

**REPORT FROM:** DIRECTOR OF RESOURCES

**TO:** Executive Committee

**DATE:** 28<sup>th</sup> November 2024

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## QUARTER 2 – REVENUE AND CAPITAL BUDGET MONITORING 2024/25

### PURPOSE OF REPORT

To inform The Committee of the Q2 Revenue & Capital Budget Monitoring position for 2024-25.

### RECOMMENDATIONS

The Committee is recommended to:-

- (1) Note the Quarter 2 position on the Council's Revenue Budgets for 2024/25.
- (2) Note the Quarter 2 position on the Council's Capital Programme for 2024/25.

### REASONS FOR RECOMMENDATIONS

To inform The Committee of the Council's Quarter 2 position for revenue and capital budgets for 2024/25.

## ISSUE

### 2024/25 Quarter 2 Revenue Budget

1. The net cost of service for 2024/25 as agreed at Council on 26<sup>th</sup> February 2024 was £16.160m. This excludes the slippage of £327k included in the budget which was agreed at Executive 1<sup>st</sup> August 2024. This brings the total approved budget to £16.487m.

At the end of quarter 2 the year end position is forecast to be an overspend of £547k. Further details of budget pressures and risk areas are highlighted below.

**Table 1 – 2024/25 Q2 Revenue Budget**

£'000	Budget to Date	Actual to Date	(Over)/Under Spend	Full Year Budget	Project Outturn	Project (Over)/Under Spend
Directorate (Note 6)	19	112	(93)	39	116	(77)
Policy and Commissioning	57	25	32	115	122	(7)
Financial Services (Note 7)	2,372	2,573	(201)	4,742	4,815	(73)
Legal & Democratic Services	731	680	51	1,461	1,373	88
Planning, Building Control & Regulatory Services	309	250	59	618	568	49
Operational Services	3,026	2,963	63	6,049	6,052	(3)
Property Services (note 2 )	222	562	(339)	444	804	(360)
Economic Growth	625	627	(2)	1,249	1,287	(38)
Housing and Environmental Health (note 3)	568	493	76	1,136	1,160	(23)
Human Resources Liberata	9	20	(10)	19	10	9
Information Technology Liberata	18	(27)	44	35	8	27
Revenue Services Liberata (note4)	823	745	77	1,644	2,035	(390)
Corporate Income & Expenditure	(532)	(692)	160	(1,064)	(1,314)	250
<b>Total Net Cost of Services</b>	<b>8,247</b>	<b>8,330</b>	<b>(82)</b>	<b>16,487</b>	<b>17,034</b>	<b>(547)</b>

### Recurrent Costs

- There is a current overspend of £360k projected in Property Services. This marks the revenue impact of relocating traders from Colne Indoor market, along with the impact of the Council's ownership of Pendle Rise Shopping Centre, and the delayed move of the Digital Skills project to the Ace Centre, Nelson.
- The pest control income target was increased by £64k at Special Budget Council. The fulfilment of this amount is under review, and at present is looking likely to reach less than 50% of this target.
- Levels or recoverable Housing Benefit Subsidy have been negatively affected in recent years, by both temporary accommodation costs, and the setting up of exempt accommodation dwellings. The impact on the Council has risen significantly during 2023/24 and 2024/25. At present it is estimated financial pressure for this year is approximately £390k. A firmer view of this estimate will be presented at Qtr3 once the mid-year estimate is performed in October 2024.
- The 2024/25 pay award has now been agreed. The figures included here reflect the back-paying of £1,290 increase on all posts below SCP46, and 2.5% on those above SCP46.

### One-Off Costs

- The directorate department is showing a £53k Overspend from temporary S151 agency fees and a £14k unbudgeted cost of the Leisure Review sanctioned by Executive in 2024/25.

