

Blaby District Council
Cabinet Executive

Date of Meeting	13 January 2025
Title of Report	Establishment 2024/25 and 2025/26 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 To provide members with an update in respect of the 2024/25 establishment budget, and to set out the proposed establishment budget for 2025/26.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the latest forecast in respect of the 2024/25 establishment is accepted.
- 2.2 That the proposed establishment budget for 2025/26 is approved.
- 2.3 That additional resource requirement for 2025/26 as set out in paragraph 4.4, 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 2025.

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 2025.

4.2 Establishment Budget – Current Year

The 2024/25 Establishment cost which formed part of the original budget approved by Council on 27th February 2024 was £16,749,185 before taking into account external funding. The net budget after external funding was £13,833,688.

This allowed for a 3% estimated pay increase plus an additional 1% estimate that was built into central provisions, 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 2023/24 specifically for Establishment posts, and establishment changes approved by Cabinet during the year -

	Gross Cost £	External Funding £	Net Cost £
Approved Budget	16,749,185	(2,915,497)	13,833,688
Finance	10,782	0	10,782
Housing Services Assistant and Agency	60,895	(60,895)	0
Parks & Open Spaces Operatives regrade	25,807	0	25,807
Light Bulb Project	129,248	(129,248)	0
SPA Parent and Children – Active Blaby	42,750	(42,750)	0
SPA Sports	0	(61,365)	(61,365)
SPA Older People & Health	40,540	(40,540)	0
SPA Inactive Young People	39,222	(39,222)	0
SPA Commissioning Fund	40,779	(40,779)	0
New Lubbethorpe	0	7,000	7,000
Oadby & Wigston Partnership	571	(21,981)	(21,410)
Other minor adjustments	8,121	0	8,121
<u>Removed:</u> Final amendments made following approval of changes to Senior Management Structure November 2023	(30,885)	0	(30,885)
Working Budget	17,117,015	(3,345,277)	13,771,738

Performance against the Budget

As at 31st October, at an overall level, establishment costs were £9,723,569, against a profiled budget of £9,907,874, i.e. £184,305 under the profiled budget. The variances are shown in the table below:

Portfolio	(Under)/Over £
Planning, Transformation & IT	(51,748)
Neighbourhood Services & Assets	(28,505)
Health, Leisure, Climate & Economic Development	(91,616)
Leader	(15,326)
Housing, Community Safety and Environmental Services	(130,378)
Finance, People and Performance	138,843
Central Provisions	(5,575)
Total Variance	(184,305)

Reasons for variances

An estimate of 3% had been originally budgeted for the pay award, with an additional 1% equating to £164,000 held centrally. The Chief Executive and Chief Officers (Directors and Group Managers) was agreed at 2.5%. The offer made and agreed for Officers on grade 1 to 9 was a flat rate of £1,290 per annum across all scale points.

Vacant posts account for a large proportion of underspends across departments, HR continue to work with Service Managers to recruit to vacancies. A vacancy provision of £250,000 is included within the Establishment for vacancies arising through the year.

The Accountancy team will be working on updating the Establishment budgets during January and February, to remove any known vacancy savings and account for the full pay award, this will enable a clearer outturn forecast to be seen.

Staff Turnover

Staff turnover for 2023/24 was 15.51%, compared to 16.02% in the previous year.

Sickness Absence

The actual number of days lost to sickness in 2023/24 was 10.73 days per employee, compared to 7.66 days in the previous year. There was an increase

of 869 days lost to long term sickness in 2023/24 and short term sickness also increased with an additional 180 days recorded in 2023/24.

4.3 Budget Proposals 2025/26

The estimated costs for 2025/26, as shown in the table at Appendix A, are based on the forecast establishment as at 1st April 2025.

A 3% pay award has been built into the budget. 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 2025/26 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 2025/26 is £18,890,310 before taking into account external funding. It is estimated that external funding will account for £3,943,536, leaving a net establishment cost of £14,946,774 for the year. This represents an increase of £1,175,036 compared with the 2024/25 current Working Budget.

Appendix B details the movements in posts between the Original approved 2024/25 budget and the proposed budget for 2025/26.

Full Time Equivalents (FTEs)

The establishment budget is based upon 411 posts, or 382.37 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 2025/26 have been announced and, therefore, contributions have been included in the budget at the new proposed rate of 15% with the revised thresholds from April 2025. The increase of 1.2% year on year and reduction in threshold leads to additional costs of £345,000 which could be partly or fully reimbursed. Clarity is still being sought as to what reimbursement will be made to the Council regarding this additional cost. We have included what is believed to be the worst case scenario of £117,000 reimbursement in the budget.

Employers' Pension Contributions

Contributions to the Local Government Pension Scheme (LGPS) have been included in the Establishment at 28.3%. The rate has remained unchanged from 2024/25 and will remain the same through to 2025/26.

