



# **The Budget 2024/2025**

Monitoring Report

30 September 2024 – Quarter 2

Michelle Drewery  
Assistant Director Resources  
Section 151 Officer

# The Budget Monitoring Report 2024/2025: 30 September 2024 – Quarter 2

## 1. Introduction and Summary

This report provides an assessment of the council's financial performance against its 2024/2025 approved budget, incorporating key financial risks, issues, and opportunities since 1 April 2024 for revenue and capital items. The year-end forecasts take into consideration emerging data from service managers along with actual income and expenditure from 1 April 2024 to 30 September 2024.

The key sections of the report are laid out as follows:

- General Fund (Revenue) – Section 2 and Appendix A
- Capital – Section 3 and Appendix B
- Reserves – Section 4

## Risks and Key Items

Following a change in Government in July, uncertainty continues surrounding the impact this may have on the Council, in terms of funding allocations and direction of financial settlements going forward. The Council continue to monitor briefings from Government and review the impact and opportunities of any announcements.

As of September 2024, inflation is at 1.7%, which is marginally under the target level of 2% set by Government. The lasting effect from inflation on individuals and businesses is being monitored in terms of impacts from increasing revenue costs and demand for the Council's services, risk to recovery of monies collected by the Council and risk that could delay and/or increase the cost of capital projects.

At the end of quarter 2 the Bank of England base rate remained at 5% following a reduction from 5.25% in August 2024. On 7<sup>th</sup> November, the base rate was reduced by 0.25% to 4.75%.

The Council set its original budget for Revenue and Capital at its meeting of 22 February 2024. The following table shows a summary of the forecast revenue position for the year based on information arising from the period to 30 September 2024:

## Revenue

Table 1 below shows a summary of the forecast revenue position for the year based on information arising from the period to 30 September 2024:

**Table 1**

Revenue	Approved budget 2024/2025	Forecast budget position 2024/2025	Forecast Variance 2024/2025
	£	£	£
Borough Spend	26,930,950	27,525,496	594,546
Financing	(24,731,820)	(25,017,420)	(285,600)
Contributions to/(from) General Fund Reserve	(2,199,130)	(2,508,076)	(308,946)

The council budgeted for a contribution from the General Fund Reserve of £2,199,130 to fund the net budget required this year. However, the current forecast position is estimating that the requirement will be £2,508,076, an adverse movement of £308,946 against the original budget.

The council have also committed to contributing £1,810,000 to the General Fund Reserve, to replenish funds used to pay the Pension Lump Sum. Taking the above into consideration, the estimated balance in the General Fund Reserve, as at 31 March 2025 is £7,899,630.

## **Capital**

The Capital Programme 2023/2028 was approved at Council on 22<sup>nd</sup> February 2024. Work is being undertaken to review and rephase the capital programme following the capital outturn report for 2023/2024, which was reported to Cabinet on 30<sup>th</sup> July 2024. This work is still under review. An update will be provided in Quarter 3 monitoring report.

**If further information is required regarding this report, please do not hesitate to contact Michelle Drewery.**

## 2. Revenue Budget 2024/2025

The budget for 2024/2025 was presented to Cabinet on 7<sup>th</sup> February 2024 and approved by Council on 22<sup>nd</sup> February 2024 in accordance with the process for approving the Medium-Term Financial Plan 2023/2028.

A summary of the budget position as at 30 September 2024 is shown below in Table 3. Further detail of the movements can be seen in Appendix A.

