



Policy, Finance and Development Committee	Tuesday, 03 December 2024	Matter for Information and Decision
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Report Title: **Budget Monitoring Report (Q2 2024/25)**

Report Author(s): **Laura Parsons (Finance Manager)
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Purpose of Report:	To provide the Committee with the forecast Outturn position for the Council for the financial year 2024/25, at the end Quarter 2, April – September.
Report Summary:	<p>The forecast outturn position for the year on the General Fund is an overspend of £281K compared to the budget of £7.677m for 2024/25.</p> <p>The forecast outturn for the HRA is an underspend of £152k, compared to the budget of (£101k).</p> <p>Spending on the Council’s HRA and General Fund Capital Programmes currently show slippage.</p>
Recommendation(s):	<p>That the Committee:</p> <p>A. Notes the contents of the Quarter 2 report and the appendices;</p> <p>B. Approve the use of the contingency budget to fund some of the overspend on Housing Benefit from providing Homelessness; and</p> <p>C. Approves the carry forward of slippage as shown in the Capital projects.</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Colleen Warren (Chief Finance Officer / S151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk</p> <p>Laura Parsons (Finance Manager) (0116) 257 2694 laura.parsons@oadby-wigston.gov.uk</p> <p>Simon Ball (Senior Business Partner) (0116) 257 2624 simon.ball@oadby-wigston.gov.uk</p> <p>Aseel Qassim (Finance Business Partner) (0116) 257 2890 aseel.qassim@oadby-wigston.gov.uk</p>
Strategic Objectives:	Our Council (SO1)
Vision and Values:	"Our Borough - The Place to Be" (Vision) Resourceful & Resilient (V4)

Report Implications: -	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out in this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments: -	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Senior Leadership Team • Heads of Service • Budget Managers
Background Papers:	2024/25 Revenue Budgets, Medium Term Financial Plan 2024/25 - 2028/29 Capital Programmes
Appendices:	<ol style="list-style-type: none"> 1. General Fund Variance Detail 2. Sustainability Programme 3. HRA Variances 4. Capital Programmes (General Fund and HRA)

1. Introduction

- 1.1 This is the Quarter 2 monitoring report for the 2024/25 financial year and this report details the forecast outturn position for the year.
- 1.2 In February 2024, the Council approved its revenue and capital budgets for the general fund and the HRA for the 24/25 Financial year. In previous years reserves were utilised to fill any budget gaps, significant work has taken place during 23/24 and 24/25 to reduce spending and deliver a balanced budget without using balances.
- 1.3 Although economic conditions and inflationary pressures have started to ease, there is still considerable pressure on the Council's budgets in areas such as Homelessness, Leisure provision and Insurance costs, these issues are affecting Councils nationwide and the level of support from the Government cannot be forecast.

2. Summary

- 2.1 This report covers the General Fund Revenue, Housing Revenue Accounts and the Capital Programmes for the current financial year.

- 2.2 The General fund outturn is currently forecast to be £281k overspent compared to budget.
- 2.3 The Council has made considerable efforts to achieve savings and whilst these have been largely successful £162k (58%) of this overspend is due to the national homeless crisis and the cost of the Council providing temporary accommodation to the Homeless in our area, with the remaining mainly due to underachievement of income.
- 2.4 Whilst the cost of homelessness is largely uncontrollable due to the statutory duty to house any homeless the Council have made efforts to procure leased accommodation and purchase additional houses in order to try and reduce the burden on the General Fund.
- 2.5 Homelessness was mentioned within the new Labour Budget and whilst additional support of £233m was promised for 25/26, this equates to only approximately £100k of additional funding for Oadby and Wigston, £40k of additional funding has been received in year and there may be more received, however as we cannot be certain this has not been included in the forecast.
- 2.6 The overspend of £281k is shown below in **Table 1**. At present we are forecasting the use of balances, however we will continue to strive to achieve a balanced outturn over the coming months.

