

## **Hambleton District Council**

**Report To:** Cabinet

**Date:** 6 September 2022

**Subject:** **2022/23 Q1 Revenue Monitoring**

**Portfolio Holder:** Economic Development and Finance  
Councillor P R Wilkinson

**Wards Affected:** All Wards

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### **1.0 Purpose and Background**

- 1.1 The purpose of this report is to update Members on the revenue budget position of the Council and the reserve funds at the end of June 2022.
- 1.2 The Quarter 1 monitoring for the Capital Programme and Treasury Management position is contained in a separate report on this Cabinet agenda.

### **2.0 Revenue Budget**

- 2.1 The Council set its budget on 8 February 2022 for 2022/23 at £11,366,370 in line with the approved Financial Strategy 2022/23 to 2024/25.
- 2.2 The breakdown of the budget in accordance with the Council themes when the budget was approved was as follows:

	£
Economy & Planning	924,010
Environment	3,931,490
Finance & Commercial	3,937,070
Law & Governance	1,272,570
Leisure & Communities	1,171,900
Drainage Board Levies	<u>129,330</u>
<b>Net Revenue Expenditure</b>	<b><u>11,366,370</u></b>

### **3.0 Budget Position to June 2022:**

- 3.1 Since the budget for 2022/23 was set in February 2022, adjustments to the budget outlook have occurred. The table below details the changes that have been approved through separate reports to Cabinet and also those that have been identified at Quarter 1 budget monitoring.

	<b>2022/23</b>
	<b>£</b>
Budget Outlook approved at 8 February 2022	11,366,370
<b>Changes to Budget Outlook:</b>	
Corporate Savings	(389,310)
Budgeted Salary Savings Required	115,000
<b>Net Corporate Savings</b>	<b>(274,310)</b>
Departmental Movements	84,310
Transfer to Local Government Reorganisation Reserve	200,000
Transfer from Economic Development Fund	10,000
<b>Budget after Quarter 1 monitoring</b>	<b>11,366,370</b>
<b>Financial Strategy 8 February 2022</b>	<b>11,366,370</b>
<b>Quarter 1 Surplus / (Shortfall)</b>	<b>-</b>

Table 1: Quarter 1 Budget

- 3.2 In 2022/23 the budget started at £11,366,370 as stated in the Financial Strategy and illustrated in the table above. The 2022/23 budget includes £115,000 of salary savings through vacancies and the purchase of additional leave, during Quarter 1, £394,730 of Salary savings have been identified which can be used to offset the budgeted target. The total savings recognised at Quarter 1 is £200,000. It is recommended that the budget remains at £11,366,370 and that at Quarter 1 Cabinet approves that the £200,000 underspend is transferred to the Local Government Reorganisation Reserve to cover additional costs with the transition.
- 3.3 There are three main areas of change to the 2022/23 budget at Quarter 1 totalling £200,000 savings.
- (a) Corporate cost savings of £274,310
  - (b) Departmental overspends of £84,310
  - (c) Departmental movements which have Nil effect on the budget.
- 3.4 The Corporate Cost movements in the budget are:
- (i) A corporate review of salary budgets has resulted in a saving of £778,940 due to various vacancies including the Director of Finance and positions in Planning Policy, Operational Services, Human Resources and Design and Maintenance due to not being able to recruit because of Local Government Reorganisation. The savings identified are required to fund £384,210 of additional expenditure to enable the services to function including £93,000 for the use of consultants to assist with the Local Plan Review and to provide cover in Design and Maintenance. Agency staff are also being used to fill vacancies in Human Resources, Business Support and Homelessness. The salary savings identified will offset the initial £115,000 budgeted salary savings resulting in a Corporate Salary Saving of £279,730.
  - (ii) The annual Drainage Board Levies payable to the three Drainage Boards is £5,420 more than budgeted.
- 3.5 Departmental movements created additional expenditure of £84,310.

