

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICER: Strategic Director Finance and Resources

DATE: 11th July 2024

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: Y

TITLE OF REPORT: Corporate Revenue Budget 2023/24 – Outturn

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide the Executive Board with an update on the Council's draft General Fund Revenue Outturn for 2023/24 following the closure of accounts for the year. A report elsewhere on the Agenda for this meeting provides details of the outturn position on the Council's Capital Programme for 2023/24.

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 Outturn for 2023/24;
- c) note the Earmarked Reserves and General Fund Balance position at 31st March 2024.

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. This report presents the outturn position for 2023/24 on the Council's General Fund Revenue Budget. A report elsewhere on the Agenda for this meeting provides information on the Capital Programme Outturn for 2023/24.

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.
- 4.2 This report presents the final outturn position on the Council's Management Accounts (the comparison of actual income and expenditure to the budget set for the year). The Council's Statement of Accounts for 2023/24 (the Financial Accounts) is currently being prepared and will be presented to the Audit and Governance Committee in due course.

5. KEY ISSUES

Portfolio Cash Limits - Adjustments

- 5.1 At the meeting of Council on 27th February 2023, the Council agreed the General Fund Revenue Budget for 2023/24. As Councillors will appreciate, 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 31st March 2024. 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 31st March 2024)

	Working Budget 31 st Dec 2023 £000	Adjustments*1 £000	Working Budget at 31 st March 2024 £000
Portfolio Budgets	165,657	(12,152)	153,505
Other Corporate Income and Expenditure	(27,438)	(3,195)	(30,633)
Net Revenue Expenditure	138,219	(15,347)	122,872
Change in Specific Reserves	(11,090)	15,347	4,257
Budget Requirement	127,129	-	127,129
Less Core Funding	(60,606)	-	(60,606)
Less Council Tax	(64,861)	-	(64,861)
Less Collection Fund Balance	(1,662)	-	(1,662)
Contribution to/(from) General Fund Balance	-	-	-

*1 – See Appendix 1

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

Performance Against Controllable Budgets

- 5.3 Table 2 below provides a summary of the draft outturn position on the Council's General Fund Revenue Budget for 2023/24 compared to the Working Budget referred to in Table 1 above. A more detailed analysis is provided at Appendix 2:-

Table 2: Draft Outturn compared to Working (Controllable) Budget

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Portfolio Budgets	153,505	157,030	3,525
Other Corporate Income and Expenditure	(30,633)	(35,765)	(5,132)
Net Revenue Expenditure	122,872	121,265	(1,607)
Change in Specific Reserves	4,257	5,807	1,550
Budget Requirement	127,129	127,072	(57)
Less Core Funding	(60,606)	(60,606)	-
Less Council Tax	(64,861)	(64,861)	-
Less Collection Fund Balance	(1,662)	(1,662)	-
Contribution (to)/from General Fund Balance	-	(57)	(57)

*1 – See Appendix 2

- 5.4 As the table indicates, the draft Outturn position is an underspend of £0.057m resulting in an equivalent contribution to the Council's General Fund.

Portfolio Budgets

- 5.5 As indicated in Table 2 above, the actual outturn position on the Portfolio Budgets is an overspend of £3.525m. An analysis of this position by Portfolio (as they were structured in the last financial year) is shown in the Table 3 below:-

Table 3: Portfolio Budgets and Draft Outturn 2023/24

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Adult Social Care and Health	68,348	67,307	(1,041)
Public Health, Prevention and Wellbeing	1,792	1,805	13
Children, Young People and Education	40,176	44,609	4,433
Environment and Operations	12,148	12,527	379
Growth and Development	10,466	10,306	(160)
Digital and Customer Services	7,930	7,524	(406)
Finance and Governance	13,331	13,662	331
Schools and Education	(686)	(710)	(24)
Total Portfolios	153,505	157,030	3,525

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

Adult Social Care and Health

5.7 The draft outturn position for Adult Social Care and Health is an underspend of £1.041m. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
ASC and Social Work	3,196	2,867	(329)
Community Development Management	120	38	(82)
Day Services	2,262	1,970	(292)
Independent Living	1,610	1,239	(371)
Independent Sector	52,613	53,232	619
Independent Sector Other	380	549	169
Integrated Commissioning	2,809	2,345	(464)
Mental Health	1,298	1,174	(124)
Prevention, Neighbourhoods & Learning	630	573	(57)
Safeguarding	1,008	1,023	15
Shared Lives	839	671	(168)
Social Integration	(69)	(69)	-
Strat Gov & Bus Support	359	200	(159)
Supporting People	946	1,268	322
Transport	347	227	(120)
Adult Social Care and Health	68,348	67,307	(1,041)

