potential planning appeal costs £180k plus agency costs £120k
Public Services	7,594,458	7,926,318	331,860	Reduced recycling income £310k, increased contract cost from CCC £195k, net agency cost £60k; savings on transport costs (£40k), recycling processing contract (£140k), developer contributions and enforcement income (£53k)
<b>Portfolio Subtotal</b>	<b>18,580,625</b>	<b>19,010,448</b>	<b>429,823</b>	
Central Services	0	35,412	35,412	Website update
<b>Portfolio Total</b>	<b>18,580,625</b>	<b>19,045,860</b>	<b>465,235</b>	
Central Provisions	1,235,500	1,235,500	0	
Depreciation & Impairment	-3,096,530	-3,096,530	0	
Contributions To/From Reserves	-936,251	-936,251	0	
Financing of Capital Expenditure	470,000	470,000	0	
PWLB Premiums	21,120	21,120	0	
Investment Income	-460,000	-460,000	0	
Minimum Revenue Provision	654,000	654,000	0	
External Interest	438,000	438,000	0	

<b>Total Council Net Expenditure</b>	<b>16,906,464</b>	<b>17,371,699</b>	<b>465,235</b>	
Council Tax	-10,039,237	-10,039,237	0	
New Homes Bonus	-1,361,266	-1,361,266	0	
General Government Grants	-143,405	-143,405	0	
Business Rates Retention	-5,124,733	-5,124,733	0	
NDR Collection Fund (Surplus)/ Deficit	-159,299	-159,299	0	
Council Tax Collection Fund (Surplus)/ Deficit	-81,868	-81,868	0	
<b>Total Funding</b>	<b>-16,909,808</b>	<b>-16,909,808</b>	<b>0</b>	
<b>(Surplus) / Deficit</b>	<b>-3,344</b>	<b>461,891</b>	<b>465,235</b>	

**Cabinet**

---

**Report Summary Sheet**

**Date: 8<sup>th</sup> November 2023**

**Subject: Housing Revenue Account Budget Monitoring Q2**

**Portfolio: Finance & Corporate (Councillor S Croft)  
Housing & Communities (Councillor C Golby)**

**From: Strategic Director – Finance & Governance**

**Summary:**

To present the forecast revenue outturn position for the Housing Revenue Account (HRA) as at 30<sup>th</sup> September 2023.

**Recommendations:**

That the forecast outturn position for the HRA for 2023/24 be noted, with consideration given to key variances.

**Options:**

To accept the report or request further information on the forecasted position.

**Reasons:**

The Council is required to achieve a balanced budget each year.

**Consultation undertaken with Members/Officers/Stakeholders**

Councillor Croft, Management Team and relevant officers

<b>Subject to call-in:</b> Yes
<b>Ward relevance:</b> None directly.
<b>Forward plan:</b> Yes

<b>Building a Better Borough Aim:</b> Work
<b>Building a Better Borough Priority:</b> Grow a strong and inclusive economy.
<b>Relevant statutes or policy:</b> Local Government Finance Act 1992

<b>Equalities Implications:</b> None
<b>Human resources implications:</b> None
<b>Financial implications:</b> Detailed in the report.
<b>Health Inequalities Implications:</b>

None

**Section 17 Crime & Disorder Implications:**

None

**Risk management implications:**

The Council analyses risks as part of the budget setting process and ensures an appropriate level of reserves are in place.

**Environmental implications:**

None

**Legal implications:**

To achieve a balanced budget each year.

**Contact details:**

Vicki Summerfield, Strategic Director - Finance & Governance

[Victoria.summerfield@nuneatonandbedworth.gov.uk](mailto:Victoria.summerfield@nuneatonandbedworth.gov.uk)

## AGENDA ITEM NO.9

### NUNEATON AND BEDWORTH BOROUGH COUNCIL

**Report to:** Cabinet - 8<sup>th</sup> November 2023  
**From:** Strategic Director - Finance & Governance  
**Subject:** Housing Revenue Account Budget Monitoring Q2  
**Portfolio:** Finance & Corporate (Councillor S Croft)  
Housing & Communities (Councillor C Golby)

