



**REPORT of
CHIEF FINANCE OFFICER**

**to
STRATEGY AND RESOURCES COMMITTEE
26 SEPTEMBER 2024**

BUDGETARY CONTROL AS AT 30 JUNE 2024

1. PURPOSE OF THE REPORT

1.1 To provide the Strategy and Resources Committee with information in relation to financial performance over the period 1 April 2024 to 30 June 2024 (Quarter One (Q1)).

2. RECOMMENDATIONS

- (i) That the forecasted 2024 / 25 revenue financial position as at 30 June 2024 as detailed in this report be reviewed;
- (ii) that the forecasted 2024 / 25 capital financial position as at 30 June as summarised at **APPENDIX 1** be reviewed;

3. SUMMARY OF KEY ISSUES

3.1 This report sets out the financial position of the key areas of the Council's activities for the first three months of the financial year 2024 / 25.

4. REVENUE BUDGETS

4.1 **Table 1** provides an overview of current service forecast budget variances for the Council against budget. Employee costs account for just over half of Maldon District Council's (MDC's) gross expenditure. There is a forecast underspend on employee costs of **£96k** and on non-employee costs of **£343k**, offset by a forecast income underachievement of **£25k**, resulting in an overall Net Service Expenditure forecast underspend overall of **£414k**. The details of these variances are explained throughout this report.

Table 1 – Net Service Expenditure at Quarter 1

Spend Type	Original Budget	Revised Budget	Budget as a Percentage of Gross Expenditure	Forecast Actuals	Forecast Variance
	£000	£000		£000	£000
Employee Costs	10,894	10,920	54%	10,824	(96)
Non-Employee Costs	9,481	9,481	46%	9,138	(343)
Gross Expenditure	20,375	20,401	100%	19,962	(439)

Spend Type	Original Budget	Revised Budget	Budget as a Percentage of Gross Expenditure	Forecast Actuals	Forecast Variance
	£000	£000		£000	£000
Income	(7,922)	(7,922)		(7,897)	25
Net Service Expenditure	12,453	12,479		12,065	(414)

- 4.2 The Original Budget is the budget approved by Council on 15 February 2024, excluding Housing Benefit payments, capital and pension fund charges. The Revised Budget is the current budget after the approved amendments since then. **Table 2** shows this reconciliation:

Table 2 –Reconciliation of Original to Revised Budget

Description	Amount £000
Original 2024 / 25 budget	12,453
Drawdowns from Reserves during 2024 / 25	26
Revised 2024 / 25 Budget as at Q1	12,479

4.3 Expenditure

- 4.3.1 Table 3 shows the top 86% of non-employee expenditure areas for the Council, along with their respective percentages of total expenditure and forecast variances. An explanation for the variances is given below.

Table 3 – Top Non- Employee Expenditure Areas

Expenditure	Budget £000	Budget as a % of total expenditure	Actuals @ 30 June £000	Full Year Forecast £000	Forecast Variance £000
1. Refuse and Recycling	4,825	24%	509	4,861	37
2. Resources Management	2,328	11%	646	2,446	118
3. Parks Operational Services	1,514	7%	343	1,511	(3)
4. Development Management	1,514	7%	346	1,453	(60)
5. SPG Management	1,426	7%	255	1,241	(185)
6. Revs and Bens	1,106	5%	259	1,106	0
7. Environmental Health	933	5%	215	909	(25)
8. Planning Policy	739	4%	140	682	(57)
9. Customer services	730	4%	144	675	(55)
10. Corporate	613	3%	(260)	353	(260)
11. Housing	598	3%	228	555	(43)
12. Parks Rangers	471	2%	83	401	(70)
13. Premises	340	2%	164	361	21
14. Maldon Promenade	235	1%	55	279	44
15. Public Conveniences	139	1%	22	160	21
16. Chief Executive	0	0%	0	70	70
Total	17,511	86%	3,148	17,065	(446)

