

|  |           |  |  |
|--|-----------|--|--|
| <b>REPORT TO:</b>  |           | Cabinet  |  |
| <b>DATE:</b>   |           | 22 January 2025  |  |
| <b>PORTFOLIO:</b>  |           | <b>Councillor Noordad Aziz/Councillor Vanessa Alexander - Finance and the Budget Process</b> |  |
| <b>REPORT AUTHOR:</b>  |           | Jody Spencer-Anforth, Head of Finance  |  |
| <b>TITLE OF REPORT:</b>  |           | Revenue Budget Monitoring 2024/25 – Quarter 3 to end of December 2024                        |  |
| <b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b> | <b>No</b> | Not applicable   |  |
|  |           |  |  |
| <b>KEY DECISION:</b>   | <b>No</b> | If yes, date of publication:   |  |

## **1 Purpose of Report**

- 1.1 The report informs Cabinet of the financial spending of the Council up to the end of the December 2024 for the financial year 2024/25 and the forecast impact on the Council's Medium Term Financial Strategy for 2024/25 to 2026/27.

## **2 Recommendations**

- 2.1 Cabinet notes the report and asks CMT to continue to monitor the financial position of the Council over the remaining months of the year.
- 2.2 Cabinet notes the pressures and risks highlighted in section 5 of this report and that regular updates will be provided on any potential impact on the current forecast underspend in year and the future Medium Term Financial Strategy.

## **3 Revenue Budget Forecast 2024/25**

- 3.1 At the Full Council meeting on 27<sup>th</sup> February 2024, Council agreed the General Fund Revenue Budget for 2024/25. This set a budget for the Council's total spend in 2024/25 of £16.122M.
- 3.2 The current forecast spend to the end of the financial year in March 2025 is £16.026M. This brings the forecast underspend for the year against the budget to £0.096M. Further analysis of changes in forecast spend are shown in section 4 of the report.

**Table 1: Forecast Performance Against Budgets**

| Department                     | Original Budget<br>£'000 | In Year Budget Changes<br>£'000 | Working Budget<br>£'000 | Forecast Outturn<br>£'000 | Forecast Outturn Variance to Working Budget<br>£'000 |
|--------------------------------|--------------------------|---------------------------------|-------------------------|---------------------------|--|
| Environmental Health           | 793                      | -                               | 793                     | 832                       | 39   |
| Environmental Services         | 5,491                    | 18                              | 5,509                   | 5,564                     | 55   |
| Legal and Democratic           | 1,834                    | -                               | 1,834                   | 1,814                     | (20)   |
| Planning and Transportation    | 725                      | (10)                            | 715                     | 829                       | 114  |
| Regeneration and Housing       | 1,496                    | (48)                            | 1,448                   | 1,427                     | (21)   |
| Resources                      | 4,651                    | 10                              | 4,661                   | 5,672                     | 1,011  |
| <b>Net Cost of Services</b>    | <b>14,990</b>            | <b>(30)</b>                     | <b>14,960</b>           | <b>16,138</b>             | <b>1,178</b>   |
| Non-Service                    | 1,238                    | 30                              | 1,268                   | (112)                     | (1,380)  |
| Cabinet Approved Contributions | -                        | -                               | -                       | -                         | -  |
| Corporate Savings Target       | (106)                    | -                               | (106)                   | -                         | 106  |
| <b>Total Net Expenditure</b>   | <b>16,122</b>            | <b>-</b>                        | <b>16,122</b>           | <b>16,026</b>             | <b>(96)</b>  |
| Funding                        | (16,122)                 | -                               | (16,122)                | (16,122)                  | -  |
| <b>(Under)/Overspend</b>       | <b>-</b>                 | <b>-</b>                        | <b>-</b>                | <b>(96)</b>               | <b>(96)</b>  |

- 3.3 The current forecast spend to the end of the financial year shows an increase of £0.011M from the last report at QTR2, this brings the forecast underspend for the year against the budget to £0.096M. The table below details the changes by service from the last report at QTR2.