Table 1 - Budget by Service Area

Service	Original Budget 2024/25	Revised Budget 24/25	Outturn 24/25	Variance
	£	£	£	£
Senior Leadership Team	407,620	407,620	404,917	-2,703
Finance & Resources	3,327,704	3,432,504	3,685,196	252,692
The Built Environment	1,173,948	1,069,148	937,372	-131,776
Law & Democracy	813,940	815,940	757,754	-58,186
Community & Wellbeing,	-335,820	-337,820	-322,450	15,370
Corporate Assets	273,885	288,535	397,697	109,162
Depot	985,100	985,100	1,103,564	118,464
Customer Services & Business Transformation	1,030,428	1,030,428	1,008,510	-21,918
Net Revenue Expenditure	7,676,805	7,691,455	7,972,559	281,104
Financed by:				
Funding	7,676,805	7,676,805	7,676,805	0
Earmarked Reserves	0	14,650	14,650	0
General Fund Reserve	0	0	281,104	281,104
Total Financing	7,676,805	7,691,455	7,972,559	281,104

- 2.7 The HRA is forecasting a reduction in expenditure resulting in a favourable variance of £152k as shown below in **Table 2**.

Table 2 - HRA Budget by Service Area

HRA	Original Budget 2024/25	Outturn 24/25	Variance
	£	£	£
Housing Revenue Account	-4,342,020	-4,331,616	10,404
Estate Management	2,028,003	2,064,616	36,613

Repairs & Maintenance	1,253,750	1,119,860	-133,890
Older Persons Service & Community Care	118,640	121,005	2,365
Cleaning	104,800	102,488	-2,312
Capital Charges	735,760	670,586	-65,174
Net Revenue Expenditure	-101,067	-253,061	-151,994
Financed by:			
Housing Revenue Reserve	0	-151,994	-151,994
Total Financing	0	-151,994	-151,994

3. General Fund and HRA Balances

- 3.1 The General fund forecast is currently an overspend of £281k, this will reduce our General Fund balances by this amount, **Table 3** shows the expected movements in reserves.
- 3.2 The HRA forecast shows a favourable variance, increasing the Housing Revenue balances by £253k being the Budgeted amount of £101k and the additional variance of £152k, as shown in **Table 3**.

Table 3 - Reserve Balances

Balances	Original Budget 2024/25	Forecast Outturn 2024/25	Variance
	£	£	£
General Fund Balances	1,799,236	281,104	-1,518,132
Housing Revenue Account Balances	1,426,069	-253,061	-1,679,130

4. General Fund Revenue Forecast Outturn Position 2024/25

- 4.1 **Table 4** below shows the major forecast variances. Detailed analysis of the variances are shown in **Appendix 1**.

Table 4 – Major Variances over £30K

Service Area	Team	Under/ Over spends	Key reasons for forecast variance
Finance & Resources	Finance	-38,821	£57k Salary savings, 7k saving on hired staff, £24k overspend on Software.
	Housing Benefits	230,185	£162k cost of providing Homelessness, £37.5k Hben expenditure not eligible for subsidy, £28k grants not achieved, 3k additional cost of pay award
	Council tax Benefits	65,014	Cost of providing discretionary Care leaver discount
	Corporate Projects	-47,879	£39k saving on Procurement contract, £8k saving on salaries.
The Built Environment	Homelessness	-31,228	£11.5k additional government grants, £10k additional income from contributions towards temporary accommodation costs, £9k additional income from leased properties.

	Development Control	-74,925	£35k salary savings due to vacant posts, £31k additional government grants, £25k Wigston direction for growth, £13 inflation increases for supplies and services.
Corporate Assets	Cemeteries	42,195	£35k reduction in income, £7k increased salary costs
	Brocks Hill	45,797	£27.6k additional NNDR charges for 23/24, £11.5k electricity costs,
Depot	Refuse Collection	37,469	£23k additional agency costs, £10k reduction in Bulky waste collection, £4k additional salary costs
	Garden Waste Collection	57,740	£59k reduction in Garden waste income, £1.6k saving on printing costs
Customer Services Law & Democracy	Customer Services	-39,383	Software savings
	Taxi Licences	-40,107	Additional Taxi Licence income

4.2 The Local Government pay award has been agreed at £1,290 for 24/25 per full time employee. This results in an additional cost for the General Fund of £73k and £8k for the HRA, these costs are included within the above forecasts.

4.3 Inflationary pressures continue to affect services across the Council, pressures that cannot be forecast at quarter 2 are noted below-

- Homelessness- as noted in paragraph 2.3
- Leisure Services- Leisure has not fully recovered since pre-covid times, the Leisure contract has been renegotiated however there is a profit/loss split which cannot be forecast at this point, this could impact on the level of income forecast.
- Utilities especially electric is still very high, discussions are being held with suppliers to ensure that meter readings are taken, and actual costs are reported.

