

## **5. 2023/24 REVISED REVENUE BUDGET (JW)**

### **1. Purpose of the report**

This report presents to Members revisions to the 2023/24 budget as a result of the pay strategy.

#### **Key Issues**

- The Authority wishes to introduce a new pay strategy following the organisational restructure which was approved by Members in July 2023.
- The current budget for 2023/24 does not reflect the new organisational structure and the budgets required for each service.
- Interest income is greater than budget due to higher than forecast increases in interest rates.
- The revised budget also includes the receipt of a donation to support Visitor Centres.
- Approval of the budget revisions will be subject to the approval of the adoption of the pay strategy on this same agenda.

### **2. Recommendations**

- 1. Subject to the approval of the Pay Strategy (on the same agenda), to approve the changes to the revenue budget based on Pay Strategy Option 3B for 2023/24 set out in the table below .**

#### **How does this contribute to our policies and legal obligations?**

3. The Authority is required to set a balanced revenue budget for 2023/24 which was approved on 3 February 2022 (Minute reference 11/23). The changes to the organisational structure and pay strategy need to be fully funded and therefore, the approved budget needs to be revised to ensure that the Authority continues to have a balanced budget for 2023/24.

#### **Background Information**

4. As discussed in the New Pay Grade Structure paper (on this same agenda) the new pay structure is intended to improve the ongoing issue with recruitment and retention.
5. It is proposed that the new the pay grade structure be effective from January 2024 and therefore, requires a change to the Authority revenue budget for 2023/24.

#### **Proposals**

6. The main financial impact of the revised budget relates to:
  - Net increase to pay budget for pay strategy changes from January to March 2024 £194k;
  - Changes to project budgets for Farming in Protected Landscapes (FiPL), Moors for the Future Partnership (MFFP) and Environmental Land Management (ELM) Test and Trial (net income increase of £61k);

- Increase in planned use of reserves (£60k);
  - Increase in vacancy factor (£79k);
  - Increase in income from interest received (£250k);
  - Proportion of donation for Visitor Centres in 2023/24 (£60k).
7. The original pay budget for 2023/24 has been reduced for January to March 2024 and replaced by the increased pay strategy pay budgets. This results in a net increase of £194k. This is based on the new organisational structure agreed by Members in July 2023.
  8. The funding available from Defra for FiPL in 2023/24 was increased after the 2023/24 budget was approved. This included additional funding to increase the staff associated with delivering the project as well as additional grant funding to distribute. This has therefore this has been included in the budget revision to allow for an accurate budget for FiPL. The changes in the pay strategy has also increased the pay costs of delivering FiPL which is included in the pay budget amount.
  9. The activity for MFFP is revised throughout the financial year as projects flex and change as well as the changes in pay costs as a result of the pay strategy (included in the pay cost increase). Overall there is a decrease in income of £92k which has been included in the revised budget.
  10. The changes to the pay strategy have also resulted in a change in pay costs for the delivery of the ELM test and trial of £10k.
  11. Included in the funding of the Authority is the addition of six grant funded posts that were approved in the organisational restructure. The 3 month effect for those posts is £60k from reserves.
  12. As a result of the increase in the overall pay budget the vacancy factor (at 4%) has increased by £79k.
  13. The changes also include £60k income from the Foundation for the Visitor Centres on the basis that it was originally expected that the Visitor Centres would be closed by January 2024, therefore the donation is included from this date.
  14. Finally, the budget has been increased due to the increase in the amount of interest being received on balances held by the Authority. The actual interest received at the end of September 2023 was £197k against a budget of £110k. Based on the current rate of interest of 5.2% and average balances it is forecast that the outturn will be £360k, which is an increase of £250k.
  15. Summary of changes:

	<b>2023/24 Approved Budget £000's</b>	<b>2023/24 Revised Budget £000's</b>	<b>Changes £000's</b>
Net Expenditure	7,166	7,299	133
Funding	(7,167)	(7,616)	(449)
<b>(Surplus)/ Deficit</b>	<b>(1)</b>	<b>(317)</b>	<b>(316)</b>
<i>Reconciliation of Changes</i>			<b>£000's</b>

