

Report of	Meeting	Date
Director (Finance) and S151 Officer (Introduced by Executive Member (Resources))	Executive Cabinet	13/02/2025

2024/25 Corporate Budget Monitoring Report and Reserves for the 9 months to 31st December 2024

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. This report sets out the provisional outturn for revenue and reserves forecast for 2024/25 for the Council, based on the position as at 31st December 2024.

Recommendations to Executive Cabinet

2. To note the 2024/25 forecast outturn for revenue and reserves, based on the position at 31st December 2024.
3. To note the virements made to and from the revenue budget during the period, as detailed in **Appendix 2** of the report.

Reasons for recommendations

4. To ensure the Council's budgetary targets are achieved.

Other options considered and rejected

5. None, it is a requirement to report quarterly on the Revenue Budget monitoring and Reserves.

Executive summary

6. Based on the position at 31st December 2024, the forecast outturn is for an overspend of £32k (Month 6 overspend of £209k), as detailed in **Appendix 1**. The most significant factor within this overspend is related to the ongoing income pressures at Market Walk and Property Services which will be monitored for the remainder of the year. This has been offset by significant underspends around the pay award and treasury management.
7. The Council's Medium-Term Financial Strategy approved in February 2024, reported that the minimum level of General Fund Reserves should be maintained at £4.0m to cushion against any potential, future financial risks that may face the Council.

8. Based on the above forecast outturn overspend, the level of General Fund balances as at 31st March 2025 will be £4.060m, however we will monitor the position during the year and report to members accordingly.

Corporate priorities

9. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe, and engaged communities

Background to the report

10. The current net revenue budget for 2024/25 is £16.839m.
11. **Appendix 3** provides further information about the specific earmarked reserves that the Council holds at 31st December 2024.

Current Outturn Position – Revenue

12. The forecast revenue outturn, based on the position at 31st December 2024, shows a provisional overspend against the Council's budgets of £32k. A breakdown of this by department within the various directorates is detailed in **Appendix 1**, and the movement on reserves and reserve balances, are outlined in **Appendix 3**. The main variances by directorate are detailed below;

13. Variations from Budget

Directorate	Budget 2024/25 £'000	Forecast Outturn 2024/25 at 31 st December 2024 £'000	Variance (Under)/ Overspend £'000
Property	906	1,208	302
Communities and Leisure	2,944	2,620	(324)
Customer and Digital	8,114	7,883	(231)
Planning	809	907	98
Policy and Governance	6,380	6,226	(154)
Major Projects	(5,356)	(4,798)	558
Financing and Other Budgets	3,042	2,825	(217)
Total Net Expenditure	16,839	16,871	32
Funding	Budget 2024/25 £'000	Forecast Outturn 2024/25 at 31 st December 2024 £'000	Variance (Under)/ Overspend £'000
Council Tax	(8,058)	(8,058)	0
Business Rates	(6,870)	(6,870)	0
Funding Guarantee	(1,624)	(1,623)	1
New Homes Bonus	(141)	(141)	0
Revenue Support Grant	(127)	(127)	0
Services Grant	(19)	(20)	(1)
Total Funding	(16,839)	(16,839)	0
Net Outturn	0	32	32

14. The National Employers pay offer of £1,290 on all NJC points and above for the period 01st April 2024 to 31st March 2025 was accepted and payment (including arrears) made in November 2024. The overall implications of the pay award for 2024/25 compared to the provision of 5% included in the based budget is a savings of £178,330 which has been reflected in the staffing forecast and variances explained below across all directorates.

15. Explanation of key variances by Directorate are as follows:

16. Property – forecast £302k overspend (Month 6 - £4k underspend)

The key variances to note are:

- £90k net overspend on staffing costs across the directorate. The overspend is mainly due to use of agency staff within Property Services and increased staffing cost within Major Projects Team, including shared services recharges (£90k), increased staffing cost within Markets including overtime and enhanced rates (£33k) offset by vacant posts within CCTV (£12k) and Cotswold Supported Housing (£25k). The figure also reflects a reduction in the level of Service Level Agreement income from Chorley Leisure Ltd and South Ribble Leisure Ltd (£17k combined) given the reduction in services requested.
- £94k overspend on utilities costs across the directorate. This is mainly due to increased electricity cost within Car Parks (£43k), some vacant units on the Markets (£9k) and Investment Properties (£18k). Work has been completed to replace the

current EV chargers, resulting in the EV charging points now being chargeable, and the increased cost of electricity will be offset by the income received from the charging points. As a result the net impact of utility costs may be reduced by outturn.