**Building a Better Borough Aim: Work**

**Building a Better Borough Priority: Grow a strong and inclusive economy**

---

1. Purpose of Report
  - 1.1 To present the forecast revenue outturn position for the Housing Revenue Account (HRA) as at 30th September 2023 unless otherwise stated in the report.
2. Recommendations
  - 2.1 That the forecast outturn position for the HRA for 2023/24 be noted, with consideration given to key variances.
3. Background
  - 3.1 The General Fund and HRA revenue and capital budgets for 2023/24 were approved by Cabinet and Council in February 2023. This report is a detailed update of performance against the HRA revenue budget as at September 2023.
  - 3.2 This report considers any spend pressures and any potential risks to rental income levels.
4. Body of Report
  - 4.1 The Council is required to account separately for income and expenditure in providing council housing.
  - 4.2 The revenue budget for 2023/24 was set as a net expenditure of £254,245 which included assumptions for inflation. The Council is currently predicting net expenditure of £258,379, an overspend of £4,134.

- 4.3 The S151 Officer put a recruitment freeze on the General Fund in September but has not rolled this out to the HRA. There is currently a Business Plan review underway which will consider all opportunities and risks, and this may well determine changes to the profile of spend and the types of spend required.
- 4.3 A summary of the HRA's budget and forecasted expenditure is contained in the following table with more detail included in Appendix 1.

	Forecast £	Approved Budget £	Variance £
Income	-29,210,439	-29,499,920	289,481
Supervision & Management	10,383,122	10,615,137	-232,015
Repairs & Maintenance	6,066,070	6,131,358	-65,288
Capital Financing Costs	10,515,050	10,515,050	0
Appropriations	2,492,620	2,492,620	0
Other Operating Costs/Income	11,956	0	11,956
Total	258,379	254,245	4,134

- 4.5 The key variances are included below with commentary:

	£'000
Agency/Staffing Costs	-271
Utilities Savings	-81
Transport Savings	-24
Website Costs	12
Compensation Payments	13
Planned Maintenance	71
Dwelling Rents	289
Other Minor Variances	-5
	4

### Spend Pressures

- 4.7 Although rental income was higher than budget in 2022/23, it is being assumed at this stage that the outturn position will be lower than expected. Further review is underway regarding how realistic the revised assumptions are and will be reported to a future Cabinet.
- 4.8 Material costs and expenditure incurred by contractors is currently at a higher level than expected due to the increased cost of materials. The impact to the HRA is being kept under close review by the Strategic Director for Housing and Communities and will be mitigated where possible.



- 4.9 As reported in the General Fund Q2 outturn report, the Council has been required to host its own website in 2023/24 and a report to Cabinet in April 2023 detailed out the potential cost. This was not included within the original budget approved in February 2023 as it was unknown at that stage.
- 4.10 An increased budget for potential compensation payments was included for 2023/24 but this is likely to be overspent in year.

### **Savings**

- 4.11 Savings are being seen with vacancies which are partially offset by agency costs to support services. Restructure proposals are currently in consultation to strengthen the Housing team.
- 4.12 A large increase in the budget for utilities was put forward in February 2023 after conclusion of the gas and electricity tender. The marketplace was seeing significant increases in costs, but the impact does not appear to be as great as initially assumed.
- 4.13 Savings on transport costs are being seen due to the fuel price falling slightly below the budgeted assumptions.

### 5. Conclusion

- 5.1 Spend pressures as a result of the cost of inflation are affecting the day-to-day operation of the HRA and are not set to reduce.
- 5.2 The HRA however is looking to be close to the budgeted assumptions which is an improved position from Q1.
- 5.3 A review of the HRA Business Plan is underway and will lay out the future plan for income generation and cost mitigation. With the changes to housing legislation and expectations on housing providers, the profile of expenditure is likely to alter. When finalised, the Business Plan will be presented to Cabinet.

### 6. Appendices

- 6.1 Appendix 1 - HRA Forecast 2022/23

### 7. Background Papers (if none, state none)

- 7.1 Housing Revenue Account Budget 2023/24 – Cabinet February 2023.