**Table 3**

Q2 Forecast Outturn Position	Approved budget 2024/2025	Forecast budget position 2024/2025	Forecast Variance 2024/2025
Service	£	£	£
Central Services	3,713,440	3,748,440	35,000
Chief Executive	55,000	55,000	-
Environment and Planning	2,285,260	2,595,260	310,000
Health Wellbeing and Public Protection	1,120,410	1,126,050	5,640
Legal, Governance and Licensing	978,140	978,140	-
Leisure and Community Facilities	2,428,740	2,449,740	21,000
Operations and Commercial	2,484,690	2,566,980	82,290
Programme and Project Delivery	(195,370)	(191,870)	3,500
Property and Projects	(1,366,970)	(1,366,970)	-
Regeneration Housing & Place	1,501,480	1,452,060	(49,420)
Resources	8,493,860	8,680,396	186,536
Financing Adjustment	1,929,380	1,929,380	-
Internal Drainage Boards	3,502,890	3,502,890	-
<b>Borough Spend</b>	<b>26,930,950</b>	<b>27,525,496</b>	<b>594,546</b>
Contributions to/(from) General Fund Balance	(2,199,130)	(2,508,076)	(308,946)
<b>Borough Requirement</b>	<b>24,731,820</b>	<b>25,017,420</b>	<b>285,600</b>
Revenue Support Grant	(1,015,160)	(1,015,160)	-
Rural Service Delivery Grant	(628,540)	(628,540)	-
New Homes Bonus	(338,620)	(338,620)	-
Other Government Grants	(710,460)	(964,460)	(254,000)
Business Rates	(14,064,600)	(14,064,600)	-
Council Tax	(7,974,440)	(8,006,040)	(31,600)
<b>Total Funding</b>	<b>(24,731,820)</b>	<b>(25,017,420)</b>	<b>(285,600)</b>
<b>Funding Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following revenue budget virements have been identified in the period:

**Table 4**

Service	Amount	Reason for Virement
Health Wellbeing and Public Protection	(74,930)	It was identified that some staffing budgets were not being reflected under the appropriate service area. These virements re-align the staffing budgets to correct these errors.
Legal, Governance and Licensing	129,560	
Environment and Planning	32,460	
Resources	(87,090)	
<b>Total</b>	-	

### Turnover savings

The turnover saving target is the savings anticipated from a service's ability to hold a position vacant for a short time following an employee leaving. Savings in some posts cannot be achieved due to the critical need to have that post filled promptly to maintain timely service provision. As a result, savings are offset by cost of temporary/agency staff, overtime, and costs of recruitment.

The budgeted turnover savings for 2024/2025 are £1,000,000. At the date of preparing this report the 2024/2025 cost of Living pay award has been approved, but is still awaiting payment, so an estimate has been built into the turnover savings calculation.

A high-level turnover savings calculation has been prepared and summarised below in table 5. A more detailed calculation will be prepared and presented in the Quarter 3 monitoring report, following the payment of the 2024/2025 cost of living pay award.

**Table 5**

Direct employee costs	£
Estimated cost for filled posts as at September 2024	22,409,710
Actual cost of recruitment, agency and consultants April to September	674,970
Estimated cost of recruitment, agency and consultants October to March	401,060
<b>Total estimated costs for year</b>	<b>23,485,740</b>
<b>2024/2025 budget</b>	<b>25,323,790</b>
<b>Turnover Savings target</b>	<b>(1,000,000)</b>
Savings over target	838,049

At this stage of the year assumptions for recruitment to vacant posts is estimated for the final half of the year along with the impact for reliance on costs of backfilling those vacant posts.

In consideration of the estimating of those costs, it is anticipated that the Council will meet the turnover savings target and be in a surplus position. As set out above, a more detailed and robust overview of the turnover savings will be provided in the Quarter 3 monitoring report and any surplus achievement of the turnover savings will be reflected in the forecast outturn position.

### Opportunities/Risks

With the 2024/2025 Cost of Living award still outstanding for payment, it has proven difficult to accurately calculate the anticipated turnover saving position. The cost of living award has been agreed and payment, backdated from April 2024, will be paid in December. Work is being undertaken to update base salaries, so once this information is received a more accurate savings position can be calculated.

A review of contracts has been undertaken as part of the base budget assumptions for 2025-2029 estimates. Several contract price increases have been identified and further action may be required to contain these increases within current budgets. This will be reviewed closely and reported on accordingly.

During the ongoing estimates 2025-2029 process, various savings proposals have been put forward. Some of these proposals may materialise in the current financial year, generating in year savings against budgets. This will be closely monitored going forward and any savings reported when realised.

### 3. Reserves

The main reasons the Council holds reserves are to :

- Manage known financial risks.
- Hold funding as one-off contributions to expenditure, allowing ongoing revenue budget reductions.
- Manage timing difference between the receipt of funding and actual spend.
- Hold ring-fenced funds such as specific grants.