- £124k increase in income in relation to overachieved car parking income targets. This reflects a return to some pre-pandemic levels since when budgets had been comparatively reduced. This is partially offset by a £66k overspend on external contractors which includes £50k processing costs for car park income and enforcement activity.
- £58k under achievement of rental income across the directorate. This includes £93k decrease in income for Investment Properties compared to budget, offset by increase in income for Facilities Management compared to budget, within Astley Village Community Centre (£21K) and Lancaster Way Community Centre (£22k).
- £21k forecast overspend on Repairs and Maintenance across the directorate on all Council assets.
- £71k overspend on non-domestic rates within Property Services, mainly due to increase for the Market areas and Investment Properties compared to budget following revaluations by the Valuation office.
- £26k net overspend relating to various small variances within the directorate.
- Bus Station – A payment of £650k was received from LCC as part of the handover of the bus station. This £650k has been retained within ear-marked reserves to be utilised on improvement and maintenance work. £78,244 of this reserve has been utilised during 2023/24 on this work and a further £238,874 is forecast to be utilised in 2024/25 leaving the remaining reserves balance of £332,882. Work is ongoing to develop the budget model and understand costs and income streams.

17. Communities and Leisure – forecast £324k underspend (Month 6 - £103k underspend)

The key variances to note are:

- £156k net underspend on staffing costs across the directorate compared to budget. The underspend is mainly due to various vacant posts within Housing, reduction in staffing cost within Home Improvement Team and the timing of the vacant post filled within Communities and Public Protection Team including shared services recharges.
- £58k overspend on temporary accommodation compared to budget due to the increase in number of homelessness representation, being offset by £89k increase in Homelessness Prevention Grant funding.
- £32k of unbudgeted Housing Benefit income relating to claims made by service users following support provided by the Housing Team.
- £38k underspend due to a contribution from the Household Support Fund towards the cost of core funding and commissioning grants.
- £26k increase in Licence fees and Housing Enforcement income.

- £23k increase in pest control shared services contract income.
- £18k reduction in External Contractors cost and IT Software licence, including recharges within Housing Options.
- £6k unbudgeted income within Community Partnership Team from FCC.
- £6k overspend relating to various other smaller variances across the directorate.
- The Communities and Leisure directorate carried forward various significant grants into 2024/25, and including grants received in year, totalling £1,185k (Homes for Ukraine £392k, Asylum Dispersal £554k and UKRSP/Syrian Refugee £239k). The actual grants utilised to date in 2024/25 amounts to £435k, leaving grant balances of £750k to be spent in the current and future financial years.

18. Customer and Digital – forecast £231k underspend (Month 6 - £150k underspend)

The key variances to note are:

- £390k net underspend on staffing costs across the directorate. This is mainly due to the savings achieved from Shared Head of Service post, timing of vacant posts being filled within Waste and Streetscene Services following the approved Phase 2 structure (£134k), timing of Apprentices and other vacant post being filled within Customer Services Team (£176k) and Digital Services staff vacancies (£70k).
- £232k overspend on non-staffing Digital Services expenditure due to various IT costs such as computer software purchases, annual licences, maintenance, security and support services. The majority of the overspend reflects inflationary pressures following retender exercises, as contracts have expired. These costs are to be addressed as part of budget setting for 2025/26.
- £60k underspend compared to budget across waste and recycling contracts. This is as a result of reduction in inflationary pressures and the performance of the waste contracts.
- £10k overspend on hired vehicles used for household waste bin deliveries. In view of the ongoing need for this type of vehicle options are being explored for future procurement.
- £5k forecast overspend on LCC clinical waste collection costs.
- £22k forecast additional income for Land Charges as the Land Registry Office has put back their collection of the Local Land Charges element to 2026/27 and therefore Chorley Council can continue to collect this element for 2024/25.
- £14k forecasted overspend on postage cost, however it is anticipated that this cost will reduce in the future years with the promotion of Council Tax e-billing
- £34k additional forecasted income compared to budget for Cemetery fees. The costs of this service are still in excess of income received.

