

# 2023-24 Revenue Financial Performance: Provisional Outturn

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| <b>Committee considering report:</b>        | Executive                  |
| <b>Date of Committee:</b>                   | 25 July 2024               |
| <b>Portfolio Member:</b>                    | Councillor Iain Cottingham |
| <b>Date Portfolio Member agreed report:</b> | 12 June 2024               |
| <b>Report Author:</b>                       | Melanie Ellis              |
| <b>Forward Plan Ref:</b>                    |                            |

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## 1 Purpose of the Report

- 1.1 To report on the financial performance of the Council's revenue budgets. This report is Quarter Four, the provisional outturn for the 2023-24 financial year. The report is highlighting the financial position at each quarter of the financial year and impact on the Council's General Fund position. This allows the Executive and Scrutiny Commission to consider the implications and the actions that have been taken to mitigate and manage the position.
- 1.2 The outturn is the culmination of budget monitoring and management accounting throughout the financial year. The financial reporting outturn will change after the financial statements are finalised, including further review of accruals and provisions. This will then become part of the Council's financial statements for the 2023-24 financial year.
- 1.3 The report highlights where over and underspends against budget have occurred during the year and reasons for these, as well as the overall position for the financial year.
- 1.4 The Council has been forecasting a significant overspend across many services, especially in the People Directorate. This is due to increasing demand on services, continued inflationary cost pressures and additional staffing costs through the use of agency workers.
- 1.5 To mitigate the financial pressures, the Council implemented measures from July 2023 to provide greater oversight and scrutiny of financial decisions and financial commitments, as well as additional approval mechanisms for staffing and agency arrangements across the Council.

## 2 Recommendation(s)

- 2.1 To note the provisional management accounting outturn of £3.1m overspend, a reduction of £0.15m from Quarter Three.
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2.2 To note the continuation of Financial Review Panel (FRP) meeting weekly to ensure the spending limits are being adhered to and to monitor the measures around recruitment, staffing and agency.

### 3 Implications and Impact Assessment

| Implication             | Commentary  |
|-------------------------|---|
| <b>Financial:</b>       | <p>The provisional outturn of a £3.1m overspend has significant financial implications. The General Fund is at £7.2m, with a minimum recommended level of £7m. The £3.1m overspend leaves a General Fund of £4m. This is a very low level of general fund balance and actions in place will be closely monitored to ensure that the in-year financial position improves.</p> <p>The minimum level of general fund balance recommended by the s151 officer is £7m and this outturn puts the Council significantly below this; for future budget setting has meant an increase in future year's budget savings to replenish the level of reserves in the future. The 2024-25 budget assumptions include a forecast contribution to reserves of £1.9m.</p> |
| <b>Human Resource:</b>  | None as part of Quarter Four. The FRP (Financial Review Panel) implications have been reviewed by Service Lead (HR) as a member of the panel.   |
| <b>Legal:</b>           | None as part of Quarter Four. The FRP (Financial Review Panel) implications have been reviewed by the Monitoring Officer.   |
| <b>Risk Management:</b> | Measures have been included in the report to provide greater levels of scrutiny on much lower levels of expenditure and recruitment costs.  |
| <b>Property:</b>        | Review of assets has been undertaken with a view to possible sales that could be utilised for reduced capital financing costs and / or funding for a range of transformational activity across the Council to reduce costs.   |
| <b>Policy:</b>          | None directly   |

