

Blaby District Council

Cabinet Executive

Date of Meeting	26 February 2024
Title of Report	Quarter 3 Budget Review 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 This report provides Members with an overview of the financial performance against the revenue budget for the quarter ending 31st December 2023.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 31st December 2023 is accepted.
- 2.2 That the forecast contribution of £318,257 to General Fund balances is accepted.
- 2.3 That the irrecoverable debts set out in paragraph 4.5 are authorised to be written off.

3. Reason for Decisions Recommended

- 3.1 It is good practice that Members have oversight of the Council's financial performance at regular points during the financial year.
- 3.2 To recognise movements in the call on reserves and balances to date, along with potential variances in establishment costs and key income streams that may arise between now and the end of the financial year.

4. Matters to consider

4.1 Background

The Council's original budget was approved on 22nd February 2023. The approved budget before contributions from reserves and government grants was £15,072,200. It was agreed that the budget would be supported by a contribution of £166,007 from the General Fund Balance and a contribution of

£241,017 from earmarked reserves, resulting in a net expenditure budget of £14,665,176.

The last quarterly report presented to Cabinet in November noted that the budget gap at that point was £469,765. The estimated impact of the annual pay award was an additional £290,000 and shortfalls in income budgets in both Planning fees and Building control increased the contribution required. However, the additional investment income and inflation on the Leisure income brought the forecast contribution to balances down to £250,773.

Since the last report, a review of all budgets has been carried out by the Finance Team in conjunction with Budget Managers based on expenditure to date and forecast expenditure to the end of the financial year. Following this review the call on balances reduced to £154,486, however, additional expenditure pressures identified in ICT has increased this contribution to £231,743.

Appendix A shows the net service expenditure to date compared with the profiled budget. Although a positive variance is shown, this does not reflect a likely outturn position due to the impact of profiling assumptions, and the fact that it is shown on a cash basis rather than an accruals basis.

4.2 Establishment

At the end of quarter 3, at an overall level, establishment costs amounted to £11,670,201 against a profiled budget of £12,008,808, i.e., under profile by £338,607.

An estimate of 3% had been originally budgeted for the pay award. The Chief Executive and Chief Officers (Directors and Group Managers) was agreed at 3.5%. The offer made and agreed for Officers on grade 1 to 9 was a flat rate of £1,925 per annum across all scale points, this was the same as agreed in 2022/23. An additional provision of £145,000 has been added to the revised budget to cover the increase above the original 3% estimate.

The following table shows variances to 31st December 2023.

Portfolio	(Under)/Over £	Note
Leader	(31,300)	1
Finance, People & Performance	(71,937)	2
Neighbourhood Services & Assets	26,899	3
Health, Wellbeing, Community Engagement & Business Support	(95,791)	4
Housing, Community and Environmental Services	(25,151)	5
Planning Delivery and Enforcement and Corporate Transformation	(123,720)	6
Central Provisions	(17,607)	7
Total Variance	(338,607)	

Reasons for Variances

1. Largely due to the vacant post of Democratic Services and Governance Manager.
2. Mainly due to the vacant HR Manager post, and vacancies in Benefits and Income & Collections.
3. Additional costs incurred in Refuse and Recycling in relation to agency staff, overtime, and casual employees. Approval was given at Cabinet in September for 3 additional posts within Neighbourhood Services which have been added to the Establishment.
4. Largely due to vacant posts within Building Control.
5. Vacancies in Community Services and Environmental Health teams.
6. Vacant Team Leader post within Communications, vacant Planning Officer post in Development Services, plus a vacant Senior Planning Enforcement Officer post.
7. This represents the additional provision added in for the pay award, vacancy savings provision, net of central provisions for statutory sick pay, statutory maternity pay, and the apprenticeship levy.

4.3 Key Income

	Working Budget	Profiled Budget	Actual to Date	(Surplus)/ Shortfall
	£	£	£	£
Planning Fees	(500,000)	(375,000)	(400,300)	(25,300)
Building Control Fees	(1,060,480)	(945,360)	(709,391)	235,969
Building Control Partnership	(201,701)	(151,275)	(134,719)	16,556
Land Charges	(236,500)	(177,375)	(143,181)	34,194
Investment Interest	(1,300,000)	(975,000)	(1,282,968)	(307,968)
Refuse and Recycling	(1,699,500)	(1,623,500)	(1,645,088)	(21,588)
Car Parks	(226,000)	(169,500)	(178,756)	(9,256)
Leisure Income	(673,260)	(504,945)	(504,945)	0
Total	(5,897,441)	(4,921,955)	(4,999,348)	(77,393)

Planning Fees

During the Budget Setting process, Planning income was reviewed, and the budget reduced to £500,000. As can be seen in the table, at the end of quarter three Planning Income is now showing a positive variance against the budget. There is the possibility of a larger scale application being submitted in relation to the solar farm, but there is no guarantee that the application will be submitted in this financial year. Planning income is expected to achieve the target budget.

