

REPORT TO EXECUTIVE

Date of Meeting: 3 December 2024

REPORT TO COUNCIL

Date of Meeting: 17 December 2024

Report of: Director Finance

Title: Overview of General Fund Revenue Budget 2024/25 – Quarter 2

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To advise Members of the overall financial position of the General Fund Revenue Budgets for the 2024/25 financial year after six months.

2. Recommendations:

It is recommended that Members of the Executive note the report and Council notes and approves (where applicable):

- (1) The General Fund forecast financial position for the 2024 financial year;
- (2) The supplementary budgets and budget transfers as detailed in paragraph 8.9 and Appendix 3;
- (3) The outstanding Sundry Debt position as at September 2024;
- (4) The creditors payments performance; and
- (5) The One Exeter programme update

3. Reasons for the recommendation:

To formally note the Council's projected financial position and to approve additional expenditure required during the financial year.

4. What are the resource implications including non financial resources?

The impact on the General Fund working balance is set out in section 8.8.

The General Fund Working Balance is projected to stand at £3.693 million at year end.

5. Section 151 Officer comments:

6. What are the legal aspects?

Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for example, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

The Local Government Finance Act 1992 places a legal requirement on Council to approve not only the budget but also any changes to the budget proposed during the year. Council has a legal duty to ensure that the budget is balanced and that any changes to the budget are fully funded.

7. Monitoring Officer's comments:

The purpose of this report is to advise Members of the overall financial position of the General Fund Revenue Budgets for the 2024/25 financial year as at Quarter 2. Members will note the statutory duty imposed on the Council to monitor expenditure and income against the budget calculations as set out in the legal aspects above

8. Report details:

Overview of General Fund Revenue Budget 2024/25 – Quarter 2

8.1 Financial Summary

FUND	Planned Transfer To / (From) Working Balance £	Budget Variance (More) / Less £	Outturn Transfer 2024/25 £
General Fund	(2,862,201)	672,681	(2,189,520)

8.2 General Fund (Appendix 1 & Appendix 2)

During the year, a restructure of the Senior Leadership of the Council has taken place. The restructure was projected to reduce costs by £388,110, which would be used to strengthen areas of the Council requiring investment to meet members' priorities. In 2024/25, the actual reduction totals £350,946 as there are some interim arrangements in place to cover vacant posts. Once these posts are filled on a permanent basis the reduction will rise to £389,580 in line with the original estimate. As agreed, some of the funds have been used for additional posts and therefore in the current financial year, a net saving of £266k is expected from the senior leadership review (£243k within General Fund Services and £23k within the Housing Revenue Account) after the interim arrangements and new posts. The

Appendices have been updated to reflect this new leadership structure that is now in place.

For the 2024/25 financial year, the current forecasts show an overall projected overspend of £461,915 against a revised budget of £23,036,350. This includes supplementary budgets of £6,285,570 already agreed by Council. Variances of more than +/- £30,000 are detailed below:

8.3 Operations

Budget Heading	Over / (Underspend)
Environmental Health & Licensing	(£318,400)
Responsible Officer: Head of Service – Environmental Health & Waste Vacancies across the service are proving difficult to fill with a forecast of £160,000 underspend. The services are beginning to make use of the funding issued in respect of the significant disruption that occurred whilst staff were diverted on to working on the Homes for Ukraine initiative, but some £74,000 is still expected to be available at year end to further the recovery. Another year of higher-than-expected funding for Disabled Facilities Grants has also increased the administrative burden rechargeable to the grant allocation above budgeted levels by £65,000.	
Domestic Refuse Collection	(£310,590)
Responsible Officer: Head of Service – Environmental Health & Waste There is a delay to further roll out of the doorstep food waste programme until the construction of the food waste bay, so there will be savings in the year due to roles not being filled and vehicles not yet being leased until such time as the service is in a position to roll out to the remaining two thirds of the city. These savings will more than offset the income the service is unable to claim from DCC's Share Scheme saving fund, to which we have no eligibility until the scheme achieves 100% coverage. We have been advised that the scheme will cease after next year, leaving the service with an unachievable future year target of £280,000 which will require addressing. The spend on agency staff is expected to reduce by £50,000 from last year's outturn of just under £300,000.	
Public Conveniences	£52,230
Responsible Officer: Head of Service – Operations The service has suffered due to a serious leak at the Matford Park and Ride facility, bills having exceeded £40,000 since February this year, which the Council is looking into claiming back through our insurance. There is no fault on the part of Corporate Property or Operations as the leak was recognised and actions taken to address with immediate effect. No assumption is made as to the level of any recovery achievable within forecast.	
Waste Chargeable Services	(£97,930)
Responsible Officer: Head of Service – Environmental Health & Waste Following an internal realignment of income targets within this Management Unit, the Trade waste budget in particular is performing strongly, and all services are contributing to the over-achievement of the target surplus at year end.	

