

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICER: Chief Executive

DATE: 6th July 2023

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: Y

TITLE OF REPORT: Corporate Revenue Budget Monitoring 2022/23 – Quarter 4 Outturn Position

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to report to the Executive Board the overall revenue financial position of the Council for the year ended 31st March 2023, highlighting any significant issues and explaining variations in the final quarter of the financial year. It is also to determine the year end position with regard to portfolio under/overspends and the impact on earmarked and unallocated reserves.

2. RECOMMENDATIONS

- 2.1 It is recommended that Executive Board approve:-
- a) the Portfolio Budget Adjustments as outlined in Appendix 1;
 - b) the outturn summary provided in Appendix 2;
 - c) the Earmarked Reserves and General Fund Balance position shown in Appendix 3.

3. BACKGROUND

- 3.1 In accordance with the Council's Financial Procedure Rules, all Portfolios are required to examine their revenue budget position on a monthly basis. Quarterly reports are submitted to the Executive Board for review and action as necessary along with a final report, detailing the financial outturn for the year.

4. RATIONALE

- 4.1 The development of the budget is a key element of the Council's financial governance processes. The requirement for the Council to monitor its budget during the year is set out in s28 of the Local Government Act 2003 with s28(3) requiring the Council to take action, as it considers necessary, if there has been a deterioration in its financial position.

5. KEY ISSUES

Portfolio Cash Limits - Adjustments

- 5.1 At the meeting of Finance Council on 28th February 2022, the Council agreed the General Fund Revenue Budget for 2022/23.
- 5.2 As Councillors will be aware, the budget is subject to changes for a range of reasons as the financial year progresses. **Appendix 1** provides a detailed analysis of those budget adjustments that have occurred during the year. The impact of these adjustments on the Council's Budget for 2022/23 is summarised in Table 1 below:-

Table 1: Working Budget 2022/23 (as at 31st March 2023)

	Working Budget at 31 st Dec 2022 £000	Adjustments*1 £000	Working Budget at 31 st Mar 2023 £000
Portfolio Budgets	139,533	(5,263)	134,270
Other Corporate Income and Expenditure	(12,409)	(7,091)	(19,501)
Net Revenue Expenditure	127,124	(12,355)	114,769
Less Core Funding	(50,373)	-	(50,373)
Less Council Tax	(60,335)	-	(60,335)
Shortfall before Reserves	16,416	(12,355)	4,061
Change in Specific Reserves	(16,416)	13,784	(2,632)
Change in GF Balance	-	(1,429)	(1,429)
Funding 'Gap'	-	-	-

*1 – See Appendix 1

- 5.3 The Executive Board is asked to approve these budget adjustments (where they haven't already been approved in accordance with Financial Procedure Rules).

Performance against Controllable Budgets

- 5.4 Table 2 below provides a summary of the outturn position on the Council's General Fund Revenue Budget for 2022/23 compared to the Working Budget referred to in Table 1 above. As the table indicates, there is an overspend of £0.045m (compared to forecast overspend of £5.670m at December 2022). A more detailed analysis is provided at **Appendix 2**:-

Table 2: Actual Performance against Controllable Budgets

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Portfolio Budgets	134,270	136,702	2,432
Other Corporate I & E	(19,501)	(21,888)	(2,387)
Net Revenue Expenditure	114,769	114,814	45
Less Core Funding	(50,373)	(50,373)	-
Less Council Tax	(60,335)	(60,335)	-
Shortfall before Reserves	4,061	4,106	45
Change in Specific Reserves	(2,632)	(3,329)	(697)
Change in GF Balance	(1,429)	(777)	652
Funding 'Gap'	-	-	-

*1 – See Appendix 2

Portfolio Budgets

- 5.5 As indicated in Table 2 above, the actual outturn position on the Portfolio Budgets is an overspend of £2.432m (compared to a forecast overspend of £4.473m at 31st December 2022). An analysis of this position by Portfolio is shown in the Table 3 below:-

Table 3: Portfolio Performance against Controllable Budgets

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Adults Social Care and Health	59,005	56,948	(2,057)
Children, Young People and Education	35,597	38,565	2,968
Public Health, Prevention and Wellbeing	2,157	2,243	86
Environment and Operations	14,893	15,015	122
Growth and Development	4,189	5,131	942
Finance and Governance	12,618	12,353	(265)
Digital and Customer Services	6,752	6,691	(61)
Schools and Education (DSG)	(941)	(244)	697
Portfolio Budgets	134,270	136,627	2,432

*1 – As per Portfolio Budgets in Table 1

- 5.6 The narrative below provides more details of these forecast variances.