**Table 2: Movements in Forecast During Quarter**

| Department                     | Quarter 2 Forecast Outturn<br>£'000 | Changes in Forecast Outturn During Quarter<br>£'000 | Forecast Outturn Quarter 3<br>£'000 |
|--------------------------------|-------------------------------------|---|-------------------------------------|
| Environmental Health           | 823                                 | 9   | 832                                 |
| Environmental Services         | 5,552                               | 12  | 5,564                               |
| Legal and Democratic           | 1,811                               | 3   | 1,814                               |
| Planning and Transportation    | 701                                 | 128   | 829                                 |
| Regeneration and Housing       | 1,483                               | (56)  | 1,427                               |
| Resources                      | 5,524                               | 148   | 5,672                               |
| <b>Net Cost of Services</b>    | <b>15,894</b>                       | <b>244</b>  | <b>16,138</b>                       |
| Non-Service                    | 143                                 | (255)   | (112)                               |
| Cabinet Approved Contributions | -                                   | -   | -                                   |
| Corporate Savings Target       | -                                   | -   | -                                   |
| <b>Total Net Expenditure</b>   | <b>16,037</b>                       | <b>(11)</b>   | <b>16,026</b>                       |
| Funding                        | (16,122)                            | -   | (16,122)                            |
| <b>(Under)/Overspend</b>       | <b>(85)</b>                         | <b>(11)</b>   | <b>(96)</b>                         |

3.4 Details of the most significant changes in the forecast variance are shown in the table below.

**Table 3: Main Changes in Forecast Variance**

| Main Variances / Movements                                    | Changes Since Last Report - Quarter 2 |                                    |                         |
|---|---------------------------------------|------------------------------------|-------------------------|
|   | Quarter 2<br>Forecast<br>Variance     | Forecast<br>(Under)/ Over<br>Spend | Movement in<br>Variance |
|   | £'000                                 | £'000                              | £'000                   |
| Staffing Costs  | (433)                                 | (288)                              | 145                     |
| Additional Utility Costs                                      | 10                                    | 34                                 | 24                      |
| Increased Costs for New Crematorium Depot Building            | 22                                    | 22                                 | -                       |
| Cleaning contract costs                                       | 10                                    | 10                                 | -                       |
| Appointment of Aldermen - Medals                              | 10                                    | 10                                 | -                       |
| Huncoat Garden Village Project Costs                          | 53                                    | 51                                 | (2)                     |
| Huncoat Garden Village Project - Grant Income                 | -                                     | (51)                               | (51)                    |
| Legal Costs - Council Tax and NNDR Recovery                   | 50                                    | 50                                 | -                       |
| Legal Costs - Council Tax and NNDR Recovery - Use of Reserves | (50)                                  | (50)                               | -                       |
| Finance - Collection Fund Accounting Advice                   | 13                                    | 13                                 | -                       |
| Additional Cost of Housing Benefits Exempt Properties         | 284                                   | 406                                | 122                     |
| Support to Hyndburn Leisure                                   | 850                                   | 850                                | -                       |
| Planning Legal Fees - Judicial Review                         | 18                                    | 18                                 | -                       |
| Past Service Pension Contributions                            | 44                                    | 44                                 | -                       |
| Savings on Insurance Contract                                 | -                                     | (39)                               | (39)                    |
| By-Election Costs   | -                                     | 10                                 | 10                      |
| Other   | 53                                    | 88                                 | 35                      |
| <b>Total Net Cost of Services</b>                             | <b>934</b>                            | <b>1,178</b>                       | <b>244</b>              |
| <b><i>Non-Service</i></b>                                     |                                       |                                    |                         |
| Additional Investment Income                                  | (971)                                 | (1,226)                            | (255)                   |
| Reduction in Interest Payable                                 | (75)                                  | (75)                               | -                       |
| Reduction in Minimum Revenue Provision                        | (79)                                  | (79)                               | -                       |
| <b>Total Non-Service</b>                                      | <b>(1,125)</b>                        | <b>(1,380)</b>                     | <b>(255)</b>            |
| <b>Total Corporate Savings Target</b>                         | <b>106</b>                            | <b>106</b>                         | <b>-</b>                |
| <b>Total (Under)/Overspend</b>                                | <b>(85)</b>                           | <b>(96)</b>                        | <b>(11)</b>             |

#### **Variance by Service**

4.1 The narrative below provides more detail on the variances from the original budget and the forecast outturn at Quarter 3.

