

Report to: Cabinet



Date of Meeting 5 February 2025

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## Financial Monitoring Report 2024/25 – Month 9 December

### Report summary:

This report gives a summary of the Council's overall financial position for 2024/25 at the end of month nine (31 December 2024).

Current monitoring indicates that:

- The General Fund Balance is currently projected to be above the adopted level, no action is recommended for members consideration at this stage. Forecasts indicate a favourable position of £662k is predicted. We continue to see a significant favourable position in treasury management interest.
- The Revised Housing Revenue Account (HRA) budget approved by Council (July 2024) agreed the use of the HRA Balance up to £1.750m in year, with the acceptance this would take the HRA Balance below its minimum adopted level of £2.1m to £1.350m, to be replenished in future years. Expenditure is being maintained within this parameter with ongoing analysis on future spending plans and projections to gain assurance on this position to financial year end.

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

The variances identified as part of the Revenue and Capital Monitoring process up to Month 9 be acknowledged.

### Reason for recommendation:

The report updates Members on the overall financial position of the Authority at set periods and includes recommendations where corrective action is required for the remainder of the financial year.

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Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Communications and Democracy
- ☐ Economy
- ☒ Finance and Assets
- ☐ Strategic Planning

- ☐ Sustainable Homes and Communities
- ☐ Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk;

**Links to background information -**

**Link to [Council Plan](#)**

Priorities (check which apply)

- ☒ A supported and engaged community
  - ☒ Carbon neutrality and ecological recovery
  - ☒ Resilient economy that supports local business
  - ☒ Financially secure and improving quality of services
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## **Report in full**

### **1. Introduction**

- 1.1 The purpose of this monitoring report is to update members of Cabinet on the overall financial position of the Authority following the end of month nine. The report considers expenditure to date and projections on year-end spend to determine if the Council will maintain it's spending within budget and maintain the General Fund Balance and the Housing Revenue Account Balance at the approved levels.
- 1.2 The report contains the following sections:
  - Section 2 General Fund Position
  - Section 3 Housing Revenue Account
  - Section 4 Capital Programme
  - Section 5 Treasury Management

## 2. General Fund Position as at Month 9 – December 2024

- 2.1 The following table shows the original budget set for the year and any supplementary estimates approved to date affecting the General Fund position. In year variances have been identified which are likely to alter the outturn position for the year as detailed below. Budget monitoring continues throughout the year with the outturn position being reported early in the new financial year along with any recommended reserve movements.

<b>General Fund Position</b>	<b>£m</b>	<b>F/A</b>
<b>General Fund Budget Requirement</b>	<b>10.697</b>	
Predicted adverse (A) / favourable (F) spend at year end	0.662	F
<b>Predicted Budget Outturn Position 31/3/2025</b>	<b>10.035</b>	

<b>General Fund Position</b>	<b>£m</b>	<b>F/A</b>
<b>General Fund balance as at 1/4/24</b>	<b>4.300</b>	
Agreed General Fund Contribution within 24/25 Budget	0.500	F
Net predicted favourable (F) spend at year end	0.662	F
Approved use of General Fund Balance (currently unadjusted):		
- Leisure and Playing pitches enabler role, new post	(0.058)	A
- New Communities in East Devon review work	(0.080)	A
- <b>Predicted General Fund Balance 31/3/2025</b>	<b>5.324</b>	

*\* Prior to any agreed transfers of surpluses to Earmarked reserves*

- 2.2 A summary of the General Fund position with variations against budget for members noting is contained within Appendix 1.
- 2.3 The additional £0.3m budget increase (£10.7 less the Council Tax precept of £10.4m) can be broken down as the following material items.
- Grow our own budget of £143k to sit within HR
  - The funding for a new post of HR Operations Manager of £76k
  - Axe Valley Project funding within Economic Development of £50k
  - Placemaking In Exmouth Town & Seafront Group funding of £40k
- 2.4 The portfolio variation against budget forecast at the end of December is an adverse variation of £0.71m, commentaries for each of the portfolios are found within Appendix 1.
- 2.5 The large favourable outturn prediction, as in the previous report, relates to interest income which is expanded upon in the Treasury section of this report.
- 2.6 There are 3 other material cost centre variation of note, which are either above or below £0.2m. The items have been listed in terms of their scale and significance in relation to the ability to deliver a balanced budget during the course of the current financial year. These will each be kept under careful review alongside any further or emerging variances. The details and comments behind these are;
- £0.403 (A) in Development Management, Strategic Development & Partnership
    - As discussed in the prior monitoring report for month 6 – end of September, there is currently a national issue with many major developments held up due to confusion over the introduction of Bio-diversity net gain and uncertainty over the new

governments approach to planning which is impacting application numbers and therefore associated income.

