

Budget Position – Quarter 3 (Period 9)

**Corporate and Communities
Overview and Scrutiny Panel
26 March 2024**

Corporate Budget Position – Quarter 3 (Period 9)

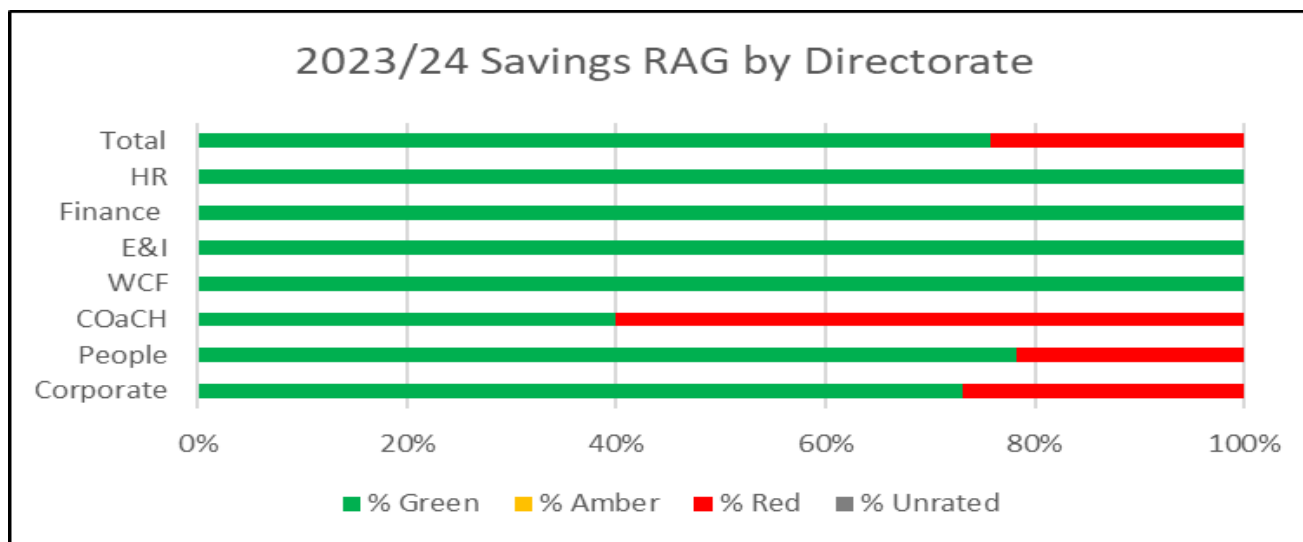
Key Headlines – 2023/24

- At the end December, our net overspend was at **£19.2m** on a £401m net budget – this was **after** using one off monies from additional income from business rates (£4.1m), £9m additional use of reserves (on top of £5.5m used to balance the budget approved before the start of this year) that were set aside in the budget to manage.
- Our structural deficit (*a budget deficit due to our ongoing expenditure greater than our income*) is **c£35m**.
- Our overspend position is not because of poor control, oversight or policy decisions. It is simply an exceptionally large increase in our costs for demanded services, set against our constrained ability to raise additional income.

FY 2023/24 P9			
Service Area	Budget £m	Forecast £m	Variance £m
People – Adults	145.816	151.145	5.329
People – Communities	21.596	22.023	0.427
WCF Contract	90.244	90.244	0.000
Economy & Infrastructure	72.072	72.581	0.509
Home to School Transport	20.759	29.750	8.991
Commercial & Change	10.291	11.586	1.295
Chief Executive / HR / Finance	3.222	3.085	-0.137
Public Health	0.186	0.186	0.000
Total: Service excl DSG	364.186	380.600	16.414
Corporate Items	36.630	33.948	-2.682
Non-assigned items	0.000	0.000	0.000
WCC TOTAL	400.816	414.548	13.732
WCF Company Position	123.284	141.820	18.536
WCF Total	123.284	141.820	18.536
WCC Net Budget	400.816	433.084	32.268
Additional Funding:			
Business Rates			-4.100
Use of Reserves			-9.000
Net WCC & WCF Overspend			19.168

Savings within the 2023/24 Budget

- £22.4m of savings built into the overall budget
- 76% rated as green i.e., delivered or expected to be fully delivered 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 which has been built into the 2024/25 base budget



- Current value of the Capital Programme for 2023/24 to 2026/27, following approval by Full Council, totals £390m
- 54% 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 (40%), capital receipts (4%) and use of earmarked reserves held for capital (1%) and revenue funding (1%)

Total Expenditure	23/24	23/24 Revised	24/25 Revised	25/26 Revised	26/27 Onwards	Total 23/24 +
	Actuals YTD	Budget	Budget	Budget	Revised Budget	Revised Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Open for Business	6,240	15,804	47,978	17,585	8,788	90,154
The Environment	47,188	80,913	64,795	3,930	815	150,453
Children and Families	14,830	24,656	51,597	28,796	25,802	130,850
Efficiency and Transformation	1,252	6,344	4,213	2,214	3,076	15,847
Health and Well-Being	101	768	1,899	27	0	2,694
TOTAL	69,611	128,485	170,481	52,552	38,480	389,999

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, spend will be allowed on:

- 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.