## HRA FORECAST OUTTURN

as at end of September 2023

	2023/24 Current Budget £	2023/24 Current Forecast £	2023/24 Forecast Variance £	Comments
HRA General Expenses	2,728,919	2,721,230	-7,689	(£8k) salary savings, (£4k) reduced printing costs, (£3k) reduced telephone costs. £6k audit budget, £5k increased IT support, £1k additional training. (£4k) reduction in equipment budget
HRA Repairs Management	2,149,382	2,045,992	-103,390	(£120k) salary savings, £13k compensation payments, £8k increased external training and (£3k) reduced mobile costs.
Resident Involvement	59,820	53,020	-6,800	(£12k) star survey budget saving (£1k) broadband saving, £9k increased magazine costs. (£2k) reduced travel and substance costs.
Debt Management Costs	135,940	135,940	0	
Increase in Bad Debt Provision	485,360	485,360	0	
HRA share of Corporate and Democratic Core	178,000	178,000	0	
HRA share of Non-Distributed Costs	57,680	57,680	0	
Housing System	113,330	113,330	0	
Development Strategy	533,558	484,883	-48,675	Salary savings
<b>SUPERVISION &amp; MANAGEMENT - GENERAL</b>	<b>6,441,989</b>	<b>6,275,435</b>	<b>-166,554</b>	
HRA Special Expenses	117,215	108,430	-8,785	Electricity saving
Independent Living (Previously Warden Schemes)	2,572,847	2,517,988	-54,859	(£52k) utilities forecast underspend. Removal of (£12K) cleaning materials budget, increased Furniture and Equipment budget £10k.
Homeless Hostels	104,604	104,604	0	
Bedworth Hostel	138,380	138,380	0	
ST BENEDICTS HOUSE	0	0	0	

Other Housing Schemes (Flats)	896,612	894,795	-1,817	(£21k) Electricity saving, £15k agency spend, £4k increased transport recharges
Grounds Maintenance	343,490	343,490	0	
<b>SUPERVISION &amp; MANAGEMENT - SPECIAL</b>	<b>4,173,148</b>	<b>4,107,687</b>	<b>-65,461</b>	
Reactive Repairs	2,604,355	2,447,514	-156,841	Salary savings (£128k) reduced transport costs (£28k)
Call Out	88,523	88,523	0	
R.+ M. - Dwellings	250,550	250,550	0	
R. + M. - Estate Management	20,000	20,000	0	
Asbestos	145,000	145,000	0	
R. + M. - Homeless Hostels	4,960	4,960	0	
R. + M. - Shops & Other Co.	1,000	1,000	0	
Planned Works - Outside Contractors	1,945,828	2,017,754	71,926	£50k increased electrical works, £30k increased drainage works, (£10k) reduced burst water mains costs.
Outside Contractors - Not Depot Monitored	308,710	308,710	0	
R + M - Voids	762,432	782,059	19,627	Agency costs
<b>REPAIRS &amp; MAINTENANCE</b>	<b>6,131,358</b>	<b>6,066,070</b>	<b>-65,288</b>	
Cost of Capital Charge	0		0	
Depreciation	8,724,000	8,724,000	0	
Interest Payable	1,791,050	1,791,050	0	
<b>CAPITAL FINANCING COSTS</b>	<b>10,515,050</b>	<b>10,515,050</b>	<b>0</b>	
Council House & Hostels-Income HRA	-26,801,090	-26,511,609	289,481	Based off last financial year with agreed rent increases considered
Interest Receivable	-36,800	-36,800	0	
Non-Dwelling Rents	-572,510	-572,510	0	
Other Income - Independent Living Schemes	-1,416,610	-1,416,610	0	
Other Income - Services And Facilities	-650,910	-650,910	0	
Other Income - Rechargeable Repairs	-22,000	-22,000	0	
<b>INCOME</b>	<b>-29,499,920</b>	<b>-29,210,439</b>	<b>289,481</b>	
Appropriations to / (from) MRR	0	0	0	
Capital Expenditure funded by HRA (CERA)	2,492,620	2,492,620	0	
Appropriations to/ (from) Revenue Reserves	0	0	0	