Materials Reclamation Facility	£153,110
Responsible Officer: Head of Service – Environmental Health & Waste The use of secondary reclamation facilities is frequently necessary due to the age of the site, which is due to undergo refurbishment. The level of usage is dependent on the date of closure of the facility for the start of this work, but the overspend could increase if the facility fails before the anticipated closure and takes a significant time to bring back into use.	
Engineering Services	(£308,850)
Responsible Officer: Head of Service – Operations The team have had some success in recruiting to the vacancies seen over previous years and can continue to look forward to pursuing both revenue and capital schemes more actively as a result. There remain a number of vacancies which have been difficult to fill, where an underspend of £170,000 is predicted after allowing for the possible pay offer costing, this will be partially offset by not having the 3rd Capital Delivery officer which will reduce the recharge to capital by around £70,000. The use of sub-contractors across the service remains subdued with a forecast underspend of £80,000. Funding associated with demolition costs for a footbridge will not be spent releasing £134,180 of one-off budget this year.	
Waterways	(£131,340)
Responsible Officer: Head of Service – Operations The Exeter Port Authority operates a mooring repairs service, purchased by the Council several years ago. The intention was for this to be self-financing, but costs had risen significantly whilst workload and income had not. The opportunity is still available but, without the introduction of the Harbour Revision Order (HRO) which is currently being progressed, improvement will be slow – the current forecast is that the service will be very near to breakeven at year end, depending on the ongoing demand for the services it provides. The presently unoccupied Waterways Engineer post, funded for a 3-year period from historic vacancy underspending within Engineering (at £120,000) has been transferred to the service which is looking at how best to use this resource. There is a contingency fund available for any inquiry that might follow the application for the HRO, but that will not take place in the current year and the £80,000 will be required to roll over to the next financial year. Canal licences represent the one area of concern – income levels have stagnated in the opening quarters with few new vessels being kept in the canal. The forecast is for there to be a reduction in income in comparison with 2023/24, due to vessels being scrapped or leaving. Income will likely be some £76,000 below budgeted level.	
Corporate Property – Assets	(£354,620)
Responsible Officer: Head of Service – Asset Maintenance £200,000 underspend has been forecast against property maintenance to reflect the budget for the Leisure services not being used this year; the actual costs sit in the individual Leisure centres. The remaining underspend of £154,620 is from savings against the establishment budget and this will continue until vacant posts are filled. This forecast figure includes £27,000 in redundancy costs which will be covered by reserves so the actual underspend is £181,620	

Corporate Support	£196,890
Responsible Officer: Head of Service – Asset Maintenance The shortfall in rental income continues to create this adverse variance, with a loss of £230,000 expected by year-end. Savings of £60,000 has helped mitigate this slightly but the situation is unlikely to materially change by year-end. The mail room continues to show an overspend against postage – now forecast at £20,000 - after the budget was reduced in 2022/23. Measures are being explored in how these costs may be reduced and if implemented, the impact will be reported in quarter three.	

8.4 Corporate

Budget Heading	Over / (Underspend)
Corporate Property – Estates	£382,940
Responsible Officer: Head of Service (Interim) – Commercial Assets Estates continue to have several vacant properties, which will reduce rental income and increase vacant property charges. The reported adverse variance also reflects higher business rates payable in respect of St Georges Retail Units as well a forecast overspend on property maintenance. The total overspend includes redundancy costs which will be covered by reserves.	
Parking Services	£156,080
Responsible Officer: Head of Service – City Centre & Net Zero The resolution of where Global Payment Bank Charges should fall was completed only after budgets had been set for the current year and these were not within the agreed budget book values. It is anticipated that the full year cost of these charges will be around £85,000. The Council's contract with Ring-Go is of a cost and volume nature; we are hitting the point of additional charges being levied earlier and earlier each contract year due to the switchover to cashless payments, which is also creating pressures on the card charges budget. The re-zoning of some car parks has significantly increased a number of site rateable values, some up by almost 50% - the budget pressure is £164,000 which has substantially been offset by lower electricity charges (£155,000).	
Revenues & Benefits	£141,640
Responsible Officer: Head of Service - Finance A £60k overspend is forecast in respect of unrecoverable housing benefits. The budgets factored in a reduction in the level of unrecoverable housing benefits relating to the spot purchases of B&B accommodation. However, this is no longer expected to be realised in 2024/25 due to the time required to purchase or lease additional temporary accommodation, to reduce the need for B&B accommodation. Alongside this, an £81k overspend in the Revenues Service is forecast, which is predominantly due to additional agency staff covering vacant posts in Council Tax. Plans to address the reliance on agency staff are being progressed as a priority.	

