

Meeting of: Corporate Resources and Economy Scrutiny Committee

Meeting Date: 5 December 2024

Publication: Open

Council Priority: All

Wards: All

Report of: Corporate Director of Resources

Report No: No Key Decisions – Not Required

## Subject: Budget Monitoring 2024/25 Quarter 2 Report – Covering Report

### 1. Recommendations

**Corporate Resources and Economy Scrutiny Committee are asked to:**

- 1.1. To consider and note the enclosed Budget Monitoring 2024/25 Quarter 2 report, agreed by the Executive on 28 November 2024.

### 2. Report Summary

- 2.1. This report sets out the General Fund, HRA and Capital Programme's forecast year end position at the end of Quarter 2 (Q2) 2024/25. In line with accounting convention, overspends (adverse variances) are reported with positive (+) signage, and underspends (favourable variances) with negative (-) signage.

- 2.2. Table 1 below shows a summary of the GF financial position.

**Table 1 – 2024/25 General Fund Over/(Under)Spend**

	Q2 Variance Over/(Under) Spend £m	Q1 Variance Over/(Under) Spend £m	Change
Adults Social Services	0.739	1.065	(0.326)
Chief Executive's	0.010	0.010	0.000
Children & Young People	0.000	0.000	0.000
Communities Strategy & Change	0.706	0.557	0.149
Community Wealth Building	3.780	3.298	0.482
Environment & Climate Change	3.042	3.093	(0.051)
Homes & Neighbourhoods	5.707	1.791	3.916
Public Health	0.000	0.000	0.000
Resources	0.058	0.000	0.058
<b>Total: Directorates</b>	<b>14.042</b>	<b>9.814</b>	<b>4.228</b>
Corporate Items	(5.660)	(5.008)	(0.652)
<b>Total: General Fund</b>	<b>8.382</b>	<b>4.806</b>	<b>3.576</b>
Less: Inflation, Energy, and Demand Contingency	(3.596)	(3.596)	0.000
Less: Corporate budget for the revenue impact of capital projects	(0.457)	(0.562)	0.105
<b>Net: General Fund</b>	<b>4.329</b>	<b>0.648</b>	<b>3.681</b>

2.3. The key General Fund variances, significant movements since Q1 and planned mitigations are:

- Temporary Accommodation (TA) is reporting an overspend of +£5.356m. **This is an adverse movement of +£3.957m since Q1.** This is due to a significantly increasing trend in cases of TA and rising costs of accommodation. The department is acting to mitigate through the Property Acquisition Programme, adapting the allocations policy, and developing prevention programmes such as deposit incentives.
- The various sources of parking income are underachieving by a forecast +£1.559m (an adverse movement of +£0.009m since Q1). Within this, the position in permit and pay & display income has worsened since Q1. This is offset by favourable movements in Penalty Charge Notice income.
- Unchanged from Q1, there is a +£1.180m forecast shortfall in commercial property income due to an underlying shortfall in the rent roll forecast and notice recently being given on two large leases at Old Street. An arrangement to secure commercial income has been achieved at one of these properties. Other opportunities to increase the rent roll further are being pursued (including opportunities to lease space at the Newington Barrow Way building), along with a programme of rent reviews.
- Street Operational Services is forecasting an overspend of +£0.805m, (an increase of +£0.015m since Q1) largely due to delayed delivery of saving which aimed to generate additional enforcement income. There is also a pressure relating to recurrent non-delivery of a historic saving which aimed to generate additional income from the sale of Eurobins.
- The local government pay award for the period 1 April 2024 to 31 March 2025 has now been agreed. An initial high-level estimate is that this will result in a budget pressure of +£0.799m on the pay award budget set aside at 2024/25 budget setting. However, there is a risk that the pressure will be larger than initially estimated and that there will be additional pressure on the pay award budget. This estimate is unchanged from the Q1 forecast because the pay award was agreed in line with the previous offer. The actual impact on pay budgets is being worked up in more detail and will be reported at Q3.
- There are new pressures reported related to one-off costs of the final phase of catch-up stock condition and Reinforced Autoclaved Aerated Concrete (RAAC surveys) (+£0.410m), and previously unidentified historic service charges in relation to N4 library (+£0.302m) covering the last 5 years (dating back to 2019). These pressures only impact the 2024/25 financial year.
- The Leisure position has worsened and is forecasting an overspend of +£0.512m (an increase of +£0.176m since Q1) due to the partial closure of Sobell Leisure Centre until Spring 2025.
- There is a forecast underspend of -£4.260m on GF interest payable primarily due to slippage in the capital programme and consequently less capital expenditure having to be financed by borrowing. In addition, there is forecast additional investment income of -£2.250m due to prevailing higher interest rates.

2.4. The forecast position for the HRA is an in-year deficit of £5.475m. As the HRA is a ringfenced account, any deficit at the end of the financial year will be transferred from HRA reserves. The largest pressures within the HRA at Q2 relate to a +£2.500m pressure

arising from the need to tackle damp and mould in dwellings and +£3.235m pressure because of elevated levels of housing disrepair claims which require additional resources.

- 2.5. As at the end of Q2, total capital expenditure of £78.776m has been incurred against a 2024/25 revised forecast of £248.441m, representing 32% of spend against forecast.
- 2.6. Schools balances are forecast to be in a net surplus of £1.594m at the end of 2024/25 (£5.986m as at the end of 2023/24) with 18 schools forecast to be in deficit (17 as at the end of 2023/24).

### 3. Implications

- 3.1. This Budget Monitoring 2024/25 Quarter 2 report outlines the financial, legal, environmental, and equalities implications for the council's 2024/25 budget. It emphasises the need for balanced spending plans to avoid deficits, with specific regulations for capital schemes and overspends. The budget's environmental implications are considered, with variances potentially affecting service delivery. An equality impact assessment was conducted for the 2024/25 budget.

### Appendices

Budget Monitoring 2024/25 Quarter 2

Appendix 1 – General Fund and HRA Revenue Monitoring by Variance

Appendix 2 – 2024/25 Revenue by Service Area

Appendix 3 – Savings Delivery Tracker

Appendix 4 – Capital Programme 2024/25

Appendix 5 – Multi-Year Capital Programme

**Background Papers:** None

<b>Signed by:</b>		
	Corporate Director of Resources (Section 151 Officer)	Date