4.3.2 Variance Analysis

1. Refuse and Recycling (£37k overspend) – Household refuse and recycling expenditure costs are higher than budgeted, including tipping at Chelmsford.
2. Resources Management (£118k overspend) – mainly due to additional agency staff costs incurred dealing with prolonged audits.
3. Parks Operations (£3k underspend) –vacancy savings offset by temporary staffing costs.
4. Development Management (£60k underspend) – vacancy savings partly offset by temporary staffing costs.
5. SPG Management (£185k underspend) – salary vacancies and external funding causing an underspend.
6. Revenues and Benefits – Salaries pressures to be funded from external funding/reserves, so forecast online.
7. Environmental Health (£25k underspend) – Short-term salary vacancy.
8. Planning Policy (£57k underspend) – vacancy savings partly offset by temporary staffing costs.
9. Customer Services (£55k underspend) - Salary vacancy.
10. Corporate (£260k underspend) – Minimum Revenue Provision (MRP) for waste vehicles will now not be due until 2025/26 per Council policy, because vehicles were purchased in 2024/25, instead of 2023/24 as originally expected.
11. Homeless and Housing Advice (£43k underspend) – vacancy savings partly offset by temporary staffing costs.
12. Park Rangers (£70k underspend) – one full unfilled post to date and two posts recently vacant and just filled.
13. Premises (£21k overspend) –utility costs not expected to be fully recovered.
14. Maldon Promenade (£44k overspend) – utility costs not expected to be fully recovered.
15. Public Conveniences (£21k overspend) – some 2023/24 costs being incurred in 2024/25.
16. Chief Executive (£70k overspend) – cost of new post not budgeted for in 2024/25, pending full implementation of Corporate Leadership new structure.

4.4 **Income**

- 4.4.1 **Table 4** below shows the top 82% of income areas for the Council, along with their respective percentages of total income and forecast variances. These variances are explained further below.

Table 4 – Top Income Areas

Income Area	Budget	Budget as a % of total income	Actuals @ 30 June	Full Year Forecast	Forecast Variance
	£000		£000	£000	£000
1. Refuse & Recycling	(2,657)	34%	(1,188)	(2,686)	(29)
2. Development Management	(1,083)	14%	(112)	(1,083)	0
3. Maldon Town Centre Car Parks	(939)	12%	(475)	(938)	1
4. Maldon Promenade	(904)	11%	(182)	(847)	57
5. Premises	(398)	5%	(25)	(396)	2
6. Building Control (Fee Related)	(196)	2%	(31)	(194)	2
7. Cemeteries	(170)	2%	(43)	(145)	24
8. Parks Rangers	(75)	1%	(5)	(80)	(5)
9. Verges	(48)	1%	(41)	(62)	(14)
10. Parks Trading unit	(46)	1%	(19)	(64)	(18)
Total	(6,516)	82%	(2,122)	(6,496)	20

4.4.2 Variance Analysis

1. Refuse and Recycling income (£29k over achievement) – garden waste and glass recycling forecast to be overachieving but recycling credits are not as high as expected.
2. Development Management (on budget) – year to date figures are low but expected to achieve budget by year-end.
3. Maldon Town Centre Car Parks (£1k under achievement) – Friary Fields income underachieving but offset by additional income from season tickets and Penalty Charge Notice's.
4. Maldon Promenade (£57k under achievement) – Beach Huts (£21k) and Splash Park (£36k) income forecast to underachieve.
5. Premises (£2k under achievement) – The Council office lease income is expected to slightly underachieve budget.
6. Building Control (Fee Related) (£2k under achievement) – Most income expected to achieve budget but Partner Application Income no longer expected to be received.
7. Cemeteries (£24k under achievement) – Burial Fees income is under-achieving but is partially offset by 'Exclusive Rights of Burial' income over-achieving as it was last financial year.
8. Park Rangers (£5k over achievement)– benefiting from additional income from work with Essex Police.
9. Verges (£14k over achievement) – increased ECC Verge Cutting Contributions.

10. Parks Trading Unit (£18k over achievement) - External works has generated additional income the last couple of years.

5. SALARY MONITORING AS AT END OF QUARTER 1

- 5.1 The 2024 / 25 budgeted staff and members' allowances increase is 5% but the current NJC offer is only 2.5% so a saving may be achieved but is yet to be confirmed. A vacancy factor of £235k is budgeted and is currently forecast to be exceeded by £96k. Table 5 below gives an analysis of the Council's salary variances by directorate.