- In terms of mitigation, as of September, the remaining agency staff contracts have been ended and we have also held off recruiting to a vacant Assistant Development Manager role.
- It is hoped that there may be some fees for larger sites materialising towards the end of the year, however, the timing of these is difficult to predict.
- £0.306 (A) in Public Convenience Management, Street Scene portfolio
  - Within the 24/25 budget £0.3m was included with regards to cost savings of closing sites and income generation from installing a payment mechanism. These amounts are £0.2m and £0.1m respectively.
  - The cost savings variance will mostly impact the 2025/26 financial year upon the closure of the sites categorised as B and C coming forward on 1/4/25. It is likely that 2 of these sites will remain open, however, it is expected that the vast majority of the savings will be realised.
  - With regards to the income projection of £100K included within 24/25 budget, it is expected that circa 1/3rd will be realised ready for 1/4/25 with remaining 2/3rds later in 2025, possibly into early 2026 financial year.
- £0.206 (F) in Homelessness, Sustainable Homes & Communities portfolio
  - An additional £0.2m was provided by the Ministry of Housing, Communities and Local Government within the Homelessness prevention grant over and above the amount initially advised prior to the start of the financial year and therefore the amount which has been included within the 24/25 budget.
  - Emergency accommodation is anticipated to be materially on budget this year due to a significant amount of work to utilise the councils own properties as much as possible as opposed to the bed and breakfast type of accommodation.

### 3. Housing Revenue Account Position as at Month 9 – December 2024

#### 3.1 Opening Positions

The below tables show the agreed opening positions of the Housing Revenue Account and HRA Capital Programmes for 24/25 after the proposals within the prior monitoring report were agreed.

HRA Revenue Position	£m	F/A*
HRA balance @ start 24/25	(3.100)	F
Approved deficit for the 24/25 financial year	1.337	A
HRA balance @ end 24/25	(1.763)	F

#### Capital Programmes

HRA Capital Position	£m
HRA predicted capital expenditure 24/25	15.1*

\*includes the £0.975m electrical works and £0.89m transfer from revenue agreed in prior report

## 3.2 Housing Revenue Account

### 3.21 Income

Income and lost rent due to voids continues to be materially in line with expectations for dwellings and better than expected income for garages.

Year to Date				4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
-15,892,986	-15,816,240	-76,746	<b>INCOME</b>			
			Gross Property Rents	-21,184,325	-21,088,320	-96,005
-151,985	-116,469	-35,516	Garage Rents	-202,768	-155,292	-47,476
-505,944	-519,471	13,527	Other Income	-672,046	-692,628	20,582
-16,550,914	-16,452,180	-98,734		-22,059,140	-21,936,240	-122,900

### 3.22 Revenue Expenditure

The below table shows variations in expenditure against the above budget within each HRA reporting line.

Year to Date				4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
3,882,415	4,207,941	-325,526	<b>EXPENDITURE</b>			
			1 Repairs And Maintenance - General	5,549,900	5,610,504	-60,604
495,474	1,104,750	-609,276	2 Repairs And Maintenance - Special	1,317,039	1,473,000	-155,961
7,800,745	7,804,116	-3,372	3 Supervision And Management	9,039,474	9,388,046	-348,573
861,502	852,696	8,806	4 Other Expenditure	1,083,038	1,091,844	-8,806
1,521,225	1,521,225	0	5 Capital Charges & Bad Debt Total	2,028,300	2,028,300	0
14,561,361	15,490,728	-929,367		19,017,751	19,591,694	-573,943

Within Supervision & Management significant savings have been seen with regards to vacant permanent posts which has been partially offset by an increase in Agency costs and higher than anticipated insurance premiums.

### 3.23 Financing & Movement in Reserves

The below table shows the variations in Financing and the movement in reserves. There are two drivers to this variation.

- Net interest income is £0.4m higher than anticipated
- The contribution to capital is £1.1m higher than expected (which means additional funding for capital) due to the aforementioned favourable revenue variances leaving the HRA forecast as budgeted.

