

## **Report to Cabinet**

**Subject:** Budget Monitoring and Virement Report for the period April to July 2024

**Date:** 5<sup>th</sup> September 2024

**Author:** Senior Leadership Team

### **Wards Affected**

Borough-wide

### **Purpose**

To update Cabinet on the forecast outturn for Revenue and Capital Budgets for 2024/25. The budgets include all approved carried forward amounts from the 2023/24 financial year.

To request approval from Cabinet for the changes to the budget as set out in this report.

### **Key Decision**

This is a key decision because the proposal includes financial implications that are above the threshold of £0.5m determined by Council for decisions to be regarded as a Key Decision

### **Recommendation(s)**

**Cabinet are recommended to:**

- 1) Approve the General Fund Budget virements set out in Appendix 1;**
- 2) Note the use of reserves and funds during April to July 2024 as detailed in Appendix 2;**
- 3) Approve the changes to the capital programme included in paragraph 2.4.**

## **1 Background**

- 1.1 The Council has made a commitment to closely align budget and performance management. This is in line with accepted good practice.

In previous years monitoring reports have been presented to Cabinet on a quarterly basis, however, due to changes to Cabinet dates for 2024/25 reporting for Quarter 1 April to June in September would not have been timely for reporting purposes. Therefore, for 2024/25 reporting to Cabinet & Full Council will be carried out in three four monthly periods (April 24 - July 24. August 24- November 24 and December 24 to March 25) this will be on a trial basis to assess the resource benefits of only providing 3 periods of monitoring, allowing officers more time to address concerns and consider remedial action.

- 1.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, improvement activity and performance indicators have all been brought together and are now embedded in the way the Council works. Whilst the budget and performance information is presented in 2 separate reports, they are reported to Cabinet together and will appear on the same agenda.

## **2 Proposal**

### **2.1 General Fund Revenue Budget Summary**

The following table summarises the overall financial position of the General Fund Revenue Budget and the expected total spend for the year. This information has been compiled using the best information made available to Financial Services by the relevant spending officers as at 31 July 2024.

The Council's General Fund outturn is projected to be in line with the approved budget of £14,937,900.

## General Fund Revenue Budget 2024/25 – Change Analysis

	£
<b>Net Council Budget for 2024/25 approved by Council on 6 March 2024 and Cabinet’s Maximum Budget</b>	<b>14,937,900</b>
Up to the end of July 2024 expenditure less income totalled	5,419,938
In the remaining 8 months of year we expect net expenditure to be	9,517,962
<b>Total net revenue spend for the year is currently expected to be</b>	<b>14,937,900</b>
<b>Total Projected Revenue (Under)/ Overspend 2024/25</b>	<b>0</b>
<b>Total net revenue spend for the year is expected to be</b>	<b>14,937,900</b>

Appendix 1 outlines how the General Fund Revenue budget is divided between the Portfolios of the Council and includes a detailed variance analysis identifying the current proposed changes for quarter one against the approved budget for each Portfolio area. Cabinet is recommended to approve these changes.

The major variances detailed in Appendix 1 include:

Expenditure:

- Additional costs in Waste Services due to the extension of temporary posts and agency staff £51,200.
- Utilisation of agency staff and additional overtime in Transport and Fleet management £32,000.
- Repairs at the Depot including heater replacement at the large workshop £27,200.

Income:

- Increased lease income at the Richard Herrod Centre (£23,900).
- Solar Energy Income at Gedling Country Park based on 2022/23 and 2023/24 outturn (£40,000).
- Increase in income generated by Financial Services (£10,900).

Details of the budget virements authorising the usage of Earmarked Reserves and Revenue Budget Funds as approved by the Chief Financial Officer and relevant Corporate Director in accordance with Financial Regulations are set out in **Appendix 2**. No virements were approved by Portfolio Holders for amounts of £50,000 or less during April to July 2024.