As reported to Council in February 2024, the budget set out an estimated contribution from the General Fund Reserve of £2,199,130. Table 6 below shows the estimated impact to the General Fund Reserve balance based on the current forecast position:

**Table 6**

<b>Projected Movements in General Fund Reserve Balance</b>	<b>2024/2025 £</b>
<b>Revised balance brought forward 1 April 2024 (following 23/24 audit)</b>	<b>8,597,706</b>
Estimated contribution to/(from) General Fund Reserve	(2,508,076)
Pension lump sum replenishment	1,810,000
<b>Projected General Fund Balance 31 March 2025</b>	<b>7,899,630</b>

The General Fund Reserve Balance is used to support the revenue budget as set out in the Medium-Term Financial Plan. However, the council also holds various earmarked reserves which are held for specific purposes. The following table (Table 7) shows the budgeted movements to/(from) earmarked reserves and provides notes in respect of any in year movements against these reserves for the period to 30 September 2024.

**Table 7**

<b>Reserves</b>	<b>Opening balance 1 April 2024</b>	<b>Budgeted movements To/(From) Revenue</b>	<b>Capital Transfers</b>	<b>In year movements To/(From) Revenue</b>	<b>Note</b>	<b>Forecast Outturn Balance 31 March 2025</b>
<b>Ring Fenced Reserves</b>						
Amenity Areas	(37,740)	-		(12,000)	<b>1</b>	(49,740)
Capital Programme Resources	(811,688)	520		(17,952)	<b>2</b>	(829,120)
Collection Fund Adjustment Reserve	(4,846,972)	-		-		(4,846,972)
Grants Reserves	(1,804,883)	133,860		40,172	<b>3</b>	(1,630,851)
Holding Accounts	(429,097)	-		-		(429,097)
Other	(113,853)	(130,000)		-		(243,853)
Planning Reserves	(377,560)	(41,370)		40,000	<b>4</b>	(378,930)
Repairs and Renewal Reserves	(544,290)	(17,940)		-		(562,230)

Reserves	Opening balance 1 April 2024	Budgeted movements To/(From) Revenue	Capital Transfers	In year movements To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2025
Ring Fenced Reserves	(5,981,802)	(267,310)		63,349	5	(6,185,763)
Educational Skills Attainment	-	80,000		-		80,000
<b>Sub Total</b>	<b>(14,947,885)</b>	<b>(242,240)</b>	<b>-</b>	<b>113,569</b>		<b>(15,076,556)</b>
<b>Risk Management</b>						
Capital Programme	(64,413)	-		-		(64,413)
Holding Accounts	(30,003)	-		-		(30,003)
Insurance	(156,869)	(61,470)		-		(218,339)
Planning Reserves	(22,947)	-		-		(22,947)
Ring Fenced Reserves	(45,155)	-		-		(45,155)
<b>Sub Total</b>	<b>(319,386)</b>	<b>(61,470)</b>	<b>-</b>	<b>-</b>		<b>(380,856)</b>
<b>Service Delivery</b>						
Capital Programme Resources	(3,987,562)	201,430		(713,332)	6	(4,499,465)
Climate Change Strategy	(716,696)	202,000		-		(514,696)
Grants Reserves	(1,827,523)	(42,000)		2,669	7	(1,866,854)
Holding Accounts	(2,348,444)	57,000		5,140	8	(2,286,304)
Planning Reserves	-	36,180		-		36,180
Project Reserves	(4,457,012)	-		22,785	9	(4,434,227)
Repairs and Renewal Reserves	(1,280,074)	(16,640)		(15,704)	10	(1,312,419)
Restructuring Reserve	(270,928)	-		-		(270,928)
Ring Fenced Reserves	(139,908)	100,000		-		(39,908)
<b>Sub Total</b>	<b>(15,028,149)</b>	<b>537,970</b>	<b>-</b>	<b>(698,443)</b>		<b>(15,188,621)</b>
<b>Grand Total</b>	<b>(30,295,420)</b>	<b>234,260</b>	<b>-</b>	<b>(584,874)</b>		<b>(30,646,034)</b>

The above table shows various movements to the reserves in year:

**Budgeted Movements to/from reserves total £234,260:** Movements to/from reserves which were included within the approved budget

**Capital transfers total £nil:** This is where funds have been transferred to capital projects in year.

**In year movements to/from revenue total £584,874:** This balance accounts for other movements to and from reserves which were not included within the approved budget of £58,657 as well as additional transfers to reserves following the presentation and approval of the outturn report for 2023/24 to Cabinet on 30 July 2024 of £643,531. Further detail on these is set out below.