The senior leadership restructure resulted in unbudgeted redundancy costs, which are matched by a saving in employee costs following deletion of the former Service Lead post within this management unit.	
Unapportionable Overheads	£771,450
Responsible Officer: Head of Service – Finance The overspend is the result of pension strain payments incurred after the senior management restructure. This cost will be covered by reserves.	

8.5 People and Communities

Budget Heading	Over / (Underspend)
Housing Needs and Homelessness	£350,000
Responsible Officer: Head of Service - Housing Nationally the number of households in Temporary Accommodation (TA) has increased; in Exeter over the past two years there has been an increase of 20%, with a corresponding increase in costs of £364k over budgeted levels. Due to the necessity of using contracted hotels to meet this increase in demand there have been additional costs for providing security services to ensure safety of all residents. This is forecast to cost £200k more than budgeted by the end of the year. It is anticipated that some of these costs may be offset through the in-year provision of supplementary central government grants such as the Homelessness Prevention Grant. Officers are reviewing the current operating model of the service to look for any efficiency including providing long leases with the aim of reducing unit cost of temporary accommodation.	
GF Housing – Property	(£30,000)
Responsible Officer – Head of Service - Housing Over the past 12 months we have been actively handing back the Private Sector Leasing properties to their owners, considering any mandatory reimbursement required under the terms of their lease agreements. This has now effectively stemmed the deficit in rental income against the costs being paid out under the lease agreements. This represents a £30,000 saving on the overall budget at this time.	
Transportation	(£60,000)
Responsible Officer – Interim Head of HR Workforce Planning & OD This surplus to budget will be transferred to reserves at year-end and will be used to facilitate initiatives under the new Sustainable Travel Policy.	
Central Support	£61,560
Responsible Officer – Interim Head of Digital & Data This overspend includes redundancy costs which will be funded from an earmarked reserve. Alongside this savings are forecast due to a short delay in recruiting an Interim Head of Service.	

Customer Service Centre	£79,145
Responsible Officer – Interim Head of Customer and Communities £42,700 of this forecast overspend is attributable to the senior leadership restructure, the costs of which are offset elsewhere and include a redundancy cost that is funded from an earmarked reserve. The rest of the projected overspend is a result of the long-term use of agency staff within the customer contact centre. These contracts arose from post covid demand increases, including the introduction of discretionary schemes such as the household support fund. All contact centre agency staff contracts ended on 31st October.	

8.6 Place

Budget Heading	Over / (Underspend)
Net Zero and Business	(£82,240)
Responsible Officer: Head of Service – City Centre & Net Zero A combination of Net Zero Admin and Business Projects project work budgets, carried forward from last year, are the source of this underspend. Staff have been recruited to fixed-term roles that will utilise the underspend over the course of the next 2 years.	
Culture	(£107,990)
Responsible Officer: Head of Service – Culture The Arts & Events cost centre are showing an underspend of £56,590 – this is due the supplementary budget for the Women’s Rugby World Cup not being fully utilised this year. The majority of the spend will be in 2025/26, in the lead up to the event itself, so any outstanding balance will be requested as a supplementary in the new financial year. At the Corn Exchange, the forecast underspend is £51,400; this includes a redundancy payment of £20,000 which will be covered by reserves making the actual underspend £71,422. Income from events continues to be strong, with a forecast surplus to budget of £31,000. There is also a forecast saving against premises - mainly due to a reduction in utility costs – and establishment savings due to the recent senior management restructure. The full impact of the restructure has not yet been fully realised and the loss of the Facilities & Markets Manager may affect current staffing forecasts; for instance, there may be a greater reliance on casual staff. This will be monitored closely over the coming months and any material impact will be recorded at quarter three.	
Planning	£204,200

Responsible Officer: Service Lead, City Development

There is a forecast reduction in fee income of £450,000, primarily attributed to a continuing decline in the overall number of planning applications submitted. In the 2022/23 financial year, we processed 1,482 applications, whereas in 2023/24 this number dropped to 1,289—a reduction of approximately 13%. Notably, householder applications, which are the most common type we receive, fell from 403 to 311. This downward trend has continued into the 2024/25 financial year. If this trend persists, fee income will fall short by £450,000 by the end of the financial year.