<b>APPROPRIATIONS</b>	<b>2,492,620</b>	<b>2,492,620</b>	<b>0</b>	
Support Services	0	11,956	11,956	Website
<b>Total HRA</b>	<b>254,245</b>	<b>258,379</b>	<b>4,134</b>	

**Cabinet**

---

**Report Summary Sheet**

**Date: 8<sup>th</sup> November 2023**

**Subject: Capital Forecast Q2 2023/24**

**Portfolio: Finance and Corporate (Councillor S Croft)**

**From: Strategic Director – Finance & Governance**

**Summary:**

To update on the Council's Q2 forecasted outturn position on capital expenditure for both the General Fund and Housing Revenue Account (HRA).

**Recommendations:**

To consider the Q2 forecasted capital outturn position for 2023/24 for the General Fund and HRA.

**Options:**

To accept the report or request further information on the outturn position.

**Reasons:**

To ensure the Council has an accurate capital budget.

**Consultation undertaken with Members/Officers/Stakeholders**

Councillor Croft, Management Team and relevant officers

**Subject to call-in:**

Yes

**Ward relevance:**

None directly.

**Forward plan:**

Yes

**Building a Better Borough Aim:**

Work

**Building a Better Borough Priority:**

Grow a strong and inclusive economy.

**Relevant statutes or policy:**

Local Government Finance Act

**Equalities Implications:**

None

**Human resources implications:**

None

**Financial implications:**

Detailed in the report.

**Health Inequalities Implications:**

None

**Section 17 Crime & Disorder Implications:**

None

**Risk management implications:**

None.

**Environmental implications:**

None

**Legal implications:**

None

**Contact details:**

Vicki Summerfield – Strategic Director - Finance & Governance

[Victoria.summerfield@nuneatonandbedworth.gov.uk](mailto:Victoria.summerfield@nuneatonandbedworth.gov.uk)

**NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to: Cabinet – 8<sup>th</sup> November 2023**

**From: Strategic Director - Finance & Governance**

**Subject: Capital Monitoring Q2**

**Portfolio: Finance & Corporate (Councillor S Croft)**

**Building a Better Borough Aim: Work**

**Building a Better Borough Priority: Grow a Strong & Inclusive Economy**

---

1. Purpose of Report

- 1.1 To update on the Council's Q2 forecasted outturn position on capital expenditure for both the General Fund and Housing Revenue Account (HRA).

2. Recommendations

- 2.1 To consider the Q2 forecasted capital outturn position for 2023/24 for the General Fund and HRA.

3. Background

- 3.1 Nuneaton and Bedworth Borough Council has a large capital programme to provide community value and improve facilities. The Q2 outturn position for 2023/24 updates on how the programme is progressing.

4. Body of Report

- 4.1 The Council's capital programme covers many projects for both the General Fund and Housing Revenue Account.
- 4.2 General Fund projects are developed in line with strategies reported to Cabinet/Council and are funded through Section 106 developer contributions, grant funding (from the Government and other external providers), internal and external borrowing plus capital receipts generated through asset sales.
- 4.3 HRA projects are mainly for refurbishment of council houses, disabled adaptations to council housing plus new build. They are funded from HRA reserves, capital receipts from Right to Buy plus grant income.



4.4 The capital budget for 2023/24 of £106,627,852 was approved in February 2023 at Council with an updated budget position reported of £114,549,257 to Council in September 2023.

4.5 A summary of the General Fund and HRA forecasted expenditure versus budget is below alongside financing of the programme with further detail included in Appendix 1.

	Revised Budget £	Forecast Actual £	Variance £
Business & Regeneration	56,867,694	26,904,349	-29,963,345
Finance & Corporate	298,000	298,000	0
Housing & Communities	7,558,637	7,558,637	0
Public Services	23,885,426	5,010,007	-18,875,419
Planning & Regulation	0	0	0
Health & Environment	0	0	0
Miscellaneous Schemes	92,000	92,000	0
General Fund	88,701,757	39,862,993	-48,838,764
HRA	25,847,500	25,847,500	0
Total	114,549,257	65,710,493	-48,838,764

### General Fund

4.6 The budget for the capital programme was updated in September 2023 to include additional projects due to either approval at Cabinet since the budget was set or as an update to capital grant funding receipts.

