

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: THIRD QUARTER REVENUE BUDGET MONITORING 2024/25

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for the financial year 2024/25, as at the end of the third quarter. The forecast variance is a £840k decrease in the net working budget of £19.589million, with an ongoing impact in future years of a £76k increase. There are also requests to carry forward £731k of unspent budget to fund specific projects and initiatives in the next financial year. Explanations for all the significant variances are provided in table 3.

2. RECOMMENDATIONS

- 2.1. That Cabinet note this report.
- 2.2. That Cabinet approves the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a £840k decrease in net expenditure.
- 2.3. That Cabinet approves the changes to the 2025/26 General Fund budget, as identified in table 3 and paragraph 8.2, a total £807k increase in net expenditure.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Budget holders have considered the options to manage within the existing budget but consider the variances reported here necessary and appropriate.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Consultation on the budget monitoring report is not required. Members will be aware that there is wider consultation on budget estimates during the corporate business planning process each year.

6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 15th November 2024.

7. BACKGROUND

- 7.1. Council approved the revenue budget for 2024/25 of £19.933million in February 2023. As at the end of Quarter Three, the working budget has decreased to £19.589million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original Revenue Budget for 2024/25 approved by Full Council	19,933
Quarter 3 2023/24 Revenue Budget Monitoring report – 2024/25 budget changes approved by Cabinet (March 2024)	410
2023/24 Revenue Budget Outturn Report – 2024/25 budget changes approved by Cabinet (June 2024)	634
Community Governance Review Terms of Reference report - additional budget required for the use of the Association of Electoral Administrators consultancy service to assist with delivering the Community Governance Review – approved by Council (July 2024)	20
First Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (September 2024)	(858)
Second Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (January 2025)	(550)
Current Working Budget	19,589

- 7.2. The Council is managed under Service Directorates. Table 2 below confirms the current net direct resource allocation of each Service Directorate and how this has changed from the budget allocations published in the Quarter Two revenue monitoring report. The other budget transfers during the quarter primarily relate to the allocation of the Corporate Apprenticeship Scheme resource to the relevant service areas.

Table 2 – Service Directorate Budget Allocations

	Original Budget 2024/25	Changes approved at Quarter One	Other Budget Transfers	Current Net Direct Working Budget
Service Directorate	£k	£k	£k	£k
Managing Director	(378)	(298)	(329)	(1,005)
Customers	4,466	(128)	54	4,392
Enterprise	(26)	(9)	48	13
Housing & Environmental Health	2,162	(225)	48	1,985
Legal & Community	2,574	(21)	92	2,645
Place	7,199	8	38	7,245
Regulatory Services	1,078	143	0	1,221
Resources	3,064	(20)	49	3,093
TOTAL	20,139	(550)	0	19,589

8. RELEVANT CONSIDERATIONS

- 8.1. Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final columns detail if there is expected to be an impact on next year's (2025/26) budget:

Table 3 - Summary of significant variances

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
Managing Director Apprenticeship Scheme	300	253	(47)	Forecast underspend is due to the turnover of apprentices during the year, with several apprentices either leaving the authority or successfully applying for substantive posts elsewhere within the Council. This meant apprentice positions were vacant while a new recruitment process took place. It is requested that the unspent budget is carried forward to help fund the costs of the apprenticeship scheme in the next financial year.	47	0
Managing Director Treasury Investments Interest Income	(2,800)	(2,955)	(155)	Increase in estimated interest income receivable is a combination of interest rates falling by less than estimated during the quarter and higher cash balances available for investment than estimated due to capital expenditure in the quarter being lower than anticipated.	0	0
Managing Director External Audit Fees	172	198	+26	External Audit Fees are expected to be more than the working budget provision. In recent years, government has provided some support for authorities with the additional audit fees associated with the implementation of the recommendations of the Redmond review via the allocation of the Redmond Review Local Audit Grant. The Council has however not been notified of any allocation for 2024/25. This was identified as a financial risk when the original budget was approved by Council last year.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
Customers Directorate Staffing Costs	6,425	6,297	(128)	Underspend on staffing is due to a combination of vacant posts, staff reducing hours and several retirements. £53k of the unspent budget is requested to be carried forward to finance the anticipated temporary staffing pressure in the Customer Service Centre associated with the waste service changes from May. A further £36k is requested to be carried forward to fund the costs of a temporary IT helpdesk position. Budget was carried forward last year for the cost of this role, which has been recruited to as a part-time 24-month post. The unspent budget in this financial year is therefore requested to be carried forward to meet those costs falling in future years.	89	0
Customers Court Summons Fees Income	(171)	(131)	+40	Income is forecast to be lower than budgeted this year as recovery was suspended with the transition to the new financial system during the year. No further court summons notices are expected to be issued before the end of the financial year.	0	0
Enterprise Projects Team Staffing Costs	157	117	(40)	Forecast underspend on salaries is due to vacancies held pending the preparation of a restructure proposal that will be tailored to meet the team's current and future needs.	0	0
Enterprise Royston Town Council Annexe Redevelopment	20	0	(20)	The delay in progressing this project has been due to the lack of a formal vehicular access to the rear of the Royston Town Hall annexe. Estates Officers are liaising with Hertfordshire County Council, who own the adjoining car park, to come to a suitable arrangement for a formal access route that would enable redevelopment options for the site to be looked at. It is therefore requested that the unspent budget is carried forward to fund the appointment of an architect in the next financial year.	20	0
Enterprise DCO 2nd Floor Letting Income – Rechargeable Items	(39)	(15)	+24	Reduction in this income primarily relates to the business rates cost chargeable to the tenant. A business rates valuation of the 2nd floor was arranged this year, with the tenant receiving a business rates bill directly rather than being recharged by the Council under the terms of the lease. The corresponding reduction in the Council's business rates expenditure was included in the forecast outturn reported at Quarter Two (within the other minor variances total in table 3). In addition, other chargeable costs to the tenant, such as energy and repairs and maintenance, have been lower than estimated.	0	24