#### Notes to Reserves movements

##### Ring Fenced Reserves:

##### Note 1 – Amenity Areas

(£12,000) additional transfer to reserves following 2023/24 outturn position to fund future maintenance of Play Areas.

**Note 2 – Capital Programme Resources**

(£17,952) transfer to reserves due to a discrepancy in the historic rent deposits reconciliation – this reserve will be drawn upon if any further discrepancies are identified

**Note 3 – Grant Reserves**

(£34,140) correction to budgeted reserves transfer for Homes for Ukraine. Excess grant income was advanced at year end into revenue, opposed to being transferred to reserves. Therefore there is no reserve balance to draw down on for 24/25 as the income is already within revenue under the relevant cost centre.

(£18,240) forecast reduction to budgeted transfer from reserves for Housing staff due to Homelessness Prevention Grant being utilised

£50,000 transfer from reserves to cover the 24-25 MARMOT initiative project cost

£42,552 transfer from reserves of remaining COMF funding to cover funded staff posts

**Note 4 - Planning Reserves**

£40,000 reduction to budgeted transfer to reserves for planning fees (20%), due to fewer/smaller planning applications being submitted.

**Note 5 – Ring Fenced Reserves**

£47,040 transfer from Tourism reserve to cover the cost of delayed marketing campaigns, due to capacity issues within the department – amounts were set aside in 2023/24 to enable these campaigns to be delivered in 2024/25.

£4,000 transfer from reserve to cover the cost of Your Local Paper Local Heroes Awards.

£12,309 transfer from Pelicans reserve due to credit notes being issued in year for works done, which were previously transferred to reserves

**Service Delivery:**

**Note 6 – Capital Programme**

(£186,536) reduction to budgeted transfer to reserves for ICT, following review of cabinet report regarding funding.

(£300,000) additional transfer to reserves following 2023/24 outturn position to fund condition surveys for Councils commercial properties.

(£100,000) additional transfer to reserves following 2023/24 outturn position to cover additional resurfacing costs of the current 3G pitch at Lynnsport.

(£50,000) additional transfer to reserves following 2023/24 outturn position to fund technological, mobile communications and working solutions for non office based staff at the Depot.

(£100,000) additional transfer to reserves following 2023/24 outturn position to increase Disabled Facilities capital fund. This fund will help reduce the waiting list for assessments and keep residents safe within their homes by providing necessary facilities and adaptations.

(£748) transfer to cover debit balance on reserve following Year end 31 March 2024 close down

£23,952 transfer from reserve to cover the cost of Agency staff within Property Services

## **Note 7 – Grants Reserves**

(£6,531) additional transfer to reserves following 2023/24 outturn position to transfer residual Department for Work and Pensions grant funding for future use.

£9,200 transfer from reserve to cover the cost of Ascendant Software renewal

## **Note 8 – Holding Accounts**

£12,000 transfer from reserve to cover additional training costs which were initially planned for 2023/24.

£13,000 transfer from reserve to cover the cost of the Cultural Strategy – amount was put to reserves in 2023/24 to cover cost in 2024/25.

(£30,000) additional transfer to reserves following 2023/24 outturn position to fund planning guidance for waste collection services on new developments.

£4,140 transfer to cover the cost of the Housing Needs Strategy incurred to date

£6,000 transfer from reserves to cover the cost of Hunstanton Bus Station development strategy

## **Note 9 - Project Reserves**

£22,785 transfer from reserve to cover the cost of the Leisure facility review

## **Note 10 – Repairs and Renewals**

(£45,000) additional transfer to reserves following 2023/24 outturn position to fund pathway drainage and cremator repairs at the Crematorium.