4.7 Projects are projected to underspend by £48.8m on the General Fund although the HRA at this stage is expected to be on target. This will be monitored with carry forwards being requested if required as part of the budget round in February 2024.

4.8 The key projected underspends on the General Fund are detailed below:

- Bridge to Living – the tender exercise has concluded. Works on site are currently delayed with expenditure on the project not expected to progress until 2024.
- Bedworth Physical Activity Hub – a revised scheme was reported to Cabinet in September. Due to this delay, start on site will be in early 2024, subject to finalising that the project fees are within budget.
- Grayson Place – phase 1 of the redevelopment is underway but phase 2 is unlikely to be started in 2023 due to the requirement for a tender

exercise. Progress will be kept under review and the forecast may alter as the development moves forward.

- Flood Alleviation – this project has been cancelled with the grant funding transferred to the Bridge to Living project after approval from DLUHC.
- Towns Fund projects – the Weddington Road Cycle Lane is due to cost less than budgeted and the balance of the funding is to be transferred to support the Museum and Parks Revival project. The Digital Skills and Inclusion project is part of the overall Grayson Place development, and this is likely to progress as part of phase 2 in 2024.
- Cemetery Extension – the extension to Marston Lane Cemetery is in discussion with Sport England and in line with the Council's Playing Pitch Strategy. It is unlikely that works will progress until 2024/25.
- Pauls Land Pavilion – there has been a delay to works starting due to receipt of S106 funds. It is expected that this project will progress in 2024/25.

4.9 There is one projected overspend of £75k which is on the Play Areas. A budget was created in the revenue account for renewal and replacement, but the works required are capital. It was approved by Cabinet in September that a revenue contribution to capital is undertaken to balance the accounts and the budgets will be updated as part of the 2024/25 budget setting process.

4.10 The progress of all projects will be monitored during the year with further updates reported to Cabinet.

## **HRA**

4.11 The capital budget for the HRA was approved as £24,418,500 in February 2023 but an updated budget position was reported to Cabinet in July 2023 of £25,847,500 to include carry forwards of underspends from 2022/23.

4.12 Management of the HRA capital programme is based on scheduled works and progression of new build and acquisition targets. The budget as a whole is utilised by need of the customer and the most efficient use of resources to ensure value for money and will therefore fluctuate against the initial forecasted expenditure by line in any one year.

4.13 The only risk of overspend currently being seen is on stock condition surveys as the requirement to complete a full stock review has been insisted upon by the Regulator. It is likely that underspends in both capital and revenue will be seen and can cover this additional cost, but this is being closely monitored and any changes will be reported.

- 4.14 There is a review of the HRA Business Plan currently underway and this will determine the spend pattern and expected profile of works in line with the changes and updates to legislative requirements.
- 4.15 Any amendments to the HRA capital programme after review of the Business Plan will be reported to a future Cabinet.

### Capital Reserves

- 4.15 Reserves are held by the Council for capital purposes either generated through sales of assets, setting aside sums from underspends and receipts of grants for capital purposes.
- 4.16 The Council's capital reserve position at the end of March 2023 is as follows.

	<b>2022/23</b>
	<b>£</b>
Capital Receipts	618,525
Capital Grants	16,814,944
Earmarked Capital	2,612,970
<b>General Fund Total</b>	<b>20,046,438</b>
Capital Receipts	341,077
1-4-1 Receipts	2,466,956
Earmarked Capital	5,310,558
Major Repairs Reserve	2,020,823
<b>HRA Total</b>	<b>10,139,414</b>
<b>NBBC Total</b>	<b>30,185,852</b>

- 4.17 Capital reserves are allocated against specific projects with no residual unallocated amount available. This poses risks to any movement in the projected capital expenditure as there is nothing available to cover any fluctuations in expenditure.

