

Blaby District Council

Cabinet Executive

Date of Meeting	7 November 2022
Title of Report	Establishment 2022/23 and 2023/24 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Maggie Wright – Finance, People & Performance (Deputy Leader)
Report Author	Accountancy Services Manager
Corporate Priority	Medium Term Financial Strategy (MTFS)

1. What is this report about?

- 1.1 To provide members with an update in respect of the 2022/23 establishment budget, and to set out the proposed establishment budget for 2023/24.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the latest forecast in respect of the 2022/23 establishment is accepted.
- 2.2 That the proposed establishment budget for 2023/24 is approved.

3. Reason for Decisions Recommended

- 3.1 The cost of the establishment is a significant part of the council's overall budget and members are asked to consider and approve the budget for the next financial year. The final establishment costs will be incorporated into the General Fund budget for consideration in February 2023.

4. Matters to consider

4.1 Background

Establishment costs represent a substantial proportion of the Council's core costs, and include salaries, employers' pension and national insurance contributions, as well as provisions for sickness, family leave, temporary staffing and agency costs.

The following report sets out the key facts and figures in relation to the size and structure of the current establishment, the associated costs, and additional staff-related information. It is based on the available information at

the time of writing but any future changes which come to light will be reflected in the final budget proposals in February 2023.

4.2 Establishment Budget – Current Year

The 2022/23 Establishment cost which formed part of the original budget approved by Council on 24th February 2022 was £13,482,473 before taking into account external funding. The net budget after external funding was £11,634,231.

This allowed for a 2% pay increase, the cost of employers' national insurance and pension contributions, contractual increments, and the Apprenticeship Levy.

Since the budget was approved in February the following changes have been made to the establishment, this also includes budgets brought forward from 2021/22 specifically for Establishment posts -

	Gross Cost £	External Funding £	Net Cost £
Approved Budget	13,929,986	(1,578,984)	12,351,002
<u>Add:</u>			
Management Restructure	35,765		35,765
Change for Life Project	34,610	(34,610)	0
New Lubbesthorpe Major Schemes Officer	25,000	(25,000)	0
Active Together Officer	32,540	(32,540)	0
Environmental Assistant, Overtime & Contaminated Land Officer	59,675	0	59,675
Resident Support Officer	35,200	0	35,200
Corporate Health Improvement Casual Staff	1,026	0	1,026
Exercise Referral Officer	35,331	(35,331)	0
Active Travel Officer	32,540	(32,540)	0
Domestic Abuse Link Worker	33,290	(33,290)	0
Hospital & Housing Enablement Officers	98,030	(98,030)	0
Assisted Technology & Dementia Officers	32,485	(32,485)	0
LCC Occupational Therapist	20,340	(20,340)	0
<u>Removed:</u>			
Youth Service	(14,915)	0	(14,915)
Additional Overtime no longer required	(22,235)	0	(22,235)
Children's Support Worker	(31,109)	24,900	(6,209)
Working Budget	14,337,559	(1,898,250)	12,439,309

Performance against the Budget

As at 30th September, at an overall level, establishment costs were £6,788,869, against a profiled budget of £7,153,414, i.e. £364,544 under the profiled budget. The variances are shown in the table below:

Portfolio	(Under)/Over £	Note
Planning Delivery and Enforcement and Corporate Transformation	(114,911)	1
Neighbourhood Services & Assets	(86,604)	2
Health, Wellbeing, Community Engagement & Business Support	(57,943)	3
Leader	(17,030)	4
Housing, Community and Environmental Services	(27,233)	5
Finance, People and Performance	(24,287)	6
Total Variance	(364,544)	

Reasons for variances

1. The underspend is mainly due to vacant posts within Customer Services and Communications. 2 posts have been recruited to within Customer Services, and interviews have been taking place within Communications.
2. The underspend is due to vacant posts within Parks and Open Spaces, Waste Operations Management and Vehicle Maintenance. The vacancies within Parks and Open Spaces and Vehicle Maintenance have both been recruited to.
3. The underspend is mainly due to vacancies within Building Control and the Community, Development, Work & skills team, 2 of these posts have been recruited to.
4. The main variance is due to a vacant post within the Corporate Health and Safety team, and vacant posts in the Information Governance team. 2 posts have now been recruited to.
5. The variance is mainly due to the vacant posts within the Environmental Health team and Environmental Protection team. The post in Environmental Health has been recruited to and interviews have been held for the posts in the Environmental Protection team.
6. The variance is due to a vacant post within the Performance Management team, which has now been recruited to, and 2 vacant posts within the Recovery team, which have both been recruited to.

The gross establishment variance at 30th September was £364,544 as set out in the table above. However, this does not consider the vacancy savings provisions. When this is taken into account, establishment is showing a net variance of £164,544.

Included within the budget across all services is a 2% estimate for the pay award which has not yet been realised. The National Employers have put forward a pay offer of £1,950 across all pay grades. This is not yet reflected in the budget, but if accepted could add another £488,000 to the pay bill in 2022/23

Staff Turnover

Staff turnover for 2021/22 was 15.8%, compared to 10.2% in the previous year.

