

Report to Cabinet

Subject: Budget Monitoring and Virement Report – April to November 2024

Date: 9 January 2025

Author: Senior Leadership Team

Wards Affected

Borough-wide

Purpose

- To update Cabinet on the forecast outturn for Revenue and Capital Budgets for 2024/25.
- To request approval from Cabinet for the changes to the budget as set out in this report.

Key Decision

This is a key decision.

Recommendation(s)

Members are recommended to:

- 1) To approve the General Fund Budget virements set out in Appendix 1
- 2) To note the use of reserves and funds during quarter two as detailed in Appendix 2
- 3) To approve the changes to the capital programme included in paragraph 2.3.

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 are 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 30 November 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

	£
Net Council Budget for 2023/24 approved by Council on 6 March 2024 and Cabinet's Maximum Budget is:	14,937,900
Up to the end of November 2024 expenditure less income totalled	11,690,928
In the remaining 4 months of year we expect net expenditure to be	3,246,972
Total net revenue spend for the year is expected to be	14,937,900

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 two against the approved budget for each Portfolio area. Cabinet is recommended to approve these changes.

The major variances detailed in Appendix 1 include:

Expenditure

- Increase in Bed & Breakfast costs of £109,400, due to increasing demand for Temporary Accommodation, this has been partially offset with an increase of (£61,100) Housing benefit Rental income.

- Increase in Environmental Services employee costs in relation agency staff expenditure of £190,000 (Cemeteries £40k due to additional cutting and maintenance in the spring bloom, Street Care £30k, Waste £90k cover for loaders and drivers needed to resource current rounds, budgets will be adjusted in the new year vacant posts are being advertised. Fleet £30k to cover staff absences, temporary arrangements have now been put in place pending a review for a more permanent solution).
- Increase to the Minimum Revenue Provision (MRP) contribution of £87,700 to ensure provision is aligned with the capital programme.

Income

- Increase in Leisure Centre income of (£339,600) (£137.6k DNA Membership and £202k due to increased take up of the Swimming Scheme).
- Decrease in Planning application income of £150,000, due to lower major planning applications in 2024/25, whilst this is a reduction in current year major applications are expected to move into next financial year.
- Decrease in Building Control income of £60,000.
- Increase in Land Charges income of (£40,000).

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 August to November 2024.

Pay Award

The Council 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 agreed an increase of £1,290 on all NJC pay points 1 and above with effect from 1 April 2024. This has resulted in a saving of £295,200 which has been used to offset additional expenditure as detailed in this report. 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 7 November 2024

the MPC reduce this rate to 4.75%. This will have a negative impact on investment interest received by the Council at 30 November 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 Budget Outturn and Budget Carry Forwards 2024/25.

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 Council on 6 March 2024 and £427,000 of deferrals from previous years).

At 30 November 2024 £164,800 of adjustments to the programme are proposed (as shown in the table below) with a revised programme of £611,100 to be achieved this year. The amendments made at 30 November 2024 can be met from the Budget Risk Provision.

Movements on Efficiencies 2024/25	
	£
Approved Efficiency Programme 2024/25	(833,200)
Quarter 1 Deferrals	57,300
Deferred Efficiencies to 2025/26 at 30 November 2024	
Service Review Waste Route Optimisation	66,667
Cease Bowls Provision Arnot Hill Park	20,000
Increase Out of Area Cemeteries Fees	10,000
Service Review – Parks/Waste Administration	19,133
Parks – Service Review	19,100
Sponsorship of Flower Beds	5,000
Total Deferrals 2024/25	134,800
Removal of Efficiency	
Increase premium on empty homes and second homes	30,000
Total Removals 2024/25	30,000
Revised 2024/25 Efficiency Programme	611,100
Use of Budget Risk Provision	0
Net Impact on General Fund	611,100

The increased premium on empty from the 1st April 2024 and the proposed increase in second homes on 1st April 2025, has been removed from the programme as this is not a saving on the General but a saving on the Collection fund.

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 £2.25m 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.

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.

Amendments at 30 November 2024 to the current capital programme of £567,400 are presented in the following table.