#### **Environmental Health**

4.2.1 The forecast outturn position for Environmental Health is an overspend of £0.039M.

**Table 4: Environmental Health – Forecast Outturn 2024/25 Quarter 3**

| Department                        | Working Budget<br>£'000 | Quarter 2<br>Forecast<br>Outturn<br>£'000 | Changes in<br>Forecast<br>Outturn During<br>Quarter<br>£'000 | Forecast<br>Outturn<br>Quarter 3<br>£'000 | Forecast<br>Outturn<br>Variance to<br>Working Budget<br>£'000 |
|-----------------------------------|-------------------------|---|--|---|---|
| Environmental Health              | 343                     | 343                                       | (8)  | 335                                       | (8)   |
| Environmental Protection          | 450                     | 480                                       | 17   | 497                                       | 47  |
| <b>Total Environmental Health</b> | <b>793</b>              | <b>823</b>                                | <b>9</b>   | <b>832</b>                                | <b>39</b>   |

The main reasons for this forecast variance are as follows:

4.2.2 Environmental Health are forecasting a (£8,000) underspend mainly due to staffing savings in respect of the now agreed pay award.

4.2.3 Environmental Protection are forecasting a £47,000 overspend which is mainly due to spending on agency staff to cover vacancies.

### 4.3 Environmental Services

4.3.1 The forecast outturn position for Environmental Services is an overspend of £0.055M.

**Table 5: Environmental Services – Forecast Outturn 2024/25 Quarter 3**

| Department                          | Working Budget<br>£'000 | Quarter 2<br>Forecast<br>Outturn<br>£'000 | Changes in<br>Forecast<br>Outturn During<br>Quarter<br>£'000 | Forecast<br>Outturn<br>Quarter 3<br>£'000 | Forecast<br>Outturn<br>Variance to<br>Working Budget<br>£'000 |
|-------------------------------------|-------------------------|---|--|---|---|
| Environmental Maintenance           | (33)                    | (41)                                      | -  | (41)                                      | (8)   |
| Levelling Up                        | -                       | -   | -  | -   | -   |
| Other Environmental Services        | 127                     | 133                                       | (12)   | 121                                       | (6)   |
| Parks and Cemeteries                | 1,200                   | 1,290                                     | 9  | 1,299                                     | 99  |
| Town Centre and Markets             | 610                     | 570                                       | -  | 570                                       | (40)  |
| UK Shared Prosperity Funding        | -                       | -   | -  | -   | -   |
| Waste Services                      | 3,605                   | 3,600                                     | 15   | 3,615                                     | 10  |
| <b>Total Environmental Services</b> | <b>5,509</b>            | <b>5,552</b>                              | <b>12</b>  | <b>5,564</b>                              | <b>55</b>   |

The main reasons for this forecast variance are as follows:

4.3.2 Environmental Maintenance are forecasting an underspend of (£8,000) due to savings from staffing vacancies.

4.3.3 Other Environmental Services are forecasting an underspend of (£6,000). This is due to additional income expected of (£10,000), staffing savings of (£1,000) as a result of the pay award, which have been partially offset by an increase of £5,000 in animal kennelling costs.

- 4.3.4 Parks and Cemeteries are forecasting an overspend of £99,000. This is due to higher than expected inflationary increases on contracts and utility services provided in the cemetery and crematorium.
- 4.3.5 Town Centre and Markets are forecasting an underspend of (£40,000) due to savings from staffing vacancies.
- 4.3.6 Waste Services are forecasting an overspend of £10,000. This is due to additional staffing costs for agency staff covering staff sickness and vacancies of £18,000, which is partially offset by additional income from fees and charges of (£8,000).