Year to Date				4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
2,397,257	2,760,410	-363,153	<b>Financing &amp; MIRS</b>	4,377,388	3,680,546	696,842

### 3.24 Housing Capital Programmes

The variations in each of the capital work streams can be seen within the below table.

Year to Date			INCOME	4Cast Outturn		
Actuals	Budget	Diff		Actuals	Budget	Diff
1,726,881	1,462,737	264,144	1 Affordable Housing	1,952,394	1,950,316	2,078
778,734	1,027,500	-248,766	1A Grant Subsidised Affordable Housing	779,390	1,370,000	-590,610
199,369	1,762,497	-1,563,128	2 HRA Capital Housing Compliance	1,522,831	2,349,996	-827,165
2,013,644	2,029,443	-15,799	3 HRA Capital Programme	3,096,732	2,705,924	390,808
5,070,335	5,067,860	2,476	4 Major Repairs Total	7,506,148	6,757,146	749,002
9,788,964	11,350,037	-1,561,073		14,857,495	15,133,382	-275,887

The one notable variation from the prior report is within compliance as the expected expenditure on CO2 monitoring is likely to slip into the following financial year.

### 3.25 Funding & Predicted Borrowing Requirement

The previously presented report had the forecast residual borrowing requirement significantly below the £9.2m prediction at £8m. The above movements do not contradict this and allows for headroom should any variable funding elements such as unringfenced right to buy receipts be at lower-than-expected levels.

## 4. Capital Programme Position up to Month 9

- 4.1 Below is the estimated current position for the capital programme, which reflects a re-profiling of expenditure taking into account carried forward from the 2023/24 budget and any agreed in year budgets.

Capital Programme Summary	£000
Revised 2024/25 budget	35,147
Actual Capital Expenditure	13,407
Unpaid orders	6,157
Projected Actual	22,185

- 4.2 Details of portfolio budgets and expenditure is available at appendix 3.

- 4.3 The Council currently does not hold a general capital reserve and all funding needs to be found. The cash required to fund the expenditure can be met from internal cash balances or through raising loans, this decision is made in line with Council's Treasury Management Strategy. The revenue implications of funding this position has been factored into the revenue monitoring position.

## 5. Treasury Management

5.1 The treasury management interest received position is summarised below:

	Annual Budget £000	Forecast Outturn £000s	Forecast Variance £000s
Internal Investments	674 (F)	1,388 (F)	714 (F)
External Investments	827 (F)	1,374 (F)	547 (F)
	<b>1,501 (F)</b>	<b>2,762 (F)</b>	<b>1,261 (F)</b>

5.2 An appended report provides details of the mid-year treasury management update.

5.3 Detail of the month 6 treasury management portfolio is available at appendix 4.

### **Financial implications:**

Contained within the report.

### **Legal implications:**

Any legal implications are identified in the report and no further comment is required.

## Appendix 1

### General Fund Revenue Budgets 2024/25

Portfolio Budget - Net Expenditure	Actuals 2024/25	Budget 2024/25	Variation	%age Var	Notes
Corporate Business	207,304	233,140	-25,836	-12%	1
Corporate Services	3,252,759	3,122,967	129,792	4%	2
Economy And Regenrtn Portfolio	1,062,865	817,758	245,107	23%	3
Environment Portfolio	5,973,475	6,019,897	-46,422	-1%	4
Finance	-476,032	-642,710	166,678	-35%	5
Strategic Development & P'Ship	3,160,993	2,771,210	389,783	12%	6
Street Scene Portfolio	14,552,198	14,355,990	196,208	1%	7
Sustainable Homes & Communitie	1,757,401	2,105,486	-348,085	-20%	8
<b>Portfolio Totals</b>	<b>29,490,963</b>	<b>28,783,738</b>	<b>707,225</b>	<b>2%</b>	
Reversal of Capital Charges (Depreciation)	-3,270,390	-3,347,540	-77,150		
<b>Portfolio Totals Net of Capital Charges</b>	<b>26,220,573</b>	<b>25,436,198</b>	<b>630,075</b>	<b>2%</b>	
Interest Receipts (Net of investment management fees)	-2,864,329	-1,570,490	-1,293,839	45%	9
Interest Payable	740	300	440	59%	
PWLB Interest	65,684	68,210	-2,526	-4%	
Principal Repayments	427,000	427,000	0	0%	
<b>Net Expenditure</b>	<b>23,849,669</b>	<b>24,361,218</b>	<b>-511,549</b>	<b>-2%</b>	
<b>Government Grants</b>					
New Homes Bonus Grant	-1,147,701	-1,147,701	0	0%	
Rural Services Delivery Grant	-265,000	-265,000	0	0%	
Lower Tier Services Grant	-1,714,000	-1,714,000	0	0%	
New Services Grant	-58,000	-58,000	0	0%	
Add in £0.5m to GF balance	0	0	0	100%	
<b>Use of Reserves</b>					
Capital Reserve Transfers	0	0	0		
Use of Collection fund surplus Income	-96,000	-96,000	0	0%	
Use of Collection fund surplus MIRS	0	0	0		
Use of Accumulated Absence Reserve	0	0	0		
Use of Other Earmarked Reserves	-1,017,174	-1,366,514	349,340	-34%	
Contribution to/(from) General Fund Balance	0	500,000	-500,000		
<b>Budget Requirement</b>	<b>19,551,794</b>	<b>20,214,003</b>	<b>-662,209</b>	<b>-3%</b>	
Business Rates Income	-9,516,242	-9,516,242	0	0%	
Business Rates MIRs	0	0	0		
<b>Council Tax Requirement</b>	<b>10,035,552</b>	<b>10,697,761</b>	<b>-662,209</b>	<b>-7%</b>	
Vs EDDC Precept per MTFP	-10,414,911	-10,414,911	0	0%	
(Surplus) / Funding GAP	<b>-379,359</b>	<b>282,850</b>	-662,209		