- £30k forecasted overspend within Streetscene in relation to external contractors and general supplies.
- £9k additional income forecasted for Bulky Waste collections.
- £7k underspend relating to various other smaller variances across the directorate.

19. **Planning – forecast £98k overspend (Month 6 - £131k overspend)**

The key variances to note are:

- £44k net underspend on staffing costs across the directorate compared to the budget for 2024/25. This is mainly due to staffing vacancies within Enforcement Services and Building Control and Planning Services offset by the use of agency staff (£172k).
- £13k forecast overspend on statutory notices, and refunds applied within the Planning Services budget.
- £100k reduction in planning application income compared to budget based on the current level of income and assumed similar trend forecast for the rest of the year.
- £45k increase in one-off Planning Performance Agreement income offsetting some of the staffing cost noted above.
- £10k reduction in the level of income compared to budget on pre-plan applications, which has shown a slight improvement in the collection of income in 2024/25 compared to 2023/24, however the total target income level has yet to recover.
- £12k reduction in external contractors cost compared to budget for Allotments and Nature Reserves.
- £62k reduction in Building Control plan fees and Inspection income partly due to a vacant post within Building Control, as noted above, which is having an impact on income; the position should improve as staff are in place.
- £13k net reduction in income within Licencing Services.
- £1k net underspend relating to various smaller variances within the directorate.

20. **Policy and Governance – forecast £154k underspend (Month 6 - £26k overspend)**

The key variances to note are:

- £351k net underspend on staffing across the directorate compared to the budget for 2024/25. The underspend is primarily due to vacant posts within Corporate Admin Team (£37k) and Corporate Policy & Partnership Team (£193k) and the timing of vacant posts being filled within Shared Financial Services (£76k) including shared services recharges. These underspends are offset by agency staff costs within the Legal (£46k) and Procurement team (£29k). There are also multiple savings across various teams achieved as a result of agreed pay award compared to the 5% included in the base budget.
- £13k forecasted overspend in relation to the members allowance salary uplift, as agreed by the Council for the percentage increase in 2024/25 of 3.56%.

- £37k net overspend forecasted for utilities in Council buildings. The overspend is significantly less compared to that in 2023/24 due to the reduction in prices as of April 2024. This cost is partly offset by the increase in the costs recovered from the Astley Park Coach House tenant.
- £14k forecast increase in non-domestic rates compared to budget for Chorley Town Hall and Union Street offices. These increase in costs are to be addressed as part of budget setting for 2025/26.
- £20k forecasted net overspend relating to Chorley Flower show against a budget provision of £73k. The forecasted level of income is similar to 2023/24.
- £15k forecasted overspend relating to Chorley Events, based on a forecast of expenditure for various events including the Winter Wonderland event.
- £39k net increase in costs over the amount budgeted within Human Resources due to the PAYE settlement agreement paid over to HMRC for the tax on employee benefits, together with additional IT software annual licence costs and general subscriptions.
- £10k overspend relating to subsidised bus services, partly due to the under accrual of the final quarter in 2023/24.
- £30k underspend relating to the unused consultancy and events budget within Business Engagement Teams as UKSPF funds are being utilised.
- £9k forecasted overspend within Civic Services due to the increase cost of refuse collection for all Council sites.
- £10k forecasted overspend within the Procurement Team due to consultancy costs associated with reviewing our Contract Procedure Rules and Contract Terms and Conditions to bring them in line with the new Procurement Act 2003.
- £40k overspend on non-staffing costs compared to budget within the Finance Team partly due to an increase in Apprentice Levy costs (£9k), consultant's fees for the retender of Merchant acquiring services and Treasury brokerage charges.
- £48k overspend following finalisation of the 22/23 External Audit fees over and above the scale fee charge of £42k, offset by £11k increase in income compared to budget due to support provided by central government towards the increase in external audit fee following the Redmond Review.
- £57k underspend due to a required decrease in the Bad Debt Provision in line with the council's accounting policy for bad debts.
- £19k reduction in forecasted income compared to budget within Union Street offices due to a lease coming to an end and reduction in admissions fee income within Astley Hall.
- £21k net overspend relating to various other small variances within the directorate.

