

EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Finance and Governance

LEAD OFFICER: Strategic Director of Finance and Resources

DATE: 9th November 2023

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: Y

TITLE OF REPORT: Corporate Revenue Budget Monitoring 2023/24 – Quarter 2

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 September 2023 (Quarter 2).

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 September 2023;
 - c) note the current forecast overspend of £1.450m at the end of Quarter 2 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 September 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 September 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 September 2023)

	30 Jun 2023 £000	Adjustments*1 £000	Working Budget at 30 Sept 2023 £000
Portfolio Budgets	160,719	400	161,119
Other Corporate Income and Expenditure	(16,606)	(1,302)	(17,908)
Net Revenue Expenditure	144,113	(902)	143,211
Less Core Funding	(62,268)	-	(62,268)
Less Council Tax	(64,861)	-	(64,861)
Shortfall before Reserves	16,984	(900)	16,082
Change in Specific Reserves	(16,984)	900	(16,084)
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 2 budget monitoring position there is a forecast overspend of £1.450m. A more detailed analysis is provided at **Appendix 2:-**

Table 2: Forecast Performance against Controllable Budgets

	Working Budget at 30 Sept 2023 £000	Forecast Outturn	Variation £000
Portfolio Budgets	161,119	165,069	3,950
Other Corporate I & E	(17,908)	(20,408)	(2,500)
Net Revenue Expenditure	143,210	144,661	1,450
Less Core Funding	(62,268)	(62,268)	-
Less Council Tax	(64,861)	(64,861)	-
Shortfall before Reserves	16,081	17,532	1,450
Change in Specific Reserves	(16,084)	(17,534)	(1,450)
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 2 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 £3.950m. 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 Sept 2023 £000	Forecast Outturn £000	Variation £000
Adults Social Care and Health	69,614	69,183	(431)
Children, Young People and Education	40,894	45,151	4,257
Public Health, Prevention and Wellbeing	5,015	4,623	(392)
Environment and Operations	11,590	12,367	777
Growth and Development	15,372	15,756	384
Finance and Governance	12,464	12,288	(176)
Digital and Customer Services	7,111	6,642	(469)
Schools and Education (DSG)	(941)	(941)	-
Portfolio Budgets	161,119	165,069	3,950

*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 underspend of £431k. This is summarised in the table below

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	Variation £000
Independent Sector Other	347	437	90
Independent Sector	52,613	52,860	247
ASC and Social Work	3,083	2,939	(144)
Day Services	2,219	1,973	(246)
In House Residential	0	0	0
Independent Living	1,269	1,046	(223)
Integrated Commissioning	4,101	4,025	(76)
Mental Health	1,217	1,170	(47)
Safeguarding	1,133	1,020	(113)
Shared Lives	657	632	(25)
Strat Gov & Bus Support	832	801	(31)
Supporting People	946	1,267	321
Transport	330	246	(84)
Prevention, Neighbourhoods & Learning	617	517	(100)
Social Integration	133	133	0
Community Development Management	117	117	0
Adult Social Care and Health	69,614	69,183	(431)

5.9 The key variances to note include:-

- the area of external commissioning budgets are closely monitored and reviewed throughout the year, and therefore current forecast position of an overspend of £247k can be subject to change as we progress through the months.
- with non-commissioning budgets, the currently forecast position is an underspend of £579k. Additional budget was identified at Budget Setting for a number of restructures across the department in Strategic Commissioning, Safeguarding and various Social Work teams. Savings in these areas as a result of current delay in recruitment as well as lag in implementation of staffing remodels are unlikely to continue when the restructures are complete and therefore, at present, the department is reporting a predicted break even at year end;
- Neighbourhood & Prevention Services, at this stage of the year, are anticipated to underspend by £100k.