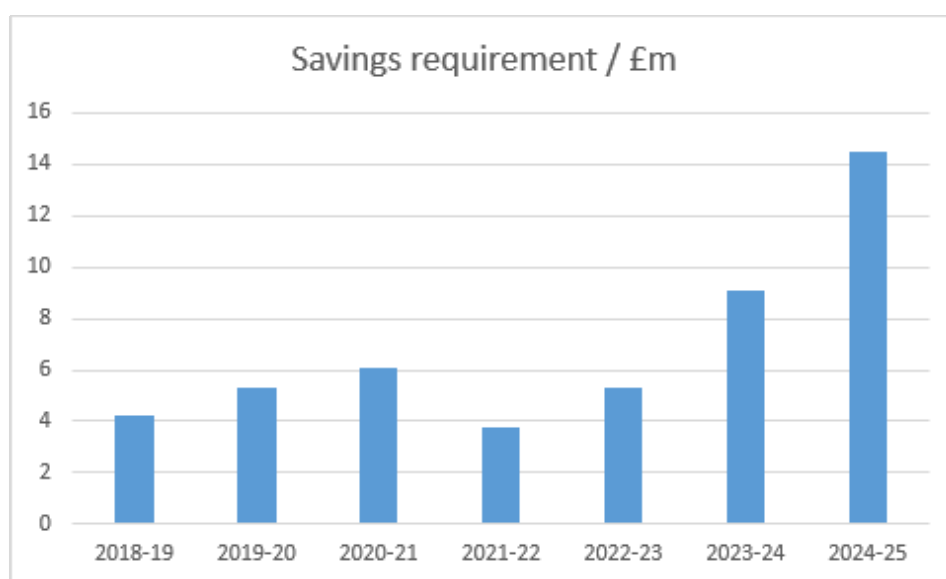
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|  | Positive                                | Neutral | Negative | Commentary   |
|--|---|---------|----------|--|
| <b>Equalities Impact:</b>  |   |         |          |  |
| <b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?               |   | y       |          |  |
| <b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users? |   | y       |          | The proposal aims to continue to protect those characteristics     |
| <b>Environmental Impact:</b>   |   | y       |          | Unlikely to have any long-term environmental impact.               |
| <b>Health Impact:</b>  |   | y       |          |  |
| <b>ICT Impact:</b>   |   | y       |          | N/A  |
| <b>Digital Services Impact:</b>  |   | y       |          | N/A  |
| <b>Council Strategy Priorities:</b>  |   |         | y        | The proposal could reduce spend on some areas of council priority. |
| <b>Core Business:</b>  |   | y       |          |  |
| <b>Data Impact:</b>  |   |         |          | No impact  |
| <b>Consultation and Engagement:</b>  | Service Directors, Executive Directors. |         |          |  |

## 4 Executive Summary

- 4.1 The provisional outturn shows a substantial financial pressure for the Council during 2023-24. Primarily driven through cost pressures in the People directorate, with growing demand for social care services, additional staffing costs through the use of agency staff and inflationary pressures, the People directorate alone has an overspend of £8.9m. There are other financial pressures in the Place directorate Development and Regulation Service, in planning services, unachieved income and delayed additional planning income charges via Government changes leading to an overspend of £0.4m, although this has been offset in-year by grant funding.
  - 4.2 The outturn position of a £3.1m overspend has reduced the overall General Fund to just over £4m. In the context of the significant financial pressures that the Council has faced during the year, this is a positive position to end the year in compared to Quarter One. That the General Fund is below the minimum level of reserve of £7m is acknowledged and £1.9m of additional funding for reserves has been included in the 2024-25 budget. This will mean that the General Fund balance will be forecast to be over £6m by the end of 2024-25 and a much closer figure to the minimum level.
  - 4.3 The Council responded quickly to the growing financial pressure that emerged early in 2023-24. The establishment of the Financial Review Panel (FRP) and relentless focus on cost reduction, review of accounting policies, commencing the disposal of assets and reducing agency expenditure has all had a significant impact. The agency expenditure alone has reduced by £2.4m year on year (2023-24 vs 2022-23) and is forecast to further reduce during 2024-25. The new approaches to recruitment have seen a greater number of posts being filled with permanent members of staff and the number of agency workers reduce. Through the Council's main agency providers, Comensura, the number of workers has reduced from 229 (April 2023) to 169 (April 2024) with a significant reduction in the number of 'off-contract' workers as well.
  - 4.4 The financial pressure does not go away for the Council, nor the sector, in 2024-25. This financial year sees the Council with the highest savings requirement in its history, and with a large, and ever growing number of Councils who have requested Exceptional Financial Support from central government, with over £2bn of exceptional support granted by government that needs to be repaid.
  - 4.5 The background to the financial position of the Council is that the Council has historically had low levels of reserves, at approximately half of the average of similar Councils. The Council has a track record of strong financial control and stewardship, and though (the Covid-19 pandemic excepted) reserves have remained comparatively low, the Council has achieved financial balance as well as delivered significant financial savings programmes. The savings and investment programme over recent years is highlighted below; on top of this, the 2024-25 Medium Term Financial Strategy (MTFS) highlights a savings requirement of £14.5m in 2024-25 and a further £15m over the following three years. This is heavily weighted to 2024-25 given uncertainties over future fair funding reviews – this totals £40m over a seven year period per the below. The figure for 2024-25 is £14.5m due to increased demand pressures that are referenced in this report:
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4.6 The Council has also commenced its Transformation programme. This programme seeks to identify longer term financial savings, but will of course highlight any shorter term opportunities to help support the Council's in year financial position. This has now established a range of cost avoidance and costs savings that will support the Council's financial position from 2024-25 onwards.