Capital Budget 2024/25 - Change Analysis	
	£
Original 2023/24 budget approved by Council on 6 March 2024	9,388,100
Council Approved Carry Forwards from 2023/24	2,364,100
Leader Report 16 April 2024 S106 Contributions to Ravenshead	103,200
Cabinet Report 21 February 2024 The AMP 1st Floor	225,700
Amendments at 31 July 2024	(2,208,600)
Approved budget at Period 4 2024/25	9,872,500
Leader report 17 July 24 Scout Hut Refurb (CIL funding)	62,700
Leader report 24 September 24 S106 contributions to Calverton P C	63,400
CFO Sign-off 14 October Grave Shoring Equipment (Reserves)	24,000
Current approved budget for 2024/25	10,022,600
Proposed Amendments to the Programme at 30 November 2024	
Additions to existing schemes:	
Tennis Court refurbishment Conway Park (Grant Funded)	146,600
Food Waste Refuse Freighter (Prudential Borrowing)	105,000
Microsoft Licenses (Capital Receipts)	15,000
Reductions to existing schemes:	
Vehicle Replacement Programme	(22,000)
Deferrals of existing schemes:	
Vehicle Replacement Programme	(537,000)
Play Area Refurbishment	(100,000)
Depot Works	(130,000)
Flood alleviation works	(30,000)
Carlton cemetery expansion final stage	(15,000)
Total Proposed Amendments	(567,400)

Revised Capital Programme 2024/25	9,455,200
Actual Expenditure to 30 November 2024	2,949,520
Estimated Expenditure 1 December 2024 to 31 March 2025	6,505,680
Projected Outturn	9,455,200

Additions to existing schemes:

- Tennis Court refurbishment at Conway Park £146,600, funded by £112,900 from The Lawn Tennis Association and £39,100 from the UKSPF.
- Refuse Freighter Food Waste £105,000, following approved Trade Food Waste business case. Funded through prudential borrowing.
- Microsoft IT Licences £15,000, annual increase following 3-year licence renewals, funded through capital receipts.

Reductions to existing schemes:

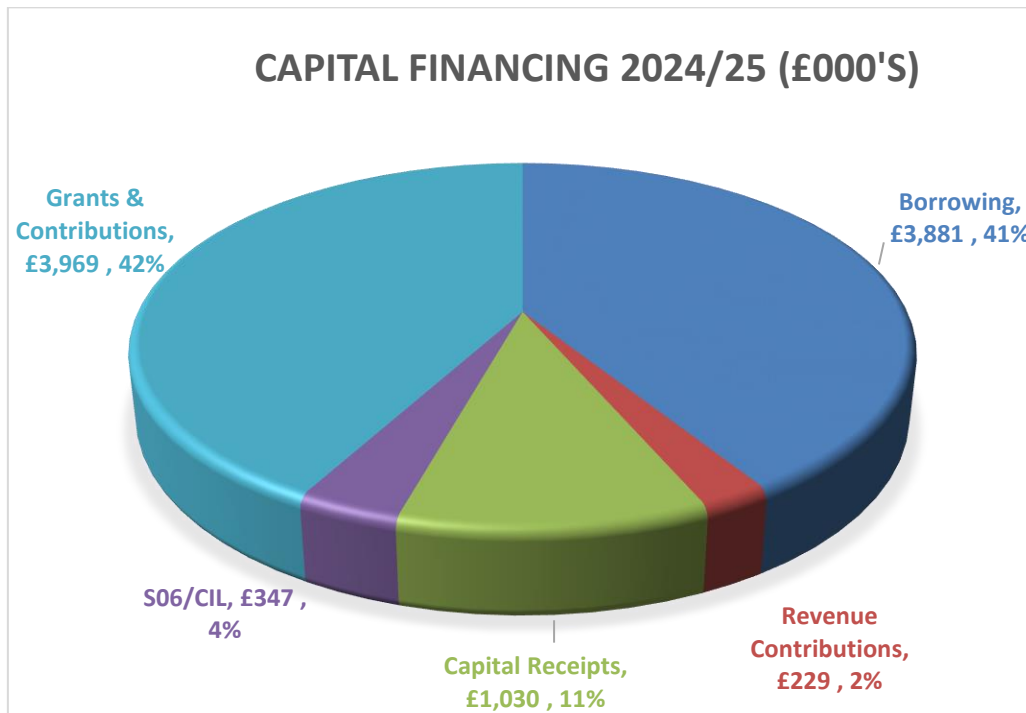
- Vehicle Replacement Programme (£22,000), removal of Chipper from programme following equipment review.

Deferrals of existing schemes:

- Vehicle Replacement Programme (£537,000). This is due to lead time on vehicle purchases and pending wider review of fleet vehicles.
- Depot Works (£130,000). Project phasing has been refreshed, demolition costs only expected for 2024-25, construction to be phased for 2025-26.
- Play area refurbishment (£100,000), St Mary's and Jackie Bells are now scheduled for refurbishment in 2025-26.
- Bentwell Ave flood alleviation works (£30,000), re-phasing of works, expected to be complete Autumn 2025.
- Carlton cemetery expansion final phase (£15,000), the columbarium project due to be complete Autumn 2025

2.4 Capital Programme Financing

The projected method of financing the current capital programme requirement of £9,455,200 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 £1,029,700 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 1 August 2024 to 30 November 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: 18/12/2024

Approved by: Monitoring Officer
Date: 18/12/2024