

**REPORT FROM:** DIRECTOR OF RESOURCES

**TO:** EXECUTIVE

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## QUARTER 3 – REVENUE AND CAPITAL BUDGET MONITORING 2023/24

### PURPOSE OF REPORT

To inform The Executive of the Q3 Revenue & Capital Budget Monitoring position for 2023/24.

### RECOMMENDATIONS

The Executive is recommended to:-

- (1) Note the Quarter 3 position on the Council's Revenue Budgets for 2023/24
- (2) Note the Quarter 3 position on the Council's Capital Programme for 2023/24.

### REASONS FOR RECOMMENDATIONS

To inform The Executive of the Council's Quarter 3 position for revenue and capital budgets for 2023/24.

## ISSUE

### 2023/24 Q3 Revenue Budget

1. The net cost of service for 2023/24 as agreed at Council in March 2023 was £15.615m. This excludes the slippage included in the budget which was agreed at Executive in July 2023. Area Committee budget slippage of £171k was agreed at Executive in July 2023. This brings the total approved budget to £15.786m.
2. The figures show an underspend position of £358k as at the end of Quarter 3. More certainty is coming through on the overall picture of the position for the year as we move through quarter 4. Underspend for the full year is set to be in the region of £547k, however this is subject to the actual spend within Qtr4.

Further details of budget pressures and risk areas are highlighted below.

**Table 1 – 2023/24 Q3 Revenue Budget**

£'000	Budget to Date	Actual to Date	(Over)/ Under Spend	Full Year Budget	Project Outturn	Project (Over)/ Under Spend
<b>Directorate</b>	0	36	(36)	(0)	184	(184)
<b>Policy and Commissioning</b>	11	25	(13)	15	30	(15)
<b>Financial Services</b> (Notes 7,9&14)	3,873	3,869	4	5,163	5,059	104
<b>Legal &amp; Democratic Services</b> (Note 3)	972	928	44	1,296	1,385	(89)
<b>Planning, Building Control &amp; Regulatory Services</b> (Note 5a)	415	458	(44)	553	526	27
<b>Operational Services</b> (Notes 4,5&6)	3,913	3,975	(62)	5,216	5,328	(112)
<b>Economic Growth</b>	894	914	(19)	1,192	1,151	41
<b>Housing and Environmental Health</b> (Note 4)	793	791	2	1,057	1,008	50
<b>Human Resources Liberata</b>	40	82	(42)	53	53	0
<b>Information Technology Liberata</b>	0	59	(59)	0	0	0
<b>Property Services Liberata</b>	143	223	(81)	190	178	12
<b>Revenue Services Liberata</b>	1,239	1,242	(3)	1,651	1,651	0
<b>Corporate Income &amp; Expenditure</b> (Note 15)	(451)	(1,118)	667	(601)	(1,314)	713
<b>Total Net Cost of Services</b>	<b>11,842</b>	<b>11,484</b>	<b>358</b>	<b>15,786</b>	<b>15,239</b>	<b>547</b>

3. There is an overspend of £20k in the Elections service (Within Legal & Democratic) 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 Q3 impact showing as an overspend of £140k and £37k respectively.
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 £27k 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 form outside of the Borough.
  - b. Garden waste income which is £27k below target due to the reduction in the number of residents buying back the services.
6. There are additional costs within Operational Services in relation to the potential development of cemetery sites and costs associated with burial plots. In waste, there is a pressure around the cost of replacement bins and future pressure in respect of bulky waste charges which continue to increase.
7. Overspends in finance relate to payment of grants to voluntary bodies and the delayed implementation of TEAMS telephony which is now complete.
8. The 2023/24 budget assumed a pay award equivalent to 7.0%. The Pay Award was agreed in November, and back paid to April in December pay.