(£704) transfer to cover debit balance on Pools repair reserve following Year end 31 March 2024 close down

£30,000 transfer from resort reserve to fund the resurfacing and fencing work required to the hard courts in Hunstanton

## **4. Age Debt Analysis**

The effective management and collection of debt is an essential contributor to the councils' financial resources. Debt recovery levels can be volatile and at risk especially when there is economic financial instability. This was heightened originally under the pandemic but also the inflationary and other wider cost of living impacts that have emerged since then continue to impact livelihoods and businesses. However, current monitoring is not indicating a material impact for the council on debts in arrears.

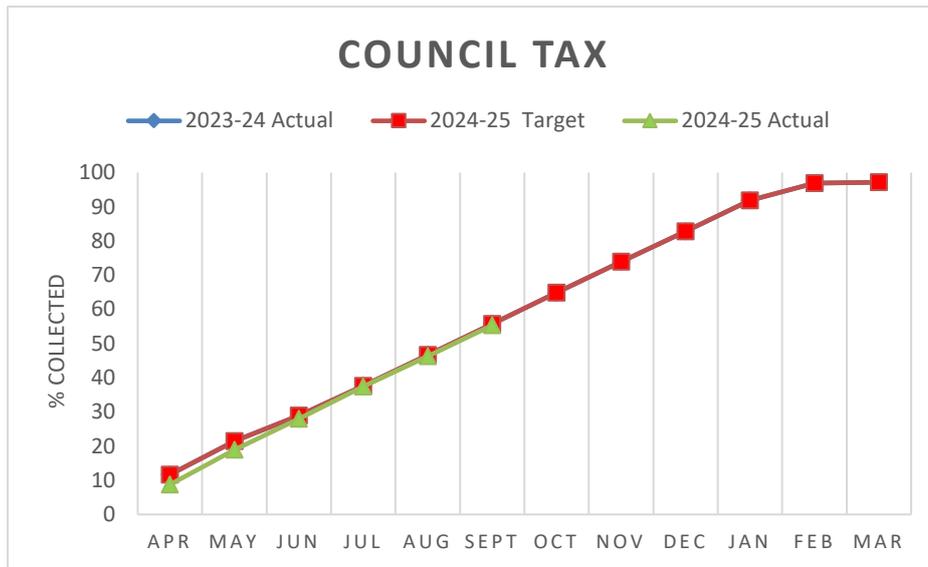
The following information can be found in Appendix C

- Age debt comparison for 2023/2024 to 2024/2025 as at 30 September 2024
- Housing Benefit Recovery Payments

## **5. Council Tax and Business Rates**

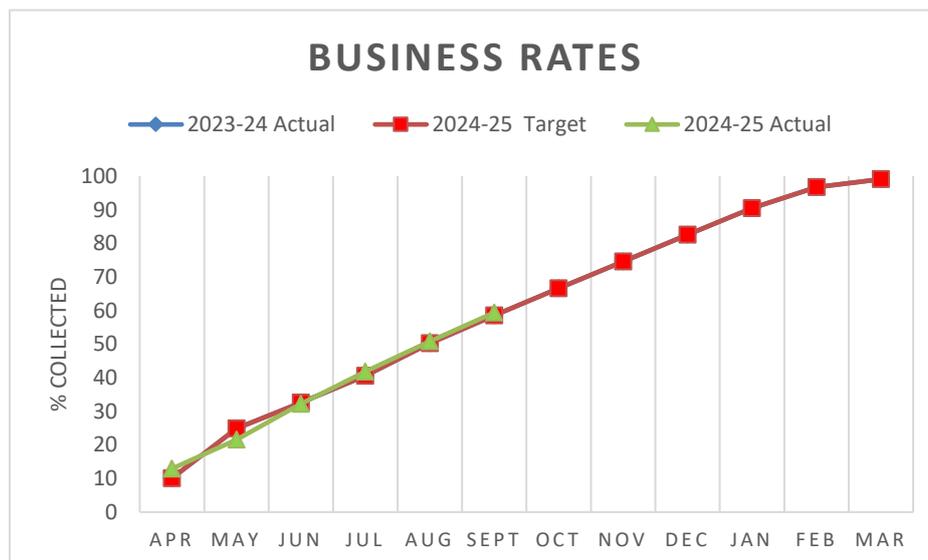
As of 30 September 2024, 55.33% of council tax has been collected against the target of 55.69% which was the percentage the same time last year. See Chart below with comparison.

