

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICER: Strategic Director Finance and Resources

DATE: 8th August 2024

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: Y

TITLE OF REPORT: Corporate Revenue Budget Monitoring 2024/25 – 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 2024/25 on the basis of a budget monitoring exercise undertaken at the end of June 2024 (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 2024;
- c) note the current forecast overspend of £1.931m at the end of Quarter 1 and, in relation to the position of the individual Portfolios, request Portfolio Holders to review their budgets for the remainder of 2024/25 with a view to identifying potential mitigating actions.
- d) note the Earmarked Reserves and General Fund Balance position as at 30th June 2024.

3. BACKGROUND

3.1 In accordance with the Council's Financial Procedure Rules, all Portfolios are required to examine their revenue budget position monthly. 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 act, 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 26th February 2024, the Council agreed the General Fund Revenue Budget for 2024/25.
- 5.2 As Councillors will be aware, the budget is subject to changes for a range of reasons as the financial year progresses. Following the change in Portfolio Responsibilities as set out at the Annual Council Meeting, it has been necessary to re-cast budgets between Portfolios to reflect these changes. Equally, various adjustments have been made to reflect in-year virements, supplementary estimates and the carry-forward of unspent budgets from the last financial year.
- 5.3 **Appendix 1** provides a detailed analysis of the various budget adjustments that have occurred during the period to 30th June 2024. The impact of these adjustments on the Council's Budget for 2024/25 is summarised in Table 1 below:-

Table 1: Working Budget 2024/25 (as at 30th June 2024)

	Original Budget 2024/25 £000	Adjustments *1 £000	Working Budget at 30 th June 2024 £000
Portfolio Budgets	169,020	7,419	176,439
Other Corporate I & E	19,552	(412)	19,140
Net Revenue Expenditure	188,572	7,007	195,579
Less Core Funding	(105,818)	-	(105,818)
Less Council Tax	(72,314)	-	(72,314)
Shortfall before Reserves	10,440	7,007	17,447
Change in Specific Reserves	(10,440)	(7,007)	(17,447)
Change in GF Balance	-	-	-
Funding 'Gap'	-	-	-

*1 – See Appendix 1

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

Forecast Performance against Controllable Budgets

- 5.5 Table 2 below provides a summary of the forecast outturn position on the Council's General Fund Revenue Budget for 2024/25 compared to the Working Budget referred to in Table 1 above. As the table indicates, based on the Quarter 1 budget monitoring position there is a forecast overspend of £1.931m. A more detailed analysis is provided at **Appendix 2:-**

Table 2: Forecast Performance against Controllable Budgets

	Working Budget at 30 Jun 2024 £000	Forecast Outturn £000	Variation £000
Portfolio Budgets	176,439	179,140	2,701
Other Corporate I & E	19,140	18,370	(770)
Net Revenue Expenditure	195,579	197,510	1,931
Less Core Funding	(105,818)	(105,818)	-
Less Council Tax	(72,314)	(72,314)	-
Shortfall before Reserves	17,447	19,378	1,931
Change in Specific Reserves	(17,447)	(18,380)	(933)
Change in GF Balance	-	(998)	(998)
Funding 'Gap'	-	-	-

*1 – See Appendix 2

- 5.6 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

- 5.7 As indicated in Table 2 above, the forecast outturn position on the Portfolio Budgets is an overspend of £2.701m. 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 2024 £000	Forecast Outturn £000	Variation £000
Adults Social Care and Health	77,027	76,700	(327)
Children, Young People and Education	48,925	50,387	1,462
Housing and Public Health	3,007	2,982	(25)
Environment and Communities	13,064	13,482	418
Growth and Development	14,410	15,112	702
Finance and Governance	11,945	12,299	354
Digital and Customer Services	9,184	9,300	116
Schools and Education (DSG)	(1,123)	(1,123)	-
Portfolio Budgets	176,439	179,140	2,701

*1 – As per Portfolio Budgets in Table 1

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

Adult Social Care and Health

5.9 The forecast outturn position for Adult Social Care and Health is an underspend of £327k. This is summarised in the table below

