

Finance, Regeneration and Property Scrutiny Select Committee

19 November 2024

Part 1 - Public

Matters for Cabinet - Non-key Decision



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September 2024 Budgetary Control

1 Summary and Purpose of Report

- 1.1 In accordance with the Council's Financial Procedure Rules this report informs Members of the current financial position to the end of September 2024 for the 2024/25 Financial Year.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.

3 Recommendations

- 3.1 **NOTE** that, as at the end of September 2024, there is a net favourable variance of circa £296,512 when compared to the proportion of the 2024/25 budget as shown in paragraph 9.
- 3.2 **NOTE** the potential issues surrounding the impact of the current client levels, cost of TA and debt recovery within the revenue budget for Homelessness Accommodation.
- 3.3 **NOTE** the current business rate pool position as at the end of September 2024 as set out in paragraph 10.
- 3.4 **NOTE** the current spend on Capital projects for 2024/25 as set out in paragraph 11.

4 Introduction and Background

- 4.1 As part of sound financial management, Members should be kept informed of the Council's finances against the approved budget.

4.2 In the case for this Council, this will involve the examination of areas covering:

- Member approved changes to the budget,
- salaries and income monitoring,
- treasury investments income,
- budget variations identified by services,
- retained business rate income, and
- the current spend on the Council's capital plan.

5 Current Approved Budget

5.1 In February 2024 the Council set a revenue budget of £11,671,480 with a contribution to the General Revenue Reserve of £1,064,824 giving a council tax requirement of £12,736,304.

5.2 Since this meeting a number of Cabinet and Committee decisions have been taken. These decisions have been detailed in full in **[Annex 1]** to this report and currently amount to £1,398,997. These movements have been split between non-salary and salary adjustments. **However, after additional reserve contributions the net effect of all the changes on the revenue budget is reduction of £3,192.**

6 Salary and Income Monitoring to end September 2024

6.1 Appended for information at **[Annex 2]** is the budgetary control statement covering salaries to the end of July 2024 against the proportion of the current estimate allowing for the staffing changes agreed in the decisions taken above.

6.2 The original estimate, set in February 2024, for salaries was £12,966,100. Adding agreed adjustments of £759,850 gives a total of running total of £13,725,950, although the majority of this increase will be funded from earmarked reserves.

6.3 Cabinet will note that this shows **an underspend of £98,600** against the current estimates proportioned to the end of September 2024.

6.4 Appended for information at **[Annex 3]** is the budgetary control statement covering income, fees, and charges from the major income streams to the end of September 2024 against the proportion of original estimate set in February 2024.

6.5 The original estimate set in February 2024 for these major income streams was £7,662,450. No agreed changes have been made to the budget at this time.

6.6 Cabinet will note the actual to the end of September 2024 **is £15,108 less than the apportioned estimate.** Under-recovery on areas covering the Housing

Market, such as fees for Planning Applications, Building Control and Land Charges are being offset by additional income on Garden Waste and Car Parking Charges following the recent increases in charges. The budgetary increases in respect of Car Parking, which were approved after the budget was set in February, will be reflected in the revised estimate presented in January.

7 Investment Income Monitoring to the end of September 2024

- 7.1 The details below show the results of invested fund to the end of September 2024.
- 7.2 **Core funds** currently stand at £33m, an increase of £1m on the sums invested at the 31 March 2024. Income generated on these investments amount to £833,620 representing a return of 5.60%, generating a positive variance of £495,620 when compared to the original estimate to the end of September 2024. The positive variance is due to the Council's ability to hold investment funds in core longer than anticipated when setting the original budget. It is expected that core investments will reduce as the need for cashflow in the current year increases to commence capital project works.
- 7.3 **Cashflow funds** currently stand at £20.66m, an increase of £6.75m on the sums invested at the 31 March 2024. Income generated on these investments amount to £657,170 representing a return of 5.15%, providing a negative variance of £59,330 when compared to the original estimate to the end of September 2024.
- 7.4 In the case of both Core and Cashflow funds, the amounts shown above the proportion of the original estimate are because of continued high base rates.
- 7.5 **Multi Asset Funds** are showing a balance of £3.82 million to the end of September 2024 and we have received £88,510 in dividends representing a return of 4.17%. This is a negative variation of £3,240 against the proportion of the original estimate to the end of September 2024.
- 7.6 **Property Funds** Net Asset Value (NAV), excluding Lothbury, are showing a balance of £2.58 million to the end of **September 2024**. Lothbury has continued to distribute income from the sale of assets and has currently paid back £853,850 from our capital investment with them. Recent communication from Lothbury has confirmed progression on the sale of an £18.1m asset and it is anticipated that a capital distribution payment will be made in November 2024. The Lothbury fund continues to be reported to the Audit Committee in detail. To the end of **September**, across all funds, we have received £76,050 in dividends representing a return of 3.65%. The negative variation of £16,450 against the original budget is mainly due to the significantly reduced dividends generated as a result of the sale of assets by Lothbury.