Adult Social Care and Health

- 5.7 The outturn position for Adult Social Care and Health is an underspend of £2.057m. This is summarised in the table below

Table 4: Adult Social Care and Health – Outturn 2022/23

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Independent Sector Other	1,040	1,166	126
Independent Sector	45,531	44,638	(893)
ASC and Social Work	2,595	2,664	69
Day Services	949	789	(160)
Independent Living	2,116	1,706	(410)
Integrated Commissioning	1,376	1,281	(95)
Mental Health	1,586	1,103	(483)
Safeguarding	841	898	57
Shared Lives	672	582	(90)
Strat Gov & Bus Support	718	505	(213)
Supporting People	1,069	1,167	98
Transport	327	245	(82)
Prevention, Neighbourhoods & Learning	420	440	20
Social Integration	189	188	(1)
Community Assets	(424)	(424)	-
Adult Social Care and Health	59,005	56,948	(2,057)

- 5.8 During the course of the year the portfolio has experienced ongoing pressures within the external commissioning budget as a result of additional demand including cost of individual packages and acuity of needs. However, the outturn position for the year is a significant underspend. Additional one-off unplanned receipts and associated budget adjustments for Continuing Health Care contributions from the ICB and adjustments to individual direct payment budgets have contributed to the underspend.
- 5.9 Furthermore, the Council has also maximised external funds including Discharge Funding of £637k which was only announced and allocated in December 2022 but has enabled some eligible winter pressures to be absorbed into the grant.
- 5.10 The final outturn position reflects £1.1 million funding carried forward into future years to meet any short term delays in implementing savings options, managing demand including winter pressures, transitions of cases from Children's, and to support review and application of staffing changes and Social work recruitment and retention.
- 5.11 The net underspend on non-commissioning budget areas is in the main due to staffing vacancies and associated recruitment and retention difficulties across the social care sector which is an issue not just locally but nationally. Review and realignment of staffing structures across teams is underway therefore any staffing savings are not anticipated to be recurring.

Children, Young People and Education

- 5.12 The outturn position for Children, Young People and Education is an overspend of £2.968m. This is summarised in the table below:-

Table 5: Children, Young People and Education – Outturn 2022/23

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Strategic Social Work	6,084	5,810	(274)
Permanence	18,852	22,573	3,721
Adolescent Services	3,716	3,181	(535)
Strategy, Policy and Performance	396	453	57
Education	3,286	3,325	39
Early Years	495	464	(31)
Directorate	2,768	2,759	(9)
Children, Young People and Education	35,597	38,565	2,968

- 5.13 As in recent previous years, the greatest demand pressure experienced by the portfolio was against the Commissioned Placements budget which returned an overspend of £3.164 million. This figure includes a 100% doubtful debt provision against £432k of potential income from Health in relation to jointly commissioned placements. Additional pressures were also seen against the SEN Transport, Adoption and Fostering budgets. These pressures were offset to a degree by underspends against the Leaving Care budget as well as a number of Education budgets.

