

Budget Position – Quarter 2 (Period 6)

Economy Overview and Scrutiny Panel

17 November 2023

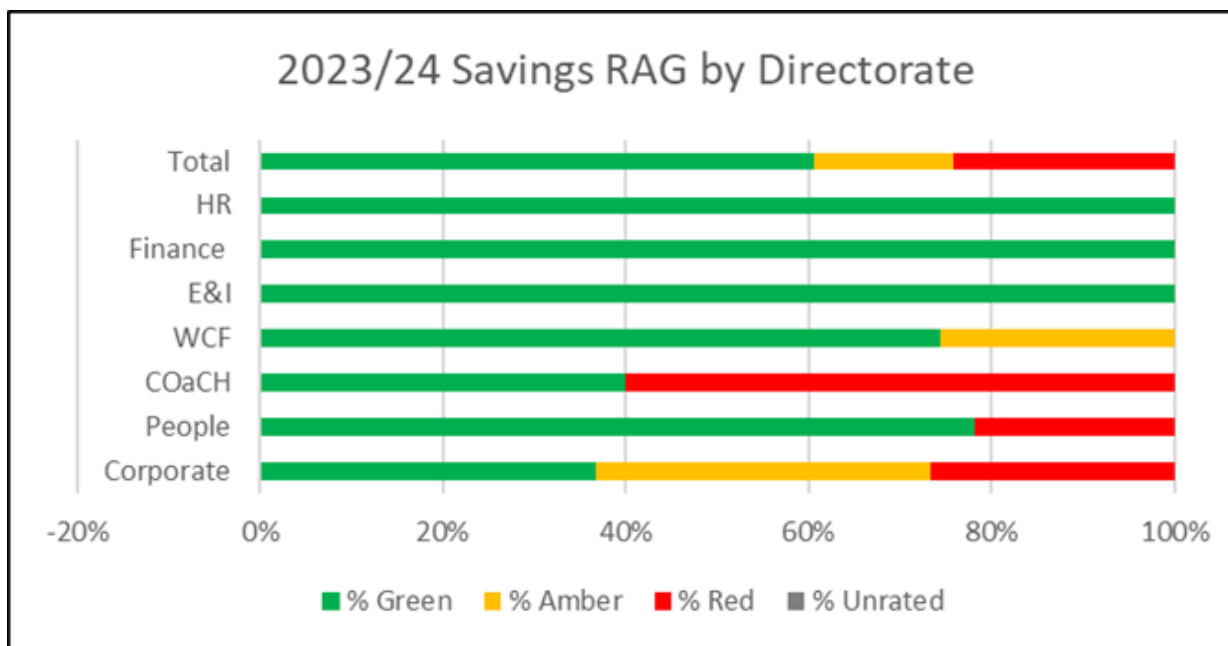
Corporate Budget Position – Quarter 2 (Period 6)

- Budget Report to Cabinet on 23 November 2023 summarises the financial position for Council and each of the service areas.
- The overall outturn forecast at Period 6 is for a net overspend of £21.9m after the use of budgeted risk reserves.
- The council has an underlying structural deficit that needs to be addressed due to demand and adults and children's social care and Home to School Transport.
- At budget setting, £7m was identified as likely to be required from reserves (£2m risk for Children's Social Care placements and £5m risk for non-delivery of savings). A further £2m was held for pressures within Home to School Transport (HTST)
- Additional business rates income of £4.1m is also forecast to be received this financial year.
- Applying these mitigations would leave a net forecast overspend of £21.9m
- Significant pressures in Adults, Childrens and Home to School Transport – price and demand, this position is similar for other Local Authorities

Forecast Financial Position – P6

FY 2023/24 P6			
Service Area	Budget £m	Forecast £m	Variance £m
People – Adults	145.815	151.678	5.863
People – Communities	21.596	22.110	0.514
Children's Services/WCF	111.003	111.003	0.000
Economy & Infrastructure	72.072	72.788	0.716
Commercial & Change	10.291	11.134	0.843
Chief Executive / HR / Finance	3.222	3.184	-0.038
Public Health	0.186	0.186	0.000
Total: Service excl DSG	364.185	372.083	7.898
Corporate Items	36.630	35.130	-1.500
Non-assigned items	0.000	0.000	0.000
WCC TOTAL	400.815	407.213	6.398
WCF	123.325	142.403	19.078
Home to School Transport	22.477	31.977	9.500
WCF Total	145.802	174.380	28.578
WCC & WCF Total Services	546.617	581.593	34.976
Additional Funding:			
Business Rates			-4.100
Use of Reserves			-9.000
Net WCC & WCF			21.876
Overspend			