Pay Strategy Pay Increases (Jan to March 2024)	194
Net increase in income for FiPL	(143)
Net decrease in income for MFFP	92
Net increase in income for ELM Test & Trial	(10)
Increase in planned use of reserves (reserve funded posts)	(60)
Increase in vacancy factor (at 4%)	(79)
Donation for Visitor Centres	(60)
Increase in interest receipts	(250)
<b>Total Budget Changes</b>	<b>(316)</b>

16. The changes to the organisational structure and the pay grade structure has a long term impact on the budgets of the Authority and this has been forecast in the Medium Term Financial Plan (MTFP) up to 2027/28 as shown below. The MTFP will be subject to change as the 2024/25 budget is pulled together:

**MTFP Option 3B**

	Original Budget	Forecast Budget				
	2023/24 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
Pay Award Estimate			@5%	@5%	@3%	@3%
Net Expenditure	7,166	7,240	7,370	7,801	7,999	8,112
<i>Financed by:</i>						
National Park Grant	(6,699)	(6,699)	(6,699)	(6,699)	(6,699)	(6,699)
Reserves and Interest	(468)	(858)	(931)	(957)	(876)	(771)
<b>Funding</b>	<b>(7,167)</b>	<b>(7,557)</b>	<b>(7,630)</b>	<b>(7,656)</b>	<b>(7,575)</b>	<b>(7,470)</b>
<b>(Surplus) or Deficit after financing</b>	<b>(1)</b>	<b>(317)</b>	<b>(260)</b>	<b>145</b>	<b>424</b>	<b>642</b>
<b>Cumulative Position</b>	<b>(1)</b>	<b>(317)</b>	<b>(577)</b>	<b>(432)</b>	<b>(8)</b>	<b>634</b>

17. The MTFP shows cumulative surpluses until 2027/28, however there are a number of assumptions included within the MTFP which could have an impact on the financial modelling in the medium to long term.

18. The MTFP is based the following assumptions:

- 2023/24 pay award at £1,925 or 3.88% is accepted (accepted in October 2023);

- All employees maintain their current scale position within their grade (not reset to the bottom of the scale);
  - There is a continuation of the Defra flat cash award for the next four years (2024/25 to 2027/28);
  - Pay increases at 5% for 2024/25 and 2025/26 and at 3% for 2026/27 and 2027/28;
  - The vacancy factor increases to 5% from 2024/25;
  - The donation for the Visitor Centres starts in January 2024 for 3 calendar years and is replaced by income by January 2027;
  - There is a £60k increase in planning fees (from government increases) from 2024/25;
  - £81k additional car park income realised in 2024/25;
  - Assumes that FiPL ends as planned on 31 March 2025 but any extension or new scheme would be fully funded;
  - MFFP is at 2023/24 revised budget as increases or decreases in expenditure would be met by corresponding changes in income and previous agreed reductions to continue;
  - Assumes reserve and grant funded posts end as per current dates;
  - Interest receipts of £360k in 2023/24 reduce to £200k per year as the level of reserves reduce.
19. The overall impact in 2023/24 is a surplus of £317k which will need to be carried forward to support expenditure in future financial years.

**Are there any corporate implications members should be concerned about?**

**Financial:**

20. The issues are contained within the body of the report

**Risk Management:**

21. The Chief Finance Officer has a statutory responsibility under Sections 25 – 28 of the Local Government Act 2003 to report to Members, the Monitoring Officer and External Auditors on the robustness of the budget setting and monitoring process, and has an express duty to monitor the budget and underlying assumptions throughout the year, and to act when significant overspends or shortfalls in income occur. The External Auditor assesses the financial position of the Authority as part of its annual Value for Money conclusion.

**Sustainability:**

22. This report represents continuing to look after the sustainability of the Authority's budgets and to be able to financially manage unexpected events.

**Equality, Diversity and Inclusion:**

23. None

**24. Climate Change**

- There are no issues relevant to this report

**25. Background papers (not previously published)**

None

**26. Appendices**

None

**Report Author, Job Title and Publication Date**

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