Public Health, Prevention and Wellbeing

- 5.14 The outturn position for Public Health, Prevention and Wellbeing is an overspend of £86k. This is summarised in the table below:-

Table 6: Public Health, Prevention and Wellbeing – Outturn 2022/23

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Leisure Services	919	1,150	231
Parks and Open Spaces	33	32	(1)
Healthy Lifestyle	218	42	(176)
Public Health	52	213	161
Community Asset Management (incl CCTV)	364	318	(46)
Housing Needs	226	144	(82)
Directorate	345	344	(1)
Public Health, Prevention and Wellbeing	2,157	2,243	86

5.15 The key variances to note include:-

- As the year has progressed, Leisure Services has continued to see recovery post Covid-19, with improved membership numbers and increased customer confidence in the uptake of services. Corporate adjustments including mitigation to offset energy price increases has resulted in an outturn overspend of £54k for this area.
- Prevention, Housing Needs and Community Safety budget areas overall have underspent by £129k in the main due to additional income and salary savings.

Environment and Operations

5.16 The outturn position for Environment and Operations is an overspend of £122k. This is summarised in the table below:-

Table 7: Environment and Operations – Outturn 2022/23

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Corporate Property	2,889	3,150	261
Markets	1,144	1,056	(88)
Business/Enterprise Centres	(44)	53	97
Housing Services	129	110	(19)
Management Overhead	1,544	1,453	(91)
Grounds Maintenance	441	263	(178)
Neighbourhood Health	279	235	(44)
Transport	(355)	(376)	(21)
Cleansing Services	3,405	3,626	221
Parking Services	(984)	(891)	93
Waste Disposal	6,146	5,955	(191)
Public Protection Service	155	210	55
Witton Park Cafe	(46)	(19)	27
s106 Agreements (Expenditure)	190	190	-
Environment and Operations	12,893	15,015	122

5.17 The key variances to note include:-

- Previously reported pressures arising from the continuing impact of the pandemic and the emerging effects of the cost of living crisis i.e. reduced income from services such as the Witton Park Cafe, Taxi Licensing and Car Parks, have largely been offset at year end through savings on waste disposal, management accounts, and grounds maintenance.
- The pressures on Cleansing services arose from increases in fuel costs and a shortfall on Trade Waste income.

Growth and Development

5.18 The outturn position for Growth and Development is an overspend of £0.942m. This is summarised in the table below:-

Table 8: Growth and Development – Outturn 2022/23

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Corporate Property	(1,111)	(611)	500
Commercial Investment/Tenanted Estate	(1,061)	(1,426)	(365)
Highways Maintenance	3,611	4,225	614
Strategic Transport/Co-ordination	2,354	2,419	65
Directorate/Growth Team	2,277	2,287	10
Building Control	228	207	(21)
Development Control/Planning	(405)	(35)	370
Town Centre Regeneration	72	64	(8)
RPL Office Accommodation	77	77	-
Parks and Open Spaces	(54)	(58)	(4)
Halls and Entertainment	298	64	(234)
Library Services	1,369	1,344	(25)
Museum Services	385	422	37
Arts Services	24	27	3
s106 Agreements (Income)	(3,875)	(3,875)	-
Growth and Development	4,189	5,131	942

5.19 The key variances to note include:-

- As with other areas, the impact of the Covid-19 pandemic and the cost of living crisis continue to have a significant impact on the Council's income streams. Indeed, income has still to return to pre-pandemic levels. Services impacted include the Mall, and the Mall Car Park;
- Increasing energy costs on Street Lights and Traffic Signals represent almost half of the forecast overspend on the Highways budgets;
- The pressure on the Development Control Service of £370k represents a shortfall in income. The pipeline of developments generated by the Growth team continue across the Borough

but the timing of major planning applications and therefore receipt of significant income can impact on in year forecasts.

- Savings on the Council's tenanted property estate and across Halls and Facilities offset the pressures to an extent. Quarter 3 monitoring forecast an overspend of £1.373m and actual outturn is £949k overspent.

Finance and Governance

5.20 The outturn position for Finance and Governance is an underspend of £265k. This is summarised in the table below:-

Table 9: Finance and Governance – Outturn 2022/23

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Financial Support Services	4,923	4,750	(173)
Democratic Services	1,269	1,209	(60)
Legal Support Services	1,931	1,999	68
Chief Executive, Policy and Support	841	786	(55)
Human Resources and Training	2,659	2,524	(135)
Other Non Distributable Costs	995	1,085	90
Finance and Governance	12,618	12,353	(265)

5.21 The key variances to note are:-

- Underspends on Financial Support Services and Human Resources are in part due to vacancy management;
- The overspend on the Legal Support Services is mainly due to additional Childcare Legal Costs.