**Table 8**



59.39% of business rates has been collected against the target of 58.56%, which was the percentage the same time last year. See chart below with comparison.

**Table 9**

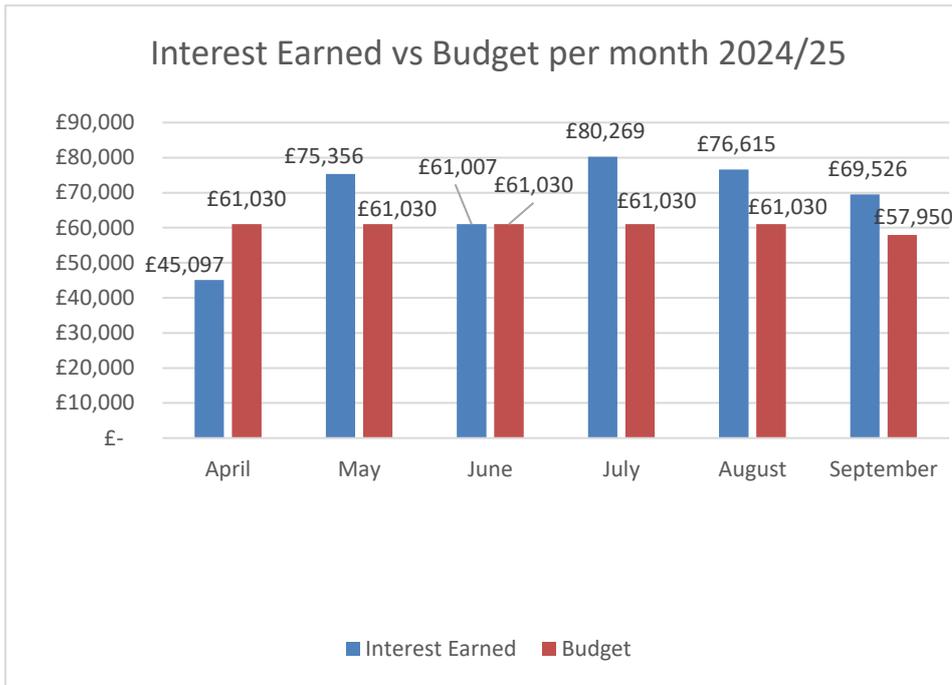


## 6. Treasury management 2024/2025

The “Treasury Management Strategy Statement and Annual Investment Strategy 2024/2025” was approved by Council on 22 February 2024. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.

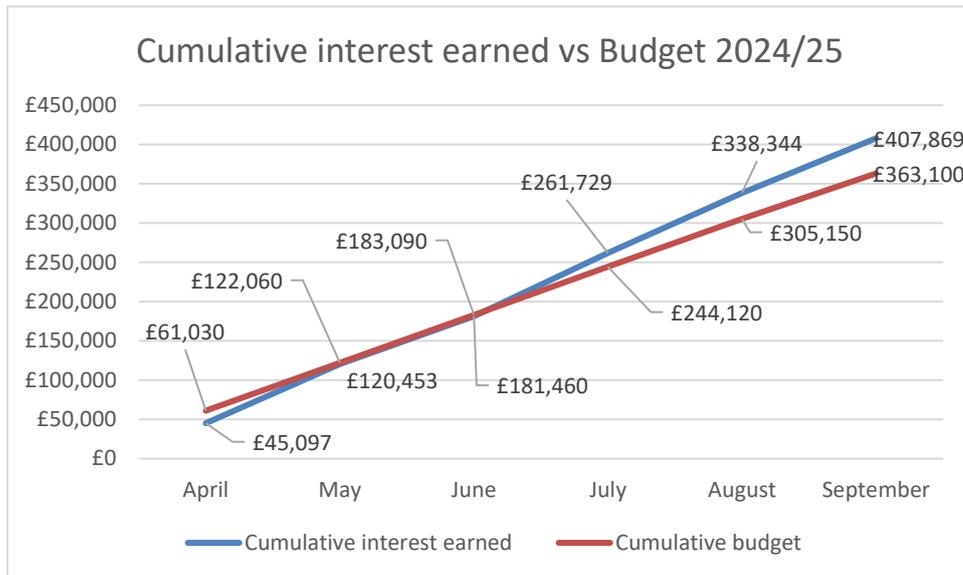
The graph below compares the interest earned each month to the forecasted budget:

