

Blaby District Council

Cabinet Executive

Date of Meeting	4 November 2024
Title of Report	Quarter 2 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	Finance Group 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 second quarter of 2024/25.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 30th September 2024 is accepted.
- 2.2 That Cabinet executive approves the forecast contribution as set out in paragraph 4.7 of £499,486 from General Fund balances.
- 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 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.

The 1st quarter report was presented to Cabinet in September, several changes had been made to the budget since February, most significantly the addition of the unspent budget of £2,187,478 carried forward from 2023/24. The approved budget before contributions from reserves and government grants increased to £18,503,777.

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

	£
Approved budget before contributions from reserves and government grant	18,503,777
<u>Additional funding from Earmarked Reserves</u>	
Transfer from the Local Plan Reserve	15,000
Transfer from the Homelessness Reserve	40,000
<u>Additional Funding from/to General Fund Balances</u>	
Establishment savings identified	(13,824)
One-off budget changes, individually £10,000 or under	332
	18,545,285

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 transfer of £40,000 has been undertaken from the Homelessness Earmarked reserve. The funding is being used to provide East Midlands Housing with support for the Housing provision offered at Henson House in Whetstone.

The accommodation includes suitable accommodation for Young People with complex needs. The contribution made by the Council helps to cover the

shortfall of rental income and ensure that the supplemented rate accommodation continues to be offered.

4.2 Establishment

At the end of quarter 2, at an overall level, establishment costs amounted to £8,290,284 against a profiled budget of £8,450,401 i.e., under profile by £160,118. 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. 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 September 2024.

Portfolio	(Under)/Over £	Note
Leader	(12,438)	1
Finance, People & Performance	75,659	2
Neighbourhood Services & Assets	37,972	3
Health, Leisure, Climate and Economic Development	(94,613)	4
Housing, Community Safety and Environmental Services	(82,950)	5
Planning, Transformation and ICT	(74,479)	6
Central Provisions	(9,269)	7
Total Variance	(160,118)	

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. The post has now been recruited to on a permanent basis.
3. Additional costs incurred in Refuse and Recycling in relation to bank holiday overtime.
4. Vacant posts within Building Control and vacant posts recruited to on a different spinal point to budgeted
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 vacant Planning Officer posts.

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)	(300,000)	(592,045)	(292,045)
Building Control Fees	(1,092,280)	(786,438)	(418,971)	367,467
Building Control Partnership	(312,371)	(312,371)	(312,855)	(484)
Land Charges	(216,000)	(108,000)	(99,159)	8,841
Investment Interest	(1,000,000)	(500,000)	(753,869)	(253,869)
Refuse and Recycling	(1,805,800)	(1,618,220)	(1,587,970)	30,250
Car Parks	(223,000)	(111,500)	(121,633)	(10,133)
Leisure Income	(857,247)	(428,624)	(433,067)	(4,443)
Total	(6,106,698)	(4,165,153)	(4,319,569)	(154,416)

NB: brackets indicate excess income.

As could be seen in the 1st quarter of the year, Building Control income had fallen below profile. The income stream has continued to struggle in the economic climate, and changes to Building Control regulations have impacted the work that the team is able to undertake.

The agreement that the Building Control partners signed up to was that any loss or surplus at the end of the financial year is shared in accordance with the application data from the previous three years. The partnership budget is currently being reviewed; it is unlikely that the income will reach the current working budget target and will be required to be reduced in line with the expected annual income.

Investment interest has continued to exceed the budget during the first 6 months of the year. The budget is being reviewed and expected to be increased in line with the estimated forecast to the end of the financial year.

Planning income has increased substantially during the second quarter of the year, at the time of writing the report, planning income had surpassed £700,000. The budget is currently being reviewed to be revised and increased to reflect the expected income to the end of the financial year.

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 2nd quarter of the financial year and the forecast to the end of the year appears at Appendix B.

Changes to funding from earmarked reserves highlighted in the table in paragraph 4.1 are reflected in Appendix B.

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 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. The Revenue and Benefits team regularly review training guides to ensure they are kept up to date with any change in legislation and any procedural changes, helping to reduce the risk of errors being made. The local authority error resulting in an overpayment of Housing Benefit shown in the table below, was due to very unusual circumstances. 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. In the case of the Housing Benefit overpayment, investigations are still ongoing as to whether any of this can be clawed back but it is felt prudent to recognise that this may not be received at the earliest opportunity. 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
HB Overpayment	58,408.98	Local Authority error
Council Tax	2,357.83	Debt Relief Order granted
Council Tax	4,663.03	Company in administration
Council Tax	46.59	Company in administration
Council Tax	2,840.33	Individual Voluntary Arrangement granted
Council Tax	2,081.11	Individual Voluntary Arrangement granted
Council Tax	5,634.89	Debt Relief Order granted
Council Tax	4,505.74	Individual Voluntary Arrangement granted
Council Tax	2,366.00	Debt Relief Order granted
Council Tax	2,500.00	Individual Voluntary Arrangement granted
Council Tax	2,596.06	Recovery action exhausted
Council Tax	4,864.49	Company in administration
Council Tax	3,879.26	Unable to pursue recovery action
Council Tax	3,177.50	Individual Voluntary Arrangement granted
Council Tax	3,994.39	Recovery action exhausted
Total	£103,916.20	

4.6 Forecast Outturn

The original approved budget allowed for a contribution of £516,978 to be taken from General Fund Balances. As shown in Appendix A, the required contribution has decreased to £499,486.

The finance team are working with Budget Holders to review all budgets and make revision where required. Any amendments will be included within the Quarter 3 Budget Review report.

4.7 Significant Issues

None

4.8 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.

5. Environmental impact

5.1 In preparing this report the author has considered the impact on the environment and there are no areas of concern

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

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

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

7.1

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.

8. Other options considered

8.1 None

9. Appendix

9.1 Appendix A – Budget Monitoring Statement to 30th September 2024.

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

10. Background paper(s)

10.1 None

11. Report author's contact details

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