Digital and Customer Services

5.22 The outturn position for Digital and Customer Services is an underspend of £61k. This is summarised in the table below:-

Table 10: Digital and Customer Services – Forecast Outturn 2022/23

	Working Budget at 31 st Mar 2023 £000	Actual Outturn £000	Variation £000
Coroners Services	308	308	-
IT Management and Governance	6,444	6,383	(61)
Digital and Customer Services	6,752	6,691	(61)

5.23 The underspend on the IT Management and Governance Service primarily reflects the impact of vacancy management in the service.

Schools and Education (DSG)

- 5.24 The outturn for the Schools and Education (DSG) portfolio is an overspend of £697k. This represents the reduction in School reserves at closure of financial year 22/23. Schools and Education funding from DSG is monitored by the Schools Forum and reports are considered on a regular basis.

Other Corporate Income and Expenditure Budgets

- 5.25 The outturn position for Other Corporate Income and Expenditure Budgets is an underspend of £2.387m. This is summarised in the table below

Table 11: Other Corporate Income and Expenditure Budgets – Outturn 2022/23

	Working Budget at 31st Mar 2023 £000	Actual Outturn £000	Variation £000
RCCO	2,989	2,989	-
School Contribution to Capital	(333)	(333)	-
Contingencies	836	836	-
<i>Debt Charges</i>			
Interest and Investment Income	(25)	(1,314)	(1,289)
Debt interest payable	12,590	11,723	(867)
MRP	6,422	6,191	(231)
Other Non-Ringfenced Grants	(42,172)	(42,172)	-
Town and Parish Council Precepts	192	192	-
Other Corporate Income and Expenditure	(19,501)	(21,888)	(2,387)

- 5.26 The key variances to note (as previously reported) are:-

- Savings of £2.387m have been achieved on the Council's Debt Charges (including additional income from investments). This is primarily due to the graduated increase in interest rates during the year combined with higher than expected cash balances leading to increased investment income.

Savings Agreed for 2022/23 – Progress on Implementation

- 5.27 As part of the approved budget for 2022/23, the Council agreed a range of savings proposals. Delivery of the savings is fundamental to a sustainable budget. The table below highlights the outturn position with the implementation of the savings agreed (the impact of savings not being achieved is picked up in the variations reported in each of the Portfolios referred to above).

Table 12: Achievement of Savings Agreed for 2022/23

	Working Budget at 30 th Sept 2022 £000	Forecast Outturn £000	Variation £000
Adult Social Care and Health	750	750	-
Children, Young People and Education	320	54	(266)
Environment and Operations	205	205	-
Digital and Customer Services	100	100	-
Finance and Governance	690	690	-
Total Savings	2,065	1,799	(266)

- 5.28 The monitoring of the implementation of savings will continue to be a feature of subsequent quarterly monitoring reports.

Reserves and Balances

General Fund Unallocated Reserves

- 5.29 The table below details the movements on Unallocated Reserves:

Table 13: General Fund Unallocated Reserves Movements 2022/23

Summary of Movement	£000
Balance on Unallocated General Fund Reserves at 31st December 2022	7,718
Additional Non-Ring-fenced Grants Received	467
Savings on Meridian Creditors Review	366
Savings on "Ring-fenced" Budgets:	
- Non-Distributed Costs (Former Employee Pension Costs)	89
Net Savings in Respect of Interest and Debt Repayment Costs	2,387
Overspend on Contingencies	(2,048)
Costs of Council Tax for Care Leavers	(5)
Increased Cost of Vehicle Insurance	(30)
Increased Costs for MVSS Staff	(75)
Utilise prior year underspend on PFI codes to part fund affordability gap	(13)
Increased Costs of "Ring-fenced" Budgets:	
- Increase in Net Cost of Housing Benefits	(162)
- Coroners Service	(13)
- Flood Defence Levy	(5)
Net Overspends Across Portfolios	(1,735)
Balance on Unallocated General Fund Reserves at 31st March 2023	6,941

Earmarked Reserves

- 5.30 Taking account of the adjustments highlighted in **Appendix 3**, the level of Earmarked Reserves held for discretionary use by the Council at 31st March 2023 will be £55.469 million compared with a balance of £56.420 million as at 31st March 2022.