Table 4: Adult Social Care and Health – Forecast Outturn 2024/25:-

	Working Budget at 30 Jun 2024 £000	Forecast £000	Variation £000
Independent Sector	58,885	58,797	(88)
Independent Sector Other	321	412	91
ASC and Social Work	3,415	3,506	91
Day Services	3,104	2,856	(248)
Independent Living	1,582	1,498	(84)
Integrated Commissioning	4,249	3,927	(322)
Mental Health	1,282	1,348	66
Prevention, Neighbourhoods & Learning	181	37	(144)
Safeguarding	1,083	1,271	188
Shared Lives	827	769	(58)
Strat Gov & Bus Support	542	467	(76)
Supporting People	1,006	1,381	375
Transport	344	211	(133)
Housing Needs	168	168	0
Community Development Management	38	51	13
Adult Social Care and Health	77,027	76,700	(327)

5.10 The key variances to note include:-

- in external commissioning budgets, the currently predicted net underspend forecast for the year is £88k. However, it is a relatively early stage in the monitoring year and the impact of demand, cost of care packages as well as joint funding contributions are all matters that will need to be monitored closely as the year progresses. As a consequence, these matters will be reviewed regularly and, where necessary, variations will be taken into consideration in future reporting;
- staffing remodelling activity within the Department is continuing. Work is also underway to progress towards the achievement of savings target implemented as part of 2024/25 budget strategy. Early indications suggest that the Portfolio is on track to achieve the savings target;
- for Supporting People, there is a predicted overspend of £375k as a result of current contractual arrangements for these services, however, these are offset by vacancy savings due to ongoing restructuring activity in the department.

Children, Young People and Education

5.11 The forecast outturn position for Children, Young People and Education is an overspend of £1.462m. This is summarised in the table below:-

Table 5: Children, Young People and Education – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast £000	Variation £000
Adolescent Services	4,216	3,680	(536)
Directorate	5,638	5,369	(269)
Early Years	2,294	2,146	(149)
Education	8,513	8,526	13
Permanence	21,016	22,898	1,882
Strategic Social Work	6,534	7,072	538
Strategy, Policy and Performance	477	426	(51)
Adult Education and related Services	235	269	34
Children, Young People and Education	48,925	50,387	1,462

5.12 The key variances to note include:-

- an underspend of £536k is anticipated on Adolescent Services. This is primarily due to lower than expected expenditure on the Leaving Care Services and on Fostering Services;
- Permanence is forecast to overspend by £1.568m. This is due to higher than expected costs on commissioned placements. Whilst there are fewer Looked After Children than assumed in the Council's budget, the nature of the placements assumed is different (there are less in in-house fostering and more in residential placements) and the cost of placements in the case of some children with complex needs is higher than expected. The latter issue is not unique to Blackburn with Darwen Borough Council;
- a forecast overspend of £534k on Strategic Social Work. This is mainly due to the use of Agency Social Workers to both deal with existing caseloads but also to cover vacancies, sickness absence, maternity leave and secondments within the Service.

5.13 During the first quarter of the year, a full review of all Adoption Allowances has been concluded. This work was undertaken to ensure that all payments to Adopters remain in line with the Council's Policy. As a result of the review, several payments has ceased or have been reduced. The impact of this change will be seen from the second quarter onwards with the saving likely to be in the region of £78k for the year (and ongoing).

Housing and Public Health

5.14 The forecast outturn position for Housing and Public Health, is broadly break even. This is summarised in the table below:-

Table 6: Housing and Public Health – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast £000	Variation £000
Community Asset Management (incl CCTV)	357	377	20
Community Safety	306	264	(42)
Housing Services	201	143	(58)
Prevention, Neighbourhoods & Learning	104	160	56
Public Health	1,755	1,755	0
Housing Needs	283	283	0
Housing and Public Health	3,007	2,982	(25)

5.15 There are no significant variances to report at this stage.

Environment and Communities

5.16 The forecast outturn position for Environment and Communities is an overspend of £418k. This is summarised in the table below:-