- (i) Economy and Planning – A total overspend of £162,890 relates to numerous areas. Additional legal work is required relating to the Linton-on-Ouse Asylum Reception currently estimated to be £74,000 however this may increase if it progresses to Phase II. Increased Development Management enforcement will cost an additional £30,000. The total workspace rental and refreshments is estimated to be £68,890 below the original budget. This is due to a Company vacating a number of Units at Leeming Bar Food Enterprise Centre at a cost of £90,720, this is offset by increased occupancy and reduced refreshment expenditure at Springboard, Evolution, Wainstones Court and Lumley Close totalling £21,830. The Land Charges section have entered into a Service Level Agreement with Richmondshire District Council that will create additional income of £10,000. An additional £10,000 will be allocated from the Economic Development Reserve to facilitate investment in a tourism initiative.
- (ii) Environment – A total overspend of £1,500 relates to numerous areas. The effects of the increase of fuel prices to the Waste and Street Scene services is estimated to be an additional £180,000 of expenditure. The cost of replacing tyres on Waste and Street scene’s vehicles has also risen and is estimated to cost a further £35,000. An additional £12,000 budget is required to cover the increased cost of waste bin liners and sacks for Waste and Street Scene. The increased fluctuating prices paid for recycling tonnage results in an underspend of £250,000. Additional work within the Environmental Health section has resulted in agency staff being required, this has been agreed by Management Team to be funded by the Local Government Reorganisation Reserve and £24,500 from underspends in the year.
- (iii) Finance & Commercial – A total underspend of £271,690 relates to the Treasury function of the Council. The rise in interest rates has increased the Investment Income received by an estimated £80,000. The Council’s borrowing needs have reduced from when the budget was set resulting with an estimated saving of £200,000. Additional Bank Charges of £8,310 are being incurred in the year due to the Council having increased payments including the Council Tax Rebate where entitled residents were paid £150 to help with energy costs.
- (iv) Law and Governance – A total over spend of £18,790 relates to a number of areas. On 8 February 2022 Cabinet approved a waiver of the licence fee for the 2022 May Fair resulting in £15,200 loss of income. The legal section require additional locum cover at a cost of £23,590. There is a reduced requirement for Corporate Training creating an underspend of £20,000.
- (v) Leisure and Communities – A total overspend of £162,820 relates to numerous areas. The de-carbonisation works at the leisure centres have resulted in some closures at the various leisure centres. Stokesley Leisure had one month closure of the full site and a further two weeks of the swimming pool resulting in a loss of income of £64,800. Bedale Leisure Centre’s pool was closed for a week resulting with a £2,230 loss of income.

The cost of supporting the safe passage of part of the Tour of Britain cycling event is estimated to cost £30,000. An increase in the budget of £50,000 for a contribution towards the Imaginosity arts project funded by underspends in the year was approved at Cabinet on 5 July 2022. An additional £9,790 is required to deliver an effective enforcement regime in relation to Public Space Protection Orders and was approved at Cabinet on 11 January 2022. There is also a budget requirement of £6,000 for additional car parking disks at Stokesley High Street Car Park.

3.6 Departmental budget movements that have nil on the overall budget but exceed £20,000, as detailed in the Council's Financial Regulations require Cabinet approval as follows:

- (i) The Heritage Hub located at 90 High Street, Northallerton is to extend the pop up exhibition for a further six months at a cost of £36,350 which is to be funded by reserves.
- (ii) Increased staffing provisions at C4Di and the Campus building at Treadmills are required at an annual cost of £10,410 which will be funded by salary savings with Business and Economy.
- (iii) The allocation of £225,660 of the Local Government Reorganisation Reserve require budgets to be established. £90,000 is to assist with Environmental Health staffing costs, £36,000 is to fund a temporary post in Development Management, £70,000 is to appoint agency and £10,000 for additional overtime in Development Management. £10,000 is required for the undertaking of Leisure Quest assessments of leisure centres. £9,660 is required to fund additional work within Waste and Street Scene due to Local Government Reorganisation.
- (iv) Increased income of £30,000 has been received as part of the Treadmills agreement which is to be transferred to fund capital.

#### 4.0 CIL Reserve

4.1 The Community Infrastructure Levy (CIL) balances at 30 June 2022 is £5,295,895. The Council is committed to using this reserve for priority schemes and to distribute to parishes. The movements in 2022/23 can be seen in the table below:

	<b>Amount (£)</b>
<b>2022/23 Opening Balance</b>	4,493,124
Add in-year income	890,484
Less in-year payments to parishes	(87,713)
<b>Closing Balance Quarter 1</b>	<b>5,295,895</b>

#### 5.0 Other Matters - Grants

5.1 The following grants and contributions have been allocated to the Council since the budget was approved in February 2022.

