

Blaby District Council

Cabinet Executive

Date of Meeting	24 February 2025
Title of Report	Quarter 3 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 third quarter of 2024/25.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 31st December 2024 is accepted.
- 2.2 That Cabinet Executive approved the forecast contribution as set out in paragraph 4.7 of £31,682 to General Fund balances.
- 2.3 That additional resource requirement for 2024/25 as set out in paragraph 4.5, is approved.

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 last quarterly report presented to Cabinet in November noted that the forecasted budget gap at that point was £499,486.

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 and income to the end of the financial year. Additional budget of £89,461 has been added from General Fund balances for the legal costs the Council incurred following the outcome of the Enderby Hub Planning Appeal. The call on balances has now reverted to a contribution to General Fund balances of £31,682 along with a contribution of £761,439k from earmarked reserves.

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 portfolio level, establishment costs amounted to £12,475,177 against a profiled budget of £12,833,635, i.e., under profile by £376,338. An estimate of 3% was built into the budget across services for the potential pay award, with a further 1% held centrally. This additional 1% budgeted has now been allocated to the individual services.

The pay award for the Chief Executive and Chief Officers (Directors and Group Managers) was agreed at 2.5%.

The offer made and agreed to officers on grade 1 to 9 was a flat rate of £1,290 per annum across all scale points.

The following table shows cumulative variances to 31st December 2024:

Portfolio	(Under)/Over £	Note
Leader	(49,266)	1
Finance, People & Performance	66,376	2

Neighbourhood Services & Assets	19,259	3
Health, Leisure, Climate & Economic Development	(227,069)	4
Housing, Community Safety & Environmental Services	(171,563)	5
Planning Delivery and Enforcement and Corporate Transformation	(14,075)	6
Variance on portfolio's	(376,338)	
Central Provisions	110,733	7
Total Establishment Variance	(265,605)	

Reasons for Variances

1. Vacant post within Legal Services. Profiled budgeted 1% pay award provision of £13,000 allocated here.
2. Additional agency costs incurred in Benefits, Recovery, HR and Finance to fill vacant positions. 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. Interim Accountancy Services Manager joined the Council in October 2024 for three months, the post has now been recruited to on a permanent basis. Profiled pay award provision of £22,000 allocated here.
3. Additional costs incurred in Refuse and Recycling in relation to bank holiday overtime and required agency to ensure compliance with health and safety requirements. Profiled pay award provision of £36,000 allocated here.
4. Profiled pay award provision of £17,000 allocated here. Vacancies within Community Development, work and skills due to internal secondments, vacancies within Building Control, Active Blaby and Lightbulb. Work is being undertaken to review the Building Control service, given the current climate and recruitment challenges.
5. Vacancies in Environmental Protection and Environmental Health teams. Profiled pay award provision of £18,000 allocated here.
6. Mainly due to Establishment costs to be funded from UKSPF, budget to be allocated accordingly. Profiled pay award provision of £16,000 allocated here.
7. The original full year budgeted vacancy savings provision of £250,000 remains here, £188,000 profiled to date, as a variance to actuals. Against this is £77,000 budgeted provision for statutory sick pay, statutory maternity pay and apprenticeship levy, actual costs of these are included in the portfolios.

Variances have occurred through vacancies throughout the year, and employees starting salaries differing to budgeted salaries, for example if the previous post holder had worked at the Council for a number of years and was on the top of their salary grade, and the new employee starts at the bottom of the salary grade, an underspend against the budget will be shown. A review has been undertaken to identify vacancy savings at the end of the third quarter. Savings within partnerships and externally funded positions have not been included in this exercise and will be separately reviewed at year end. The savings identified total £301,500.

4.3 Key Income

	Revised Working Budget	Profiled Budget	Actual to Date	(Surplus)/ Shortfall
	£	£	£	£
Planning Fees	(925,000)	(693,750)	(885,102)	(191,352)
Building Control Fees	(900,000)	(843,209)	(626,040)	217,169
Building Control Partnership	(466,704)	(428,121)	(312,855)	115,266
Land Charges	(202,000)	(151,500)	(142,034)	9,466
Investment Interest	(1,300,000)	(975,000)	(1,176,557)	(201,557)
Refuse and Recycling	(1,777,800)	(1,691,010)	(1,710,729)	(19,719)
Car Parks	(244,000)	(199,500)	(202,864)	(3,364)
Leisure Income	(866,140)	(649,605)	(649,600)	5
Total	(6,681,644)	(5,631,695)	(5,705,781)	(74,086)

NB: brackets indicate excess income in the (surplus)/shortfall column).

Planning Fees

During the Budget Setting process, planning income was reviewed, and the budget increased by £325,000. Income has continued to increase substantially during the third quarter of the year, at the time of writing the report, planning income had surpassed £930,000.

Building Control

As reported in Quarter 2, the Building Control Fee income budget has been reduced by £200,000. 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. The Council's share is 22.5%.

Land Charges

The Land Charges budget was reduced from the original budget of £216,000. As can be seen in the table the income at the end of quarter 3 remains slightly below the profiled target.

Investment Interest

The income budget for Investment interest was increased by £300,000 following the performance seen in the 1st half of the financial year due to the continued high 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 was increased by £21,000 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. Having reviewed how internal recharges are charged to car parks, we anticipate being close to a break-even position by 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 3rd quarter of the financial year and the forecast to the end of the year appears at 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 Additional Resource

A specific role within the housing portfolio is due to be re banded. The review will also consider whether a back date on the re banding should be applied, therefore to be prudent additional budget of £4,331 has been built into the budget.

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 current outturn position is a contribution to General Fund Balances of £31,682. Taking into account the vacancy savings identified, detailed in section 4.2 and the potential increase in Investment and Planning income, it is expected that the outturn position at year end will be a positive contribution to the General Fund Balance.

It should be noted that a planned contribution from Earmarked reserves of £761k will still be required.

	£
Approved contribution from General Fund Balances	463,856
Quarter 1 budget adjustments	53,122
Quarter 2 budget adjustments	(17,492)
Quarter 3 budget adjustments	(531,168)
Latest contribution from General Fund Balances	(31,682)

4.7 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 included in the main body of this report.

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

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 31st December 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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