#### 4.4 Legal and Democratic Services

- 4.4.1 The forecast outturn position for Legal and Democratic Services is an underspend of £0.020M.

**Table 6: Legal and Democratic Services – Forecast Outturn 2024/25 Quarter 3**

| Department                          | Working Budget<br>£'000 | Quarter 2<br>Forecast<br>Outturn<br>£'000 | Changes in<br>Forecast<br>Outturn During<br>Quarter<br>£'000 | Forecast<br>Outturn<br>Quarter 3<br>£'000 | Forecast<br>Outturn<br>Variance to<br>Working Budget<br>£'000 |
|-------------------------------------|-------------------------|---|--|---|---|
| Democratic Services                 | 809                     | 793                                       | 14   | 807                                       | (2)   |
| Human Resources and Policy          | 644                     | 638                                       | -  | 638                                       | (6)   |
| Legal                               | 265                     | 259                                       | (11)   | 248                                       | (17)  |
| Management - Legal and Democratic   | 116                     | 121                                       | -  | 121                                       | 5   |
| <b>Total Legal &amp; Democratic</b> | <b>1,834</b>            | <b>1,811</b>                              | <b>3</b>   | <b>1,814</b>                              | <b>(20)</b>   |

The main reasons for this forecast variance are as follows:

- 4.4.2 Democratic Services are forecasting an underspend of £8,000. This is mainly due to staffing savings from vacancies of (£22,000) and additional elections grant income of (£10,000), offset by additional costs of delivering the annual elections of £10,000, additional costs of £10,000 in relation to medals for the new Aldermen of the Borough and additional cost for the upcoming By-Election in Baxenden of £10,000.
- 4.4.3 Human Resources and Policy are forecasting an underspend of (£6,000). This is due to savings from staffing vacancies.
- 4.4.4 Legal are forecasting an underspend of (£17,000). This is due to savings from staffing vacancies.
- 4.4.5 Management – Legal and Democratic is forecasting an overspend of £5,000 due to the Deputy Head of Paid Service role now being attached to the Executive Director (Legal and Democratic) role. This additional cost is offset by savings within the Resources directorate.

## 4.5 Planning and Transportation

4.5.1 The forecast outturn position for Planning and Transportation is an overspend of £0.114M.

**Table 7: Planning and Transportation – Forecast Outturn 2024/25 Quarter 3**

| Department                                 | Working Budget<br>£'000 | Quarter 2<br>Forecast<br>Outturn<br>£'000 | Changes in<br>Forecast<br>Outturn During<br>Quarter<br>£'000 | Forecast<br>Outturn<br>Quarter 3<br>£'000 | Forecast<br>Outturn<br>Variance to<br>Working Budget<br>£'000 |
|--|-------------------------|---|--|---|---|
| Building Control                           | 7                       | (14)                                      | 96   | 82  | 75  |
| Engineers and Transportation               | 247                     | 257                                       | (10)   | 247                                       | -   |
| Green Infrastructure                       | 70                      | 66  | -  | 66  | (4)   |
| Planning                                   | 391                     | 392                                       | 42   | 434                                       | 43  |
| Section 106                                | -                       | -   | -  | -   | -   |
| <b>Total Planning &amp; Transportation</b> | <b>715</b>              | <b>701</b>                                | <b>128</b>   | <b>829</b>                                | <b>114</b>  |

The main variances are as follows:

- 4.5.2 Building Control are forecasting an overspend of £75,000 due to additional cost of agency staff covering vacancies of £55,000 and income from fees and charges expected to be £20,000 lower than budget.
- 4.5.3 Green Infrastructure are forecasting an underspend of (£4,000) as a result of savings on staffing costs due to vacancies within the teams.
- 4.5.4 Planning is forecasting an overspend of £43,000. This is due to additional agency staff costs of £45,000 to cover vacancies and £18,000 of costs incurred as part of a judicial review in respect of a planning decision. These are partially offset by (£20,000) of additional income from fees and charges.