Table 5 – Employee Variances

Directorate	Budget '£000	Actuals to 31-Dec '£000	Full Year Forecast '£000	Forecast Variance '£000
Chief Executive	0	0	70	70
Service Delivery	7,140	1,695	6,806	(334)
Strategy & Resources	4,015	953	3,947	(68)
Total Employee Costs	11,155	2,649	10,824	(331)
Members Allowances	265	61	265	0
Total Costs	11,420	2,709	11,089	(331)
Less Vacancy Factor	(235)	0	0	235
Net Total Employee & Members Costs	11,185	2,709	11,089	(96)

6. INFLATIONARY IMPACT

- 6.1 The cost-of-living crisis is one of the biggest challenges currently facing households and organisations this financial year and beyond. After a steady trend of reductions in inflation the Consumer Price Index (CPI) measure of inflation increased slightly in July 2024 to 2.2%, slightly above the Bank of England's target of 2%. Interest rates have also remained near their 15-year peak of 5.25%, currently at 5%. Fuel has been slowly reducing in cost but utility cost increases are affecting the Council after having been protected by contract last financial year, and the energy price cap is set to increase in the Autumn, which may impact Maldon's local tax payers. 2024 / 25 budgets were set based on higher inflation rates but there remains a risk that costs could escalate further.

7. IMPACT ON GENERAL FUND BALANCE

- 7.1 Table 6 sets out the Council's total anticipated underspend from Services and Investments.

Table 6 – Total Budget Variance

	Variance £000
Net Service Expenditure Underspend	(414)
Plus Investment Income Variance	(38)
Total Budget Underspend	(452)

- 7.2 Investment income is performing better than predicted due to the highest interest rates in 15 years being maintained for the first half of this calendar year.
- 7.3 Collection rates from local taxation finished higher at the end of 2023 / 24 than budgeted for in 2024 / 25 and have almost recovered to pre-pandemic levels. Current Council Tax and Business Rates collection rates are performing slightly better than last financial year.

Table 7 – Local Taxation Collection Rate Forecasts

	Budget 2024 / 25	Forecast 2024 / 25
Council Tax	97.8%	98.0%
Business Rates	97.5%	98.5%

- 7.4 The small current year MTFS surplus and variances in Table 6 have the following effect on the General Fund balance as at 31 March 2025:

Table 8 – Predicted General Fund Balance

	£000
Opening General Fund Balance	5,820
2024 / 25 Medium-Term Financial Strategy (MTFS) Funding Surplus	54
Net Cost of Services and Investments Variance	452
Closing General Fund Balance	6,326

- 7.5 In total an amount of £506k is estimated to be added to the General Fund balance during 2024 / 25, which is an improvement on what was budgeted for in February 2024.
- 7.6 **Table 8** above shows that the general fund balance is expected to remain above the minimum recommended level of £2.6m this financial year. A minimum level of reserve is set to ensure the Council has the financial resilience to respond to emergencies and unforeseen events such as the recent pandemic. However, if it did fall below the minimum level it would need to be replenished in future years.

8. CAPITAL MONITORING

- 8.1 The Capital Programme for 2024 / 25 was agreed by the Council on 15 February 2024. In addition, capital commitments from prior year capital projects approved by this committee in July 2024, and previously agreed UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF) capital projects are now reflected in the latest 2024 / 25 budgets. The planned financing of the capital programme has been updated to reflect known changes at **APPENDIX 1**. It is early in the financial year and most projects are expected to be delivered within budget but this will continue to be monitored closely over the remainder of the financial year.

9. CONCLUSION

- 9.1 Service related net expenditure budgets remain on-track to underspend this financial year, with additional income offsetting cost pressures. The 2024 / 25 budget allowed for higher inflationary costs, however budgets, in particular employee costs, remain under pressure. Investment income is expected to over-perform against budget due to higher interest rates, increasing the Council's overall projected underspend.
- 9.2 Collection rates are out-performing current year expectations; however, the enduring cost-of-living crisis could yet create pressure on council tax and business rates income.

10. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2023 - 2027

10.1 Smarter finances

- 10.1.1 The Council's priority is to ensure it remains financially sustainable over the medium term. The Budget Monitoring process ensures the Council's resources are being spent as planned and to put in place mitigations if they vary from the budget.

11. IMPLICATIONS

- (i) **Impact on Customers** – None directly.
- (ii) **Impact on Equalities** – None directly.
- (iii) **Impact on Risk (including Fraud implications)** – Any financial risks are referred to within the report.
- (iv) **Impact on Resources (financial)** – Variances from the budget will impact upon the level of balances and/or reserves available in the future.
- (v) **Impact on Resources (human)** – None directly.

Background Papers: None.

Enquiries to: Lance Porteous, Lead Finance Specialist.