Whilst we are forecasting a balanced budget position at July 2024, it should be noted that there remain some risk of overspends in the Environment Service, which is currently undergoing a transformation review to determine optimal delivery methods.

### **Pay Award**

The Council has included a sum of £930,600 in the 2024/25 Revenue Budget for the 2024/25 pay award based upon an assumed £1,925 per FTE post. The National Employers have proposed an increase of £1,290 on all NJC pay points 1 and above with effect from 1 April 2024, The National Employers offer remains unchanged and is being considered by Unions. The full impact of this will be presented to Cabinet once the pay award has been agreed. The JNC pay award for Chief Officers of 2.5% has been accepted.

### **Interest Rates**

The Monetary Policy Committee (MPC) has previously increased the Bank of England base rate several times to a high of 5.25%, on the 1<sup>st</sup> August 2024 the MPC reduce this rate to 5.0%. This will have a negative impact on investment interest received by the Council at 31 July 2024, however, currently, the budget estimate of £1.1m for 2024/25 remains achievable, if required a revised calculation of interest will be included in the August to November 2024 Budget Monitoring report.

## **2.2 Efficiency programme – Progress Update**

Since 2014/15 the Council has approved eight separate budget reduction programmes totalling £8.33m net of risk provision, including the new programme of £833,700 approved during the 2024/25 budget process for delivery in 2024/25 to 2026/27, £406,200 of which is for delivery in 2024/25.

The total of the current approved efficiency programme is £1,290,700 for delivery in 2024/25 – 2026/27.

In terms of 2024/25, the programme due for delivery is £833,200 (£406,200 as approved in the Budget Report presented to Cabinet on 21<sup>st</sup> February 2024 and £427,000 of deferrals from previous years).

At July £57,300 of adjustments to the programme are proposed (as shown in the table below) with a revised programme of £775,900 to be achieved this year. The amendments made at July 24 can be met from the Budget Risk Provision.

<b>Approved Efficiency Programme 2024/25</b>	<b>(833,200)</b>
<b>Deferred Efficiencies to 2024/25 at Period 4</b>	
Parks Service Review (partial year)	19,100
Waste Rounds Optimisation (partial year)	13,333
Waste Service Review (partial year)	13,867
<b>Removals from programme</b>	
Removal of Fees & Charges increases no longer applicable in Public Protection	11,000
<b>Period 4 adjustments</b>	<b>57,300</b>
<b>Revised 2024/25 Efficiency Programme</b>	<b>(775,900)</b>
Use of Budget Risk Provision	(57,300)
<b>Net Impact on General Fund</b>	<b>(833,200)</b>

Delivery of the 2024/25 programme will continue to be monitored and an update provided in future reports.

The Medium-Term Financial Plan (MTFP) sets out an efficiency requirement of £3.559m this includes the latest approved programme of £0.834m and £0.500m which is expected through digital transformation. This leaves £2.225m of efficiencies to identify and deliver by 2028/29 in order to maintain a balanced budget position.

Whilst the £2.25m is not yet supported by outline business cases, work continues to identify and progress efficiency proposals. Options will be explored further in the coming months with Cabinet and individual Portfolio Holders, and proposals put forward as part of the 2025/26 budget process. Alongside this, officers will be undertaking a mid-year review of the Medium-Term Financial Plan (MTFP) to determine if this target requires amendment.

### 2.3 **Capital Programme**

Appendix 3 details the current projected position on the Capital Programme and its financing for 2024/25, analysed by Portfolio, and this is summarised in the table below. Cabinet is recommended to approve these changes.

April – July amendments to the current capital programme of (£2,138,600) are presented in the table below.