Table 7: Environment and Communities – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast £000	£000
Cleansing Services	3,217	3,258	41
Directorate	361	361	0
Grounds Maintenance	241	352	111
Healthy Lifestyle	30	(71)	(101)
Leisure Services	619	833	215
Management Overhead	1,596	1,603	8
Neighbourhood Health	295	222	(73)
Parking Services	(1,123)	(1,038)	85
Parks and Open Spaces	(58)	(24)	34
Public Protection Service	233	353	119
Transport	(276)	(282)	(6)
Waste Disposal	7,928	7,915	(13)
Environment and Communities	13,064	13,482	418

5.17 The key variances to note include:-

- the overspend of £111k on Grounds Maintenance is largely related to the additional cost of using Sub-Contractors for the maintenance of landscaped areas;

- Leisure Services (comprising the various Leisure Centres, School Swimming etc) is forecast to overspend by £215k. This is a combination of increased transport costs for School Swimming, lower than expected income and the additional cost of replacement equipment at the Leisure Centres;
- The forecast overspend on Public Protection of £119k reflects largely a shortfall in income of £79k from Taxi Licensing.

Growth and Development

5.18 The forecast outturn position for Growth and Development is an overspend of £702k. This is summarised in the table below:-

Table 8: Growth and Development – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast £000	£000
Arts Services	30	30	-
Building Control	158	158	-
Business/Enterprise Centres	(44)	(56)	(12)
Commercial Investment/Tenanted Estate	(318)	(215)	103
Corporate Property	1,564	1,371	(193)
Development Control/Planning	(504)	(453)	51
Directorate/Growth Team	4,198	4,223	25
Halls and Entertainment	324	251	(73)
Highways Maintenance	4,894	5,346	452
Library Services	1,392	1,392	-
Markets	98	205	107
Museum Services	384	384	-
RPL Office Accommodation	63	63	-
Strategic Transport/Co-ordination	2,053	2,226	172
Town Centre Regeneration	116	186	70
Growth and Development	14,410	15,112	702

5.19 The key variances to note include:-

- The forecast overspending on the Commercial Investment/Tenanted Estate relates primarily to a shortfall in income from One Cathedral Quarter. This is more than offset by an underspend of £193k on Corporate Property which includes anticipated additional income from Industrial Property lettings;
- a forecast overspend on the Highways Service of £452k. This mainly reflects the additional cost to the revenue account of highways improvements. As previously reported, it should be noted that the Highways function is the subject of a Policy and Finance ‘Deep Dive’ which is looking more closely at the budgets for this area and how they align to the various activities within the function and how both revenue and capital funding is properly utilised;

- the Markets budget is forecast to overspend by £107k primarily due to lower than expected income from Darwen Markets due to a higher number of vacant stalls and, as a corollary of that, highest than expected cost of business rates from the void stalls;
- an expected overspend on Strategic Transport/Co-ordination due to additional security costs at Blackburn Bus Station and lower than budgeted recharges to the capital account for Transport staffing. The latter issue is currently being reviewed to determine what further scope there is to capitalise costs in this area.

Finance and Governance

5.20 The forecast outturn position for Finance and Governance is an overspend of £355k. This is summarised in the table below:-

Table 9: Finance and Governance – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast £000	£000
Financial Support Services	5,122	5,346	224
Democratic Services	1,320	1,171	(150)
Human Resources and Training	2,120	2,332	212
Legal Support Services	2,103	2,141	37
Other Non Distributable Costs	1,279	1,310	30
Finance and Governance	11,944	12,299	355

5.21 The key variances to note include:-

- lower than expected income from Court Costs of £143k due to anticipated levels of recovery and lower than expected issue of summons combined with lower than budgeted grant income from the DWP;
- an underspend of £149k on Democratic Services mainly as a consequence of lower than expected costs of Elections (some of which is offset by grant income provided by Government);
- The forecast overspend of £212k in Human Resources and Training is partly due to a loss of income on SLAs with Schools, an expected shortfall in the savings from staff turnover and a shortfall in the savings expected from the centralisation of training budgets. On the latter point, the budget saving expected from the centralisation of training budgets did assume a reduction in the number of Apprentices recruited by the Council.