The ongoing decrease in application numbers, particularly in the householder category, is offsetting the increase in planning fees, resulting in a net reduction in overall fee income. The reduction is likely influenced by broader economic factors, including persistent economic uncertainty and the cost-of-living crisis. Rising interest rates, inflation, and the increased costs of materials, labour, and energy have made developers and homeowners more cautious about embarking on new projects. Furthermore, the housing market slowdown, characterised by fluctuating property values and demand, continues to deter potential applicants from proceeding with developments or home improvements.

The timetable for the Exeter Plan continues to respond to complex consultation responses, evidence requirements and national planning policy reforms meaning the projects is extending into multiple financial years. Significant evidence has been commissioned which continues to support the Exeter Plan, although the project is likely to be underspent by £250,000 in 2024/25. A supplementary budget will be requested for 2025/26 when the plan is scheduled to go through its examination and substantial costs will be incurred.

Museum Service**(£174,910)****Responsible Officer: Head of Service – Culture**

Savings against the utilities budgets continue to be made, driven by the efficiencies identified by the energy consultant (a similar exercise is now being carried out across the Council's leisure facilities). There may be further savings in supplies & services but these will become more apparent at quarter three. Venue hire income is also expected to rise as bookings have started to increase so the second half of the year should show some improvement in revenue. This year's charged for temporary exhibition begins in Quarter 3 and the level of interest expressed pre-opening suggests it is likely to be successful in ticket sales. Income from solar panel arrays is now likely to increase as the Ark array has just been repaired and extended and a new array on the RAMM roof is shortly to be commissioned.

The underspend continues to offset an income shortfall in relation to the shop, which is expected to be under its target income for 2024/25 by £47,500.

Leisure & Sport**(£175,420)****Responsible Officer: Head of Service – Culture**

Leisure centres continue to operate at maximum capacity. Salary savings have decreased to around £160,000 reflecting the successful recruitment of several permanent posts, including a second Centre Manager.

Income is still healthy with a surplus to budget of £158,500 expected. As is still the case, premises costs are showing an overspend which reduces the savings but this overspend is offset with a £200,000 underspend reported in the Assets Maintenance budget.

CCTV & Home Call	£136,100
Responsible Officer: Head of Service – City Centre & Net Zero Home Call income remains an issue within this Management Unit due to previous unrealistic income targets continuing to be set. Despite recent marketing campaigns generating new customers, sadly valued service users have passed away which means that numbers have remained static, with income continuing to fall short of budget by some £135,000 including the recharge to HRA. The introduction of Technology Enabled Care (TEC) grants this year has offset around half of this (£65,000) but the cost of the units is creating a £20,000 pressure on the Equipment budget. In addition, the service is trying to mitigate the shortfall in Home Call income with new CCTV Monitoring contracts for other locations in Devon, but there is a significant delay between expressions of interest and contract sign-up by third party clients, restricting the growth this year. Non-contractual overtime is currently high to maintain minimum operational staffing levels which is forecast to be some £42,000 over budget at year end and will need review for the new year budget.	

8.7 Other Financial Variations

Budget Heading	Over / (Underspend)
Net interest	(£20,129)
Interest payable remains on target. Interest receivable is expected to be £20k slightly higher than budgeted as interest rates were elevated for the first part of the year although rates are now reducing.	

8.8 General Fund Balance

In 2024/25 it is projected that there will be an overall net contribution from the General Fund Balance of £2,189,520. The minimum requirement for the General Fund working balance which was approved by Council in February 2024 at £3 million.

Movement	2024/25
Opening Balance, as at 01/04/24	£5,882,563
Net	(£2,189,520)
Projected Balance at Year End	£3,693,043

8.9 Supplementary Budgets

It is proposed that the supplementary budget and budget transfers identified in Appendix 3 are approved and added to the 2024/25 budget. The supplementary budget request will have no impact on the projected General Fund working balance.