4.7 The provisional outturn is an overspend of £3.1m as summarised below:

| 2023/24 Directorate Summary | Net Budget<br>£000 | Net Income/<br>Expenditure<br>£000 | Quarter One                        | Quarter Two                        | Quarter Three                      | Quarter Four                            |                           |                                   |                            |                        | Change from Last Quarter<br>£000 |
|-----------------------------|--------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---|---------------------------|-----------------------------------|----------------------------|------------------------|----------------------------------|
|                             |                    |                                    | Year end forecast variance<br>£000 | Year end forecast variance<br>£000 | Year end forecast variance<br>£000 | Variance before use of reserves<br>£000 | Reserve movements<br>£000 | Pre-agreed Transformation<br>£000 | New Transformation<br>£000 | Final variance<br>£000 |                                  |
| People                      | 98,169             | 113,464                            | 5,840                              | 6,297                              | 8,354                              | 15,296                                  | (5,077)                   | 0                                 | (1,314)                    | 8,905                  | 551                              |
| Place                       | 34,084             | 32,614                             | 597                                | (47)                               | (1,035)                            | (1,470)                                 | 0                         | 0                                 | (344)                      | (1,814)                | (779)                            |
| Resources                   | 12,275             | 13,329                             | 24                                 | 26                                 | 221                                | 1,054                                   | (244)                     | (435)                             | (411)                      | (37)                   | (258)                            |
| Chief Executive             | 550                | 568                                | (5)                                | (10)                               | 5                                  | 18                                      | 0                         | 0                                 | (2)                        | 16                     | 12                               |
| Capital Financing/Risk Mgt  | 14,443             | 6,521                              | (157)                              | (3,002)                            | (4,308)                            | (7,922)                                 | 3,936                     | 0                                 | 0                          | (3,986)                | 322                              |
| <b>Total</b>                | <b>159,520</b>     | <b>166,496</b>                     | <b>6,298</b>                       | <b>3,264</b>                       | <b>3,237</b>                       | <b>6,976</b>                            | <b>(1,384)</b>            | <b>(435)</b>                      | <b>(2,071)</b>             | <b>3,085</b>           | <b>(153)</b>                     |

## 5 Supporting Information

### Introduction

5.1 The 2023-24 net revenue budget of £159m was set in March 2023, using £157m revenue funding and £1.8m of reserves. During the 2023-24 budget build, inflationary pressures were identified in demand led services, but not all pressures were built into the budget, with some being held as a risk against the general reserve.

5.2 The Council brought in a strategy for managing the in-year financial pressures at Quarter One, where the overspend was forecast to be £6.3m. This was after some initial mitigations against pressures being seen. Since the Quarter One (Q1) forecast was made, actions have been undertaken as highlighted in the Q1 report to the Executive in September. Progress against the strategy for managing the overspend are set out below:

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| Action  | Progress  | Financial benefit  |
|---|---|--|
| 1) Implementation of a Financial Review Panel (FRP)               | a) Review of all expenditure for overspending services over £2,000.   | Included within Q4 outturn   |
|   | b) Review of all agency expenditure and incorporating all staff within the Council's Comensura <sup>1</sup> contract.   | Reduced agency staff expenditure in Comensura from £11.9m in 2022-23 to £9.5m in 2023-24.  |
|   | c) Review all recruitment activity, pausing some activity.  | Included within outturn where posts were held vacant or delays to recruitment.   |
|   | d) Enhanced recruitment activity  | 338 posts moved from agency to permanent staff – full year saving of £0.56m.   |
| 2) Review of accrual policy                                       | Review has been complete and already included in the outturn for Q4.  | Already taken into account in the outturn.   |
| 3) Review of the Council's Minimum Revenue Provision (MRP) policy | The Council has been provided with a report from Link (the Council's Treasury Management advisors) that highlight a range of options for review. This required a change of policy to MRP at Full Council (and was included in the February budget papers with a request for a revision to in year treatment). | In year benefit of £4m with a 2024-25 benefit  |
| 4) Review of opportunities for asset sales                        | The November Executive meeting approved the sale of capital assets owned by the Council. These can be used to fund Transformational activity per the below and will also reduce MRP, but will reduce investment income in future years.   | The sale of the first commercial property has yielded over £6m to be applied for transformational activity for 2023-24, 2024-25 and beyond as well as to reduce capital financing costs. |