<b>Description</b>	<b>Amount (£)</b>
<b>Department for Levelling Up, Housing and Communities:</b>	
Domestic Abuse Act – New Burdens	4,623
Domestic Abuse – Safe Accommodation Support	32,172
Homelessness Support Grant	125,406
<b>Department for Works and Pensions:</b>	
Verifying Earnings & Pensions	6,000
Support Fraud Investigations	281
Housing Benefit Maintenance on Universal Credit Cases	780
Natural Migration to Universal Credit	653
<b>Total</b>	<b>169,915</b>

## **6.0 Sensitivity Analysis**

6.1 Further to the recommendations for changes to the budget in this Quarter 1 monitoring report, this report also highlights where there are areas of budget uncertainty. This can give Members early warning of possible issues in the future. All areas will continue to be closely monitored and an update provided for Quarter 2. Annex 'A' attached details the sensitivity analysis.

## **7.0 Waiver of Procurement Rules**

7.1 It is the Council's policy to obtain competitive quotations or tenders for the purchase of products, work that is undertaken or for services to be provided. However, a waiver may be agreed by Cabinet (or the Chief Executive in an emergency) if they are satisfied, after considering a written report that the waiver is justified.

7.2 The Chief Executive has approved the following waiver, for which Single Quote / Tender Waiver form has been completed as the annual cost of the contract is £20,000. The Contract with JLL Cleaning Ltd is to clean and seal the natural stone that has recently been laid as part of the Northallerton Town Square and High Street Improvement Scheme. The cleaning and sealing was not part of the original contract and as this is a specialised task advice from BBS who supplied the stone has been taken and they have recommended JLL Cleaning Ltd as they have a proven track record and there are very few other companies that could carry out the specialist cleaning and sealing work on a project of this size.

## **8.0 Link to Council Priorities**

8.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council's service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

## **9.0 Risk Assessment**

9.1 There are no major risks associated directly with this report. However, a list of potential pressures on the budget is shown in Annex A.

## **10.0 Financial Implications**

10.1 The financial implications are dealt within the body of the report.

## **11.0 Legal Implications**

11.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.

## **12.0 Equality and Diversity Issues**

12.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

## **13.0 Recommendations:**

13.1 That Cabinet approves and recommends to Council that the budget remains at £11,366,370 as detailed in paragraph 3.2 of the report for 2022/23.

13.2 That Cabinet approves:-

- (i) that £200,000 of the Quarter 1 underspend is transferred to the Local Government Reorganisation Reserve as detailed in paragraph 3.2 of the report; and
- (ii) the departmental budget movements as detailed within paragraph 3.6 of the report.

Saskia Calton  
Corporate Finance Manager (Deputy S151 Officer)

**Background papers:** None

**Author ref:** SC

**Contact:** Saskia Calton  
Corporate Finance Manager (Deputy S151 Officer)  
01609 767226

**Budget 2022/23 Quarter 1 Sensitivity Analysis – potential savings / costs**

<b><u>Council Directorates</u></b>	<b><u>Area of Sensitivity</u></b>	<b><u>Commentary</u></b>
Economy & Planning	Planning Fees	This will be closely monitored due to the estimated income being so high.
	Workspace Management Income	This will continue to be closely monitored throughout the year as new tenants move into units.
Environment	Bed and Breakfast Accommodation	Accommodation costs will be monitored closely as costs are rising due to Hambleton not having any appropriate accommodation so therefore have to use other areas.
Finance & Commercial	Housing Benefit Payments	Whilst any increase in Housing Benefit payments will be partly offset by subsidy, the budget is so large that a small increase in percentage terms can lead to a large amount in monetary terms.
Leisure & Communities	Car Park Income	This will be monitored and reported at Quarter 2 when any effects on the usage of the car parks can be analysed.
	Market Income	This will be monitored as the usage at Northallerton is down due to the impact of the High Street Improvement Scheme, ways of promoting the market is currently being looked into.
	All Leisure Centre Income	The Leisure Centres are experiencing reduced income compared to their targets due to reduced usage after the effects of COVID-19, the Cost-of-Living crisis and new competition in the area. This will be monitored and data analysed to report at Quarter 2.
Corporate	Legal Costs	Potential legal costs relating to Linton-on-Ouse Asylum Reception if progresses to Phase II.