

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICER: Chief Executive

DATE: 7th September 2023

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: Y

TITLE OF REPORT: Corporate Revenue Budget Monitoring 2023/24 – Quarter 1

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide the Executive Board with an update on the Council's Revenue Budget for 2023/24 on the basis of a budget monitoring exercise undertaken at the end of June 2023 (Quarter 1).

2. RECOMMENDATIONS

2.1 It is recommended that Executive Board:-

- a) give approval to the Portfolio Cash Limit Adjustments as outlined in Appendix 1;
- b) note the General Fund Budget Summary position as at 30th June 2023;
- c) note the current forecast overspend of £1.748m at the end of Quarter 1 and request Portfolio Holders to review their budgets for the remainder of 2023/24 with a view to identifying potential mitigating actions.
- d) note the Earmarked Reserves and General Fund Balance position as at 30th June 2023.

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 27th February 2023, the Council agreed the General Fund Revenue Budget for 2023/24.
- 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 period to 30th June 2023. The impact of these adjustments on the Council's Budget for 2023/24 is summarised in Table 1 below:-

Table 1: Working Budget 2023/24 (as at 30th June 2023)

	Original Budget 2022/23 £000	Adjustments*1 £000	Working Budget at 30 th June 2022 £000
Portfolio Budgets	154,037	6,683	160,720
Other Corporate Income and Expenditure	(16,658)	51	(16,607)
Net Revenue Expenditure	137,379	6,734	144,113
Less Core Funding	(62,268)	-	(62,268)
Less Council Tax	(64,861)	-	(64,861)
Shortfall before Reserves	10,250	-	16,984
Change in Specific Reserves	(10,250)	(6,734)	(16,984)
Change in GF Balance	-	-	-
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 forecast outturn position on the Council's General Fund Revenue Budget for 2023/24 compared to the Working Budget referred to in Table 1 above. As the table indicates, on the basis of the Quarter 1 budget monitoring position there is a forecast overspend of £1.748m. A more detailed analysis is provided at **Appendix 2**:-

Table 2: Forecast Performance against Controllable Budgets

	Working Budget at 30 Jun 2023 £000	Forecast Outturn £000	Variation £000
Portfolio Budgets	160,720	162,468	1,748
Other Corporate I & E	(16,606)	(16,606)	-
Net Revenue Expenditure	144,113	145,863	1,748
Less Core Funding	(62,268)	(62,268)	-
Less Council Tax	(64,861)	(64,861)	-
Shortfall before Reserves	16,984	18,734	1,748
Change in Specific Reserves	(16,984)	(18,732)	(1,748)
Change in GF Balance	-	-	-
Funding 'Gap'	-	-	-

*1 – See Appendix 2

- 5.5 Councillors should note that this is a forecast outturn position for the year based on the Quarter 1 monitoring position. Further budget monitoring exercises will be undertaken during the year and these will be reported to the Executive Board accordingly.

Portfolio Budgets

- 5.6 As indicated in Table 2 above, the forecast outturn position on the Portfolio Budgets is an overspend of £1.748m. An analysis of this position by Portfolio is shown in the Table 3 below:-

Table 3: Portfolio Forecast Performance against Controllable Budgets

	Working Budget at 30 Jun 2023 £000	Forecast Outturn £000	Variation £000
Adults Social Care and Health	70,032	70,043	11
Children, Young People and Education	40,894	41,797	903
Public Health, Prevention and Wellbeing	4,526	4,257	(269)
Environment and Operations	11,963	12,766	803
Growth and Development	15,014	15,412	398
Finance and Governance	11,987	11,889	(98)
Digital and Customer Services	7,245	7,245	-
Schools and Education (DSG)	(941)	(941)	-
Portfolio Budgets	160,720	162,468	1,748

*1 – As per Portfolio Budgets in Table 1

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

Adult Social Care and Health

5.8 The forecast outturn position for Adult Social Care and Health is an overspend of £11k. This is summarised in the table below

Table 4: Adult Social Care and Health – Forecast Outturn 2023/24:-

	Working Budget at 30 Jun 2023 £000	Forecast £000	Variation £000
Independent Sector Other	(47)	260	307
Independent Sector	53,013	53,013	0
ASC and Social Work	3,140	3,090	(51)
Day Services	1,048	1,048	0
Independent Living	1,931	1,931	0
Integrated Commissioning	3,445	3,445	0
Mental Health	1,240	1,213	(27)
Safeguarding	1,134	1,077	(57)
Shared Lives	657	660	3
Strat Gov & Bus Support	1,916	1,912	(4)
Supporting People	1,069	1,069	0
Transport	330	246	(84)
Prevention, Neighbourhoods & Learning	617	541	(76)
Social Integration	133	133	0
Community Safety	404	404	0
Adult Social Care and Health	70,032	70,043	11

5.9 The key variances to note include:-

External commissioning budgets are closely monitored and reviewed throughout the year, and therefore current forecast position of spend in line with the budgets can be subject to change as we progress through the months.