Digital and Customer Services

5.22 The forecast outturn position for Digital and Customer Services is an overspend of £115k. This is summarised in the table below:-

Table 10: Digital and Customer Services – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast £000	£000
Corporate Policy and Support	3,233	3,339	105
IT Management and Governance	4,046	4,007	(38)
Coroners Service	365	365	0
Customer Services	1,218	1,244	25
Civil Contingencies	322	346	24
Digital and Customer Services	9,185	9,300	115

5.23 There are no significant variances to report at this stage.

Schools and Education (DSG)

5.24 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 2024/25 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.

5.25 Councillors will recall that the Executive Board gave approval to the High Needs DSG Budget for 2024/25 as part of the overall General Fund Budget for the year. The table below provides a summary of the forecast outturn against the agreed budget:-

Table 11: High Needs DSG Budget – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast Outturn £000	£000
Special Schools Place and Top Up Funds	8,137	8,180	43
Pupil Referral Unit and Alternative Prov.	2,877	2,655	(222)
Resourced Provision	587	617	30
Mainstream Top Up Funds	5,452	5,574	122
High Needs Centrally Retained Costs	14,535	14,691	155
High Needs DSG	31,589	31,718	129

5.26 The key variances to note include:-

- the forecast saving on the Pupil Referral Unit and Alternative Provision is due to the release of funding relating to 1:1 tuition which is being met through exclusion income deductions from Schools;
- The forecast overspend on Mainstream Top Up Funding of £122k is due to a higher than anticipated number of children subject to an Education, Health and Care Plan;

- The forecast overspend of £155k on High Needs Centrally Retained Costs relates mainly to the expected additional cost of top-up funding for pupils places out of areas in other Local Authority provision.

Other Corporate Income and Expenditure Budgets

5.27 The forecast outturn position for Other Corporate Income and Expenditure Budgets an underspend of £770k . This is summarised in the table below:-

Table 12: Other Corporate Income and Expenditure Budgets – Forecast Outturn 2024/25

	Working Budget at 30 Jun 2024 £000	Forecast Outturn £000	Variation £000
RCCO	9,537	9,537	-
School Contribution to Capital	(260)	(260)	-
Contingencies	10,151	10,151	-
Debt Charges			
<i>Interest and Investment Income</i>	(2,990)	(3,500)	(510)
<i>Debt interest payable</i>	11,895	11,895	-
<i>Minimum Revenue Provision</i>	6,638	6,378	(260)
Other Non-Ringfenced Grants	(16,044)	(16,044)	-
Town and Parish Council Precepts	213	213	-
Other Corporate Income and Expenditure	19,140	18,370	(770)

5.28 The key variances to note include:-

- forecast additional Investment Income of £510k. This reflects additional investment returns arising from higher than expected rates of return (interest rates have not reduced at to the rate assumed in the Council’s budget) and higher than expected cash balances;
- an underspend on the Minimum Revenue Provision (MRP) of £260k. Because of the lower than expected capital expenditure in 2023/24, the amount of MRP assumed to be set aside in 2024/25 will be less than budgeted.

Reserves and Balances

5.29 At the start of the financial year, the Council has Reserves and Balances totalling of £80.080m. This includes a General Reserve of £6.998m (which includes the Minimum Working Balance of £6.000m)

5.30 In approving the Budget for 2024/25, the Council agreed to use £10.440m from specific earmarked reserves in support of the budget. This report now allocates a further £7.007m from earmarked reserves which arose mainly from carrying forward grants and other contributions into specific reserves at the end of the financial year 2023/24

5.31 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 £1.931m 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.

5.32 Taking into account the various adjustments referred to in this report, the estimate of Balances and Reserves as at 30th June 2024 is £60.701m. 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 at 30th June 2024

Appendix 3 – Earmarked Reserves and General Fund Balance – Position as at 30th June 2024

CONTACT OFFICER:	Dean Langton, Strategic Director Finance and Resources Simon Ross, Head of Financial Services
DATE:	August 2024
BACKGROUND PAPERS:	None