21. Major Projects – forecast £558k overspend (Month 6 - £313k overspend)

Further details of the major projects, including Market Walk, Strawberry Fields, the industrial units at Strawberry Meadows and the Extra Care schemes at Tatton Gardens and Primrose Gardens, are outlined in **Appendix 4**.

The key variances to note are:

- £418k forecast overspend on the Market Walk investment (Month 6 - £301k overspend) - this includes;
 - £4k net underspend on staffing due to a vacant post within market walk, including overtime;
 - £7k forecast increase in electricity costs;
 - £12k forecast increase in repairs and maintenance costs.
 - £16k increase in non-domestic rates due to the timing of two vacant units being occupied.
 - £375k net under-recovery of rent, service charge income and insurance recharges, including provision of bad debts for rental income compared to budget. This figure includes an under-recovery of rental income of £243k, due to vacant units, zero forecast for a tenant, as well as a £143k under recovery of service charge income due to management fee caps, temporarily void units and, following negotiation on some tenancies, the exclusion of some elements of service charges from the agreed tenancy agreements, such as seasonal decorations;
 - £4k underspend for window cleaning, refuse collection and pest control compared to budget;
 - £9k overspend on security costs for Market Walk.
 - £7k overspend on various small variances;
- £40k forecast overspend for Primrose Retirement Living (Month 6 - £24k overspend) - this includes;
 - £23k overspend on staffing, mainly due to an additional part-time post over and above the budgeted establishment.
 - £55k overspend on repairs and maintenance, largely due to security repair work and general reactive repairs and maintenance;
 - £14k overspend on non-domestic rates for vacant retail units and for Primrose dance hall.
 - £4k overspend on security services;
 - £53k net increase in service charge, rental income and hire of rooms and commercial tenants;
 - £3k underspend on various small variances;
- £98k forecast overspend for Strawberry Meadows (Month 6 - £52k overspend) - this includes;
 - £41k reduced rental income and management fee due to a vacant unit and agreement of stepped rents compared to budget;
 - £6k overspend on electricity (related to vacant units) and water costs including salting and gritting expenses;
 - £6k forecast increase in repairs and maintenance costs.
 - £37k overspend on security cost, this is due to making the building secure following a break in;
 - £5k overspend on non-domestic rates for the units which are currently vacant;
 - £3k overspend on various small variances;
- £40k forecast over recovery of income from Chorley BC Property Ltd in respect in of Logistics House.

- £1k forecast underspend for Tatton Gardens (Month 6 - £60k underspend) - this includes;
 - £19k forecast underspend on staffing due to a vacant post;
 - £64k forecast increase in electricity costs;
 - £14k forecast increase in repairs and maintenance costs.
 - £7k overspend on non-domestic rates due to empty units and some council tax voids.
 - £63k over-recovery of rent and service charge income on the residential properties compared to budget;
 - £4k net underspend relating to various small variances across several budget lines;

- £43k forecast overspend for Strawberry Fields (Month 6 - £38k overspend) - this includes;
 - £11k overspend on staffing due to the provision of staff cover;
 - £28k forecast overspend on reactive and planned maintenance;
 - £7k Settlement payment for a tenant;
 - £7k overspend on cleaning and catering costs;
 - £12k net increase in rental income from offices, meeting rooms, hot desks, pods, and from service charges, compared to budget. 90% of the offices are occupied and this equates to 93% of the floor space;
 - £2k net overspend relating to various small variances across several budget lines;

22. Financing and Other Budgets – forecast £217k underspend (Month 6 - £4k underspend)

- This includes a £66k overspend on interest payable due to interest rates being higher than anticipated.
- Interest receivable is over-recovered against the budget by £330k due to interest rates higher than anticipated.
- £43k overspend on the Minimum Revenue Provision as a result of changes made after the budget was set for the mix of funding used to finance some capital schemes in 2023/24, and also to reflect the slippage in the capital programme in 2023/24 as reported to Executive Cabinet in the 2023/24 Revenue Outturn Report in June 2024.
- There is a small overspend of £4k due to Council Tax overpayment income not being achieved.
- £25k increase in compensatory added years pension payment compared to budget due to the inflationary uplift paid on pensions.
- £25k underspend for DWP (Department for Works and Pensions) payments in relation to New Burdens funding within Housing Benefit.