4.4 Income Forecasts – The table below details the income forecast as at Quarter 2.

Table 5 - Income Forecast

	Prior Year Outturn £	Forecast income for 24/25 £	24/25 Budget £	Variance
Law & Democracy				
Environmental Protection	-1,367	-2,000	-2,000	0
Dog Control Service	-1,240	-1,500	-1,500	0
Legal and Admin Fees	-12,325	-25,000	-25,000	0
Taxi Licences	-239,109	-219,800	-176,700	-43,100
Other Licences	-14,030	-13,200	-13,200	0
Alcohol and Entertainment Licences	-62,249	-34,700	-34,700	0
Gambling Act Licences	-1,915	-4,600	-4,600	0
Selective Property Licence Scheme	-40,970	-17,000	-25,000	8,000
The Built Environment				

Planning Application Fees	-170,253	-195,000	-195,000	0
Pre-Application advice	-19,284	-22,500	-22,500	0
Corporate Assets				
Allotment Rent	-13,727	-13,660	-13,700	40
Bowls Season Tickets	-6,776	-7,480	-8,800	1,320
Cricket Pitch	-1,521	-1,700	-1,320	-380
Football Rugby	-14,108	-18,920	-18,920	0
Pavilion Hire	-55,907	-61,760	-61,740	-20
Cemeteries	-137,056	-143,000	-177,250	34,250
Parking Income	-585,469	-834,000	-834,000	0
Parking Penalties	-18,603	-51,000	-11,000	-40,000
Depot				
White Goods & Special Collections	-24,917	-25,000	-35,000	10,000
Green Waste	-530,880	-601,000	-660,000	59,000

5. Sustainability Programme 2024/25

- 5.1 The Quarter 1 Budget monitoring report detailed the £996k that were expected to be delivered within year, as approved within the sustainability programme.
- 5.2 **Appendix 2** shows projects, savings and pressure's that are within budget during 24/25 and their performance against the budget.
- 5.3 Quarter 2 has shown more savings that will not be achieved, these have been highlighted in Green for those that have been completed and have achieved savings and Orange for those completed where savings have not been identified.
- The budget for the pay award was reduced to 3% saving £76,000 however due to the agreed pay rise of £1,290 this saving will not be achieved and there is an additional cost of £6k.
 - Contingency budget will now not result in any savings as it is required to be fully utilised to fund the some of the £292k forecast overspend.
- 5.4 Savings based on Increasing Income will continue throughout the year the forecast at Q2 shows-
- Green waste is forecast to underachieve the target by £59k
 - Bulky waste is forecast to underachieve the target by £10k
 - Car Parking income is forecast to achieve the target of £834k
- 5.5 The Alternate weekly waste collection project has been delivered and savings have been made through reduction in staffing and vehicle repair and maintenance costs to achieve the required saving.
- 5.6 At Quarter 2 the forecast for these savings targets is a saving of £856k of the £996k savings identified. This is an 86% success rate.

6. Business Rates

- 6.1 The only element of the Council Funding that is not fully fixed for the year at budget stage is Business Rates. The table below shows the latest forecast in respect of Business Rates for 2024/25.

Table 6 – Business Rates Forecast 2024/25

	Original Budget 2024/25	Forecast Outturn Q2	Variance
	£	£	£
NNDR Income	-5,048,987	-4,570,489	478,498
Tariff	3,847,539	3,847,539	0.00
Section 31 Grants - Funded Reliefs	-1,523,124	-1,592,873	-69,749
Levy	321,977	84,485	-237,492
Renewable energy	-8,564	-8,564	0.00
Total Financing	-2,411,159	-2,057,098	171,257

6.2 Due to the complexities of the Collection Fund, it is important to note that the largest element of this position 'NNDR income' is fixed based on the amount forecast at budget setting, any variance from the actual NNDR income impacts on the budget in 25/26 in the form of the surplus/deficit for the previous year. The forecast cumulative deficit at the end of 2023/24, that will impact on the budget in 2024/25 is £1.07m but this deficit will be split within the pool.

A large part of this deficit relates to a provision held for appeals which has been increased during the year, this provides for any successful appeals against Businesses that believe their rateable value is too high. Should the appeals be unsuccessful the provision will be reduced back down, however should the appeals be successful we have made a provision for these payments.