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Enterprise Cultural Services Catering Income	(132)	(90)	+42	Howard Park Kiosk was brought under the management of Cultural Services this year, alongside the Bancroft Gardens Kiosk and the café within North Herts Museum. While a worse than expected summer from a weather standpoint was a particular issue at both the park-based kiosks this year, levels of demand have generally been lower than anticipated in the budget, with an adjustment to the ongoing income expectation recommended.	0	21
Legal & Community Directorate Staffing Costs	1,654	1,706	+52	Difficulty in recruiting to several vacant positions within Legal Services has meant that the team have had to employ agency staff during the year to cover the vacant posts at a higher cost than the original budget provision. This was identified as a financial risk when the original budget was approved by the Council in February 2024.	0	0
Legal & Community Community Governance Review	30	7	(23)	Work on the Community Governance Review is ongoing and will not be completed before the end of the current financial year. The unspent budget is therefore requested to be carried forward to fund the work remaining in the next financial year.	23	0
Place Burial Grounds Income	(347)	(280)	+67	Forecast variance is indicative of a relative reduction in burials in favour of cremation, which is a more affordable option for families. This has impacted income for the purchase of graves, memorials and exclusive rights of burial, which have all reduced. Local competition from the crematoria at Harwood Park and Holwell is also likely to have made the financial impact more acute. This will be kept under review during 2025/26 to see if a permanent budget adjustment is needed.	0	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Place Commingled Recyclates – Net cost of Haulage and Processing	381	482	+101	Marked decreases in the basket price achieved for the sale of the recyclates in the second half of the financial year, most notably glass and plastic, has contributed significantly to the forecast increase in net cost. In addition, new MRF legislation, which requires enhanced sampling of materials, has led to an increase in the volumes identified of non-recyclable materials collected, which has increased processing costs. Adverse movement in material prices and changes in the material composition increasing the net cost of recycling services was identified as a financial risk when the original budget was approved. Due to the volatility in the market, there is not currently an assumption of an ongoing impact.	0	0
Place Waste and Recycling Contract Expenditure	6,322	6,177	(145)	Forecast underspend relates to the adjustment of contract prices for inflation. The additional cost from indexation applied to the contract in each of the last two years has been lower than the provision for contract inflation included in the budget. With the new waste contract commencing in May 2025, overall budget provision required going forward was considered in the financial planning process for 2025/26 and beyond.	0	0
Place Garden Waste Service Income	(1,029)	(1,096)	(67)	Forecast overachievement of income is indicative of a higher number of subscribers to the service than anticipated in the budget estimates, with new subscribers registering during the financial year.	0	0
Regulatory Directorate Staffing Costs	3,251	3,146	(105)	Projected salary underspend is due to various vacancies within the Planning Service during the year. While most of the vacancies have since been recruited to, recruitment for two key remaining vacancies to support the Local Plan Review and Town Centre Strategies has not been successful on multiple occasions. The unspent budget is requested to be carried forward to fund the cost of agency staff covering these positions in the next financial year.	105	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Regulatory London Luton Airport Development Consent Order application	20	0	(20)	The Secretary of State deadline for the decision has been extended to 3 April 2025 (and may be extended again) to allow appropriate time to fully consider the application before making a determination. The investment budget was approved to support work arising from the Secretary of State decision and is therefore requested to be carried forward given the delay in the decision date.	20	0
Regulatory Planning Policy - Transport Policy Expenditure	97	13	(84)	The £97k working budget comprises £6k to support the transport user forum, £41k for the Hitchin Rail Station eastern access project, £30k relating to the Sustainable travel town initiative and £20k for the development of Local Cycling Walking and Infrastructure plans. Progress with all of these is ongoing, so it is requested that the £84k remaining is carried forward to meet associated costs in the next financial year.	84	0
Regulatory Planning Policy – Local Plan Review	244	55	(189)	Cabinet approved a full review of the Local Plan in January 2024. Delivery was contingent on new legislation and guidance from Government. Following the 2024 General Election, this has not been produced. A proposed timetable and way forward for the Local Plan was presented to Cabinet in January 2025. This will see substantial work and external costs being incurred from 2025/26 onwards. The financial approach is in line with approved budget bids for this project. These made clear that underspends were anticipated in early years which would be carried-forward to safeguard against significant additional budget pressures later in the process. This prudent approach is reinforced by the latest Medium Term Financial Strategy that states the Local Plan should be delivered from within currently identified resources.	189	0
Regulatory Planning Policy – Supplementary Planning Documents (SPDs)	152	30	(122)	To date most of the work on documents and processes supporting the Local Plan have been carried out in-house. This includes the adopted SPDs on Developer Contributions and Sustainability as well as work to support Biodiversity Net Gain. The early stages of work on the Design Code SPD have been completed in 2024/25, following the successful creation of a small Urban Design team within the Planning service. As this project will continue into the new financial year, it is requested that the unspent budget is carried forward.	122	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Regulatory Planning Policy – Chilterns National Landscape	10	0	(10)	The timetable for the review of the application for the extension of the Chilterns National Landscape (formerly the Chilterns Area of Outstanding Natural Beauty (AONB)) is controlled by Natural England and not by the Council. Natural England have advised formal consultation on draft proposals is currently planned for Spring 2025. The whole budget is therefore requested to be carried forward.	10	0
Regulatory On Street Parking Lines and Signs	60	37	(23)	There has been spend on this budget in this financial year in delivering the ongoing maintenance programme for the replacement of lines and signs as required across the district. It is requested that the remainder is carried forward to facilitate any additional signage and lines in association with on-going surveys and potential tariff reviews. Work on these projects will commence in the next financial year, subject to Cabinet decisions.	23	0
Regulatory Planning Control – Specialist Planning Advice	105	55	(50)	The Council has a Service Level Agreement with Herts County Council (HCC) for the provision of Landscape Architectural advice, Ecological advice and appraisal of biodiversity net gain proposals, Archaeological advice, Design review panel, and Strategic sustainability and planning advice (LEADS). HCC advised at the beginning of the year that the annual service cost would be £104k. However North Herts Council has made less use of the service than anticipated and so the contribution required for this year has been reduced by HCC. The agreed cost for 2024/25 is £55k and for 2025/26 onwards is £82k, resulting in a saving of £50k for 2024/25 and an annual saving on existing budget estimates of £23k for future years.	0	(23)
Resources Insurance premiums expenditure	227	257	+30	Expenditure relating to insurance premiums this year is higher than budgeted across all insurance categories, providing an indication of general insurance market conditions. The largest variance is for insurance relating to Council employees, with an increase in total staff headcount contributing to the increase in the cost of the premium.	0	30