Table 14: Earmarked Reserves Movements 2022/23

Summary of Movement	£000
Balance on Earmarked Reserves at 31st December 2022	40,134
2021/22 Audit Adjustments – See note below	1,421
Revised Balance on Earmarked Reserves at 31st December 2022	41,555
Transfer Developers' Contributions into the S106 Reserve	2,491
Transfer Capital Finance back into Earmarked Reserve – Due to Slippage of Capital Expenditure into 2023/24	851
Funding to be Carried Forward into 2023/24 (see Appendices 1 and 3)	10,742
Utilise Support for Future Redundancy Costs Reserve	(170)
Balance on Earmarked Reserves at 31st March 2023	55,469

- 5.31 During the audit of the 2021/22 accounts it was identified that some grants which had been treated as an agency arrangement should have been credited to revenue cost centres. The impact of this adjustment is to increase the net underspend in the 2021/22 outturn and therefore increase the amount passed through to reserves at 31st March 2022. This therefore has an impact on the opening position for the 2022/23 year, which is reflected in the table above.

Collection Fund

Business Rates

- 5.32 The outturn position for the Business Rates Collection Fund is a surplus carried forward in 2023/24 of £2.882 million, comprising:

Table 15: Business Rates Collection Fund – Outturn 2022/23

Summary of Movement	Outturn £000
Business Rates Surplus Brought Forward from 2021/22	3,235
Deficit for the Year	(353)
Surplus Carried Forward as at 31st March 2023	2,882
Distribution of Surplus Carried Forward	
Central Government	1,441
Lancashire Combined Fire Authority	29
Blackburn with Darwen Borough Council	1,412
Total Surplus Carried Forward	2,882

- 5.33 The Council's share of the surplus carried forward is £1.412 million, which has been reflected within the 2023/24 budget and Medium Term Financial Plan (MTFP) for 2023-26.

Council Tax

- 5.34 The outturn position for the Council Tax Collection Fund is a surplus carried forward in 2023/24 of £0.939 million, comprising:

Table 16: Council Tax Collection Fund – Outturn 2022/23

Summary of Movement	Outturn £000
Council Tax Surplus Brought Forward from 2021/22	128
Surplus for the Year	811
Surplus Carried Forward as at 31st March 2023	939
Distribution of Surplus Carried Forward	
Lancashire Police and Crime Commissioner	109
Lancashire Combined Fire Authority	36
Blackburn with Darwen Borough Council	794
Total Surplus Carried Forward	939

5.35 The Council's share of the surplus carried forward is £0.794 million, which has been reflected within the 2023/24 budget and Medium Term Financial Plan (MTFP) for 2023-26.

6. POLICY IMPLICATIONS

6.1 There are no policy implications arising directly from this report.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications are as given in the report.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising directly from the contents of this report.

9. RESOURCE IMPLICATIONS

9.1 There are no other resources implications arising from the contents of this report.

10. EQUALITY AND HEALTH IMPLICATIONS

10.1 There are no equality and health implications arising from the contents of this report.

11. CONSULTATIONS

11.1 None arising from the contents of this report.

12. STATEMENT OF COMPLIANCE

12.1 None arising from the contents of this report.

Appendices

Appendix 1 – Portfolio Cash Limit Adjustments as at 31st March 2023

Appendix 2 – Summary General Fund Revenue Account – Outturn Position at 31st March 2023

Appendix 3 – Earmarked Reserves and General Fund Balance – Position as at 31st March 2023

VERSION:	1
CONTACT OFFICER:	Denise Park / Simon Ross
DATE:	June 2023
BACKGROUND PAPERS:	None