

**REPORT FROM:** DIRECTOR OF RESOURCES

**TO:** Executive

**DATE:** 20<sup>th</sup> February 2025

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## QUARTER 3 – REVENUE AND CAPITAL BUDGET MONITORING 2024/25

### PURPOSE OF REPORT

To inform Executive of the Q3 Revenue & Capital Budget Monitoring position for 2024-25.

### RECOMMENDATIONS

Executive is recommended to:-

- (1) Note the Quarter 3 position on the Council's Revenue Budgets for 2024/25.
- (2) Note the Quarter 3 position on the Council's Capital Programme for 2024/25.

### REASONS FOR RECOMMENDATIONS

To inform Executive of the Council's Quarter 3 position for revenue and capital budgets for 2024/25.

## ISSUE

### 2024/25 Quarter 3 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 3 the year end position is now forecast to be an overspend of £82k. This is a positive movement of £465k from the quarter 2 overspend forecast of £547k. The movement is mainly due to increased investment income as a result of Town Deal grant received in October 2024 being invested until required.

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

**Table 1 – 2024/25 Q3 Revenue Budget**

£'000	Budget to Date	Actual to Date	(Over)/Under Spend	Full Year Budget	Project Outturn	Project (Over)/Under Spend
Directorate	0	77	(77)	0	47	(47)
Policy and Commissioning (Note 9)	53	(77)	130	70	(62)	133
Financial Services (Notes 7, 8 & 9)	3,532	4,242	(710)	4,708	5,110	(402)
Legal & Democratic Services	1,079	1,088	(8)	1,439	1,440	(1)
Planning, Building Control & Regulatory Services	545	492	53	727	669	58
Operational Services	4,527	4,558	(31)	6,034	6,081	(46)
Property Services (Note 2)	263	1,141	(878)	350	911	(560)
Economic Growth (Note 9)	910	560	350	1,213	1,121	92
Housing and Environmental Health (Notes 3 & 4)	905	745	160	1,207	1,437	(230)
Human Resources Liberata	33	59	(26)	44	66	(21)
Information Technology Liberata	(0)	(53)	53	0	0	0
Revenue Services Liberata	1,318	1,212	106	1,758	1,765	(7)
Corporate Income & Expenditure (Note 10)	(798)	(1,147)	349	(1,064)	(2,014)	950
<b>Total Net Cost of Services</b>	<b>12,368</b>	<b>12,897</b>	<b>(530)</b>	<b>16,487</b>	<b>16,569</b>	<b>(82)</b>

### Recurrent Costs

- There is a current overspend of £560k projected in Property Services. This amount is split as follows;
  - £238k The revenue impact of relocating traders from Colne indoor market
  - £248k Day-to-day costs associated of the Council's ownership of Pendle Rise Shopping Centre, and relocation properties
  - £74k Additional running costs incurred in administrative buildings (No1 & Nelson Town Hall)
- The pest control income target was increased by £60k at Special Budget Council. This target is unachievable based on the current fee structure. There will be a 2025/26 budget proposal to reverse 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 £317k. This amount will be recharged to the Homelessness area within Housing & Environmental Health, in order to properly represent the cause of this expenditure.
- The 2024/25 pay award was agreed in Qtr3. 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

6. The directorate department is showing a £32k Overspend from temporary S151 agency fees and a £14k unbudgeted cost of the Leisure Review sanctioned by Executive in 2024/25.
7. Financial Services has an overspend of £103k on ICT software arrangements to be funded from the ICT reserve.
8. Delays to the novation of the PLT gas contract agreed at council are causing an overspend of £47k in Financial Services.

## Savings

9. Council agreed a vacancy factor of 2.5% which is held within Financial Services (Service Area holding). The value of this target is £146k, this has been amply met by vacancies in Policy & Commissioning and Economic Growth during this year.
10. Interest earned on Council investments, continues to be at higher levels. The projected full year income is set to exceed the budgeted income by £850k. This will be used to meet the above pressures. Full year projection for investment income is likely to be over £1.5m.
11. An update on the Savings agreed by Council is provided in the table below;

**Table 2 – 2024/25 Q3 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	23	0	Met
Reduce Miscellaneous Budgets across Services	265	265	0	Met
Increase Investment Income Budget	463	1,313	850	See Note 10
Liberata Contract Savings - Net Reduction from Property Services	154	80	-74	See Note 2
Increase Fees & Charges for Building Control	13	13	0	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 Legal Fees	2	0	-2	Demand led Service
Increase Fees & Charges for Estates & Properties	6	6	0	Met
Leisure Trust energy charges novation	70	23	-47	See Note 7
Increase income target for commercial pest control	60	0	-60	See Note 3
Cancel LCC archaeology	15	15	0	Met
<b>TOTAL</b>	<b>1,102</b>	<b>1,823</b>	<b>721</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 figure change to circa £35k
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 were published to the Council's website on Monday 13<sup>th</sup> January 2025. Short Form Audit Findings and Draft Disclaimer Option Reports issued by the Council's External Auditors (Grant Thornton) to the Accounts & Audit Committee 28<sup>th</sup> January 2025.

## 2024/25 Q3 Capital Programme

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

**Table 3 – 2024/25 Q3 Capital Programme**

	Opening Budget £000	Revised Budget £000	Spend to Date £000	Budget Remaining £000
Housing	1,105	1,935	918	1,017
Regeneration	19,223	30,530	8,394	22,136
Council Assets	1,938	2,611	646	1,964
Resources	0	23	8	16
Environmental Services	4,909	5,210	275	4,935
Planning	0	140	10	130
Other	0	0	0	0
<b>Total Capital Programme</b>	<b>27,175</b>	<b>40,450</b>	<b>10,251</b>	<b>30,198</b>

16. The 2024/25 budget has increase from £27.175m to £40.450m, £12.568m of this increase is slippage from the 2023/24 capital programme. The other changes include the following;
- a. £100k Additional amount in DFG allocation
  - b. £342k swimming pool funding.
  - c. £699k Agreed for additional works at Colne Municipal Hall.
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 £8.613m
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 reduced. 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 Q3 Capital Programme

## **LIST OF BACKGROUND PAPERS**