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Resources District Council Offices Ground Rent	11	51	+40	North Herts Council and Letchworth Garden City Heritage Foundation are working together on a rent review for the District Council Offices in Letchworth. The rent review covers the period from April 2014 onwards and, based on provisional calculations, North Herts Council will be liable for £40k of a backdated rent uplift, with an increase of £9k to the annual budget required going forward.	0	9
Resources Council Offices and Operational Buildings – Electricity & Gas Expenditure	121	91	(30)	Forecast underspend is primarily due to energy prices this year being lower than anticipated. Original budget for electricity and gas charges included provision for price inflation of 5% in 2024/25. Gas prices have however been around 40% lower than 2023/24, with electricity prices 1% lower. Ongoing impact of these price changes was included in the contractual growth estimate within the revenue budget for 2025/26.	0	0
Total of explained variances	15,241	14,405	(836)		732	61
Other minor balances	4,348	4,344	(4)		(1)	15
Overall Total	19,589	18,749	(840)		731	76

- 8.2. Cabinet are asked to approve the differences highlighted in the table above (a £840k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are also asked to approve the estimated impact on the 2025/26 budget, a £807k increase in budget, including requests to carry forward unspent budget totalling £731k for specific projects next year (recommendation 2.3).
- 8.3. The original approved budget for 2024/25 (and therefore working budget) included efficiencies totalling £699k, which were agreed by Council in February 2024. Any under or over delivery of efficiencies will be picked up by any budget variances (table 3 above). However, there can be off-setting variances which mean that it is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. The forecast at Quarter Two was a net underachievement of £264k. This forecast is unchanged at the end of Quarter Three.
- 8.4. The working budget for 2024/25 includes budgets totalling £1.456million that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2023/24 but was delayed into 2024/25. At Quarter Two, it was forecast that £355k of the budget carried forward will not be spent in this year. At Quarter Three, it is forecast that £603k of budget carried forward will not be spent in this financial year. The £248k movement in the forecast at Quarter Three relates to:
- Temporary IT Staff. £58k (£6k increase on Q2 forecast) of the £69k budget carried forward will not be spent in this year, as noted in table 3.
 - Redevelopment of Royston Town Hall Annexe. The £20k budget carried forward will not be spent, as highlighted in table 3.
 - Community Governance Review. £3k of the £10k budget carried forward will not be spent, as noted in table 3.

- Local Plan Supplementary planning documents. £122k of the £144k budget carried forward will not be spent, as highlighted in table 3.
- Local Plan post adoption review. £53k of the £108k budget carried forward will not be spent, as highlighted in table 3.
- Extension of Chilterns National Landscape. The £10k carry forward budget will not be spent this year, as highlighted in table 3.
- Transport User Forum. The £6k carry forward budget is forecast not be spent this year, as noted in table 3.
- Sustainable travel towns. The £20k budget carried forward will not be spent this year, as noted in table 3.
- Hitchin Rail Station Eastern Access Project. £8k of the £21k budget carried forward will not be spent, as noted in table 3.

All the unspent carry forward budget reported at Quarter Three is requested to be carried forward again to 2025/26.

- 8.5. Six corporate 'financial health' indicators have been identified in relation to key sources of income for the Council in 2024/25. Table 4 below shows the performance for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber, or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income.
- 8.6. At the end of Quarter Two, three of the indicators were green and three of the indicators were red. This position is unchanged at the end of Quarter 3. The projected outturn for planning income is lower than the actual income recorded to date because the projection includes the estimated impact of the accounting adjustment required at the end of the financial year to comply with relevant accounting standards around income recognition. As such, the final planning income total will capture only those fees received from applications resolved during 2024/25.