Building Control

As reported in Quarter 2, the Building Control Fee income budget has been reduced by £200k. The income had been below profile in the 1st half of the year, and the shortfall has grown in the last quarter, however this is partly due to timing of invoicing. The revised income target is expected to be achieved by year end. It should be noted that any shortfall in the overall Building Control Partnership budget at year end will be shared amongst partners in accordance with the agreement, so the current deficit is not borne solely by Blaby.

Land Charges

The Land Charges budget was reduced from the original budget of £247,000. As can be seen in the table the income at the end of quarter 3 remains below the profiled target.

Investment Interest

The income budget for Investment interest has increased significantly following the performance seen in the 1st half of the financial year due to the increase in the Bank of England Base Rate. Interest is expected to fall back over the last quarter of the financial year, due to the cash flow profile, although it looks likely that the budget will be exceeded.

Car Parking

The budget for car parking income had been reduced to a more realistic level in line with current footfall and as can be seen in the table, at the end of the third quarter there is a small surplus compared to profile.

4.4 Earmarked Reserves

In addition to the General Fund balance the Council also maintains several Earmarked Reserves. Some of these are set aside for specific purposes whilst others have been created to mitigate the uncertainties that still surround local government funding. A detailed breakdown of the movement on Earmarked Reserves during the 3rd quarter of the financial year and the forecast to the end of the year appears at Appendix B.

The Council, along with Leicestershire County Council, Leicester City Council, all Leicestershire District Councils and Leicester, Leicestershire, and Rutland Fire Authority, since 2015/16 have pooled Business Rates under the Rates

Retention Scheme. This has allowed Business Rates growth to be retained in the sub region. The Council has received distributed Business Rate Pool monies for the years 2020/21 and 2021/22 and a new reserve has been set up for these funds. The money is to be used by pool members to support “economic health and vibrancy of our communities”. The funds will support the Economic Development of the District through the Economic Development team, during the next financial year and potentially in the future.

£1,516,792 of the balance is technically not available for use. This is the balance set aside to offset the NNDR Collection Fund deficit and will be used in its entirety in 2023/24.

The balance remaining on the Huncote Major Incident Reserve relates to capital expenditure funded through borrowing. This balance will be amortised in line with Minimum Revenue Provision charges to General Fund.

4.5 Write-off of Irrecoverable Debt

The following debts are presented for write-off subject to the approval of Cabinet Executive. Whilst there is delegated authority in place for the Executive Director (Section 151), in consultation with the Portfolio Holder, to write off debts of this nature at an individual level, given the magnitude of the overall total, for transparency purposes it is considered more appropriate for Cabinet to approve the write offs.

As is evident from the following table, there are a number of reasons for the debt being considered to be irrecoverable, including the existence of a debt relief order, individual voluntary arrangements, and all the usual recovery routes having been attempted without success. Where the table indicates that recovery action has been exhausted this means that we are unable to obtain a charging order or attachment of earnings, and the use of enforcement agents and other legal means of recovery have proven unsuccessful. Naturally, if any further information presents itself the debt can still be written back onto the account and collected.

Debt Category	Amount	Reason for Write-off
Council Tax	£19,381.26	Individual Voluntary Arrangement granted
Council Tax	£36,493.02	Recovery action exhausted
Council Tax	£3,008.83	Deceased
Council Tax	£8,965.82	Debt Relief Order granted
HB overpayment	£5,479.33	Local Authority error
Total	£73,328.26	

4.6 Forecast Outturn

The original approved budget allowed for a contribution of £166,007 to be taken from General Fund Balances. As shown in Appendix A, the required contribution has increased to £231,743. However, taking into account the vacant post Establishment savings achieved during the year, detailed in section 4.2 with the estimation of savings to the end of the financial year,

additional income expected to be achieved from the Investment income stream, and the possible shortfall in Land Charges income, the potential forecasted outturn is a contribution to balances of £318,257.

Note: that whilst this is a positive contribution to the General Fund there is still the requirement to supplement the budget from the NNDR Reserve with an amount of £755k.

	£
Approved contribution from General Fund Balances	166,007
Quarter 1 budget adjustments	194,666
Quarter 2 budget adjustments	109,092
Quarter 3 budget adjustments	(238,092)
Latest contribution from General Fund Balances	231,743
Estimated establishment underspend	(400,000)
Estimated additional investment income	(200,000)
Estimated shortfall in Land Charges income	50,000
Forecast Outturn	(318,257)

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

- 5.1 Officers continue to seek savings and implement measures designed to reduce the budget gap that is forecast in the Medium-Term Financial Strategy.

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

6.1

Current Risk	Actions to reduce the risks
Net expenditure may exceed the approved budget due to shortfall in income or overspending	Ongoing budget monitoring to highlight variances.

7. Other options considered

- 7.1 None.

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 – Budget Monitoring Statement to 31st December 2023.
- 10.2 Appendix B – Forecast Reserves Position to 31st March 2024.

11. Background paper(s)

- 11.1 None

12. Report author's contact details

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