## 4.6 Regeneration and Housing

4.6.1 The forecast outturn position for Regeneration and Housing is an underspend of £0.021M.

**Table 8: Regeneration and Housing – Forecast Outturn 2024/25 Quarter 3**

| Department                              | Working Budget<br>£'000 | Quarter 2<br>Forecast<br>Outturn<br>£'000 | Changes in<br>Forecast<br>Outturn During<br>Quarter<br>£'000 | Forecast<br>Outturn<br>Quarter 3<br>£'000 | Forecast<br>Outturn<br>Variance to<br>Working Budget<br>£'000 |
|---|-------------------------|---|--|---|---|
| Economic Development                    | -                       | 53  | (53)   | -   | -   |
| Facilities                              | 553                     | 614                                       | (61)   | 553                                       | -   |
| Haworth Art Gallery                     | 183                     | 184                                       | (9)  | 175                                       | (8)   |
| Housing Advice                          | 250                     | 231                                       | -  | 231                                       | (19)  |
| Property                                | 182                     | 182                                       | 6  | 188                                       | 6   |
| Selective Licensing                     | -                       | -   | -  | -   | -   |
| Strategic Housing                       | 280                     | 219                                       | 61   | 280                                       | -   |
| <b>Total Regeneration &amp; Housing</b> | <b>1,448</b>            | <b>1,483</b>                              | <b>(56)</b>  | <b>1,427</b>                              | <b>(21)</b>   |

The main variances are as follows:

- 4.6.2 Economic development incurred costs of £51,000 in respect of costs for Huncoat Garden Village in this financial year. This spend will be recoverable once the Brownfield Infrastructure and Land Fund (BIL) grant agreement from Homes England is signed. Therefore the forecast assumes these costs will be recovered before the end of this financial year.
- 4.6.3 Haworth Art Gallery is forecasting a small underspend of £8,000. This is mainly due to staffing savings from vacancies and the pay award of (£15,000), additional income from fees and charges of (£4,000), offset by additional gas and electricity costs of £11,000.
- 4.6.4 Housing Advice are forecasting an underspend of (£19,000) due to savings as a result of vacant posts.
- 4.6.5 Property are forecasting a small overspend of £6,000 due to a change in the funding requirement for a post which is funded from reserves.

#### 4.7 Resources

- 4.7.1 The forecast outturn position for Resources is an overspend of £1.011M.

**Table 9: Resources – Forecast Outturn 2024/25 Quarter 3**

| Department                    | Working Budget<br>£'000 | Quarter 2<br>Forecast<br>Outturn<br>£'000 | Changes in<br>Forecast<br>Outturn During<br>Quarter<br>£'000 | Forecast<br>Outturn<br>Quarter 3<br>£'000 | Forecast<br>Outturn<br>Variance to<br>Working Budget<br>£'000 |
|-------------------------------|-------------------------|---|--|---|---|
| Assurance                     | 569                     | 583                                       | (40)   | 543                                       | (26)  |
| Benefits and Customer Contact | 1,019                   | 1,214                                     | 106  | 1,320                                     | 301   |
| Finance                       | 1,196                   | 1,099                                     | 56   | 1,155                                     | (41)  |
| ICT                           | 761                     | 639                                       | 46   | 685                                       | (76)  |
| Leisure                       | 212                     | 1,066                                     | (4)  | 1,062                                     | 850   |
| Management - Resources        | 904                     | 923                                       | (16)   | 907                                       | 3   |
| <b>Total Resources</b>        | <b>4,661</b>            | <b>5,524</b>                              | <b>148</b>   | <b>5,672</b>                              | <b>1,011</b>  |

The main variances are as follows:

4.7.2 Assurance is forecasting an underspend of (£26,000). This is due to savings of (£5,000) on staffing costs as a result of the pay award, a saving of (£38,000) on insurance costs through the retender exercise undertaken for this financial year, which are offset by an increase in audit fees of £17,000 due to a proposed 9.5% increase in the external audit fees charged to local authorities for 2024/25. These fees are determined by the Public Sector Audit Appointments (PSAA) arm of the Local Government Association (LGA).