## 5. Conclusion

- 5.1 The capital programme is fully funded in its present form and there is expected to be slippage on projects in 2023/24. The biggest risk to the Council at this stage is the current economic landscape with inflation, price increases for building supplies plus continual rises in interest rates.
- 5.2 Adjustments to the programme in light of the difficulties around cost and delivery will be reported to Cabinet but projects are continually under review for viability. Interest rates on projects where prudential borrowing is required will be carefully assessed for affordability prior to progressing.

6. Appendices

6.1 Appendix 1 – Q1 Forecasted General Fund Capital Outturn 2023/24

7. Background Papers

7.1 None.

## GENERAL FUND CAPITAL MONITORING

AS AT SEPTEMBER 2023

Project	Approved Budget	Current Forecast	Forecast Variance	Comments
Grayson Place	35,865,295	17,865,295	(18,000,000)	Phase 1 costs
Bridge to Living	8,221,994	2,000,000	(6,221,994)	Delay to start
Flood Alleviation	999,998	0	(999,998)	Transferred to Bridge to Living
Weddington Road Cycle Lane	1,703,000	1,400,000	(303,000)	Reduction in cost expected
Museum and Parks Revival	1,688,285	1,688,285	0	
George Eliot Visitor Centre	27,500	27,500	0	
Digital Skills & Innovation	5,438,353	1,000,000	(4,438,353)	Linked to Grayson Place - enabling works
Visiting Nuneaton : Changing Perspectives	0	0	0	
The Saints	545,700	545,700	0	
Corporation Street/Queens Road Junction	2,225,000	2,225,000	0	
Transforming Bedworth	18,612	18,612	0	
E-mobility Hub	81,000	81,000	0	
CCTV - Wireless Technology	52,957	52,957	0	
Business & Regeneration	56,867,694	26,904,349	(29,963,345)	
ICT Strategy Programme	140,000	140,000	0	
Changing Places	133,000	133,000	0	
Camp Hill Regeneration Scheme	25,000	25,000	0	
Finance & Corporate	298,000	298,000	0	
HEART	5,125,000	5,125,000	0	
Empty Homes Works in Default	40,000	40,000	0	
Empty Property Loans	100,000	100,000	0	
Green Homes Phase 3	905,359	905,359	0	
Homeless Hostel Conversion	200,000	200,000	0	
Safer Streets - Stubbs Pool/The Dingle	41,917	41,917	0	

Home Upgrade Grant 2	733,000	733,000	0	
UK Shared Prosperity Fund Projects	413,361	413,361	0	100% External Grant
Housing & Communities	7,558,637	7,558,637	0	
Major Repairs	250,000	250,000	0	
Vehicle & Plant Replacement	270,000	270,000	0	
Sub-Regional Materials Recycling Facility	507,034	507,034	0	
Bedworth Physical Activity Hub	21,839,919	3,000,000	(18,839,919)	Progressing early in 2024
Leisure Strategy	230,904	230,904	0	
Sandon Park Pavilion Improvements	26,859	26,859	0	S106 - business case approved
Play & Teenage Provision	4,710	4,710	0	
Fly Tipping Cameras	5,000	5,000	0	
Cemetery Extension	100,000	0	(100,000)	In coordination with Playing Pitch Strategy
Community Centre Grants	55,000	55,000	0	
Buttermere Recreation Ground Redevelopment	447,500	447,500	0	
Ambleside Sports Club - Table Tennis Provision	75,000	75,000	0	S106 - business case approved
Stockingford Community Centre	25,000	25,000	0	
Pauls Land Pavilion	10,500	0	(10,500)	Delay to works, transfer to 24/25
Hook Lift Vehicle	38,000	38,000	0	Earmarked - business case approved
Play Areas	0	75,000	75,000	Revenue budget, Capital spend
Public Services	23,885,426	5,010,007	(18,875,419)	
Miscellaneous Schemes	92,000	92,000	0	Transferred to Changing Places
<b>TOTAL GENERAL FUND</b>	<b>88,701,757</b>	<b>39,862,993</b>	<b>(48,838,764)</b>	