5.8 The key variances to note include:-

- this overall underspend is largely a result of opportunities to maximise external funding and grants received by the Council during the year;
- in the area of external commissioning budgets, pressures have escalated during the year with a net overspend for the year of £619k mainly due to the increased cost and demand for care packages.
- for non-commissioning budgets, the net underspend for the year was £1.52m. A significant proportion of this underspend is due to vacant posts because of recruitment and retainment challenges across Adults Social Care services which is an issue both locally and nationally. In addition, grant resources have been used to manage any agency and overtime costs. Several staffing remodels were also scheduled to take place across Adults Social Care teams during 2023/24 but these have not been concluded with work on them ongoing and, therefore, resources have not been fully utilised.
- Neighbourhood & Prevention Services underspent because of the review of the Community Assets area and some staffing vacancies across other teams.

Children, Young People and Education

5.9 The draft outturn position for Children, Young People and Education is an overspend of £4.433m. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Adolescent Services	4,409	4,078	(331)
Directorate	2,645	3,102	457
Early Years	1,299	622	(677)
Education	3,982	7,095	3,113
Permanence	21,111	22,404	1,293
Strategic Social Work	6,299	6,894	595
Strategy, Policy and Performance	431	414	(17)
Children, Young People and Education	40,176	44,609	4,433

5.10 The key variances to note include:-

- Adolescent Services returned an underspend of £331k which was entirely due to lower than expected uptake of our financial support offer to care leavers;
- The Directorate budgets included an unachieved savings target of £177k as well as a provision for doubtful debt of £145k. These amounts, when combined with other cost pressures of £134k associated with the use of agency staff, account for the reported overspend of £457k;
- Our Early Years / Family Hub services benefited from increased income generation during the year and this, combined with additional staffing vacancies, resulted in an underspend of £676k;
- Education Services saw a substantial overspend of £3.113M. During the year the Council was 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 highlighted that some activities had been funded from the HNB that should be funded from the Council's General Fund and this accounts for £2.497M of the reported overspend for the service. Additionally, rising costs and increasing demand for school transport relating to children with special educational needs, resulted in a further overspend of £872k. A deep dive review of SEN Transport is currently underway to establish if savings can be achieved in this area in future years.

- The Permanence Service continued to experience high levels of demand during the year, reporting an overspend of £1.293M. Significant pressures were placed on both the commissioned placements budget (£1.202M overspend) and the Disabilities Service (£246k overspend). In addition, our Adoption Service returned an overspend against its budget of £93k, in large part due to the number of monthly adoption allowances paid to adoptive parents. These allowances have been reviewed in detail and reductions are expected during 2024/25. The cost pressures above were offset slightly by underspends in our payments to in-house foster carers (£189k), and staffing vacancies within the Fostering Service (£53k);
- Strategic Social Work saw an overspend of £596k during 2023/24. The service continued to experience issues with recruitment and retention of social workers resulting in the necessary use of external agency staff to maintain safe and manageable caseloads across the portfolio. The associated budget pressure amounted to £513k however this was offset to a degree by an underspend of £162k against the staffing budget within the Early Help Service. There were also significant cost pressures of £252k against the section 17 / Emergency Payments budget due to the increasing use of court directed in-home parental assessments, requiring the external commissioning of 24/7 staffing resources;
- There were staffing vacancies throughout the year in our Planning and Performance Team, which accounts for the £18k underspend.

Public Health, Prevention and Wellbeing

5.11 The draft outturn position for Public Health, Prevention and Wellbeing is an overspend of £0.013m. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Community Asset Management (incl CCTV)	(50)	184	234
Community Safety	(23)	(23)	-
Directorate	439	316	(123)
Healthy Lifestyle	113	186	73
Housing Needs	214	224	10
Leisure Services	1,544	1,368	(176)
Parks and Open Spaces	(48)	(54)	(6)
Public Health	(397)	(396)	1
Public Health, Prevention and Wellbeing	1,792	1,805	13

5.12 The key variances to note include:-

- Community Asset Management (which includes Community Safety and Housing Needs Services) overspent by £234k. This includes an additional cost for payments made to an external provider for Domestic Violence services;
- Strategic Leisure and Wellbeing Services underspent by £232k for the year. Of this, £255k related to an underspend in utility costs across the centres. There was a net overspend of £23k across other cost heads.