Sickness Absence

The actual number of days lost to sickness in 2021/22 was 6.2 days per employee, compared to 6.96 days in the previous year.

4.3 Budget Proposals 2023/24

The estimated costs for 2023/24, as shown in the table at Appendix A, are based on the forecast establishment as at 1st April 2023.

A provision has been included in the budget for a 3% pay award. Any change to this situation will be reflected in the base budget as soon as it becomes known.

In addition to a pay award provision, the budget proposals for 2023/24 take into account the cost of employers' national insurance and pension contributions, contractual increments, the Apprenticeship Levy, and any movement in headcount.

The establishment budget for 2023/24 is £14,487,210 before taking into account external funding. It is estimated that external funding will account for £1,345,232, leaving a net establishment cost of £13,141,978 for the year. This represents an increase of £702,669 compared with the 2022/23 current Working Budget.

Appendix B details the movements in posts between the Original approved 2022/23 budget and the proposed budget for 2023/24.

Full Time Equivalents (FTEs)

The establishment budget is based upon 361 posts, or 329.91 full time equivalents (FTEs). Appendix B provides a summary of the movement between the two years.

Employers' National Insurance Contributions

Contribution rates and thresholds for 2023/24 are included at a rate of 15.05%, this rate takes into account the Health and Social Care Levy of 1.25%. We are awaiting confirmation that this is formally being withdrawn. 15.05% was also the rate which was used for 2022/23.

Employers' Pension Contributions

Pension contribution rates are set by Leicestershire County Council, the scheme administrators, in conjunction with the Pensions Actuary on a triennial

basis. The latest review date was 31st March 2022. At the time of writing the report the results of the triennial review had not been released. Pension contributions for 2023/24 are based on an estimated rate of 26% until the final rates are released. Any divergence from the estimate once the rates are confirmed will be built into the final budget in February.

External Funding

The following table demonstrates the extent to which services are funded or part-funded by external grants and contributions over the two years 2022/23 and 2023/24. These figures also appear in Appendix A.

	2022/23 Approved £	2022/23 Working £	2023/24 Base £
Children's Support Workers	27,600	2,700	0
Hospital Housing Enablers	260,051	334,681	278,623
HET – Community Hospitals	0	23,400	0
Light Bulb Central Hub & Localities	851,824	851,824	859,824
Building Control Partnership	99,313	99,313	84,416
Active Travel Officer	0	32,540	0
Active Together	0	32,540	0
Sportivate	25,375	25,375	0
Exercise Referral	0	35,331	0
Change for Life	0	34,610	0
Whetstone Garden Village	45,414	45,414	0
Rail Freight Project	27,870	27,870	30,008
New Lubbethorpe	39,104	64,104	0
Housing Services	0	33,290	49,870
Social Prescriber	92,308	92,308	0
Housing Occupational Therapist	43,365	43,365	5,303
LCC Occupational Therapist	0	20,340	0
Assistive Technology & Dementia Pilot	32,515	65,000	0
Air Pollution Enforcement and Monitoring	17,546	17,546	0
COVID-19 Contain Funding	16,699	16,699	0
Defra Air Quality	0	0	37,188
Total	1,578,984	1,898,250	1,345,232

Salary costs that are reliant upon external funding have only been included in the 2023/24 establishment budget where that funding has formally been confirmed. If external funding is confirmed at a later date, both salary costs and grant income will be brought into the budget at that point.

Apprenticeship Levy

All employers with a pay bill of over £3m are required to pay an apprenticeship levy to make an investment in apprentices. Employers pay a levy of 0.5% of their pay bill above £3m. For Blaby this equates to approximately £65,673 in

2022/23 and £70,936 in 2023/24. In return, an employer's Apprenticeship Levy Account is credited with a sum of money which may then be spent on training apprentices.

Vacancy Savings Provision

The budget makes allowance for vacancy savings of £200,000 arising during the financial year.

5. What will it cost and are there opportunities for savings?

5.1 Financial implications are covered throughout this report

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
Withdrawal of external funding used to support posts within the establishment.	Salary costs have only been included within the establishment where external funding has been confirmed for 2023/24. Beyond 2023/24 officers will maintain dialogue with partners in order to identify any loss of external funding at an early stage.
Contribution rates for employer's national insurance and pension contributions could exceed the assumptions built into the draft budget.	Officers will monitor announcements by the Government and Leicestershire County Council to ensure that any changes to contribution rates are reflected in the final budget proposals,

7. Other options considered

7.1 Not to produce a separate report on establishment costs ahead of the main budget proposals. This option is not considered appropriate given that the establishment budget constitutes such a significant proportion of core costs.

8. Environmental impact

8.1 In preparing this report, the author has considered the impact on the Environment, and there are no areas of concern.

9. Other significant issues

9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

10. Appendix

10.1 Appendix A – Budgeted Establishment Costs for 2022/23 and 2023/24

10.2 Appendix B – Numbers of FTEs for 2022/23 and 2023/24.

11. Background paper(s)

11.1 None

12. Report author's contact details

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