Financial planning, strategy and the Medium-Term Financial Plan

- Required refresh of the MTFP has been approved by Council.
- Significant and sustained inflation.
- Extremely challenging time for local government.
- Council remains focused on living within its means.
- 2024/25 budget setting process has been extremely tough as the Council seeks to achieve its priorities whilst meeting the growing cost of demand, all from within limited funds.

- 15 Feb Council Report outlines all the areas of pressures, demand and savings and efficiencies.
- Appendix 3 outlines the approved savings and efficiencies as part of the budget.

Proposed Budget	2024/25
	£m
Structural deficit	35.0
Pressures and Investments	52.0
Removal of non-recurrent reserves	0.0
Total pressures and investments	87.0
Funded From:	
Government Funding	-27.9
Council Tax	-19.6
Additional use of Reserves	-2.3
Savings and Efficiencies	-37.2
Gap	0.0

Key Messages

- Very difficult time for local government
- Essential that services remain within budget and implement the delivery of the £37.2m savings
- Council will still constantly review and ensure we only spend where it is absolutely necessary throughout 2024/25.

Specific 2023/24 Quarter 3 (Period 9) information

Areas within remit of Corporate and Communities Panel

P9 Financial Position – COACH & CEU

COACH & CEU	2023-24 Gross Budget Q3	2023-24 Net Budget Q3	2023-24 Forecast Outturn Q3	2023-24 Forecast Variance Q3	2023-24 Forecast Variance Q1	2023-24 Forecast Variance Q2
	£'000	£'000	£'000	£'000	£'000	£'000
COACH - Management	188	-170	234	404	105	254
Legal and Democratic Services	9,228	6,008	6,076	68	-22	55
Commercial Management	2,207	622	1,254	632	681	594
Property Services	10,672	987	1,321	334	238	25
Digital, IT and Customer Services	10,294	757	570	-187	0	-35
Transformation & Change Team	2,514	2,087	1,927	-160	15	-50
TOTAL COMMERCIAL & CHANGE	35,103	10,291	11,382	1,091	1,017	843
					0	
Engagement & Communications	1,178	345	345	0	-6	-8
Health & Safety	358	45	21	-24	31	0
HR-Core	5,316	454	394	-60	-28	-49
Financial Services	8,891	1,999	1,999	0	0	0
Chief Executive	379	379	395	16	18	19
TOTAL CHIEF EXECUTIVE UNIT	16,122	3,222	3,154	-68	15	-38

P9 Headlines – COACH & CEU

- The Commercial and Change Directorate is forecasting to overspend its £10.3m net budget by c£1.1m (11%), with the most significant variances from budget being:-
 - £1 million underachievement in-year relating to income across County Hall campus including Wildwood. A six-month rent-free period has been agreed as part of new leases (to facilitate remedials), resulting in income being delayed until the final quarter of 2023/24.
 - £0.4 million pressure due to the use of consultants for specific corporate projects and pressure on delivery of the vacancy management target.
 - Offset by underspends within IT and Executive Support
- The Chief Executives Unit (including finance and HR) are expecting to broadly break-even with an improved position from Q2

P9 Financial Position – Communities

Communities Revenue Forecast	2023-24 Gross Budget Q3	2023-24 Net Budget Q3	2023-24 Forecast Outturn Q3	2023-24 Forecast Variance Q3	2023-24 Forecast Variance Q1	2023-24 Forecast Variance Q2
	£'000	£'000	£'000	£'000	£'000	£'000
Strategic Libraries	0	4,307	4,606	299	375	388
Museum Services	0	715	715	0	-1	0
Archives & Archaeology	0	1,576	1,654	78	13	74
Greenspace & Gypsy Services	0	308	288	-20	26	-35
Community Services Leadership Team	0	148	148	0	0	0
Registration & Coroner	0	717	800	83	59	61
Public Analyst	0	0	0	0	0	0
Trading Standards	0	186	186	0	0	0
Communities and Partnerships	0	2,517	2,473	-44	-30	-60
Adult Front Door	788	429	728	299	135	135
					0	
TOTAL COMMUNITIES	788	10,903	11,598	695	577	563

P9 Headlines – Communities

- Communities is forecasting to overspend its £10.9m net budget by c£0.7m (6%), with the most significant variances from budget being:-
 - Inflationary increases above budget within Hive PFI contract due to higher-than-expected RPI
 - Timing delay in achievement of the Libraries Unlocked saving until Quarter 4 of the financial year
 - Partial under-achievement of vacancy management target