

Blaby District Council

Cabinet Executive

Date of Meeting	16 September 2024
Title of Report	Quarter 1 Budget Review 2024/25 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
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 This report gives Members an overview of the financial performance against the budget for the first quarter of 2024/25.

2. Recommendations to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 31st June 2024 is accepted.
- 2.2 That Cabinet Executive approve the additional budget expenditure of £53,122 listed within 4.1, and approves the forecast contribution of £516,978 from General Fund balances.
- 2.3 That the Local Plan Earmarked Reserve is increased by £221,070 from the General Fund Balance and delegated authority is given to the Executive Director (S151 Officer) in consultation with the Finance, People & Performance Portfolio holder to draw down from the Local Plan Reserve when necessary.

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 26th February 2024. The approved budget before contributions from reserves and government grants was £16,206,950. It was agreed that the budget would be supported by a contribution of £463,856 from the General Fund Balance and a contribution of £349,315 from earmarked reserves, resulting in a net expenditure budget of £15,393,779.

Since February, there has been some changes made to the budget, most notably to bring forward unspent budget provision from last financial year, and these are reflected in the working budget shown in column B of Appendix A.

The following table sets out the movement between the original Approved Budget and the latest Working Budget.

	£
Approved budget before contributions from reserves and government grant	16,206,950
<u>Additional funding from Earmarked Reserves</u>	
Unspent budget provision carried forward from 2023/24	2,187,478
Expenditure funded from Local Plan Reserve	56,227
<u>Additional Funding from General Fund Balances</u>	
Job Evaluation exercise	25,807
Establishment changes	10,782
One-off budget changes, individually £10,000 or under	16,533
	£18,503,777

A total of £2,257,478 has been carried forward from 2023/24, of which £2,005,935 relates to ring-fenced external funding.

An Earmarked reserve is held for funds ringfenced to be spent on the Council's Local Plan. The funds are transferred into the service when required to allow purchase orders to be raised to enable progression to the local plan in the district. A request for additional funds to be added to the reserve is detailed in section 4.5.

An independent Job Evaluation review of the Open Spaces Operative posts has been undertaken and following the outcome a regrade of 5 establishment posts has been required, back dated to January 2023. The

total increase for salary and on costs for the full year included the backdated costs is £25,807.

Changes to the establishment have been required to increase the current position of Insurance Officer to a full-time post following the retirement of the incumbent. The Insurance Officer post is solely responsible for undertaking the day-to-day administration of the Council's insurance policies and premiums, dealing with all insurance claims, and queries across the Council. The current post holder has been in the position for an established period. The revision in the post allows resilience across the Accountancy Team, and an increase in hours to bring this post to a full-time position to reflect the additional work, and loss of experience.

4.2 Establishment

At the end of quarter 1, at an overall level, establishment costs amounted to £4,140,766 against a profiled budget of £4,233,255, i.e., under profile by £92,489. An estimate of 3% was built into the budget across services for the potential pay award, with a further 1% held centrally.

The pay award for Chief Officers (Directors and Group Managers) was agreed at 2.5% compared with the 3% budgeted. The agreement was made in July and will be reflected in the quarter 2 update. The offer made for the Chief Executive pay is an increase of 2.5%, however this has not yet been agreed.

The offer made to officers on grade 1 to 9 is a flat rate of £1,290 per annum across all scale points. This was not agreed to by all Unions and Unison is currently in the process of balloting their members whether they wish to take strike action.

The following table shows variances to 30th June 2024.