4.7.3 Benefits and Customer Contact are forecasting a net overspend of £301,000. There are forecast underspends on staffing costs due to vacancies and the pay award of (£103,000), but these are offset by a net overspend on Housing Benefit payments of £405,000.

The Council processes Housing Benefit claims on behalf of the Department for Work and Pensions (DWP), the majority of which it recovers through subsidy grant funding. However, there are certain categories of benefit claims which the Council is unable to recover. The Council has seen a significant increase over the last quarter in claims related to the 'exempt properties' category of which the Council is unable to recover. A working group has been established to address this issue and future updates will be provided to Cabinet.

4.7.4 The forecast underspend in Finance is (£41,000). Additional costs of £13,000 were incurred in relation to year end collection fund accounting assistance for 2023/24 and a reduction in fees and charges income of £62,000, however, these are offset by forecast savings of (£116,000) from staffing vacancies and pay award savings.

4.7.5 ICT are forecasting an underspend of (£76,000). This is due to staffing savings of (£84,000), as a result of vacant posts, partially offset by additional costs of supplies and services of £8,000.

4.7.6 An overspend of £850,000 is forecast in relation to Leisure Services, due to the expected level of financial support which will be required by Hyndburn Leisure for the current financial year. A further report in respect of this support is included on the agenda for this meeting.



4.7.7 Management – Resources is forecasting an overspend of £3,000. This is due to staffing savings of (£35,000), savings in supplies and services of (£6,000), offset by an additional £44,000 for pension contributions in respect of past service remaining at a higher level than was forecast in the budget. These are related to pension payments for some past officers and are payable as long as the individuals continue to receive their pension.

#### 4.8 Non-Service and Corporate Savings Target

4.8.1 The forecast outturn position for Non-Service income and expenditure is an underspend of £1.380M.

4.8.2 When Council set the budget for 2024/25 in February 2024, savings of £106,400 were required to be able to set a balanced budget. In the forecast outturn any underspends are included in the department areas and therefore no figure should be included in the savings target line.

**Table 10: Non-Service – Forecast Outturn 2024/25 Quarter 3**

| Department                            | Working Budget<br>£'000 | Quarter 2<br>Forecast<br>Outturn<br>£'000 | Changes in<br>Forecast<br>Outturn During<br>Quarter<br>£'000 | Forecast<br>Outturn<br>Quarter 3<br>£'000 | Forecast<br>Outturn<br>Variance to<br>Working Budget<br>£'000 |
|---------------------------------------|-------------------------|---|--|---|---|
| Interest                              | 152                     | (894)                                     | (255)  | (1,149)                                   | (1,301)   |
| Minimum Revenue Provision             | 1,085                   | 1,006                                     | -  | 1,006                                     | (79)  |
| Revenue Contribution to Capital       | 31                      | 31  | -  | 31  | -   |
| Movement in Bad Debt Provision        | -                       | -   | -  | -   | -   |
| <b>Total Non-Service</b>              | <b>1,268</b>            | <b>143</b>                                | <b>(255)</b>   | <b>(112)</b>                              | <b>(1,380)</b>  |
| Corporate Savings Target              | (106)                   | -   | -  | -   | 106   |
| <b>Total Corporate Savings Target</b> | <b>(106)</b>            | <b>-</b>                                  | <b>-</b>   | <b>-</b>                                  | <b>106</b>  |

The main variances are as follows:

4.8.3 The Council is currently forecasting to receive additional treasury investment income of (£1,226,000). This is due to interest rates remaining higher for longer than was forecast when preparing the budget. Also, cash levels have remained higher than expected due to slippage in the capital programme.

4.8.4 Interest payable is expected to be under budget by (£75,000), this is due to the Council now not expecting to need to borrow any additional funds during 2024/25.

4.8.5 The minimum revenue provision is forecast to be (£79,000) lower than the budget which is mainly as a result of new vehicles being delivered later than was forecast when the budget was produced.