<b>Capital Budget 2024/25 - Change Analysis</b>	
	<b>£</b>
<b>Original 2024/25 budget approved by Cabinet on 6 March 2024</b>	<b>9,388,100</b>
Council Approved Carry Forwards from 2023/24	2,364,100
Leader Report 16/04/24 S106 Contributions to Ravenshead	103,200
Cabinet Report 21/02/24 The AMP 1 <sup>st</sup> Floor increase	225,700
<b>Current approved budget for 2024/25</b>	<b>12,081,100</b>
<b>Proposed Amendments to the Programme at July 2024</b>	
<b>Additions to existing schemes:</b>	
Lambley Lane Changing Rooms	72,600
Ouse Dyke Repairs – Flood Alleviation (AMF)	70,000
Green Lung Project (£14k AMF)	35,000
Air Compressor for Workshop	12,000
<b>Reductions to existing schemes:</b>	
Civic Centre Window Replacement	(100,000)
Asset Management Fund (used to fund AMF schemes above)	(84,000)
Car Park resurfacing and fencing	(23,000)
Equipment Replacement	(12,000)
<b>Deferrals of existing scheme:</b>	
Bestwood Country Park car park extension (S106)	(36,200)
<b>Removals from existing programme:</b>	
Removal of Salix project	(2,143,000)
<b>Total Proposed Amendments</b>	<b>(2,208,600)</b>
<b>Revised Capital Programme 2024/25</b>	<b>9,872,500</b>
Actual Expenditure to Period 4 2024/25	513,036
Estimated Expenditure Period 5 to Period 12 2024/25	9,359,464
<b>Projected Outturn</b>	<b>9,872,500</b>

Additions to existing schemes:

- Lambley Lane Changing Rooms £72,600, works agreed as part of contract, funded through an increased allocation from UKSPF Grant.
- Ouse Dyke Repairs £70,000 – Quotes from tender process are higher than the initial estimate for works, this will be funded from the Asset Management Fund.
- Green Lung Project £35,000 – Additional planting of Trees and works at Digby Park, £21,000, 100% funded by Trees for Climate Grant Scheme, in addition tender for original works have increased by £14,000, funded from Asset Management Fund.
- Air Compressor for large workshop £12,000, replacement required due to insurance deadline. Funded from allocation from Equipment Replacement fund.

Reduction to existing schemes are as follows:

- Civic Centre window replacement (£100,000) – Scale of project revised and contract awarded, projecting underspend.
- Car Park resurfacing and fencing (£23,000) – Only fencing works outstanding projecting an underspend.
- Asset Management Fund (£84,000) – Budget utilised to fund additional costs associated with Green Lung Project £14,000 and Ouse Dyke flood alleviation works £70,000.
- Equipment Replacement (£12,000) – Transfer of approved budget to fund Air Compressor for Workshop.

The proposed deferrals into 2024/25

- Bestwood Country Park car park extension (£36,200) – Parish council revisiting priorities and service plans.

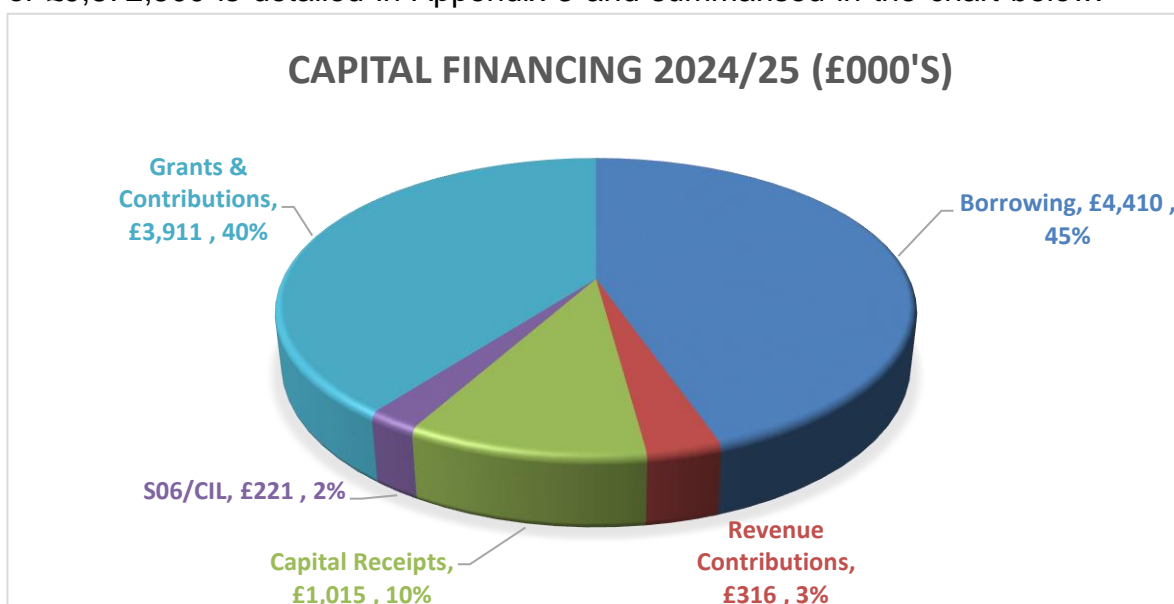
Removals from existing programme:

