

REPORT FROM: DIRECTOR OF RESOURCES

TO: EXECUTIVE

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QUARTER 1 – REVENUE AND CAPITAL BUDGET MONITORING 2023/24

PURPOSE OF REPORT

To inform The Executive of the Q1 Revenue & Capital Budget Monitoring position for 2023/24.

RECOMMENDATIONS

The Executive is recommended to:-

- a) Note the Quarter 1 position on the Council's Revenue Budgets for 2023/24.
- b) Note the decision to remain in the Lancashire Business Rates Pool for 2023/24.
- c) Note the Quarter 1 position on the Council's Capital Programme for 2023/24.
- d) Note the changes to the Capital Programme to be taken to Council on 29th September 2022.

REASON FOR RECOMMENDATIONS

To inform The Executive of the Council's Quarter 1 position for revenue and capital budgets for 2023/24.

ISSUE

2023/24 Q1 Revenue Budget

1. The net cost of service for 2023/24 as agreed at Council in March 2024 was £15.615m. This excludes the slippage included in the budget which was agreed at Executive in July 2023.
2. The figures show an underspend position of £0.134m as at the Quarter 1. This is an early year position and cannot be taken as an indicative outturn position, merely as a snapshot as at the end of June 2023. The overall picture of the position for the year will become clearer as we move through quarter 2 and beyond as the accounts are further refined. Further details of budget pressures and risk areas are highlighted overleaf.

Table 1 – 2023/24 Q1 Revenue Budget

£'000	Full Year Budget	Budget to Date	Actual to Date	(Over)/Under Spend
Directorate	(0)	(0)	(19)	19
Policy and Commissioning	15	4	3	0
Financial Services	5,163	1,292	1,335	(43)
Legal & Democratic Services	1,125	282	299	(17)
Planning, Building Control & Regulatory Services	553	138	77	61
Operational Services	5,216	1,038	1,064	(26)
Economic Growth	1,192	298	240	59
Housing and Environmental Health	1,057	265	197	68
Human Resources Liberata	53	13	10	3
Information Technology Liberata	0	0	(1)	1
Property Services Liberata	190	48	39	9
Revenue Services Liberata	1,651	413	413	0
Corporate Income & Expenditure	(601)	(200)	(202)	2
Total Net Cost of Services	15,616	3,590	3,456	134

3. There is an overspend of £0.020m in the Elections service due to the local and parish elections this year. Part of the cost has been recovered from Parish and Town Council's but there is still an additional cost to the Council.
4. The use of Agency staff to cover front line services in operational services and environmental health, with the Q1 impact showing as an overspend of £0.036m and £0.014m respectively. Other pressures within Operational Service include the offer of free replacement wheeled bins and bulky waste collections as well as increase in fly tipping.
5. Income from fees and charges is on or around budgets across the Council, the exception being in respect of;
 - a. taxi license which is £0.020m above target. This is driven by the Council's policy to allow older vehicles to apply for licences and this has resulting in the Council attracting demand from outside of the Borough.
 - b. Garden waste income which is £0.036m below target due to the reduction in the number of residents buying back the services.

Recurrent Costs not yet reflected

6. The 2023/24 budget assumes a pay award based on the latest offer, equivalent to 7.0%. The Pay Award has not yet been agreed and therefore the figure reflects an underspend in the pay budgets.
7. This agenda includes a report on the Liberata contract. The 2023/24 does not yet include provision for contract inflation as this needs to be agreed by both parties. As and when agreed this inflation will need to be funded from the savings generated by Investment Income. The final figure is yet to agreed but is no greater than £0.487m.
8. There is an increase in the Repairs and maintenance costs being incurred at leisure facilities. Under the lease arrangement with Pendle Leisure Trust, all repairs over £1,000

are borne by the Council and there has been an increase in the number of such repairs as reflected by the age of the buildings. This is estimated at an increase of £0.050m for the year and is also likely to continue in future years.

9. Energy costs for Pendle Leisure Trust are in line with the estimated £0.650m included in the 2024/25 budget with further increases due from 2024/25 once the full year effect of the new gas contract comes into force.
10. The Council has agreed to temporarily reduce rents at Colne market, this rent reduction will impact on the future income within Property Services.