## Notes

1 No significant variances, marginal savings within Information & Governance due to a vacant post within the team projecting salary savings

2 There are three material variances, the first being the additional Agency costs within Legal services for an additional property lawyer which have been addressed and included within 25/26 (+£0.13m) plus the variations on the Coporately held Cost Centre (+£0.7m), partially offset by savings within the Grow your Own budget (-£0.1m)

3 The two most material variances are Manor Pavillion (+£90k) due to the underbudgeting of performance fees in 24/25 which has been addressed in 25/26 and the reduced levels of income within Building Control (+£70k)

4 Staffing cost savings overall across the portfolio and consultancy underspends within the Tree Strategy CC have been partailly offset by higher than expected ad-hoc maintenance costs and lower than anticipated income within Pest control services due to the aforementioned staffing shortages.

5 Forecast marginally lower than expected net income from car park services (£0.16m), other less material vraiances at the cost centre level across the portfolio net off against one another.

6 The issue with regards to planning fees has been addressed within the body of the report.

7 The issue with regards to Public Conveniences has been addressed within the body of the report.

8 The issue (-£0.2m) with regards to homelessness has been addressed within the body of the report. The remaining savings are staffing cost related across the remainder of the portfolio

9 Better than anticipated income from Treasury Management activities - please see separate section of report.

## Appendix 2: Capital Programme

Capital Programme Portfolio Summary 2024/25					
	Portfolio	Budget after revisions	Actual	Unpaid Orders	Projected Actual
		2024/25	2024/25	2024/25	2024/25
Line		£	£	£	£
1	Corporate Services	1,278,027	156,974	12,293	942,432
2	Community - Housing General Fund	1,310,547	523,152	0	1,310,547
3	Economy and Regeneration	7,694,773	1,521,377	299,177	2,949,992
4	Environment	2,144,713	891,194	103,623	1,659,578
5	Street Scene	19,552,912	4,064,027	5,672,079	11,461,585
6	Strategic Development	1,250,000	0	0	0
7	<b>TOTAL GF GROSS EXPENDITURE</b>	<b>33,230,972</b>	<b>7,156,725</b>	<b>6,087,172</b>	<b>18,324,133</b>
8	Community - HRA	15,133,382	10,162,917	69,698	15,133,382
9	<b>TOTAL GROSS EXPENDITURE</b>	<b>48,364,354</b>	<b>17,319,642</b>	<b>6,156,870</b>	<b>33,457,515</b>
10	Corporate Services	0	0	0	0
11	Community - Housing General Fund	(1,201,667)	(615,735)	0	(1,201,667)
12	Economy and Regeneration	(3,395,304)	(850,044)	0	(2,270,804)
13	Environment	(132,653)	0	0	(91,080)
14	Street Scene	(4,193,103)	(1,971,473)	0	(3,413,893)
15	Strategic Development	0	0	0	0
16	<b>TOTAL GF EXTERNAL FUNDING</b>	<b>(8,922,727)</b>	<b>(3,437,252)</b>	<b>0</b>	<b>(6,977,444)</b>
17	Community - HRA	(4,294,575)	(475,054)	0	(4,294,575)
18	<b>TOTAL EXTERNAL FUNDING</b>	<b>(13,217,302)</b>	<b>(3,912,306)</b>	<b>0</b>	<b>(11,272,019)</b>
19	Corporate Services	1,278,027	156,974	12,293	942,432
20	Community - Housing General Fund	108,880	(92,583)	0	108,880
21	Economy and Regeneration	4,299,469	671,333	299,177	679,188
22	Environment	2,012,060	891,194	103,623	1,568,498
23	Street Scene	15,359,809	2,092,554	5,672,079	8,047,692
24	Strategic Development	1,250,000	0	0	0
25	<b>TOTAL GF NET EXPENDITURE</b>	<b>24,308,245</b>	<b>3,719,473</b>	<b>6,087,172</b>	<b>11,346,689</b>
26	Community - HRA	10,838,807	9,687,863	69,698	10,838,807
27	<b>TOTAL NET EXPENDITURE</b>	<b>35,147,052</b>	<b>13,407,336</b>	<b>6,156,870</b>	<b>22,185,497</b>