Children, Young People and Education

5.10 The forecast outturn position for Children, Young People and Education is an overspend of £903k. This is summarised in the table below:-

Table 5: Children, Young People and Education – Forecast Outturn 2023/24

	Working Budget at 30 Jun 2023 £000	Forecast £000	Variation £000
Strategic Social Work	6,232	6,505	273
Permanence	21,486	22,196	710
Adolescent Services	4,238	3,998	(240)
Strategy, Policy and Performance	415	427	12
Education	3,573	3,704	131

Early Years	1,948	1,730	(218)
Directorate	3,002	3,237	235
Children, Young People and Education	40,894	41,797	903

5.11 The key variances to note include:-

At this stage in the financial year there remains a great deal of uncertainty around our year end forecasts, especially around Commissioned Placements which is based on our worst case scenario for those children currently in placement. These forecasts will be refined as the year progresses and trends become visible.

Due to the uncertainty surrounding the potential health contributions towards our jointly commissioned packages of care, we removed the associated income target as part of the budget setting process for 2023/24. With this in mind, and in line with the approach taken at year end, we have not included any contributions from Health in this first budget monitoring of the year. We are obviously still hopeful that our partners will contribute again in 2023/24 and further discussions have taken place with Health to agree the approach going forward. An invoice for quarter 1 will be raised once final agreement on the amount has been made with Health.

Public Health, Prevention and Wellbeing

5.12 The forecast outturn position for Public Health, Prevention and Wellbeing is an underspend of £269k. This is summarised in the table below:-

Table 6: Public Health, Prevention and Wellbeing – Forecast Outturn 2023/24

	Working Budget at 30 Jun 2023 £000	Forecast £000	Variation £000
Leisure Services	1,354	1,172	(182)
Parks and Open Spaces	(13)	(24)	(11)
Healthy Lifestyle	(14)	(22)	(8)
Public Health	1,248	1,248	0
Community Asset Management (incl CCTV)	1,226	1,172	(54)
Housing Needs	454	440	(14)
Directorate	271	271	0
Public Health, Prevention and Wellbeing	4,526	4,257	(269)

5.13 The key variances to note include:-

The significant variance on the portfolio is Leisure and we will continue to monitor closely energy costs and income from fees and charges.

Environment and Operations

5.14 The forecast outturn position for Environment and Operations is an overspend of £803k. This is summarised in the table below:-

Table 7: Environment and Operations – Forecast Outturn 2023/24

	Working Budget at 30 Jun 2023 £000	Forecast £000	£000
Housing Services	(27)	267	294
Management Overhead	1,549	1,492	(57)
Grounds Maintenance	392	375	(17)
Neighbourhood Health	284	245	(39)
Transport	(233)	(219)	14
Cleansing Services	3,434	3,641	207
Parking Services	(976)	(839)	137
Waste Disposal	7,267	7,452	185
Public Protection Service	231	310	79
Witton Park Café	0	0	0
s106 Agreements (Expenditure)	42	42	0
Environment and Operations	11,963	12,766	803

5.15 The key variances to note include:-

As a result of the recent fire and subsequent closure of the Crematorium the portfolio is currently making reduced income from the site and the above forecast reflects this. If this pressure cannot be contained within the overall portfolio, corporate funding will be requested at a later Executive Board.

There is a forecast variance of £294k on Housing Services mainly arising as a result of lack of resource to establish a new Selective Licensing area. The portfolio has commissioned an external consultancy to undertake the work necessary to enable this to be taken forward and a new Selective Licensing area established as soon as practicable.

There are also pressures on the Household Waste Recycling Centres, Parking Services and Taxi Licensing which the portfolio are monitoring closely and will seek to manage across the financial year.

Growth and Development

5.16 The forecast outturn position for Growth and Development is an overspend of £398k. This is summarised in the table below:-

Table 8: Growth and Development – Forecast Outturn 2023/24

	Working Budget at 30 Jun 2023 £000	Forecast £000	£000
Markets	1,389	1,184	(205)

Business/Enterprise Centres	52	(40)	(92)
Corporate Property	1,736	1,597	(139)
Commercial Investment/Tenanted Estate	(690)	(402)	288
Highways Maintenance	4,284	4,903	619
Strategic Transport/Co-ordination	2,179	2,227	48
Directorate/Growth Team	3,792	3,890	98
Building Control	137	105	(32)
Development Control/Planning	(297)	(297)	0
Town Centre Regeneration	94	163	69
RPL Office Accommodation	73	73	0
Parks and Open Spaces	(37)	0	37
Halls and Entertainment	438	289	(149)
Library Services	1,446	1,379	(67)
Museum Services	388	311	(77)
Arts Services	30	30	0
s106 Agreements (Income)	0	0	0
Growth and Development	15,014	15,412	398

5.17 The key variances to note include:-

There is a pressure across the Highways Maintenance budgets and Commercial Investment/Tenanted Estate. These are to a large extent offset by savings across the remainder of the portfolio.