One-Off Costs

11. Following the local election in May of this year, a petitioner's claim was brought against the Council to reverse the outcome of the Parish elections for Nelson Town Council. The cost of the petitioners claim was £22,500 and this was borne by the Council as a cost of the election. This was as advised by King's Counsel, namely that the Council had a statutory obligation to pay the Petitioner's costs and that no decision (by the Executive or Council) was required in order to meet a lawful obligation. The Council's costs will be covered by its insurers. Petitioners costs are not insurable and will be funded by Council reserves. The impact of this is reflected in the figures included in the report.
12. At its meeting in July 2023, Executive committed to retaining three accessible leisure facilities in Colne, Nelson and West Craven and also asked for mechanical and electrical surveys of the Colne and West Craven leisure facilities be carried out as soon as possible. Furthermore, Executive requested that a review be undertaken by the Overview and Scrutiny Committee to examine how the three leisure facilities in Colne, Nelson and West Craven can be made to be financially viable through retrofitting and renewal; to consider the mix of features taking affordability into account; to consider operating models for the future taking account of what is needed to ensure delivery of requirements for each leisure facility.
13. In order to progress this work, a number of pieces of work are required; namely Mechanical and electrical surveys for all leisure sites (as above), energy audits and decarbonisation plans and an external support to carry out a further options review. Approval is therefore sought from the Executive for a Supplementary Revenue Estimate of £56,965 to be funded from Reserves.
14. At its meeting in June 2023, Executive approved feasibility studies to be carried out at Cemetery sites across the Borough, these feasibility studies are being borne by the Operational Service budget and will be reflected in future monitoring reports.

Savings

15. Council agreed a vacancy factor of 2.5% and this has been allocated out across all service budgets and is reflected in the Q1 figures. A further saving of £0.150m was also agreed at Council and this has been held centrally for now and not allocated out.
16. As the bank of England base rate has risen so has the average interest earned on Council investments. The Q1 figure is on budget but this is due to investment maturing after the Q1 end date and the total interest earned on investment is estimated to be in excess of budget for the year as a whole. This upside can be used to meet the above pressures.

Use of Reserves

17. The 2024 budget requires a balancing contribution from reserves of £0.713m. Further items agreed increased the contribution to £0.056m. Any variance against the budget will increase or decrease this contribution.

Lancashire Business Rates Pool

18. As in previous years, Pendle Borough Council has been invited to confirm that it intends to remain in the existing Lancashire Pool under the same pooling arrangements as current. The Pool is administered by Ribbles Valley Borough Council and the renewal applies for the financial year 2024/25. Members are asked to note the decision to remain in the Lancashire Business Rates Pool for 2024/25.

Statement of Accounts 2021/22 and 2022/23

19. The Statement of Accounts for 2021/22 were discussed at the Accounts and Audit committee in March and Jul of this year. A number of changes have been made at the request of the External Auditor, in particular around fixed assets and pensions but that have all now been made and we await final sign off which will take place at the next meeting of the Accounts & Audit Committee.
20. The changes required in the 2021/22 have had a consequential impact on the production of the draft Statement of Accounts for 2022/23 which have not been completed by the statutory deadline of 31st July. A revised deadline of 30th October has been set with the intention of bringing these to the Accounts and Audit Committee in November 2023 with the formal external audit following thereafter.

2023/24 Q1 Capital Programme

21. A summary table showing the Quarter 1 position is shown in table 2 below.

Table 2 – 2023/24 Q1 Capital Programme 2023/24

£'000	Opening Budget	Revised Budget	Spend to Date	Budget Remaining
Housing	2,217	2,298	209	2,089
Regeneration	21,746	23,635	375	23,260
Council Assets	572	572	104	468
Resources	274	274	0	274
Environmental Services	719	829	109	721
Planning	388	388	0	388
Other	0	0	0	0
Total Capital Programme	25,906	27,996	796	27,200

22. The 2023/24 budget has increased from £25.906m to £27.996m, this mainly due to the following two changes.
- The Colne LUF Scheme has been increased to reflect the latest expenditure forecast for 2023/24. The total scheme cost for the market hall is £4.762m which includes a capital receipt from the sale of the accommodation above the market hall, any shortfall in the receipt may affect the future viability of the programme.
 - The Vehicle Replacement programme has been increased to bring back the slippage from 2023/24 and to reflect the service needs for 2023/24.
23. Other minor changes have been made to reflect actual spend expected in year and to reflect grant claims made on some schemes. Full details are set out in Appendix A.

24. In total the capital programme for 2023/24 is funded by Prudential Borrowing of £1.842m.

25. Members should be aware that the existing programme is close, if not already beyond, the affordability limit for the Council and the existing gap in the programme of £0.040m whilst minor in the overall context does reflect the fact that further non funded schemes in the capital programme are likely to place direct burden on to the Council reserves.

IMPLICATIONS

Policy: There are no policy implications arising directly from the contents of this report.

Financial: The financial implications arising are as set out in the report.

Legal: There are no legal implications arising from the contents of this report.

Risk Management: There are no risk management implications arising directly from the contents of this report.

Health and Safety: There are no health and safety issues arising directly from the contents of this report.

Sustainability: There are no sustainability issues arising directly from the contents of this report.

Community Safety: There are no community safety issues arising from this report.

Equality and Diversity:

There are no equality and diversity issues arising from this report.

APPENDICES

Appendix A – 2023/24 Q1 Capital Programme

LIST OF BACKGROUND PAPERS