

REPORT FROM: DIRECTOR OF RESOURCES

TO: EXECUTIVE

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REVENUE AND CAPITAL OUTTURN 2023/24

PURPOSE OF REPORT

This report is provided to inform the Executive of the provisional Revenue & Capital Outturn position for 2023/24.

RECOMMENDATIONS

Executive is recommended to:-

- (1) Note the Provisional Outturn position on the Council's Revenue Budgets for 2023/24 and the Reserve position as set out in Report.
- (2) Approve the proposals for revenue budget slippage of £328,210 from 2023/24 to 2024/25.
- (3) Note the Outturn position on the Council's Capital Programme for 2023/24.
- (4) Approve the proposals for capital budget slippage of £12.568 from 2023/24 to 2024/25.
- (5) Recommend Council approve the revised Capital Programme for 2024/25 as set out in Appendix C.

REASONS FOR RECOMMENDATIONS

- (1-4) To inform the Executive of the Council of the provisional revenue and capital outturn for 2023/24 and to approve the budget slippage for 2023/24.
- (5) To comply with the Constitution.

2023/24 Provisional Revenue Outturn

1. The Net Cost of Services budget for 2023/24 was set at £15.615m at Council Budget meeting 23rd February 2023.
Budget slippage carried forward from 2022/23 of £170,510 was subsequently agreed.
This took the Approved Budget total to £15.876m.
2. Adding in corporate Income and expenditure and further funded virements to the budget increases the revised budget to £16.468m. The virements are either funded from grant funding or Council reserves and shown in points (ii) to (v) below:
 - i. Corporate Income & Expenditure
 - ii. Grant Funding
 - iii. Use of Reserves
 - iv. Capital Adjustments
 - v. New Burdens Funding
3. Members should be aware that a 'nil variance' budget still requires a drawdown of reserve of £0.713m. An underspend against budget reduces the call on reserves, and an overspend increases the call on reserves
4. A summary table showing the Outturn position is shown in the table below:

Table 1 – 2023/24 Provisional Revenue Outturn.

£'000	Original Budget	Revised Budget	Actuals	Provisional Variance	External Grant Retained	-Over / Under Spend
Directorate	0	0	64	-64	0	-64
Policy and Commissioning	15	25	4	21	-1	21
Financial Services	5,163	5,303	5,358	-55	-1	-56
Legal and Democratic	1,125	1,296	1,187	109	0	109
Planning, Ec Dev & Reg Services	553	565	545	20	-4	16
Operational Services	5,216	5,216	6,052	-836	-22	-858
Economic Growth	1,192	1,529	1,125	405	-384	21
Housing & Environmental Health	1,057	1,194	-26	1,220	-840	380
Liberata Services	0	0	0	0	0	0
- Property Services	190	190	517	-326	0	-326
- Information Technology	0	0	0	0	0	0
- Revenue Services	1,651	1,699	2,657	-958	0	-958
- Human Resources	53	53	95	-42	0	-42
Corporate Income and Expenditure	-601	-601	-2,439	1,838	0	1,838
TOTAL Net Cost of Services	15,616	16,471	15,139	1,332	-1,252	80

A more detailed view of variances is shown in **Appendix A**

5. The figures show an underspend position against budget of £80k. This includes the Grant funding slippage of £1.252m which is to be carried over to 2024/25 in compliance with the terms of the grant.
6. The overall impact of the above is a net draw-down from Reserves of £0.593m. This reduction in Reserves whilst not unexpected still represents a shift in the Council's finances and signifies the need for careful planning in the future. The revenue Grants reserve is earmarked, and can only be used in line with terms of specific grants.

Budget Pressures

7. Members are reminded of the financial pressures which the Council needs to deal with over the coming financial years:
 - Inflationary pressures
 - Pay award pressure and wider recruitment and retention pressure
 - Development of the Local Plan
 - Capital Programme Pressure
8. Operational Services also continue to incur pressure around the use of Agency staff, and over spend of £0.291m in 2023/24. Council agreed a £0.270m increase to the Agency budget for 2024/25 at the Special Budget meeting February 2024 to assist the service in managing frontline provision.
Services continue looking to reduce the need for agency workers but it is clear the pay will continue to pose a clear financial risk to the Authority.
9. Transport costs within Operational Services contributed to an overspend of £0.131m which is drive by a mixture of increased cost of vehicles, fuel and insurance Council agreed an additional £0.070m increase to the Vehicles budget for 2024/25 at the Special Budget meeting February 2024.
10. Inflationary pressures are already being seen in the guise of the Liberata contract. Contractual inflation was not agreed in the 2023/24 budget. Negotiations were undertaken during the year to come to an agreement of increase rates for 2023/24 and 2024/25. This area is shown as an overspend of £119k within the figures.
11. The cost of homelessness temporary accommodation has increase significantly in recent years. In 2019/20 the amount of spend which could not be claimed through the HB subsidy was £30k, in 2023/24 the final impact has risen to £303k.
12. Housing Rent Allowances have similarly seen a rise in the number of cases where 100% subsidy cannot be reclaimed, with net 2023/24 impact £619k.