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<sup>1</sup> Overarching provider of agency staff for WBC

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|---|--|--|
| 5) Review the flexible use of capital receipts                  | Review of activities that fit within the Government guidance for the flexible use of capital receipts total £2.1m. These are short term benefits but benefit the in-year position. | £2.1m  |
| 6) S151 officer to discuss position with the Government (DLUHC) | Conversations have taken place and further action (for example a capitalisation request) to occur if required  | n/a – no further action taken as the General Fund is at over £4m and so a s114 report would not be required. |

5.3 The strategy will continue during 2024-25, with additional focus on delivering in year savings targets for directorates and the establishment of a Star Chamber to review any department that is forecasting an overspend and review the accompanying action plan to achieve a break-even position.

5.4 The Government continues to consider the financial position of Councils facing significant financial pressures and in past year has provided capitalisation directives to a growing number of Councils, see the link below:

<https://www.gov.uk/government/publications/exceptional-financial-support-for-local-authorities-capitalisation-directions>.

In these cases, the Government have provided specific sums of funding to Councils through a capitalisation directive whereby the Council repays the Government (with additional financial costs) and the Council will be required to have a formal external assurance review on their financial position. This will then be published by the DLUHC (Department of Levelling Up and Communities) and subject to progress and updates on improvement to the Council's financial position.

### Quarter Four 2023-24

5.5 The Quarter Four provisional outturn is an overspend of £3.1m, representing 1.9% of the net revenue budget. The outturn is after use £2.5m of flexible use of capital receipts for transformational activity.

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## 2023-24 Revenue Financial Performance: Provisional Outturn