Other supporting information

23. Further information in respect of the variations noted above can be found as follows:

Appendix 4 – Property - Major Projects

24. Planned Reserves movement

- Reserves transactions have been reflected in the relevant service area.

General Fund Resources and Balances

25. The Council's Medium-Term Financial Strategy reported that the minimum level of general fund reserves should be maintained at £4.0m to cushion against any potential, future financial risks that may face the Council.
26. The forecast level of general fund balances as at 31st March 2025 based on the detail covered in this report will be £4.060m, however we will monitor the position during the year and report to members accordingly.
27. As detailed at **Appendix 3**, as at 1 April 2024 the Council held a £4.092m in General Fund reserves to manage budget risks not covered by earmarked reserves or provisions within the budget. The forecast outturn for 2024/25 identifies that the General Fund closing balance will be £4.060m as detailed below:

Movement in General Fund Reserve

Summary of Movement in General Reserves	£'m
General Fund Reserves at 1 st April 2024	(4.092)
Forecast 2024/25 outturn revenue budget (surplus) / deficit	0.032
General Fund Reserve Closing Balance at 31 March 2025	(4.060)

28. **Appendix 3** provides further information about the specific earmarked reserves and provisions available for use throughout 2024/25.

Movement in Earmarked Reserves

29. Taking account of the adjustments highlighted in **Appendix 3**, the level of Earmarked reserves held for discretionary use by the Council at 31 March 2025 is £4.915m compared to a balance of £6.091m at 31 March 2024.

Summary of Movement in Earmarked Reserves	£'m
Earmarked Reserves at 1 st April 2024	(6.091)
Transfers (to)/from Earmarked Reserves	
Use of revenue reserves for Capital Financing	0.323
Use of other specific Earmarked Reserves	0.878
Transfers to Ear-Marked Reserves	(0.025)
Earmarked Reserves Closing Balance at 31st March 2025	(4.915)

30. The £878k use of other specific Earmarked Reserves shown in the table above includes the following items:

- £31k use of delivery of the Transformation and Savings Programme reserves.
- £15k use of Climate Change reserves.

- £28k use of Apprentices and Graduates reserves.
- £19k use of Investment in Play & Open Space reserves.
- £113k use of Budget Equalisation reserves.
- £233k use of Business Investment for Growth (BIG) Grants reserves.
- £30k use of Civica Property Management reserves.
- £74k use of Refugee/Asylum Seekers Funding reserves.
- £41k use of Planning Appeals reserves.
- £239k use of Bus Station – Transition of service reserves.
- £36k use of Handyman reserves.
- The remainder of the movements are various, smaller adjustments related to revenue spending.

31. The transfer into ear-marked reserves comprises of £20k of Local Plan reserves and £5k of Edward Mcknight Memorial Fund Account closure.

32. The use of earmarked reserves shown in the table above is reflected in the revenue budget monitoring position detailed in this report.

Climate change and air quality

33. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

34. Equality and diversity implications are considered within the budgets approved by the Council as at 27th February 2024.

Risk

35. The report refers to the monitoring and refinement of the 2024/25 revenue budget forecast over the course of the year. Inflation, uncertainty around funding and interest rates changes have all contributed to the risk and volatility in the forecasting over the 12 month period. The risks have been and will continue to be managed through budget monitoring and reporting going forward.

Comments of the Statutory Finance Officer

36. The financial implications are contained within this report.

Comments of the Monitoring Officer

37. There are no concerns with this report from the Monitoring Officers perspective.

Background documents

There are no background papers to this report.

Appendices

Appendix 1 – Revenue 2024/25 - position as at 31st December 2024

Appendix 2 – Revenue Budget Movements at 31st December 2024

Appendix 3 – 2024/25 Reserves Programme position at 31st December 2024

Appendix 4 – 2024/25 Major Projects position at 31st December 2024

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