Finance and Governance

5.18 The forecast outturn position for Finance and Governance is an underspend of £98k. This is summarised in the table below:-

Table 9: Finance and Governance – Forecast Outturn 2023/24

	Working Budget at 30 Jun 2023 £000	Forecast £000	£000
Financial Support Services	3,826	3,848	22
Democratic Services	1,347	1,163	(184)
Legal Support Services	2,159	2,171	12
Chief Executive, Policy and Support	981	971	(10)
Human Resources and Training	2,395	2,411	16
Other Non Distributable Costs	1,279	1,325	46
Finance and Governance	11,987	11,889	(98)

5.19 The key variances to note include:-

The major variation against budget is a saving across Democratic Services which is mainly made up of staff vacancies.

Digital and Customer Services

5.20 The forecast outturn position for Digital and Customer Services is breakeven. This is summarised in the table below:-

Table 10: Digital and Customer Services – Forecast Outturn 2023/24

	Working Budget at 30 Jun 2023 £000	Forecast £000	£000
Coroners Services	315	336	21
IT Management and Governance	6,930	6,909	(21)
Digital and Customer Services	7,245	7,245	0

5.21 There are no variances to note at this time.

Schools and Education (DSG)

5.22 The forecast outturn for the Schools and Education (DSG) portfolio is breakeven. Services in Schools and Education (DSG) are currently forecast to spend the funding available in 2023/24 through the DSG and Pupil Premium. 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

5.23 The forecast outturn position for Other Corporate Income and Expenditure Budgets is breakeven. Given recent increases in interest rates, the Strategic Director, Finance and Resources will be asked to review this position and include an update in a future report. This is summarised in the table below

Table 11: Other Corporate Income and Expenditure Budgets – Forecast Outturn 2023/24

	Working Budget at 30 Jun 2023 £000	Forecast Outturn £000	Variation £000
RCCO	8,128	8,128	-
School Contribution to Capital	(266)	(266)	-
Contingencies	6,932	6,932	-
<u>Debt Charges</u>		-	
<i>Interest and Investment Income</i>	(1,300)	(1,300)	-
<i>Debt interest payable</i>	12,760	12,760	-
<i>MRP</i>	6,565	6,565	-
Other Non-Ringfenced Grants	(49,619)	(49,619)	-
Town and Parish Council Precepts	193	193	-
Other Corporate Income and Expenditure	(16,607)	(16,607)	-

Savings Agreed for 2023/24 – Progress on Implementation

- 5.24 As part of the approved budget for 2023/24, the Council agreed a range of savings proposals. Delivery of the savings is fundamental to a sustainable budget. The table below highlights the forecast outturn position with the implementation of the savings agreed (the forecast 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 2023/24

	Working Budget at 30 th June 2023 £000	Forecast Outturn £000	Variation £000
Adult Social Care and Health	1,447	1,447	-
Children, Young People and Education	367	217	(150)
Public Health, Prevention & Wellbeing	207	207	-
Environment and Operations	447	447	-
Growth and Development	150	150	-
Digital and Customer Services	167	167	-
Finance and Governance	411	411	-
Total Savings	3,196	3,046	(150)

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

Reserves and Balances

- 5.26 At the start of the financial year, the Council has Reserves and Balances totalling of £74.216m. This includes a General Reserve of £6.941m (which includes the Minimum Working Balance of £6.000m)
- 5.27 In approving the Budget for 2023/24, the Council agreed to use £10.250m from specific earmarked reserves in support of the budget. This report now allocates £6.734m from earmarked reserves which arose from carrying forward grants and other contributions into specific reserves at the end of the financial year 2022//23. Taking into account the various adjustments referred to elsewhere in this report, the estimate of Balances and Reserves as at 30th June 2023 is £57.232m. A detailed analysis of these changes is provided at **Appendix 3**.
- 5.28 Given the forecast outturn position set out in this report, and should there be no further mitigation during the remainder of the financial year, the Council would need to draw an additional £1.748m from its Reserves and Balances to achieve a balanced budget. The extent to which this will be necessary will be subject to regular review as part of the regular budget monitoring reports presented to the Executive Board.

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

Appendix 2 – Summary General Fund Revenue Account – Forecast Outturn Position at 30th June 2023

Appendix 3 – Earmarked Reserves and General Fund Balance – Position as at 30th June 2023

VERSION:	1
CONTACT OFFICER:	Simon Ross
DATE:	August 2023
BACKGROUND PAPERS:	None