Rates are set by Leicestershire County Council, the scheme administrators, in conjunction with the Pensions Actuary on a triennial basis.

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 2024/25 and 2025/26. These figures also appear in Appendix A.

	2024/25 Approved £	2024/25 Working £	2025/26 Base £
Defra Air Quality	32,350	32,350	39,600
Housing Services	131,500	192,395	323,680
SPA – Parents & Children	0	42,750	0
SPA – Older People & Health	0	40,540	0
SPA – Inactive Young People		39,222	
SPA - Sports	0	61,365	62,300
OWBC SPA Commissioning Funding	0	40,779	0
Light Bulb Contingency	0	20,600	0
Light Bulb Pilot	0	108,648	0
Light Bulb Central Hub and Localities*	1,042,053	1,042,053	1,572,190
Hospital & Housing Enablement Officers	522,078	522,078	567,450
New Lubbethorpe	50,000	43,000	40,000
Community & Skills Co-ordinator	10,220	10,220	20,200
Rail Freight Project	9,510	9,510	0
Business Support – UK Shared Prosperity fund	80,781	80,781	0
Building Control Partnership*	1,037,005	1,037,005	1,102,866
Oadby & Wigston Partnership**	0	21,981	0
Active Travel Advisor	0	0	6,300
Food Waste Positions	0	0	208,950
Total	2,915,497	3,345,277	3,943,536

*Light Bulb and Building Control are Partnerships that Blaby District Council lead on. The External funding detailed in the above table relates to the partners share of Establishment costs.

**£8,691 of the £21,981 was unspent external funding carried forward from 2023/24 for establishment costs.

The table above includes the additional funded resource detailed in section 4.4 of this report.

Salary costs that are reliant upon external funding have only been included in the 2025/26 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 £79,728 in 2025/26. 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 £250,000 arising during the financial year.

4.4 Additional Resource Requirement 2025/26

Approval is requested for the addition of two Homelessness Case Officers, Scale 5, 37 hours per week each, within the Housing Services Team.

The number of Homeless Approaches have increased significantly in the last five years with a marked increase in the last twelve months. In addition, the complexity of cases is increasing with a vast increase in the number of domestic abuse presentations and cases involving mental health considerations. This makes the cases more involved and difficult to resolve.

The Council receives an annual Homelessness Prevention Grant (HPG), which is used to fund a number of posts within the Homelessness team and contributes towards providing the homelessness service. It is proposed to use this funding for the two additional posts.

The total cost of the additional posts is £110,500, which includes salary and oncosts.

To support the delivery of our economic delivery framework, which was approved by Cabinet in September 2023, approval is also requested for the addition of three Economic Development posts.

The Council, along with Leicestershire County Council, Leicester City Council, all Leicestershire District Councils and Leicester, Leicestershire, and Rutland Fire Authority since 2015/16 pooled Business Rates under the Rates Retention Scheme, allowing additional monies raised through Business Rates to be retained in the sub region.

In previous years applications were submitted for the monies to be distributed by the LLEP, to fund projects to support economic growth and infrastructure connected to this, as per the terms of the pooling arrangement. In recent years however, the distribution of the pooled monies was revised and distribution to the participating Council's on agreed basis with Pool members utilising their allocation to support "economic health and vibrancy of our communities.

The distributed pool monies for 2020/21 and 2021/22 totalled £1,065,209 and were transferred to an Earmarked reserve. A further £811,881 has been received for 2022/23, and will be transferred to the Earmarked Reserve at Year End.

The Council has utilised £300,000 during 2024/25 from the Earmarked Reserve to support the Economic Development Service, a further £300,000 is proposed to be used to fund the service during 2025/26.

The total cost of the additional 3 posts is £133,420 including salary and oncosts, funding has been secured for 6 months towards one post, therefore £113,220 is proposed to be funded from the Business Pool Reserve, in addition to the £300,000.

As can be seen in Appendix B, there has been an increase in FTE's for ICT as per the report taken to Council on 27 February 2024. This is as a result of the ICT Service being brought back in house. These posts have been built into the Establishment budget.

Appendix B also reflects 22 full time posts as part of the food waste collection service. The service is to run from 1st April 2026, therefore budget has been added for these posts for 3 months to enable recruitment to be undertaken in advance of the service going live. New burdens funding is expected to be received to cover the costs.

4.5 Significant Issues

In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities 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.

No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

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

6.1 Financial implications are covered throughout this report.

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

7.1

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 2025/26. Beyond 2025/26 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.

8. Other options considered

- 8.1 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.

9. Appendix

- 9.1 Appendix A – Budgeted Establishment Costs for 2024/25 and 2025/26
- 9.2 Appendix B – Numbers of FTEs for 2024/25 and 2025/26

10. Background paper(s)

- 10.1 None.

11. Report author's contact details

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