|                                   | Net Budget     | Net Income/Expenditure | Quarter One                | Quarter Two                | Quarter Three              | Quarter Four                    |                   |                           |                    |                | Change from last quarter |
|-----------------------------------|----------------|------------------------|----------------------------|----------------------------|----------------------------|---------------------------------|-------------------|---------------------------|--------------------|----------------|--------------------------|
|                                   |                |                        | Year end forecast variance | Year end forecast variance | Year end forecast variance | Variance before use of reserves | Reserve movements | Pre-agreed Transformation | New Transformation | Final variance |                          |
|                                   | £000           | £000                   | £000                       | £000                       | £000                       | £000                            | £000              | £000                      | £000               | £000           | £000                     |
| Adult Social Care                 | 63,055         | 65,730                 | 791                        | 575                        | 2,038                      | 2,676                           | 0                 | 0                         | (440)              | 2,236          | 197                      |
| Children & Family Services        | 21,249         | 25,954                 | 3,721                      | 3,719                      | 3,688                      | 4,705                           | 0                 | 0                         | (799)              | 3,906          | 218                      |
| Executive Director                | 448            | 520                    | 7                          | (3)                        | 4                          | 72                              | 0                 | 0                         | (50)               | 22             | 18                       |
| Education DSG funded              | (444)          | 4,245                  | 0                          | 0                          | 0                          | 4,689                           | (4,689)           | 0                         | 0                  | 0              | 0                        |
| Education                         | 10,708         | 13,589                 | 1,321                      | 2,020                      | 2,697                      | 2,881                           | 0                 | 0                         | (25)               | 2,856          | 158                      |
| Public Health & Wellbeing         | (80)           | 307                    | 0                          | 0                          | 0                          | 387                             | (387)             | 0                         | 0                  | 0              | 0                        |
| Communities & Wellbeing           | 3,234          | 3,119                  | 0                          | (14)                       | (75)                       | (115)                           | 0                 | 0                         | 0                  | (115)          | (40)                     |
| <b>People</b>                     | <b>98,169</b>  | <b>113,464</b>         | <b>5,840</b>               | <b>6,297</b>               | <b>8,354</b>               | <b>15,296</b>                   | <b>(5,077)</b>    | <b>0</b>                  | <b>(1,314)</b>     | <b>8,905</b>   | <b>551</b>               |
| Executive Director                | 207            | 180                    | (21)                       | (25)                       | (29)                       | (27)                            | 0                 | 0                         | 0                  | (27)           | 1                        |
| Development & Regulation          | 5,671          | 4,766                  | 618                        | 612                        | (352)                      | (905)                           | 0                 | 0                         | (89)               | (994)          | (642)                    |
| Environment                       | 28,206         | 27,668                 | 0                          | (634)                      | (654)                      | (537)                           | 0                 | 0                         | (255)              | (792)          | (139)                    |
| <b>Place</b>                      | <b>34,084</b>  | <b>32,614</b>          | <b>597</b>                 | <b>(47)</b>                | <b>(1,035)</b>             | <b>(1,470)</b>                  | <b>0</b>          | <b>0</b>                  | <b>(344)</b>       | <b>(1,814)</b> | <b>(779)</b>             |
| ICT                               | 2,437          | 2,116                  | (0)                        | (36)                       | (56)                       | (321)                           | 0                 | (22)                      | 0                  | (343)          | (287)                    |
| Executive Director                | 323            | 352                    | (82)                       | (50)                       | (134)                      | 29                              | 0                 | 0                         | 0                  | 29             | 163                      |
| Commissioning & Procurement       | 448            | 592                    | (75)                       | (113)                      | (113)                      | 143                             | 0                 | (146)                     | (67)               | (70)           | 43                       |
| Finance & Property                | 1,562          | 2,442                  | 201                        | 245                        | 446                        | 879                             | (244)             | 0                         | (344)              | 292            | (154)                    |
| Strategy & Governance             | 7,505          | 7,700                  | (20)                       | (20)                       | 79                         | 195                             | 0                 | (139)                     | 0                  | 56             | (23)                     |
| Transformation                    | 0              | 128                    | 0                          | 0                          | 0                          | 128                             | 0                 | (128)                     | 0                  | (0)            | (0)                      |
| <b>Resources</b>                  | <b>12,275</b>  | <b>13,329</b>          | <b>24</b>                  | <b>26</b>                  | <b>221</b>                 | <b>1,054</b>                    | <b>(244)</b>      | <b>(435)</b>              | <b>(411)</b>       | <b>(37)</b>    | <b>(258)</b>             |
| <b>Chief Executive</b>            | <b>550</b>     | <b>568</b>             | <b>(5)</b>                 | <b>(10)</b>                | <b>5</b>                   | <b>18</b>                       | <b>0</b>          | <b>0</b>                  | <b>(2)</b>         | <b>16</b>      | <b>12</b>                |
| Capital Financing                 | 14,851         | 6,835                  | (157)                      | (3,002)                    | (4,178)                    | (8,016)                         | 3,936             | 0                         | 0                  | (4,080)        | 98                       |
| Risk Management                   | -407           | (313)                  | 0                          | 0                          | 0                          | 94                              | 0                 | 0                         | 0                  | 94             | 224                      |
| <b>Capital Financing/Risk Mgt</b> | <b>14,443</b>  | <b>6,521</b>           | <b>(157)</b>               | <b>(3,002)</b>             | <b>(4,178)</b>             | <b>(7,922)</b>                  | <b>3,936</b>      | <b>0</b>                  | <b>0</b>           | <b>(3,986)</b> | <b>322</b>               |
| <b>Total</b>                      | <b>159,520</b> | <b>166,496</b>         | <b>6,298</b>               | <b>3,264</b>               | <b>3,367</b>               | <b>6,976</b>                    | <b>(1,384)</b>    | <b>(435)</b>              | <b>(2,071)</b>     | <b>3,085</b>   | <b>(153)</b>             |

NB: Rounding differences may apply to the nearest £k.

