

## Appendix 2

## Financial Performance to June 2024 (Quarter 1)

1. Introduction

A summary update on financial performance in respect of employee expenses (including salaries and agency costs), income (including fees and charges) and the capital programme as at 30 June 2024 is provided below.

2. Employee Position

The summary position for the employee budgets as at 30 June 2024 is shown below. The actuals paid to date do not include the 2024/25 pay award that is still to be agreed. The original budgets assumed 4% pay inflation. The budget figures shown exclude the vacancy rate target set when the original budget was approved. The total vacancy saving for the General Fund is a target of £600k in 2024/25 and the total underspend will need to meet this target.

Department	Budget Salary* £'000	Budget Agency £'000	Budget Total £'000	Budget Mar-24 £'000	Actual Salary* £'000	Actual Agency £'000	Actual Total £'000	Budget Var. £'000
Chief Executive	3,708	20	3,728	<b>932</b>	834	39	<b>873</b>	(59)
Deputy Chief Executive	3,612	181	3,793	<b>948</b>	775	61	<b>836</b>	(113)
Monitoring Officer	681	50	731	<b>183</b>	124	17	<b>141</b>	(42)
Executive Director	7,157	729	7,886	<b>1,971</b>	1,465	146	<b>1,611</b>	(360)
<b>GF Total</b>	<b>15,158</b>	<b>980</b>	<b>16,138</b>	<b>4,035</b>	<b>3,198</b>	<b>263</b>	<b>3,461</b>	<b>(574)</b>
<b>HRA Total</b>	<b>5,427</b>	<b>0</b>	<b>5,427</b>	<b>1,357</b>	<b>1,134</b>	<b>20</b>	<b>1,154</b>	<b>(203)</b>
<b>Grand Total</b>	<b>20,585</b>	<b>980</b>	<b>21,565</b>	<b>5,391</b>	<b>4,332</b>	<b>283</b>	<b>4,615</b>	<b>(777)</b>

Note: \* 'Salary' budgets and actuals includes 'overtime'.

The table shows that the current budget variation on salaries and agency costs as at 30 June 2024 is an underspend of £750k. This position needs to be adjusted for the General Fund and HRA and is considered further below.

a. General Fund

The current underspend on General Fund budgets is shown as £574k. This figure should be notionally adjusted to make allowance for the budgeted 4% pay award that has not yet been agreed and paid. This reduces the variance by £138k on the General Fund. The estimated overtime and agency to be paid in arrears would further reduce the saving by £41k.

**The adjusted position for the General Fund is an underspend of £395k.**

This compares favourably with the annual vacancy rate of £600k (pro-rata £150k).

b. Housing Revenue Account (HRA)

The current underspend on HRA budgets is £203k. Again, this figure should be notionally adjusted to allow for the budgeted 4% pay award that has not yet been agreed and paid. This reduces the variance by £45k for the HRA. The estimated overtime and agency still to be paid further reduces the saving by £3k. **The adjusted position for the HRA is an underspend of £155k.**

c. Pay Awards – Further Pay Inflation Pressure

The original salary budget for 2024/25 was calculated with an assumption of a 4% uplift for the pay award.

On 16 May 2024 the National Employers made an offer for 2024/25 pay award of £1,290 permanent uplift on all NJC pay points from 2 to 43 (equivalent to the Broxtowe local Grade 2 through to Grade 15. This translated to an increase of 5.7% for employees on the lowest point to 2.5% for those on the highest. This pay award offer has not yet been accepted by the Unions.

The full impact analysis of the pay award is undertaken as part of regular budget monitoring activity which will include detailed examination of employee costs to determine extent and duration of any existing budget pressures. A re-working of the salary budget model used for the 2024/25 base budget shows that the overall impact for the full year would be around £40k. This is far less than in previous years, with the potential impact having been almost fully negated by the earlier decision to assume a 4% pay award for 2023/24 pay budgets.