6.3 The Collection fund reserve at Q4 has a balance of £492,548 as shown in the table below.

Table 7 - Collection Fund Reserve Balances

	Council Tax	NNDR	Total
Opening balance 1st April 2024	-98,553	591,101	492,548
Movement in year	0	0	0
Closing Balance 31st March 2025	-98,553	591,101	492,548

The movements in year reflect the expected surplus/deficits on the funds for 24/25, which will impact in 25/26.

7. Housing Revenue Account (HRA)

7.1 For 2024/25 the Councils Housing Revenue Account (HRA) net revenue budget was set with a planned contribution to balances of £101k, resulting in an estimated level of general balances at the year-end of £1.527M.

7.2 The HRA is currently projecting a forecast underspend of £152k, which would result in HRA balances of £1.679M as at the end of 2024/25 financial year. This position maintains balances above the prudent minimum.

7.3 The Major Variances over £30k for the HRA are shown in Table 8 below.

Table 8 - HRA Variances over £30k

Cost Centre	Under/ Over spends	Key reasons for forecast variance
General Repairs	75,110	£54k due to an increase in repair costs, £22.5k agency staff costs for the Property services manager which has now been recruited too.
Void Property Repairs	-140,500	Lower than budgeted number of void properties
General Planned Maintenance	-95,000	Currently forecast a saving, full results of the stock condition survey will be known in December which may impact the forecast.
Estates Management	36,613	£16k consultancy fees for self-assessment inspection (this is now being carried out in house), £16.5k Legal fees for disrepair claims
Capital Charges	-65,174	Reduced cost of Capital charges

8. Earmarked Reserves

- 8.1 The Council holds a number of earmarked revenue reserves over both the General Fund and HRA. These reserves are sums set aside for specific purposes and to mitigate against potential future known or predicted liabilities. A number of these reserves are budgeted for use over the period of the MTFS.
- 8.2 Contributions to/from reserves are noted below, detailed analysis of reserves are shown on **Appendix 3.**

Table 9 - Ear Marked Reserves

Reserves	Opening Balance 01/04/24	Increase	Decrease	Closing Balance 31/03/25
	£		£	£
General Fund Earmarked Reserves	-1,463,765	0	441,782	-1,021,983
Housing Revenue Reserve	-1,636,198	0	1,155,563	-480,635

9. Capital Programme

- 9.1 The 2024/25 Capital Programme was set at Full Council in February 2024. Table 8 below shows a summary of the 2024/25 capital programme; the full capital programme is shown in **Appendix 4.**
- 9.2 The forecast at Quarter 2 for the **General Fund capital programme** is £2.441m with slippage of £536k estimated by outturn. This is comprised principally of £101k on the vehicle replacement programme, due to long lead times on new vehicles, and £350k on the sports facility's improvement programme, due to challenges from Sport England that have now been resolved. £459K of UKSPF-funded capital projects have now been added to the budget.
- 9.3 The forecast at Quarter 2 for the **HRA capital programme** is £3.301m with slippage of £2.027m estimated by outturn due to a delay on the New Housing Initiatives scheme as further funding options and housing options are being investigated, and £125K on door replacement work that has been delayed until after winter.

9.4 Approval is requested to reduce the capital budgets for 2024/25 and increase the 2025/26 by the reported slippage amounts for the general fund and HRA. Capital spend against the revised budgets will be monitored for the remainder of the financial year.

Table 10 - Capital Programme Summary

Fund	Revised Budget	Forecast Outturn	Forecast Variance to Budget
	2024/25	2024/25	2024/25
	£'000	£'000	£'000
General Fund Schemes			
Vehicle Replacement	754	653	-101
Waste Project	440	340	-100
Sports Facilities Improvement Programme	484	134	-350
UK Shared Prosperity Fund	470	459	-11
Other	936	855	-92
GF Total	2,626	2,441	-643
Housing Revenue Account			
New Housing Initiatives	2,157	255	-1,902
Decarbonisation of Housing Stock	1,060	1,060	0
Central Heating	1,068	1,068	0
Other	1,043	918	-125
HRA Scheme Total	5,328	3,301	-2,027
Total	8,412	5,742	-2,670

Details of the Capital Programme financing are included in **Appendix 4**.