7. Delays to the novation of the PLT gas contract agreed at council are causing an overspend of £35k in Financial Services. Unallocated Vacancy allowance is showing as an overspend of £20k within Financial Services

### Savings

8. Council agreed a vacancy factor of 2.5% out across all service salary budgets and is reflected in the Q2 figures.
9. Interest earned on Council investments, continues to be at higher levels. The projected full year income is set to exceed the budgeted income by £250k. This will be used to meet the above pressures. Full year projection for investment income is likely to be over £1m.
10. An update on the Savings agreed by Council is provided in the table below;

**Table 2 – 2024/25 Q2 Savings Update**

<u>Savings Agreed by Council 26th February 2024</u>	<u>Agreed Budget Reduction £'000</u>	<u>Included in Projected Outturn £'000</u>	<u>Difference</u>	<u>Narrative</u>
Add 2.5% Vacancy Factor to net off impact of Pay Award	23	4	-19	See Note 7
Reduce Miscellaneous Budgets across Services	265	265	0	Met
Increase Investment Income Budget	463	713	250	See Note 9
Liberata Contract Savings - Net Reduction from Property Services	154	80	-74	See Note 2
Increase Fees & Charges for Building Control	13	-33	-46	Demand led Service
Increase Fees & Charges for Licensing	5	82	77	Demand led Service
Increase Fees & Charges for Parking Permits	3	3	0	Met
Increase Fees & Charges for Pest Control	4	4	0	Met
Increase Fees & Charges for Environmental Health	8	8	0	Met
Increase Fees & Charges for Outdoor Recreation	3	3	0	Met
Increase Fees & Charges for Operational Services	5	5	0	Met
Increase Fees & Charges for Land Charges	3	-20	-23	Changes to fees arrangement
Increase Fees & Charges for Legal Fees	2	0	-2	Demand led Service
Increase Fees & Charges for Estates & Properties	6	6	0	Met
Leisure Trust energy charges novation	70	30	-40	See Note 7
Increase income target for commercial pest control	60	20	-40	See Note 3
Cancel LCC archaeology	15	15	0	Met
<b>TOTAL</b>	<b>1,102</b>	<b>1,185</b>	<b>83</b>	

RED = not met

AMBER = Some progress towards the saving met

GREEN = Saving made or exceeded

### Use of Reserves

11. The 2024/25 base budget set out a contribution to the reserves balance of £117k. Current projections would see this change to a draw-down from the Budget Strategy Reserve of circa £430k
12. Whilst the for 2024/25 outturn is as yet uncertain, the Council will need to take steps to control existing spend as well as future growth.

## Statement of Accounts 2022/23 and 2023/24

13. The 2022/23 Statement of Accounts were prepared in draft in December 2023. Audit by Grant Thornton has been taking place since then with new drafts issued in May, August and September 2024. Final sign off was agreed in October 2024.
14. The Draft Statement of Accounts for 2023/24 are yet to be produced. A draft will be published by the end of December 2024. Update reported to November Accounts & Audit Committee.

### 2024/25 Q1 Capital Programme

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

**Table 3 – 2024/25 Q2 Capital Programme**

	Opening Budget £000	Revised Budget £000	Spend to Date £000	Budget Remaining £000
Housing	1,105	1,935	541	1,395
Regeneration	19,223	31,104	6,693	24,410
Council Assets	1,938	2,461	381	2,080
Resources - ICT Investment	0	23	8	16
Operational Services	4,909	5,205	116	5,090
Planning -S106	0	125	0	125
Other	0	0	0	0
<b>Total Capital Programme</b>	<b>27,175</b>	<b>40,853</b>	<b>7,739</b>	<b>33,114</b>

16. The 2024/25 budget has increase from £27.175m to £40.853m, £12.568m of this increase is slippage from the 2023/24 capital programme. The other changes include the following;
- £100k Additional amount in DFG allocation
  - £342k swimming pool funding.
  - £699k Agreed for additional works at Colne Municipal Hall.
- A review has been undertaken of the Levelling Up project overspend at the Muni. It found that additional remedial works were commissioned and coded (by external officers) to the Levelling Up project budget, when a separate report ought to have been brought to Executive seeking the additional funding. Processes have been put in place to prevent this happening in the future.
17. 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.
18. In total the capital programme for 2024/25 is now to be funded by Prudential Borrowing of £8.372m
19. The affordability of this level of prudential borrowing will lead to the need to borrow additional funds in the coming years. The Council has been 'over-borrowed' in recent years, however this level has been reducing. The timing of any external borrowing to support these large spends will need to be carefully considered, to ensure the best possible borrowing rates are attained.

20. Council will consider the future capital programme as part of the 2025/26 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 – 2024/25 Q2 Capital Programme

## **LIST OF BACKGROUND PAPERS**