### Impact on Reserves

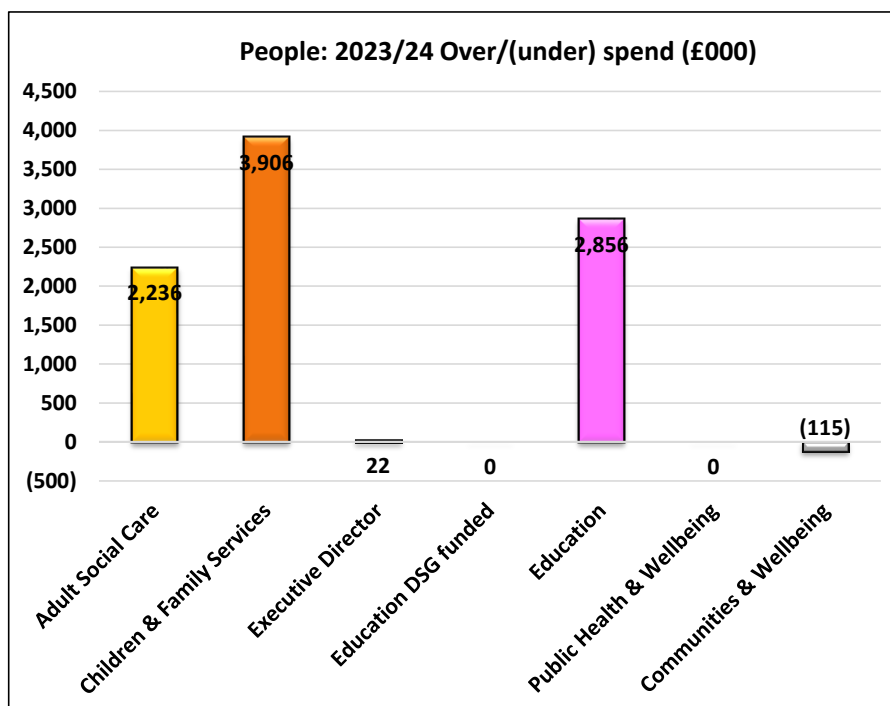
5.6 The general fund will be reduced to just over £4m as a result of the provisional outturn. This is significantly below the recommended level for future budget setting as outlined in the report.

### People Directorate

5.7 The People Directorate outturn is an over spend of £8.9m against a budget of £98m, representing 9% of budget. The overspend has increased by £0.5m from last quarter.



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- 5.8 In ASC, the overspend is £2.2m, which is 3.5% of the net budget of £63m. This is after £0.4m use of transformation funding. The modelled investment request for Adult Social Care packages for 2023-24 was reduced by £1m and held as a risk. This has led to a higher level of overspend. The budget included savings of £2.3m of which £1.25m were not achieved. Additional pressure also arose from the pay award of £0.5m.
- 5.9 The overspend of £2.2m is after ASC found several in-year mitigations amounting to £1.6m to help offset the pressures.
- 5.10 The overspend has increased by £0.2m since last quarter largely due to increased overspend in our own care homes due to use of agency and lower than budgeted occupancy. Commissioning spend on client packages also increased but year-end provisions were lower than forecast offsetting most of these increases.
- 5.11 ASC long term services (LTS) are £2.6m over spent.
- There is an increase in the cost of care packages, due to inflation, complexities and challenges in the external workforce market. This equates to an average increase of 13% per client package since 2022-23.
  - There has been lower than modelled occupancy in our own three care homes due to refurbishment and admissions restrictions resulting in clients being placed in externally commissioned beds costing more.
- 5.12 Short term services are £0.3m under spent due to the additional funding for Hospital Discharge and changes to the in-house reablement model.
- 5.13 Other overspends is ASC total £0.04m.
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- There is a £1.4m overspend in two of our own care homes due to a shortfall of income due to refurbishments and agency staffing requirements from recruitment difficulties, absence cover and additional care requirements.
- Underspends have arisen in Shared Lives £0.2m due to lack of carer availability/additional income and in Reablement £0.6m due to vacancies. Other underspends are in Maximising Independence, Resource Centres and staffing.