### Appendix 3: Treasury Management

Treasury Portfolio				
	31.3.24	31.3.24	31.12.24	31.12.24
	Actual (Restated)	Actual (Restated)	Actual	Actual
	£000	%	£000	%
<b>Treasury investments</b>				
<b>Banks</b>				
Bank of Scotland Fixed Term Deposit	0	0.00%	2,000	3.29%
Santander Business Reserve Account	10	0.02%	0	0.00%
Santander Business Notice Account	1,000	1.63%	0	0.00%
<b>Building Societies</b>	0	0.00%	0	0.00%
<b>Local Authorities</b>				
Aberdeen Borough Council	3,000	4.89%	2,000	3.29%
Central Bedfordshire Council	3,000	4.88%	0	0.00%
Cheltenham Borough Council	3,000	4.88%	0	0.00%
Crawley Borough Council	2,100	3.42%	0	0.00%
Devon County Council	3,000	4.88%	0	0.00%
Eastleigh Borough Council	2,500	4.07%	0	0.00%
London Borough of Barking and Dagenham	3,000	4.89%	0	0.00%
Perth and Kinross Council	0	0.00%	1,500	2.47%
Stoke on Trent City Council	2,000	3.26%	2,000	3.29%
Surrey County Council	0	0.00%	3,000	4.93%
<b>DMADF (HM Treasury)</b>	250	0.41%	12,600	20.73%
<b>Money Market Funds</b>				
CCLA - Public Sector Deposit Fund	3,000	4.89%	3,000	4.93%
Goldman Sachs - Sterling				
Liquid Reserves Fund	1,800	2.93%	700	1.16%
Morgan Stanley Sterling Liquidity Fund	2,800	4.56%	3,000	4.94%
<b>Total managed in house</b>	<b>30,460</b>	<b>49.61%</b>	<b>29,800</b>	<b>49.03%</b>
<b>Money Market Funds*</b>				
Payden Sterling Reserve Fund	15,337	24.98%	15,389	25.32%
Royal London Asset Management Short Term	15,600	25.41%	15,590	25.65%
<b>Total managed externally</b>	<b>30,937</b>	<b>50.39%</b>	<b>30,979</b>	<b>50.97%</b>
<b>Total treasury investments</b>	<b>61,397</b>	<b>100.00%</b>	<b>60,779</b>	<b>100.00%</b>
<b>Treasury external borrowing</b>				
Building Societies - temporary borrowing	(5,000)	5.01%	0	0.00%
Local Authorities - temporary borrowing	(8,000)	8.01%	0	0.00%
Triple Point Heat Networks Investment Management	(7,076)	7.08%	(7,076)	8.19%
PWLB - long and short term borrowing	(79,829)	79.90%	(79,309)	91.81%
<b>Total external borrowing</b>	<b>(99,905)</b>	<b>100.00%</b>	<b>(86,385)</b>	<b>100.00%</b>
<b>Net treasury investments/ (borrowing)</b>	<b>(38,508)</b>		<b>(25,606)</b>	
* 31.3.24 restated to include £7076m loan from Triple Point Heat Networks ** market value (Payden market value at 6.1.25)				