- £22.4m of savings built into the overall budget
- 61% rated as green i.e., delivered or expected to be fully delivered, 15% rated amber where there is some risk of non-delivery, and 24% rated red where there is significant risk of non-delivery
- £1.6m relate to one-off use of grants, including Public Health, and a further £1.5m are one-off, giving a recurrent pressure from 2024/25 of £3.1m



- Current value of the Capital Programme for 2023/24 to 2026/27, subject to approval by Full Council, totals £372m
- 51% is funded via external sources, namely developer contributions (s106 funding) and government grants including those allocated to the County Council for scheme delivery by district partners. The remainder is a mixture of borrowing (42%), capital receipts (4%) and use of earmarked reserves held for capital (1%) and revenue funding (2%)

Total Expenditure	23/24 Actuals YTD £'000	23/24 Revised Budget £'000	24/25 Revised Budget £'000	25/26 Revised Budget £'000	26/27 Onwards Revised Budget £'000	Total 23/24 + Revised Budget £'000
Open for Business	4,035	30,224	41,218	12,763	5,619	89,824
The Environment	29,777	83,970	51,589	6,000	3,400	144,959
Children and Families	9,978	46,572	55,026	10,474	6,630	118,702
Efficiency and Transformation	529	10,387	5,492	0	0	15,879
Health and Well-Being	37	2,101	891	27	0	3,019
TOTAL	44,356	173,254	154,216	29,264	15,649	372,383

Financial planning, strategy and the Medium-Term Financial Plan

- Required refresh of the MTFP has commenced.
- Significant and sustained inflation.
- Extremely challenging time for local government.
- Council remains focused on living within its means.
- Any overspend not dealt with in 2023/24 would, potentially, carry over into 2024/25 thereby increasing the requirement for savings in that year.
- 2024/25 budget setting process will once again prove to be extremely tough as the Council seeks to achieve its priorities whilst meeting the growing cost of demand, all from within limited funds.

Spending Controls for the Council

Management actions have been put in place to control spending across the council to reduce the deficit in the current financial year based on the following principles:

- Existing permanent staffing and payroll costs,
- expenditure on goods and services which have already been received,
- contractually committed expenditure,
- urgent expenditure to safeguard vulnerable residents (Adults and Children),
- expenditure required to deliver the council's provision of essential statutory services at a minimum possible level, which includes adults and children's services including HTST,
- agreed political priorities of the council,
- expenditure necessary to achieve value for money and / or mitigate additional in year costs and / or generate additional income where evidenced through an "invest to save" business case.

Specific 2023/24 Quarter 2 (Period 6) information

Areas within remit of Economy Panel

P6 Revenue Position for E&I

E&I Revenue Forecast	2023-24 Gross Budget Q2	2023-24 Net Budget Q2	2023-24 Forecast Outturn Q2	2023-24 Forecast Variance Q2	2023-24 Forecast Variance Q1
	£'000	£'000	£'000	£'000	£'000
Economy & Sustainability	3,032	1,424	1,371	-53	-3
Planning and Regulation	1,655	890	1,442	552	473
Infrastructure & Contracts	1,594	1,594	1,661	67	24
Major Projects	2,570	248	288	40	10
Passenger Transport Operations	17,766	11,254	11,064	-190	-190
Business Management	871	13	13	0	0
Road Lighting	5,983	5,919	5,412	-507	-607
Waste Management	53,685	39,229	39,807	578	627
Network Management	3,979	-33	46	79	84
Development Management - S278/S38	1,165	206	277	71	42
Highways Operations & PROW	11,350	11,328	11,407	79	201
TOTAL ECONOMY & INFRASTRUCTURE	103,650	72,072	72,788	716	661
Skills and Investment	6,681	347	429	82	0

Key Headlines – P6 Revenue Position for E&I

- Forecast overspend of c£0.7m (1% of the net budget)
- Inflationary pressures being seen in the department and the continuing need to employ consultants to cover hard to fill vacancies
- The most significant variances from budget
 - Planning and Regulation is forecast to overspend by £0.6 million, with pressures in Transport Planning which is after the full utilisation of the £1.037 million earmarked reserve.
 - Within Waste Management, there is a £0.6 million overspend projected, due to rates on waste tonnage increasing beyond what was assumed at budget setting. This is net of a favourable position relating to recycling within the contract.
 - £0.5 million underspend in Road Lighting, based on the current LED rollout reducing kWh usage by 20% rather than the expected and budgeted 15%.

- Current value of the Capital Programme for 2023/24 to 2026/27, subject to approval by Full Council:
 - £90m relating to Open For Business
 - £145m relating to The Environment
- Funded by
 - 46% funded from borrowing / capital receipts
 - 43% via Government Grants
 - 9% via developer contributions (s106 funding)
 - 2% from Revenue
- £114m forecast to be spent this financial year