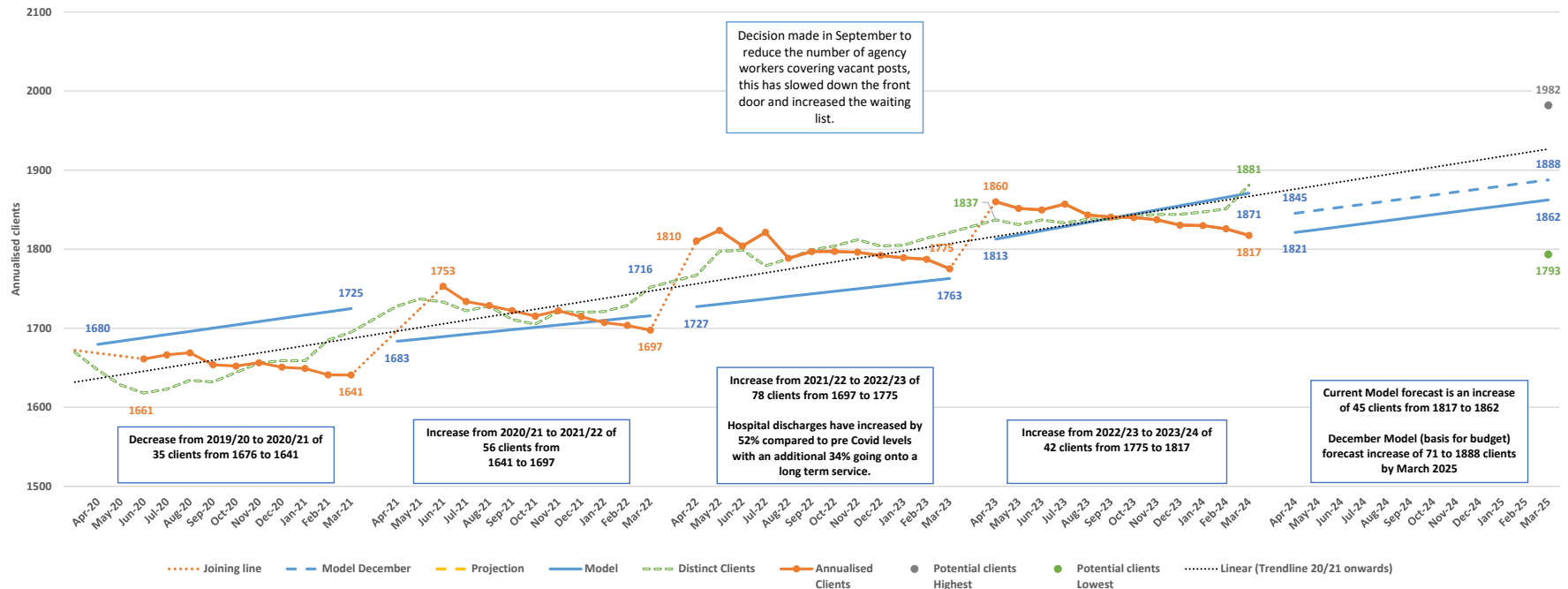
5.14 The 2023-24 savings target of £2.3m is £1.3m red and £1m green. The red is due to health funding, increased care packages and use of other care homes.

5.15 ASC are seeing an aging population as well as increased costs. The ASC Model for long term services is updated monthly, with assumptions reviewed and agreed by the ASC Financial Planning Steering group and reported at the ASC Financial Planning meeting.