Environment and Operations

5.13 The draft outturn position for Environment and Operations is an overspend of £0.379m. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Cleansing Services	3,333	3,449	116
Grounds Maintenance	518	576	58
Housing Services	(6)	252	258
Management Overhead	1,638	1,569	(69)
Neighbourhood Health	299	266	(33)
Parking Services	(935)	(1,160)	(225)
Public Protection Service	240	225	(15)
Transport	(206)	(203)	3
Waste Disposal	7,267	7,553	286
Environment and Operations	12,148	12,527	379

5.14 The key variances to note include:-

- On Cleansing Services, a net overspend of £115k. This includes an overspend on Trade Waste of £84k due to additional staffing costs and lower than budget income and a net overspend on the Refuse Collection Service of £127k which is largely due to additional unbudgeted expenditure on the replacement of waste bins;
- There is net overspend on Grounds Maintenance of £58k. This is partly due to the costs associated with the loss of income and reinstatement costs associated with the fire at the Crematorium;
- The overspend of £259k on Housing Services is due lower than budget income from Selective Licensing. As has been reported previously, this is a result of lack of resource to establish a new Selective Licensing area. Work is currently underway to establish new Selective Licensing areas and whilst these are expected to generate less income, the budget for 2024/25 reflects the impact of this work;
- The underspend of £68k on Management Overhead relates to lower than expected staffing costs in Cleansing Management. This is due to turnover and vacancies during the year;
- The Parking Services underspend of £225k is due to net additional income from On-Street Parking of an equivalent amount;
- Waste Disposal overspent by £287k, this consisted of increased tonnages and increased costs of Household Waste recycling.

Growth and Development

5.15 The draft outturn position for Growth and Development is an underspend of £0.160m. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Arts Services	(64)	(82)	(18)
Building Control	158	139	(19)
Business/Enterprise Centres	65	(12)	(77)
Central Services	330	357	27
Commercial Investment/Tenanted Estate	(1,021)	(884)	137
Corporate Property	1,866	1,611	(255)
Development Control/Planning	(266)	(480)	(214)
Directorate/Growth Team	2,479	2,466	(13)
Halls and Entertainment	493	225	(268)
Highways Maintenance	4,385	5,236	851
Library Services	1,523	1,465	(58)
Markets	1,416	1,181	(235)
Museum Services	387	396	9
RPL Office Accommodation	73	73	-
s106 Agreements	(3,671)	(3,671)	-
s106 Agreements (Expenditure)	128	128	-
Strategic Transport/Co-ordination	2,125	2,046	(79)
Town Centre Regeneration	60	112	52
Growth and Development	10,466	10,306	(160)

5.16 The key variances to note include:-

- A net overspend of £137k on Commercial Investment and Tenant Estate Properties. This reflects lower than expected net income (after the Provision for Doubtful Debts) on Retail/Sundry Properties of £62k, an under-recovery of rents from One Cathedral Quarter of £149k along with net additional costs of operating the building of £39k. This is offset by net additional income from the Mall Profit Share Agreement which has been based on prudent estimates pending final figures from the Mall owners. Once final figures are obtained, it may be necessary to make further adjustments but these will be considered in the 2024/25 financial year;
- additional income for Development Control of £282k offset by additional costs of consultancy support for Planning Services of £36k;
- the underspend on Halls and Entertainment of £268k is primarily a result of net additional income to King George's Hall;
- an £850k overspend on Highways maintenance. This overspend reflects the additional cost of highways repairs and maintenance during the year. Acknowledging the recurrent nature of this overspend from year to year, work is currently being undertaken to determine what scope there is to reduce costs and generate income in this area.

This ‘deep dive’ review is considering the scope of the service, how it is funded (whether revenue and capital), the extent to which productivity is being maximised and what works are undertaken in-house and by external contractors.

- the underspend on Markets is £235k. This is largely due to an underspend on the cost of utilities and other related premises costs. Net income to the Markets was £79k less than budgeted.
- An underspend on Concessionary Fares of across the remainder of the portfolio budget savings offset the pressures noted above.