3. Income Budgets

The position to 30 June 2024 in respect of the most significant variable income budgets is as follows:

Income	Annual Budget £'000	Ledger Income to 30/06/24 £'000	Latest Projection £'000	Projected Variance to Budget £'000
Planning Fees	(628)	(96)	(400)	228
Pre-Planning and History Fees	(40)	(3)	(15)	25
Industrial Units Rents	(221)	(161)	(221)	-
Craft Centre Complex Rents	(34)	(16)	(34)	-
Garden Waste Income	(1,029)	(996)	(1,029)	-

Income	Annual Budget £'000	Ledger Income to 30/06/24 £'000	Latest Projection £'000	Projected Variance to Budget £'000
Trade Refuse Income	(643)	(488)	(628)	15
Recycling Credits - Glass	(237)	(22)	(115)	122
Sale of Glass	(45)	(24)	(100)	(55)
Sale of Wheeled Bins	(25)	(17)	(25)	-
Special Collections Income	(58)	(19)	(58)	-
Parking Income (Pay & Display)	(466)	(130)	(485)	(19)
Off-Street PCN Income	(24)	(0)	(24)	-
Cemeteries	(235)	(33)	(235)	-
Beeston Parks	(50)	(14)	(42)	8
Stapleford Parks	(17)	(9)	(13)	4
Eastwood Parks	(15)	(4)	(8)	7
Miscellaneous Legal Charges	(15)	(6)	(15)	-
Land Charges Income	(40)	(14)	(40)	-
Licensing Income	(133)	(31)	(133)	-
Interest on Investments	(530)	(0)	(650)	(120)
Beeston Square Rent	(836)	(443)	(836)	-
General Properties Rents	(54)	(8)	(54)	-
<b>Total</b>	<b>(5,375)</b>	<b>(2,534)</b>	<b>(5,160)</b>	<b>215</b>

The current projection is for net **reduced** income of £215k.

#### Notes

The current status is in respect of income billed rather than income collected. The majority of the annual projections above are pro-rata based upon activity to 30 June 2024 and/or re-profiled projections based upon 2023/24 outturn.

- i) Income from Planning Fees is projected to be significantly lower than forecast, similar to 2023/24. There was a number of large schemes that took place in 2022/23 that resulted in an over-achievement of income in that year.
- ii) The final outturn for industrial unit rents will be adjusted as they are billed in advance e.g. any accruals, receipts in advance and provision for doubtful bad debts. Rent abatements for the six units at High Hazel Court have been agreed by GMT until the roof repairs can be resolved.

- iii) The increase in Garden Waste income from earlier years is due to an uplift in subscriptions. Trade refuse income risk being lower than budgeted due to loss of number of businesses. Glass income has risen due to an increase in the price per tonne of glass from January 2024 (from £29 per tonne to £85 per tonne) and forecasts range from £100k to £136k so will be reviewed. However, recycling credits income for glass is lower and set to fall so will need to be revisited. Income from wheeled bin/special collections remains steady.
- iv) Average monthly income from Car Parking charges has increased since January 2024 following the cessation of the one-hour free parking and therefore should achieve the increased budget of £450k. The number of exemption permits issued has not changed. Income may also be received through the purchase of resident's permits. There has been additional income of £19k received from Network Rail for using car park during construction works.
- v) Penalty Charge Notice (PCN) income from off-street car parking is received from Nottinghamshire County Council at the end of each financial year.
- vi) Cemeteries income is based on current levels.
- vii) Due to recent weather conditions, the forecast for parks income is based on last years' outturn.
- viii) Legal Services are allowed to charge when instructed on certain matters with the level of income being dependent on the number of instructions received.
- ix) With the migration of the local Land Charges service, the expected income for 2024/25 should be achieved.
- x) Licencing income is in line with expectations.
- xi) Investment income is above budget estimates due to positive cash flows, higher interest rates and in receiving capital grant monies upfront. Actual interest from long-term investments is generally transferred out of the interest holding account at the end of the financial year. The overall benefit will be shared with HRA to be calculated at year-end.
- xii) Beeston Square Rent is made up of both Phase 1 and Phase 2 rents. The outturn for 2024/25 includes receipts in advance. The rent projection for Phase 1 for the year is £461k, which takes into account six vacant units (including the 'Wilkos' unit) due to the proposed sale of Argos Block. The Phase 2 rents are anticipated at £410k, which takes into account one vacant unit. There is also an estimated £50k reduction for the bad debt provision.
- xiii) General property rents are splitting out of properties into their own separate cost centres for clarity. Some of the tenants are charged on an annual basis and bills will be sent at a later date.