## 4.9 Funding

4.9.1 There are currently no expected variances on the Council's funding.

**Table 11: Funding – Forecast Outturn 2024/25 Quarter 3**

| Department           | Working Budget  | Quarter 2 Forecast Outturn | Changes in Forecast Outturn During Quarter | Forecast Outturn Quarter 3 | Forecast Outturn Variance to Working Budget |
|----------------------|-----------------|----------------------------|--|----------------------------|---|
|                      | £'000           | £'000                      | £'000                                      | £'000                      | £'000                                       |
| Council Tax          | (5,931)         | (5,931)                    | -  | (5,931)                    | -   |
| Non-Domestic Rates   | (7,803)         | (7,803)                    | -  | (7,803)                    | -   |
| Government Grants    | (2,388)         | (2,388)                    | -  | (2,388)                    | -   |
| <b>Total Funding</b> | <b>(16,122)</b> | <b>(16,122)</b>            | <b>-</b>                                   | <b>(16,122)</b>            | <b>-</b>                                    |

## 4.10 Reserves

4.10.1 The Council is currently forecasting a reduction of £8.618M in its usable reserves during the year, bringing them to £17.486M at the end of the year. Forecast movements in reserves are shown in the table below.

**Table 12: Reserves – Forecast Outturn 2024/25 Quarter 3**

| Reserve  | Opening Balances | Transfers to/From Reserves | Capital Contributions | Used for Capital Financing | Closing Balances |
|--|------------------|----------------------------|-----------------------|----------------------------|------------------|
|  | £'000            | £'000                      | £'000                 | £'000                      | £'000            |
| General Fund - Unallocated                             | 1,868            | 608                        | -                     | -                          | 2,476            |
| <b>Total Unallocated Reserves</b>                      | <b>1,868</b>     | <b>608</b>                 | <b>-</b>              | <b>-</b>                   | <b>2,476</b>     |
| Planning S106 Fund                                     | 364              | -                          | -                     | (147)                      | 217              |
| Invest to Save   | 616              | (250)                      | -                     | (17)                       | 349              |
| Communities for Health Funding                         | 54               | (46)                       | -                     | -                          | 8                |
| Dilapidations Reserve                                  | 4                | -                          | -                     | -                          | 4                |
| Revenue Funding for Capital Schemes                    | 2,638            | 7                          | -                     | (408)                      | 2,237            |
| Collection Fund Volatility Reserve                     | 455              | 90                         | -                     | -                          | 545              |
| Climate Change Reserve                                 | 750              | (154)                      | -                     | -                          | 596              |
| Balances Set Aside to Fund Specific Future Expenditure | 3,549            | 274                        | -                     | -                          | 3,823            |
| Levelling Up and Leisure Investment                    | 10,608           | (282)                      | -                     | (5,903)                    | 4,423            |
| <b>Total Earmarked Reserves</b>                        | <b>19,038</b>    | <b>(361)</b>               | <b>-</b>              | <b>(6,475)</b>             | <b>12,202</b>    |
| Capital Receipts Reserve                               | 2,746            | -                          | 328                   | (1,531)                    | 1,543            |
| Capital Grants Unapplied                               | 2,452            | -                          | 14,381                | (15,568)                   | 1,265            |
| <b>Total Reserves</b>                                  | <b>26,104</b>    | <b>247</b>                 | <b>14,709</b>         | <b>(23,574)</b>            | <b>17,486</b>    |

4.10.2 As shown in the table above, the most significant movements in reserves are the forecast spending on the capital programme.