### **Recurrent Costs not yet reflected**

9. 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.
10. Energy costs for Pendle Leisure Trust are in line with the estimated £650k included in the 2023/24 budget with further increases due from 2023/24 once the full year effect of the new gas contract comes into force. PLT are projecting to draw down from their reserves
11. The Council has agreed to temporarily reduce rents at Colne market, this rent reduction will impact on the future income within Property Services in Q4 2023/24 as well as 2024/25.

### **One-Off Costs**

12. 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 £22k and this was borne by the Council as a cost of the election. 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.
13. At its meeting in September 2023, Executive approved a Supplementary Revenue Estimate of £0.056m to be funded from Reserves in respect of the Leisure Review. Neither the budget nor cost are included in the report.

### **Savings**

14. Council agreed a vacancy factor of 2.5% and this has been allocated out across all service budgets and is reflected in the Q3 figures. A further saving of £150k was also agreed at Council and this has been held centrally for now and not allocated out.
15. As the bank of England base rate has risen so has the average interest earned on Council investments. The Q3 figure shows an upside of £667k against budget and the total interest earned on investment is estimated to be well in excess of budget for the year. This will be used to meet the above pressures. Full year projection for investment income is likely to be over £1m.

### **Use of Reserves**

16. Pendle was successful in its application for the Swimming Pool Support Fund and was awarded £353k in funding. This will be used to offset the in year costs of utilities across the leisure estate and will have the effect of reducing the drawdown on reserves.
17. The 2023/24 base budget required a balancing contribution from reserves of £713k. Further items agreed increased the contribution to £941k. A further supplementary revenue estimate of £377k in respect of contract inflation increased this to £1.318m for 2024/25.

Current estimated under spend against the budget indicates the council may be in a position to make a small contribution to reserves once final outturn is produced.

18. Whilst this is a better than expected outcome for 2023/24, it is still concerning for 2024/25 onwards and Council will need to take steps to control existing spend as well as future growth.

### Statement of Accounts 2021/22 and 2022/23

19. The 2021/22 Statement of Accounts were signed off by the Accounts and Audit Committee on 7<sup>th</sup> November 2023.
20. The Draft Statement of Accounts for 2023/23 were produced in November 2023 and the Audit of the accounts by Grant Thornton is well underway, with sign-off anticipated to be in March 2024.

### 2023/24 Q3 Capital Programme

21. A summary table showing the Quarter 3 position is shown in table 2 below. The funding of the revised budget is shown in Appendix A

**Table 2 – 2023/24 Q3 Capital Programme 2023/24**

£'000	Opening Budget	Revised Budget	Spend to Date	Budget Remaining
Housing	2,217	1,927	623	1,306
Regeneration	21,746	25,338	2,921	22,418
Council Assets	572	333	185	148
Resources	274	274	37	237
Environmental Services	719	868	309	559
Planning	388	394	195	198
Other	0	43	14	29
<b>Total Capital Programme</b>	<b>25,906</b>	<b>29,179</b>	<b>4,284</b>	<b>24,896</b>

22. The 2023/24 budget has increase from £25.906 to £29.179m, this mainly due to the following 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.
  - The CPO budget has been reduced to reflect expected spend for the year.
  - Changes resulting from grant funded projects, including ESIF, Lomeshaye Phase 1 & Earby Flood Defences
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 £1.981m.
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 £185k 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.

## **Future Capital Programme**

26. On completion of the draft Statement of Accounts for 2022/23 the Director of Resources asked Pendle's Treasury management advisors (LINK) to carry out a Balance Sheet review to compare the value of the Council's assets with its borrowing. Alongside this, the updated Medium Term Forecast is being considered to assess the affordability of any future schemes to be funded by Pendle Borough Council through prudential borrowing.
27. Given the scarcity of capital receipts and the fact that the affordability of additional prudential borrowing is finite, it is likely that Members will need to restrict their aspirations unless other options are considered.
28. Council will need to consider future capital programme as part of the 2024/25 budget setting process.

## **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:** The legal implications arising are as set out in this report.

**Risk Management:** There risk management implications are as set out in 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 Q3 Capital Programme

## **LIST OF BACKGROUND PAPERS**