- (£2,143,000) – Decarbonisation project – after review the proposed project was not deemed to be the best option for the Council. As the project was funded by a mixture of grant and borrowing the scheme has been removed from the capital programme and the Project deferred to allow further assessment of requirements that better meet the Council's objectives. Future projects will be considered and presented for approval at a later date once a Business Case including financial assessment has been developed.

It should be noted that in line with Financial Regulations underspends on capital project and removals from the capital programme cannot be transferred to other capital projects. New capital projects must each be considered and approved according to Financial Regulations.

## 2.4 **Capital Programme Financing**

The projected method of financing the current capital programme requirement of £9,872,500 is detailed in Appendix 3 and summarised in the chart below.



## **2.5 Capital Receipts Monitoring**

When the Council sells General Fund assets it is permitted to use this income to fund capital expenditure. The initial capital receipts estimate for 2024/25 projects that £1,014,700 will be generated and used to finance the capital programme in 2024/25. There is currently no change to the capital receipts estimate projected.

## **3 Alternative Options**

Option – Not to amend the original Council approved budgets during the year to reflect the latest projected outturn position.

Advantages:

- The final outturn position of the Council can be easily compared to its original intentions when the budget was set and areas of budget risk identified.

Disadvantages:

- Budgets not aligned to current budget pressures resulting in increased likelihood of budget overspend and emerging Council priorities not being addressed;
- Restrict the effectiveness of medium-term planning process and preparation of the forward budget if pressures and areas of efficiency are not readily identifiable during budget preparation;
- Budget not reflective of latest performance information.

Reason for rejection – the option is not likely to result in the best outcomes in financial management or support delivery of priorities.

## **4. Financial Implications**

- 4.1 The nature of the report is such that it has significant resource implications across the Council. The report itself demonstrates how resources are being managed. Whilst the April – July 24 position is currently forecasted to break even, focus must be maintained on the risk of potential overspend in the environment service for the remainder of the year and the identification and delivery of the £3.559m efficiency and digital transformation saving targets for 2024/25 – 2028/29.

## **5 Legal Implications**

- 5.1 None arising directly from this report.

## **6 Equalities Implications**

- 6.1 None arising directly from this report.



## **7 Carbon Reduction/Environmental Sustainability Implications**

7.1 None arising directly from this report.

## **8 Appendices**

Appendix 1 - General Fund Revenue Budget 2024/25 – Budgetary Control Report

Appendix 2 - Use of Reserves and Revenue Fund Budgets

Appendix 3 - Capital Programme 2024/25 – Budgetary Control Report

## **9 Background Papers**

Detailed Quarterly Budgetary Control Exception Reports

## **10 Reasons for Recommendations**

10.1 To align the budgets to the current pressures and priorities and ensure the delivery of Council objectives is supported.

### **Statutory Officer Approval**

**Approved by: Chief Financial Officer**  
**Date: 21<sup>st</sup> August 2024**

**Approved by: Monitoring Officer**  
**Date: 21<sup>st</sup> August 2024**