**Table 10**



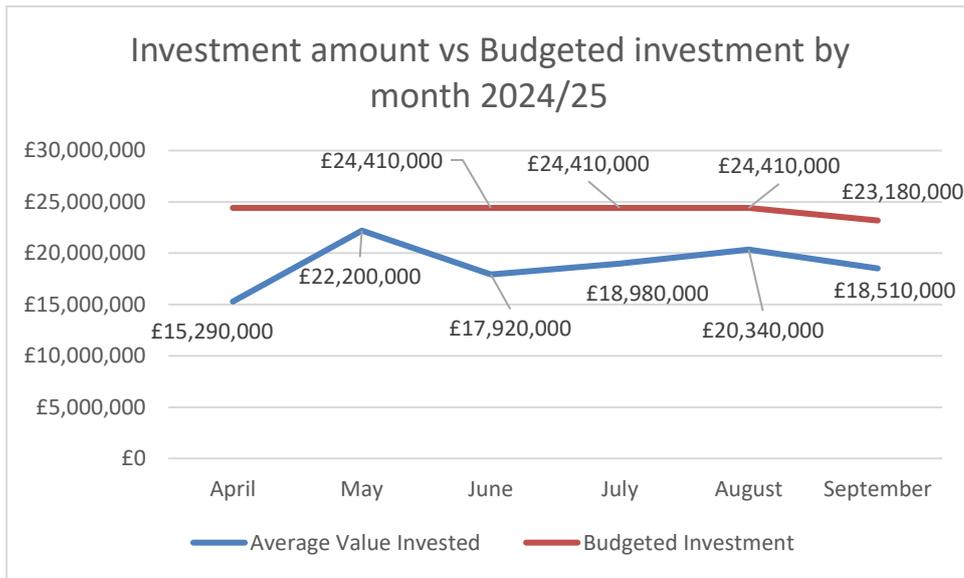
The graph below compares the cumulative interest earned and forecasted budget:

**Table 11**



The graph below compares the average value invested each month to the forecasted budget:

**Table 12**



The below tables update on movements in borrowing and investments during the period:

**Loans**

**Table 13**

Institution	Principal £	Rate %
Short Term borrowing	0	
<b>Total Short Term</b>	<b>0</b>	
Barclays	5,000,000	3.810%
Barclays	5,000,000	3.810%
<b>Total Long Term</b>	<b>10,000,000</b>	
<b>Total Borrowing</b>	<b>10,000,000</b>	

**Investments**

**Table 14**

Institution	Principal £	Rate %
HSBC Liquidity - MMF	2,730,000	4.961%
BNP (Banque Nationale de Paris) – MMF	4,000,000	4.960%
Federated PR – MMF	220,000	4.981%
LGIM - MMF	4,000,000	4.996%
<b>Total Money Market Fund Investment</b>	<b>10,950,000</b>	
South Ayrshire Council	4,000,000	5.650%
<b>Total Other Investments</b>	<b>4,000,000</b>	
<b>Overall Investments</b>	<b>14,950,000</b>	

## **7. Conclusion**

The primary objective of this report is to monitor service area performance against allocated budgets and to consider variances to the budget figure in the light of current circumstances.

Careful budgetary control throughout the year ensures that resources are applied as planned, fulfilling the goal to secure the long-term economic future of the borough. Budgetary control is applied in a consistent manner across all budgets, and individual decisions to be taken during the financial year are reviewed for impact on a case-by-case basis before they are taken, so that any identified impact can be considered and taken into account at the appropriate time.

The content of this budget monitoring report is designed to enable councillors and senior officers to see the financial position of the Council as a whole, as required by the Local Government Act.