4. Capital Programme

Capital expenditure as at 30 June 2024 is summarised as follows:

	Approved Budget 2024/25 £'000	Actual Spend to 30/06/24 £'000	Proportion of Budget Spent
General Fund (GF)	8,018	511	6%
GF – Stapleford Towns Fund	14,755	124	1%
GF – Kimberley Means Business	15,614	259	2%
GF – UK Shared Prosperity Fund	256	4	1%
Housing Revenue Account (HRA)	11,288	1,613	14%
Housing Delivery Plan (HRA)	24,995	2,439	10%
<b>TOTAL</b>	<b>74,926</b>	<b>4,949</b>	<b>7%</b>
Add: Reserve List	4,136		
<b>Total Capital Programme</b>	<b>79,062</b>		

The General Fund (GF) figures above include the Stapleford Towns Fund, Kimberley Means Business (Levelling Up Fund) and the UK Shared Prosperity Fund schemes. Elements of these schemes, and the Housing Delivery Plan, may require revisions to the budget profile in 2024/25 to better reflect the latest delivery programme.

The table includes all capital schemes brought forward from 2023/24 (approved at Cabinet on 23 July 2024), in addition to any other budget changes made up to 30 June 2024. No account has been taken of any invoices received but not yet paid or work that has taken place but where no invoices have, as yet, been received.

The Reserve List includes schemes totalling £4.136m for which the approval to proceed will be granted once a source of funding has been identified.

The most significant schemes with regards to spend to 30 June 2024 are:

Scheme	Approved Budget 2024/25 £'000	Actual Spend to 30/06/24 £'000	Comments
<b>GENERAL FUND</b>			
Disabled Facilities Grants	1,425	244	Ongoing, with further grants committed
Replacement Vehicles and Plant	954	-	Orders raised for vehicles in replacement programme
Pride in Parks	290	59	In progress. Bramcote Hills Park refurbishment nearing completion in July. Cost and design for other schemes to be undertaken in Q2.
Chilwell Quarry - Stabilisation Works	1,000	16	In progress
Stapleford - Cemetery Extension	150	-	In progress
Bramcote Crematorium - Cremator Replacement and Associated Works	900	-	In progress. Cost to be shared with Erewash BC.
New Bramcote Leisure Centre – RIBA Stage 4	800	-	Scheme underway
Bramcote Leisure Centre Building Conditions Repair	207	-	Works in progress
Durban House Refurbishment	150	108	Works in progress
Beeston Square Phase 2 (including Unit 4 Fitting Out Works at £150k)	502	-	Fitting out works still to commence. Some earlier outstanding snagging items and other works required in respect of waste disposal.
ICT Replacement and Development Programme	152	-	Replacement programme in progress.
ICT Technical Infrastructure Architecture	441	23	In progress
ICT E-facilities Initiatives	125	-	In progress
ICT VoIP Telephony	50	-	Scoping of solutions to determine appropriate platform to deliver improved customer journey whilst demonstrating best value.
NWOW – Main Reception	129	9	In progress

Scheme	Approved Budget 2024/25 £'000	Actual Spend to 30/06/24 £'000	Comments
<b>STAPLEFORD TOWNS FUND</b>			
Stapleford Towns Fund – Community Pavilion	5,891	41	In progress. Planning conditions causing delays on start on site. Budget may need updating to reflect delivery profile.
Stapleford Towns Fund – Town Centre Traffic Management	514	24	Delivery dependent on partners' responsiveness. Project brief updated to reflect what can be achieved in the time remaining and is under design with VIA.
Stapleford Towns Fund – Cycle Network and Infrastructure	3,138	16	Two-thirds of project has been delivered with active travel improvements to soon be at the design stage. Budget may need updating to reflect delivery profile.
Stapleford Towns Fund – Town Centre Enterprise Management	1,933	43	Land adoption issues led to a redesign of the building causing further delays to planning application submission. Budget may need updating to reflect delivery profile.
Stapleford Towns Fund – Skills and Education Facility Improvements	2,953	-	Project now completed with handover being finalised. Accounts awaited.
<b>KIMBERLEY LEVELLING-UP</b>			
Kimberley Levelling Up Fund – Kimberley Means Business	15,614	See below	Scheme launched and in progress. Spend of budget in time remains a risk. Budgets may need to be updated to better reflect delivery profile.
LUF – Bennerley Viaduct Project		192	Phase 1 nearing completion with an opening date for the ramp in August. Value engineering of the Visitor Centre (phase 2) underway.