8 Other revenue budgetary control

- 8.1 As of the end of September the following areas have been identified as variations to the original estimate: -

- 8.2 Service fee to the Leisure Trust - the fee payable to the Trust is based upon an agreement covering the utility costs usage following the significant increases in energy prices occurring in 2022. Since this time energy prices have fallen and the installation of energy efficiency measures at the buildings operated by the Trust has resulted in a fall in the service fees payable. Based upon current information on tariffs and usage it is predicted that the Service Fee for the 2024/25 financial year will be in the region of £330,000, some **£80,000 below** the original estimate set in February 2024. This figure could be subject to change depending on future changes in energy tariffs for the winter period.
- 8.3 As at the end of September there were 145 clients in Temporary Accommodation (compared to an estimate based upon 100 clients in TA). The net expenditure incurred by the end of July was £556,000 compared to a profiled budget of £212,000; **an overspend of £344,000**. If the client levels, cost of TA and debt recovery were to continue at the current levels until the end of the financial year the overspend against the agreed budget would be in the region of £555,000.

9 Revenue Budget 2024/25 Summary

- 9.1 The table below brings together the areas highlighted above.

Description	Budget to September £	Actual to September £	Variance £
Salaries Monitoring Statement	6,816,650	6,718,050	(98,600)
Income Monitoring Statement	(4,416,600)	(4,401,492)	15,108
Treasury Management	(1,238,750)	(1,655,350)	(416,600)
Approved Variations to the Revenue Budget (not included in above)		(60,420)	(60,420)
Revenue Budgetary Control (net)		264,000	264,000
Net Variance	1,161,300	864,788	(296,512)

Figures in brackets represent favourable variance.

10 Business Rates Monitoring to the end of September 2024

- 10.1 Members will remember that the Original Estimate set an overall net income expectation of £6,184,366. This allowed for the release of an unused appeals provision and the rating of properties in Panattoni Park being undertaken by the Valuation Office.
- 10.2 As at the end of September the current position shows an overall net income of £5,998,000, some £186,000 below the estimated level. The Amazon building valuation at Panattoni Park has now been received and was in line with

expectations, but increases in number and value of empty properties are the reason for the current variation. Other newly completed properties are being valued at the present time and officers are confident that a balanced estimate will be achieved.

11 Capital Expenditure

- 11.1 In February 2024 the Council agreed a capital budget for 2024/25 of £7.283m but following the outturn for 2023/24 and the slippage for projects being undertaken this has increased to £8.505m. In addition to this slippage **[Annex 1]** identifies an additional spend of £607,500 on agreed capital projects bringing the total to £9.113m.
- 11.2 Spend to the end of September 2024, shown in **[Annex 4]** was £1,054,000. The largest project being undertaken this year, the Gibson Building Refurbishment, is expected to commence in the new Calendar year, meaning some of the budget will slip into the 2025/26 financial year.

12 Financial and Value for Money Considerations

- 12.1 As set out above

13 Risk Assessment

- 13.1 Budgetary control is a prerequisite of good financial management, financial planning and control and needs to be kept under review to ensure it remains effective and relevant.

14 Legal Implications

- 14.1 This report fulfils the requirement of the Local Government Act 2003 which places a statutory duty on the authority to monitor income and expenditure against budget and to act if overspends or shortfalls in income emerge. If monitoring establishes that the budget situation has deteriorated, authorities are required to take such action as they consider necessary. This might include action to reduce spending in the rest of the year, to increase income or to finance all or part of the shortfall from reserves.

15 Consultation and Communications

- 15.1 None

16 Implementation

- 16.1 Budgetary control is ongoing so no implementation issues.

17 Cross Cutting Issues

- 17.1 Climate Change and Biodiversity

17.1.1 None

17.2 Equalities and Diversity

17.2.1 None

Background Papers	None
Annexes	Annex 1 – Member Decisions Annex 2 – Salary Monitoring Annex 3 – Income Monitoring Annex 4 – Capital Monitoring