5.10 The forecast outturn position for Children, Young People and Education is an overspend of £4.257m. This is summarised in the table below:-

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	Variation £000
Strategic Social Work	6,232	6,608	376
Permanence	21,486	23,139	1,653
Adolescent Services	4,238	4,144	(94)
Strategy, Policy and Performance	415	438	23
Education	3,573	5,789	2,216
Early Years	1,948	1,701	(247)
Directorate	3,002	3,332	330
Children, Young People and Education	40,894	45,151	4,257

5.11 The key variances to note include:-

- as per the position at Quarter 1, continuing demand pressures and rising costs are impacting on the Commissioned Placements budget. At the end of Quarter 2, trends are now becoming visible which have enabled the forecast to be refined. As a result the forecasted overspend against this budget has increased to £1.130m. This is partly due to higher than anticipated numbers of Children but mainly a result of increasing costs of placements (which is recognised nationally as a significant issue for Children's Social Care);
- ongoing pressures are also being seen in our Home to School and SEN Transport budgets due to rising numbers of children subject to Education, Health and Care Plans and becoming eligible for free transport to school. This has been compounded by an existing supplier of home to school transport having their licence withdrawn by the Transport Commissioner, resulting in a number of services being re-tendered at considerably higher cost.
- a shortfall in income from the High Needs Block of the Dedicated Schools Grant. During the year, the Council has been requested by the Education and Skills Funding Agency (ESFA) to undertake a review of the charges to the High Needs Block (HNB) of the Dedicated Schools Grant. This has highlighted that some activities (across a range of cost centres) funded from the HNB that should be funded from the Council's General Fund. In total, estimated income of £1.650m is no longer attributable to the General Fund in the current financial year hence the increase in the net cost of the Children's, Young People and Education Service.

5.12 The forecast outturn position for Public Health, Prevention and Wellbeing is an underspend of £392k. This is summarised in the table below:-

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	Variation £000
Leisure Services	1,354	1,193	(161)
Parks and Open Spaces	(50)	(35)	15
Healthy Lifestyle	(14)	(178)	(164)
Public Health	1,248	1,248	0
Library Services	11	11	0
Community Asset Management (incl CCTV)	1,108	1,019	(89)
Community Safety	404	420	16
Housing Needs	504	495	(9)
Directorate	450	450	0
Public Health, Prevention and Wellbeing	5,015	4,623	(392)

5.13 The key variances to note include:-

- Strategic Leisure is currently forecasting a saving of £160k due to the lower than expected cost of gas and electric, however we are still waiting the new energy rates from Blackburn College. Income is up 6.6% across the 3 Leisure centres for this financial year.
- there is a significant remodel taking place across the Health & Wellbeing Team which has faced unexpected delays. The ongoing restructure and remodelling of teams has created delays in recruitment into existing vacant posts. Recruitment to these posts and newly created posts will be completed by the end of the year, December 2023. As the underspend relates to Public Health funding there are currently ongoing discussions with Public Health to look at potential opportunities to support Public Health outcomes and utilise any underspend before the financial year end.
- the Community Assets area is under review hence the predicted underspend of £89,000 as spend has been ceased until the review has been undertaken.

5.14 The forecast outturn position for Environment and Operations is an overspend of £777k. This is summarised in the table below:-

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	£000
Housing Services	(30)	249	279
Management Overhead	1,576	1,565	(11)
Grounds Maintenance	443	456	13
Neighbourhood Health	276	260	(16)
Transport	(225)	(271)	(46)
Cleansing Services	3,054	3,303	249
Parking Services	(976)	(903)	73
Waste Disposal	7,267	7,423	156
Public Protection Service	205	285	80
s106 Agreements (Expenditure)	0	0	0
Environment and Operations	11,590	12,367	777

5.15 The key variances to note include:-

- there is a forecast variance of £279k on Housing Services mainly arising as a result of lack of resource to establish a new Selective Licensing area. The portfolio is working to enable this to be taken forward and a new Selective Licensing area established as soon as practicable;
- 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;
- the variation of £249k on Cleansing Services is due mainly to an overspend on the Refuse Collection Service due to the cost of additional wastes bins. Consideration will be given to charging the cost of these bins to the Capital Programme (given the long term value of the assets);
- the overspend in Parking Services is due primarily to a shortfall in income;
- the overspend on the Public Protection Service is mainly due to a shortfall in income from the Taxi Licensing Service.