Table 4 - Corporate financial health indicators

Indicator	Status	Original Budget	Actual to Date	Projected Outturn	Variance
		£k	£k	£k	£k
Leisure Centres Management Fee Income	Red	(1,130)	(649)	(778)	+352
Garden Waste Collection Service Subscriptions	Green	(1,029)	(1,096)	(1,096)	(67)
Commercial Refuse & Recycling Service Income	Red	(1,282)	(1,239)	(1,242)	+40
Planning Application Fees (including fees for pre-application advice)	Red	(1,186)	(1,419)	(986)	+200
Car Parking Fees	Green	(1,948)	(1,592)	(1,948)	0
Parking Penalty Charge Notices (PCNs)	Green	(573)	(398)	(573)	0

- 8.7. Table 5 below indicates current activity levels, where these drive financial performance, and how these compare to the prior year to indicate the direction of current trends. As performance against the planning applications fee income budget is generally determined by the number of large applications resolved in the year (rather than the total number of applications received), and this distinction is not captured in the data available, this indicator is omitted from table 5.

Table 5 - Corporate financial health indicators – activity drivers

Indicator	Activity Measure	Performance Q3 2024/25	Performance Q3 2023/24	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits in quarter	1,305,810	1,199,889	+8.8%	
Garden Waste Collection Service	Number of bin subscriptions at end of quarter	33,860	30,413	+11.3%	
Commercial Refuse & Recycling Service	Number of customers at end of quarter	1,015	1,034	-1.8%	
Car Parking Fees	Car park tickets sold / average ticket price sold during quarter	871,308 / £1.78	861,970 / £1.70	+1.1% / +4.7%	
Parking Penalty Charge Notices	Number of PCNs issued during quarter	11,733	11,510	+1.9%	

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.8. The Council's revenue budget is funded primarily from Council Tax and Retained Business Rates income. The Council was notified by Central Government in February 2024 of the amount of New Homes Bonus, Services Grant and Funding Guarantee Grant it could expect to receive in 2024/25 and planned accordingly.
- 8.9. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. The Council must repay in this year its share of the Council Tax deficit for the prior year and will receive in this year its share of the Business Rates Collection Fund surplus for the prior year, as estimated in January 2024. As reported previously, this means a contribution from the General Fund of £24k to the Council Tax Collection Fund and a contribution to the General Fund of £416k from the Business Rates Collection Fund. While the repayment of the Council Tax deficit amount of £24k is included in the funding total in table 7, the business rates surplus will be transferred to reserve and used to mitigate the impact of deficits recorded, and/or changes to the rates retention scheme, in future years. It is also reviewed as part of the Medium-Term Financial Strategy and budget process to assess whether it can be used to support the General Fund budget.
- 8.10. The Council's share of the Council Tax Collection Fund is forecast to be a surplus balance of £144k at the end of the year. A contribution of £144k will be transferred from the Collection Fund to the General Fund in the next financial year and this will therefore increase the amount of Council Tax funding available in 2025/26, as was shown in Appendix C to the Budget 2025/26 report. Any difference between this forecast and the actual position recorded at the end of the financial year will affect the calculation of the surplus / deficit position for 2025/26 and therefore impact the level of Council Tax funding available in 2026/27.
- 8.11. The current forecast for the Council's share of the Business Rates Collection Fund at the end of the year, as declared in the NNDR1 return submitted to Government in January, is an overall surplus position of £98k. The surplus amount of £98k will be transferred to the General Fund in the next financial year. Any difference with the final outturn for 2024/25 will affect the following financial year's calculated surplus / deficit position.