Savings & Underspends

13. The 2023/24 pay award was budgeted at the same rate as the final agreed settlement for 2022/23 of £1,925 across all grades which averaged out at 6.9% across the Council. The Pay Award for 2023/24 was agreed at the same level.

The Pay budgets across the council also had 2% savings targets built in under 'Vacancy Allowance' targets. The report shows an underspend on pay of £0.063m, this despite the management of vacancies impact on front line services.

14. There is some upside in income collection within Taxi Licensing, Grounds Maintenance One-off Works and Commercial Property.

2023/24 Slippage

15. Budget managers have requested Budget Slippage totalling £327k, as set out in **Appendix B**. If approved this would see the total budget in 2023/24 reduced to £14.892m, and the net Outturn become an overspend of £246k.

Use of Reserves

16. The 2023/24 budget estimated a balancing contribution from reserves of £0.713. Further items agreed shown in paragraphs 1& 2 increased the contribution to £1.475m.
17. With the assumed acceptance of both Grant and Budget slippage per Paragraphs 5 & 15 the Net drawn-down from reserves will be £0.388m, detailed as follows:
- a. -£0.170m 22/23 Slippage funded from the Revenue Expenditure Reserve,
 - b. +£0.327m 23/24 Slippage added to the Revenue Expenditure Reserve,
 - c. +£0.175m added to the IT Strategy Reserve for use on future IT
 - d. -£0.009m funded from the Community Projects Reserve
 - e. -£0.709m funded from the Business Rate Volatility Reserve
 - f. -£0.015m funded from the Transformation Reserve
 - g. +£1.252m added to the Revenue Grants Reserve
 - h. -£0.523m funded from the Revenue Grants Reserve
 - i. -£0.713m funded from the Budget Strategy Reserve.
18. The Council's total reserves as at 31 March 2024 is now £9.542m.

2023/24 Capital Programme

19. A summary table showing the Outturn position is shown in Table 2 below.

Table 2 – 2023/24 Capital Programme

£'000	Opening Budget	Revised Budget	Spend to Date	Budget Remaining
Housing	2,217	1,958	1,319	639
Regeneration	21,746	25,652	4,786	20,866
Council Assets	572	333	277	56
Resources	274	277	257	20
Environmental Services	719	933	377	556
Planning	379	394	213	180
Other	0	43	14	29
Total Capital Programme	25,906	29,590	7,243	22,346

20. Further details of the programme are shown in Appendix C, the key outcomes are:

a. Disabled Facilities Grant

Spend of £1.2m reduced the backlog budget down to £0.646m and shows the work that has been done to carry out additional DGF works.

b. Halifax Road

Site surveys are still ongoing at Halifax and so development has not yet started.

c. Lomeshaye

Final works are being completed. The land has been sold to the PEARL joint venture company for final development in the last financial year.

d. Nelson Town Deal

The bulk of the spend relates to the Business Resilience, Digital Skills Hub and Revitalised Nelson schemes. The major projects are set to take up some traction in the new financial year for the re-development of Pendle Rise shopping centre and highways improvements under Revitalised Nelson and Accessible Nelson schemes.

e. Levelling Up Fund

The three Theatre schemes are very close to being complete. The Colne Market scheme is also being progressed and set to be complete towards the end of the new financial year.

f. Corporate Property Maintenance

Spend relates to essential works required on the Council and Leisure assets.

g. Vehicle Replacement

Environmental Services continue to need to replace key vehicles each year.

Capital Works - 2023/24 Slippage and 2024/25 Programme

21. Capital Slippage

The majority of slipped projects are grant funded they include Disabled Facilities Grants, Nelson Town Deal, Colne LUF, Earby flood works and UKSPF.

None grant funded slipped projects include;

- a. £0.420m Lomeshaye Phase 1 for spend on the final utilities' installations.
- b. £0.500m Shareholder loan to PEARL Together for the development of the Further Clough head site.
- c. £0.403m Halifax Road Cemetery site.

22. The council approved 2024/25 Capital programme at its meeting of 23rd February 2024.

IMPLICATIONS

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

Financial: The financial implications are as given in the report.

Legal: There are no legal implications arising directly from this report.

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

Health and Safety: There are no Health and Safety implications arising directly from this report.

Sustainability: There are no sustainability implications arising directly from this report.

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

Equality and Diversity: There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A – Revenue Budget Outturn 2023/24

Appendix B – Revenue Slippage Requests 2023/24

Appendix C – Capital Programme Outturn 2023/24

Appendix D – Capital Programme 2024/25

LIST OF BACKGROUND PAPERS