Growth and Development

5.16 The forecast outturn position for Growth and Development is an overspend of £384k. This is summarised in the table below:-

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	£000
Markets	1,389	1,184	(205)
Business/Enterprise Centres	52	(40)	(92)
Corporate Property	1,736	1,545	(191)
Commercial Investment/Tenanted Estate	(690)	(100)	590
Highways Maintenance	4,284	4,821	537
Strategic Transport/Co-ordination	2,129	2,041	(88)
Directorate/Growth Team	3,792	3,992	200
Building Control	137	106	(31)
Development Control/Planning	(297)	(397)	(100)
Central Services	335	338	3
Town Centre Regeneration	94	144	50
RPL Office Accommodation	73	73	0
Parks and Open Spaces	0	0	0
Halls and Entertainment	438	259	(179)
Library Services	1,435	1,368	(67)
Museum Services	388	345	(43)
Arts Services	30	30	0
s106 Agreements (Expenditure)	47	47	0
Growth and Development	15,372	15,756	384

5.17 The key variances to note include:-

- A forecast overspend of £590k on the Commercial Investment/Tenanted Estate. This is largely a result of uncertainty over the profit share payments from the Mall. Discussions are currently ongoing with the Owners on this matter;
- a forecast overspend of £537k on Highways Maintenance due to current spending being above the budget. In view of this predicted overspend, it is proposed to undertake a detailed review of the Highways Maintenance budget, policy and other related matters to consider options to bring spending in line with the agreed budget;
- a predicted overspend on the Directorate/Growth Team of £200k. Given the Council's ambitious growth programme and considerable success in obtaining external funding, additional capacity is required to ensure the Council can deliver the related projects. This has prompted a review of the Growth Team, the funding available from the various sources of external schemes and the scope to capitalise these costs accordingly. This work is underway and is likely to contain this overspend.

5.18 The forecast outturn position for Finance and Governance is an underspend of £176k. This is summarised in the table below:-

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	£000
Financial Support Services	4,156	3,913	(243)
Democratic Services	1,347	1,174	(173)
IT Management and Governance	117	148	31
Legal Support Services	2,159	2,203	44
Chief Executive, Policy and Support	981	1,008	27
Human Resources and Training	2,425	2,498	73
Other Non Distributable Costs	1,279	1,344	65
Finance and Governance	12,464	12,288	(176)

5.19 The key variances are a saving on Democratic Services which is mainly made up of staff vacancies and a saving on Financial Support Services following a charge for our administration of Free School Meals (for 5 years) to the Dedicated Schools Grant reserve as agreed previously with School Forum. The other budget headings are under review and wherever possible savings will be identified to offset the minor forecast overspend.

Digital and Customer Services

5.20 The forecast outturn position for Digital and Customer Services is £469k underspend. This is summarised in the table below:-

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	£000
Coroners Services	315	336	21
IT Management and Governance	6,796	6,306	(490)
Digital and Customer Services	7,111	6,642	(469)

5.21 The variances arise from staffing savings/vacancies within IT Management and Governance.

Schools and Education (DSG)

5.22 The forecast outturn for the Schools and Education (DSG) portfolio is breakeven, any variance will be taken from or added to the Dedicated Schools Grant reserve at financial year end. 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 a saving of £2.500m.

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

	Working Budget at 30 Sept 2023 £000	Forecast Outturn £000	Variation £000
RCCO	6,826	6,826	-
School Contribution to Capital	(266)	(266)	-
Contingencies	6,932	6,932	-
<u>Debt Charges</u>			
<i>Interest and Investment Income</i>	(1,300)	(2,524)	(1,224)
<i>Debt interest payable</i>	12,760	11,687	(1,073)
<i>MRP</i>	6,565	6,362	(203)
Other Non-Ringfenced Grants	(49,619)	(49,619)	-
Town and Parish Council Precepts	193	193	-
Other Corporate Income and Expenditure	(17,909)	(20,409)	(2,500)

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 Sept 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). In approving the Budget for 2023/24, the Council agreed to use £10.250m from specific earmarked reserves in support of the budget.
- 5.27 Quarter 1 monitoring allocated This report now £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. This report now allocates £1.450m being £941k from Unallocated Reserves (as noted above this is our approved Minimum Working Balance) and £511k from the Future Demand pressures reserves, to offset the forecast overspend and report a balanced budget.
- 5.28 Taking into account the various adjustments referred to elsewhere in this report, the estimate of Balances and Reserves as at 30th September 2023 is £56.680m. A detailed analysis of these changes is provided at **Appendix 3**.

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 September 2023

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

VERSION:	1
CONTACT OFFICER:	Dean Langton
DATE:	October 2023
BACKGROUND PAPERS:	None