## 5 Potential Pressures and Risks in Year

- 5.1 Although the forecast underspend at Quarter 3 stands at £0.096M, there are some further pressures and risks that need to be considered, some of which are not currently built into any financial forecasts.
- 5.2 The main pressures/risks to be considered are detailed below:
- 5.2.1 **Waste Disposal Site/Transfer Station** – Negotiations continue with Lancashire County Council regarding their contract situation for the disposal of waste at the Whinney Hill site. This may require Hyndburn and the other East Lancashire districts to find alternative sites to dispose of their residual household waste. It is not known to date the additional costs that may be incurred by the Council, but once determined they will be reported in due course. Cabinet put £500,000 into reserves in 2023/24 to be used for this purpose, and a further contribution of £200,000 is included in the budget for 2024/25.
- 5.2.2 **Oswaldtwistle Civic Theatre** – The closure of the theatre and return of the lease to the Council has resulted in the need to undertake surveys and compliance works to understand the condition of the building, prior to it being ready for potential future occupation. The facilities management team will report back the potential costs once the surveys are complete. The Council approved £120,000 in the budget for 2024/2025 to cover any associated costs.
- 5.2.3 **Crematorium/Cremators** – There is a risk that there may be a change in legislation to enforce new systems for mercury abatement to be installed/retro fitted to the current incinerators at the crematorium. It is expected that these changes may come into place in 2 to 3 years' time and there will be a significant capital cost for works to ensure compliance. The parks team are currently investigating this further and will inform cabinet of the requirements as soon as the information is available. Possible considerations could be the set aside of income/surplus from the service and/or further investigation into the charging/pricing structure for cremations. Cabinet put £50,000 into reserves in 2023/24 to be used for this purpose, and a further contribution of £150,000 is included in the budget for 2024/25.
- 5.2.4 **Food Waste Collections** – From April 2026 the Council must provide a food waste collection for residents. A grant has been received from DEFRA to be used towards the capital costs of implementing the new collection (e.g. purchasing new vehicles, bins and food caddies), however the estimates of the capital costs exceed the grant which has been provided. It is expected that a further grant will be provided to assist with the additional ongoing revenue costs, but there have been no confirmations of how much this grant will be or how long it will be provided for. A report was presented to Cabinet in June 2024 detailing the most up to date position on this issue.
- 5.2.5 **Hyndburn Leisure** – As detailed in the paragraphs above, an additional £850,000 of financial assistance for Hyndburn Leisure has been included in the forecasts for the current financial year to support the trust with the impact of inflationary increases in staffing and utility costs. These financial pressures are consistent with those being experienced across the Leisure sector and the Council applied but was unsuccessful in achieving additional revenue funding to ease the pressure on current operational costs

but was successful in achieving a capital grant award of £241,447 to install energy efficiency systems at Hyndburn Leisure centre, which will reduce the costs in future years. There is a report on the agenda for this meeting containing more detail around subsidy to Hyndburn Leisure.

5.2.6 **Housing Benefit Supported / Exempt Accommodation** – The additional pressure of these unrecoverable benefit payments are expected to be managed in 2024/2025 largely due to the additional investment income returns, although for future years, the Council will need to take action to try to reduce these costs through introducing planning restrictions and supporting housing regulation unless there is additional support from the government to address this issue nationally.

5.2.7 **Pay Award** – The pay award for the current financial year was agreed on 22<sup>nd</sup> October 2024 at is a flat rate of £1,290 (pro-rata for part time employees) for NJC scale points 2 to 43 inclusive and 2.5% for all other employees. For the Council this represents an average increase of around 4%, compared to a 5% estimate included in the budget. This has resulted in savings of £127,000 for in the current financial year.

5.3 These pressures/risks will need to be considered over the course of the Medium-Term Financial Strategy along with an appropriate action plan to ensure the Council can meet any future predicted budget gaps.

## 6 **Alternative Options considered and Reasons for Rejection**

6.1 Not Applicable. This report is for information purposes only.

## 7 **Consultations**

7.1 None applicable in this instance.

## 8 **Implications**

|  |                           |
|--|---------------------------|
| <b>Financial implications (including any future financial commitments for the Council)</b>   | As outlined in the report |
| <b>Legal and human rights implications</b>   | Not applicable            |
| <b>Assessment of risk</b>  | Not applicable            |
| <b>Equality and diversity implications</b><br><i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy</i> | None                      |

|   |  |
|---|--|
| <i>decisions and should be attached as an appendix to the report.</i> |  |
|---|--|

**9 Local Government (Access to Information) Act 1985:**  
**List of Background Papers**

- 9.1 General Fund – Revenue Budget, Council Tax Levels and Capital Programme 2024/25  
– Council 27th February 2024

**10 Freedom of Information**

- 10.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.