Finance and Governance

5.17 The draft outturn position for Finance and Governance is an overspend of £0.331m. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Advice Services	302	306	4
Chief Executive, Policy and Support	1,235	1,253	18
Democratic Services	1,374	1,269	(105)
Financial Support Services	4,343	4,843	500
Human Resources and Training	2,563	2,573	10
Legal Support Services	2,220	2,147	(73)
Other Non Distributable Costs	1,294	1,271	(23)
Finance and Governance	13,331	13,662	331

5.18 The key variances to note include:-

- an underspend on Democratic Services of £105k due mainly to less than expected staffing costs due to turnover and vacancies in the Service;
- an overspend on Financial Support Services of £500k. As previously reported, this is because of a projected shortfall on Housing Benefit Subsidy due to a reduction in subsidy received by the Council. This is because of the amount of temporary accommodation being used for the Homelessness Service and the Exempt/Supported Accommodation provided by Private Landlords in the Borough. In both cases, the subsidy payable by Government is paid at reduced levels resulting in additional costs for the Council.

As Councillors are aware, the Council is one of a small number of Councils participating in the Supported Housing Improvement Programme (SHIP) being co-ordinated by the Department of Levelling Up, Communities and Housing (DLUCH) which is considering how better to regulate Supported Accommodation to ensure that it is of acceptable quality and properly regulated. This may not directly impact on the subsidy loss to the Council, which is better reflected in the Council’s budget for 2024/25;

- an underspend on Legal Services of £73k, again mainly because of reduced staffing costs.

Digital and Customer Services

5.19 The draft outturn position for Digital and Customer Services is an underspend of £0.406m. The forecast at Quarter 3 was an underspend of £373k. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Coroners Services	315	380	65
Democratic Services	258	279	21
IT Management and Governance	7,357	6,865	(492)
Digital and Customer Services	7,930	7,524	(406)

5.20 The key variance to note is an underspend of £489k on IT Management and Governance due to vacancies within the IT Service.

Schools and Education (DSG)

5.21 The outturn for the Schools and Education (DSG) portfolio is an underspend of £24k. 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

5.22 The forecast outturn position for Other Corporate Income and Expenditure Budgets is an underspend of £5.131m. This is summarised in the table below:-

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

	Working Budget at 31 st March 2024 £000	Draft Outturn £000	Variation £000
Revenue Contribution to Capital	1,986	1,986	-
School Contribution to Capital	(266)	(266)	-
Debt Charges	12,760	11,559	(1,201)
Minimum Revenue Provision	6,565	6,361	(204)
Investment Income	(1,300)	(4,457)	(3,157)
Other Government Grants	(50,572)	(51,141)	(569)
Town and Parish Council Precepts/Grants	193	193	-
Other Corporate Income and Expenditure	(30,634)	(35,765)	(5,131)

5.23 The key variances to note include:-

- an underspend of £1.201m on the cost of debt due to lower than expected temporary borrowing. Indeed, during the year, the Council did not take any temporary borrowing;
- additional investment income of £3.157m. In addition to a proactive investment strategy, this was a consequence of both higher than expected balances of cash for investment (due largely to the early payment of grants by Government for programmes such as the Darwen Town Deal and Levelling Up) and higher than expected rates of interest.

- additional Government Grant funding including, for example, £0.374m of Levy Surplus from the Business Rates Retention Scheme and £0.117m from inflation on the Business Rates 'Top Up' grant.

Reserves and Balances

Earmarked Reserves

- 5.24 At the start of the financial year, the Council had Earmarked Reserves of £67.275m. In approving the Budget for 2023/24, the Council agreed to use £10.250m in support of the budget.
- 5.25 Considering the various adjustments referred to elsewhere in this report, the balance of Earmarked Reserves as at 31st March 2024 is £73.082m, an increase of £5.807m. A detailed analysis of these changes is provided at Appendix 3.

General Fund Balance (unallocated reserve)

- 5.26 At the start of the financial year, the Council has a General Fund Working Balance of £6.941m (including a Minimum Working Balance of £6.0m). Based on the draft outturn position presented in this report, the General Fund Working Balance has increased marginally to £6.998m at the year end.

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 – Draft Outturn Position at 31st March 2024

Appendix 3 – Earmarked Reserves and General Fund Balance – Draft Outturn Position at 31st March 2024

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