Scheme	Approved Budget 2024/25 £'000	Actual Spend to 30/06/24 £'000	Comments
Kimberley LUF - Cycle Routes		1	Some difficulties due to the need to coordinate with NCC and work on its assets. Land ownership in places and potential development sites also contributing to delays in reaching outputs.
Kimberley LUF - Digby Street		55	Project is at delicate stage of negotiation as part of the transfer of location to the vicinity of Bennerley. Heads of Terms to be agreed.
Kimberley LUF - New Sports Facility		1	New pavilion at the Stag Ground at design phase.
Kimberley LUF - Business Grants		10	New round of business grants under consideration with previous rounds issued. Match funding likely to be met from bidders.
Kimberley LUF - Kimberley Laser Light Show		-	Town Council has agreed purchasing strategy and will procure illuminations and associated special effects.
Kimberley LUF - Kimberley Hub		-	Contractor selected for demolition works. QS work undertaken for new Hub build on the site of the existing Parish Rooms.
<b>UKSPF</b>			
UK Shared Prosperity Fund – Capital Schemes	256	4	Schemes in progress. Budget to be updated to reflect grant allocation and delivery profile.
<b>HOUSING REVENUE ACCOUNT</b>			
Heating Replacement and Energy Efficiency Works	2,537	102	In progress. Current trend is an underspend due to less than expected BER's
Housing Modernisation Programme	2,030	504	Work is underway. No concerns in Q1
Social Housing Decarbonisation	1,900	156	In progress, 88 properties, with four completions and 20 as works-in-progress.



Scheme	Approved Budget 2024/25 £'000	Actual Spend to 30/06/24 £'000	Comments
Retrofit Works - Scalby Close, Eastwood	581	-	Roofing contractors to mobilise, with work to start September 2024
Electrical Periodic Improvement Works	478	22	In progress
Aids and Adaptations – Disabled Persons	436	13	On target and catching up on backlog. There may be underspends due to decisions and timing
External Decoration, Pre-Paint Repairs, Soffit/Fascia Renewal	602	41	No concerns in Q1 but expect additional spend in remaining quarters
Fire Safety Assessment and Remedial Works	547	-	Currently seeking fire remedial contractor via Procure Plus
Window and Door Replacement	319	53	In progress – no concerns
External Works – Paths, Paving and Hard Standings	210	-	Awaiting outcome of stock condition surveys
Structural Remedial Repairs	266	101	On target. Budget may be rephrased to exclude damp
Major Relets	240	-	In progress
Asbestos Surveys and Remedial Works	302	28	In progress. Currently managing supplier to fast track surveys.
<b>HOUSING DELIVERY PLAN</b>			
Acquisition of Properties	2,455	42	In progress. Further opportunities expected to progress to completion
Property Acquisition - Church Hill, Kimberley	773	-	In progress
Property Acquisition - Hall Drive Chilwell	3,160	-	In progress
New Build Housing Feasibility Costs	914	633	In progress
New Build – Fishpond Cottage	1,403	1	Scheme underway
New Build – Chilwell and Watnall Garage Sites (incl Inham Nook)	3,949	873	Scheme underway
New Build – Felton Close	1,222	-	Scheme underway

Scheme	Approved Budget 2024/25 £'000	Actual Spend to 30/06/24 £'000	Comments
New Build – Selside Court	1,040	-	Scheme underway
New Build – Gayrigg Court	938	-	Scheme underway
New Build – Chilton Drive	700	-	Scheme has planning permission. Homes England funding requested.
New Build – Spring Close	700	-	Scheme has planning permission. Homes England funding requested.
New Build – Crematorium	4,773	-	Negotiations are ongoing over the sale of land and the subsequent land purchase and building agreement for the 51 new homes.
New Build – Field Farm	2,475	914	Contract negotiations finalised Contract signing and first completions expected July 2024.

\* includes all approved changes up to 30 June 2024 and the capital budgets brought forward from 2023/24 (approved by Cabinet on 23 July 2024). Subsequent budget changes will be reflected in the Q2 report.