8.10 Outstanding Sundry Debt

An aged debt analysis of the Council's sundry debts is shown in the table below:

Age of Debt	March 2023	March 2024	Sept 2024
Up to 29 days (current)	£1,436,904	£1,411,457	£1,257,434
30 days – 1 Year	£1,697,735	£2,738,947	£1,085,309
1 – 2 years	£1,645,793	£299,265	£745,419
2 – 3 years	£199,426	£273,541	£276,392
3 – 4 years	£539,002	£78,227	£90,849
4 – 5 years	£254,721	£290,834	£82,913
5 + years	£1,186,130	£340,009	£562,577
Total	£6,959,711	£5,432,280	£4,100,893

In November 2023 aged debt totalling £1.7m in respect of overpaid Housing Benefits was transferred from the ASH Sundry Debtors system to the IMAN system, a new system specifically to manage the recovery of overpaid Housing Benefits. The aged debt analysis in the above table therefore reflects outstanding sundry debtors.

8.11 Debt Write-Offs

The following amounts have been written-off during 2024/25:

	2023/24 Total	2024/25 (Qtr 2)
• Council Tax	£236,172	£183,608
• Business Rates *	£38,096	£0
• Sundry Debt	£2,238	£0
• Housing Rents	£93,187	£43,526
• Non-HRA Rents	£63,376	£25,102
• HB Overpayments	£191,856	£15,534

* Business Rate write offs dealt with annually

8.12 Creditor Payments Performance

Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 96.11% for the first six months of 2024/25 compared with 95.45% after the first six months of 2023/24.

9. One Exeter Update

As Members will be aware, One Exeter is the Council's transformation programme and is a critical priority for the council.

A progress report was presented to Executive in February 2024. The report provided an annual summary of progress against the One Exeter Programme and set out a series of proposed outcomes for the following 12 months. Alongside this, work has started to identify cost reduction proposals for 2025/26.

Appendix 5 sets out how the Council is performing against the 2024/25 cost reductions. At the end of Quarter 2, it is forecast that £264k of the £1.402m will not be

achieved, of which £157k relates to planning fee income and £80k relates to delays in achieving reductions in B&B accommodation costs. Both planning fee income and costs of the Housing Needs and Homelessness Service will therefore be subject to close monitoring by officers as areas of budgetary risk.

The Council's medium term financial plan anticipates reserves being reduced to the minimum required by the end of 2024/25 and further budget reductions of £3.5m are required in 2025/26. Work has now started on identifying cost reduction proposals, which includes the cost reductions identified through the service reviews undertaken in December 2022.

Since the last update, work continues on reviewing the council's Corporate Plan to ensure that it is focussed on outcomes. An organisational Performance Dashboard is currently being developed to clearly show how the council is performing against the measures set out in the updated Corporate Plan. This work is due for completion by April 2025.

A pilot has started in the Digital and Data team to store council information within Sharepoint. Shifting the council's information to Sharepoint will deliver a number of benefits including access to all M365 applications and good data governance which will help to ensure that information accurate, up to date and protected from unauthorised access.

As part of the work taking place within the People and Communities Directorate, a number of policies have been created or updated. These include an updated Flexitime Policy, Grievance Policy, Sustainable Travel Policy and a new policy for employing people who are under 18.

The Strategic Management Board and Operational Management Board (known as the Extended Leadership Team) are working together to develop proposals for making cost reductions in 2025/26.

Work continues with the implementation of the new Senior Leadership Structure. The internal recruitment process has been completed, the Executive Office has been established and a new Manager has been appointed and interviews for the remaining unfilled positions are currently being arranged.

10. How does the decision contribute to the Council's Corporate Plan?

This is a statement of the projected financial position to the end of the 2024/25.

11. What risks are there and how can they be reduced?

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. Members have a legal responsibility to take action where balances are projected to reach an unsustainable level and the Strategic Management Board are working to address the current projected shortfall in reserves.

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks are attached as Appendix 4, for reference.

12. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 There are no significant equality and diversity impacts associated with this decision.

13. Carbon Footprint (Environmental) Implications:

There are no direct carbon/environmental impacts arising from the recommendations.

14. Are there any other options?

Not applicable.

Director Finance & S151 Officer, Dave Hodgson

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:
None

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