Portfolio	(Under)/Over £	Note
Leader	(7,669)	1
Finance, People & Performance	31,795	2
Neighbourhood Services & Assets	21,455	3
Health, Leisure, Climate and Economic Development	(9,605)	4
Housing, Community Safety and Environmental Services	(32,983)	5
Planning, Transformation and ICT	(52,831)	6
Central Provisions	41,000	7
Total Variance	(90,837)	

Reasons for Variances

1. Vacant posts recruited to on a different spinal point to budgeted.
2. Interim Finance Group Manager joined the Council in May 2024, prior to the Finance Group Manager leaving during June 2024 to allow for some handover.
3. Additional costs incurred in Refuse and Recycling in relation to bank holiday overtime. The budget will be reviewed and revised if required during the annual budgets setting process which is undertaken during September/ October.
4. Vacant posts within Building Control.
5. Vacancies in Environmental Protection and Environmental Health teams.
6. Mainly due to vacant Corporate Service Group Manager post at the start of the financial year, and Planning Enforcement Manager post vacant for a period but now filled on an interim basis.
7. This represents the 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	(600,000)	(150,000)	(160,671)	(10,671)
Building Control Fees	(1,092,280)	(393,219)	(196,345)	196,874
Building Control Partnership	(312,371)	(312,371)	(312,855)	(484)
Land Charges	(216,000)	(54,000)	(35,808)	18,192
Investment Interest	(1,000,000)	(250,000)	(359,199)	(109,199)
Refuse and Recycling	(1,805,000)	(1,524,430)	(1,538,828)	(14,398)
Car Parks	(223,000)	(55,750)	(53,768)	1,982
Leisure Income	(857,247)	0	0	0
Total	(6,105,898)	(2,739,770)	(2,684,143)	82,297

NB: brackets indicate excess income.

As can be seen in the table above, Building Control income has fallen below profile in the 1st quarter of the year. Over the past 2 financial years we have seen the income stream struggle in the economic climate. Whilst we are early in the financial year, the budget will be reviewed during the Budget

Setting process undertaken in September and if it is thought that the income will not achieve the annual budget, it will be adjusted accordingly.

Over the past 2 years we have seen the increase in interest rates have a positive impact on the investment income. The income stream continues to exceed the profiled budget as was seen in the prior year, and in the 1st quarter of the year is £109,199 above the profiled budget.

Leisure income is profiled to be received from quarter 2 onwards and is expected to come in on budget.

4.4 Earmarked Reserves

In addition to the General Fund balance the Council also maintains a number of 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 1st quarter of the financial year and the forecast to the end of the year appears at Appendix B.

At the last Cabinet meeting in June, it was agreed that the former Choice Based Lettings Reserve would be redesignated as the Homelessness Grant Reserve and a new reserve set up for the redistributed Business Rates pool monies, to be utilised to support the Economic Development of the district, with further consideration as to how this reserve will contribute to the Council's financial position in future years.

Changes to funding from earmarked reserves highlighted in the table in paragraph 4.1 are reflected in Appendix B, as is the movement of funds from the General Fund Balance into the Local Plan Reserve as requested in paragraph 4.5 below.

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 Local Plan Reserve

Additional funding requirement

One of the Council's corporate priorities included in the Blaby District Plan over the next 4 years is the commitment to progress the adoption of the emerging Local Plan.

To enable progression to be made an additional £221,070 is required for essential evidence documents and resources which are over and above the funds currently held in the Earmarked reserve. It is therefore proposed to

transfer £221,070 from the General Reserve into the Local Plan earmarked reserve bringing the balance of the Local Plan reserve up to £635,646.

To date £56,227 has been moved into the general fund budget to enable purchase orders to be raised and work planned to progress. An additional £342,520 is expected to be spent by the end of the financial year. The remainder is expected to be utilised in the following years.

Delegated authority is requested to be given to the Executive Director (S151 Officer) in consultation with the Finance People and Performance Portfolio holder to draw down from the reserve when necessary to match the budget expenditure relating to the Local Plan Process.

4.6 Forecast Outturn

The original approved budget allowed for a contribution of £463,856 to be taken from General Fund Balances. As shown in Appendix A, the required contribution has increased to £516,978.

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

5.1 Financial implications are included in the main body of this report.

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 30th June 2024.

10.2 Appendix B – Forecast Reserves Position to 31st March 2025.

11. Background paper(s)

11.1 None

12. Report author's contact details

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