- 8.12. The Council is also subject to a business rates levy from Central Government as it collects more in business rates than the baseline need determined by Central Government. In 2024/25 the Council is a member of the Hertfordshire Business Rates Pool with Hertfordshire County Council and two other Hertfordshire Local Authorities. The Pool was formed with the expectation that this should reduce the business rates levy amount otherwise payable at the end of the year. Based on projected net Business Rates income in 2024/25, as declared to government in January 2024, the Council is estimated to gain by around £0.7million from being part of the pool. The gain to the Council is however not guaranteed and the exact value will depend on the actual level of rates collected by both North Herts Council as well as the two other collection authorities in the Pool. The contribution to the pool required for 2024/25 will therefore not be known until all the pool authorities have declared their business rates income amounts to government following the end of this financial year. In any case, the Council's contribution to the pool will be funded from grant held in reserve and as such will have a net zero impact on the General Fund balance at the end of the year.
- 8.13. The Council receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes into our funds rather than the Collection Fund. The final amount of grant the Council can retain depends on the actual level of reliefs applied during the year. The Council currently expects to receive a total grant allocation of £5.282m for reliefs in 2024/25, which includes an amount of £589k received as compensation for the Government's previous decisions to cap the increases in the business rates multiplier. The multiplier compensation is included in the funding total in table 7 below. The rest of the grant received is held in reserve. Some of the amount held in reserve will be used to fund the business rates levy payable for this year, while a further £2.7 million will be used to top up the business rates income charged to the General Fund in 2024/25 to the baseline funding amount anticipated when the budget was set. In addition, as shown in table 7 below, there will be the planned release of £1.727million from the reserve to the General Fund in 2024/25 to bridge the funding gap anticipated when the budget was set.
- 8.14. The government published local authority allocations for distribution of the business rates levy account surplus for 2024/25 on February 3rd 2025. The Council will receive its allocation of £22,861 before the 31st March. This additional funding amount is included in table 7 below.
- 8.15. Table 7 below summarises the impact on the General Fund balance of the position at Quarter Three detailed in this report.

Table 7 – General Fund impact

	Working Budget	Projected Outturn	Difference
	£k	£k	£k
Brought Forward balance (1st April 2024)	(14,057)	(14,057)	-
Net Expenditure	19,589	18,749	(840)
Funding (Council Tax, Business Rates, NHB, Services Grant, Funding Guarantee)	(18,206)	(18,229)	(23)
Funding from Reserves (including Business Rate Relief Grant)	(1,727)	(1,727)	0
Carried Forward balance (31st March 2025)	(14,401)	(15,264)	(863)

- 8.16. The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount

for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types so, when they occur, they are reflected as budget variances (see table 3). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,060k, and at the end of the third quarter a total of £289k has come to fruition. The identified risks realised in the third quarter relate to:

- Legal team resources - requirement due to recruitment/retention issues to use agency staff, as highlighted in table 3 above - £52k.
- Increase in the net cost of recycling services - adverse changes in the market price for commodities and change in material composition, as explained in table 3 above - £101k
- Increase to the annual external audit fee, as highlighted in table 3 above - £26k

Table 8 – Known financial risks

	£'000
Original allowance for known financial risks	1,060
Known financial risks realised in Quarter 1	(50)
Known financial risks realised in Quarter 2	(60)
Known financial risks realised in Quarter 3	(179)
Remaining allowance for known financial risks	771

9. LEGAL IMPLICATIONS

- 9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically, 5.7.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance of reserves.
- 9.2. The recommendations contained within this report are to comply with the council's financial regulations with attention drawn to significant budget variances as part of good financial planning to ensure the council remains financially viable over the current fiscal year and into the future. Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This means there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met

10. FINANCIAL IMPLICATIONS

- 10.1. Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

- 11.2. As outlined in the body of the report. The process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate the risk of unplanned overspending of the overall Council budget.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. For any individual new revenue investment proposal of £50k or more, or affecting more than two wards, a brief equality analysis is required to be carried out to demonstrate that the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” policy do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. Although there are no direct human resource implications at this stage, care is taken to ensure that where efficiency proposals or service reviews may affect staff, appropriate communication and consultation is provided in line with HR policy.

16. APPENDICES

- 16.1. None.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1. None.