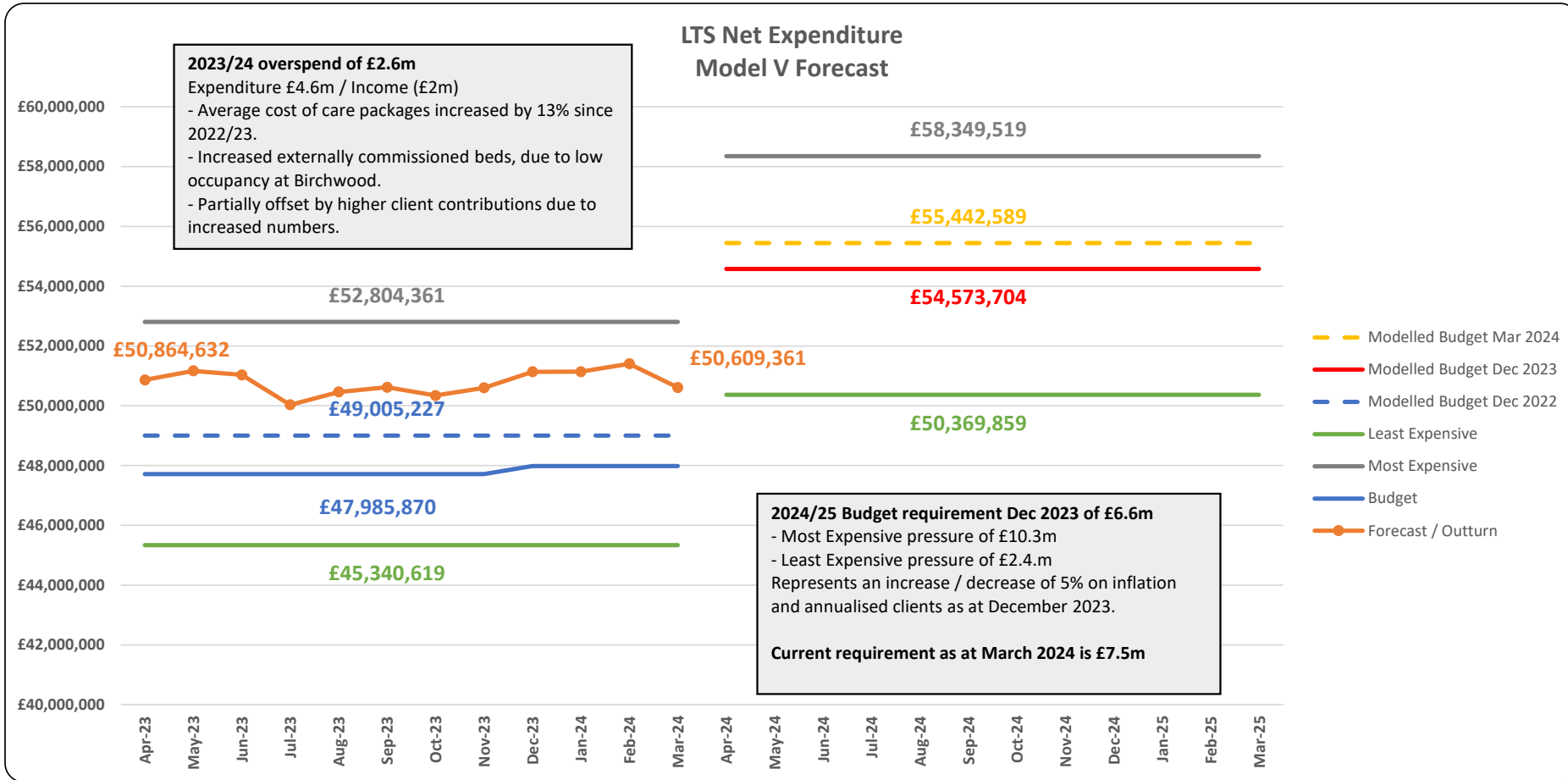
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# 2023-24 Revenue Financial Performance: Provisional Outturn

Adult Social Care  
Annualised client numbers for Long Term Services



## 2023-24 Revenue Financial Performance: Provisional Outturn



## 2023-24 Revenue Financial Performance: Provisional Outturn

5.16 In CFS, the outturn is a £3.9m overspend, which is 18% of the net budget of £21m. This is a £0.2m increase since last quarter. The outturn is after the use of transformation funding of £0.8m.

- There is a £2.6m over spend in placements. The children in care population has stabilised in the last 12 months, however there is increased complexity, mental health and emotional wellbeing needs, and provision for teenagers. There is a small cohort of young people with very high care needs requiring specialist residential provision and a national shortage of suitable residential placements.
- The Family Safeguarding teams are overspending by £1.2m due to agency costs. This has been required to cover vacancies and maternity leave and increased demand. Childcare lawyers has a £1m overspend due to an increase in the number of cases in court.

5.17 The 2023-24 savings target of £0.5m is £256k red and £271k green. The red is due to a target for not filling posts immediately upon becoming vacant not being met due to the level of demand for statutory intervention and for placement cost reductions which were planned at a point when a rise in the care population was not as great as now being seen.

5.18 Demand at the front door remains high, however through effective early support and diversion, the numbers of child protection plans have reduced and the children in care population is showing signs of stability.

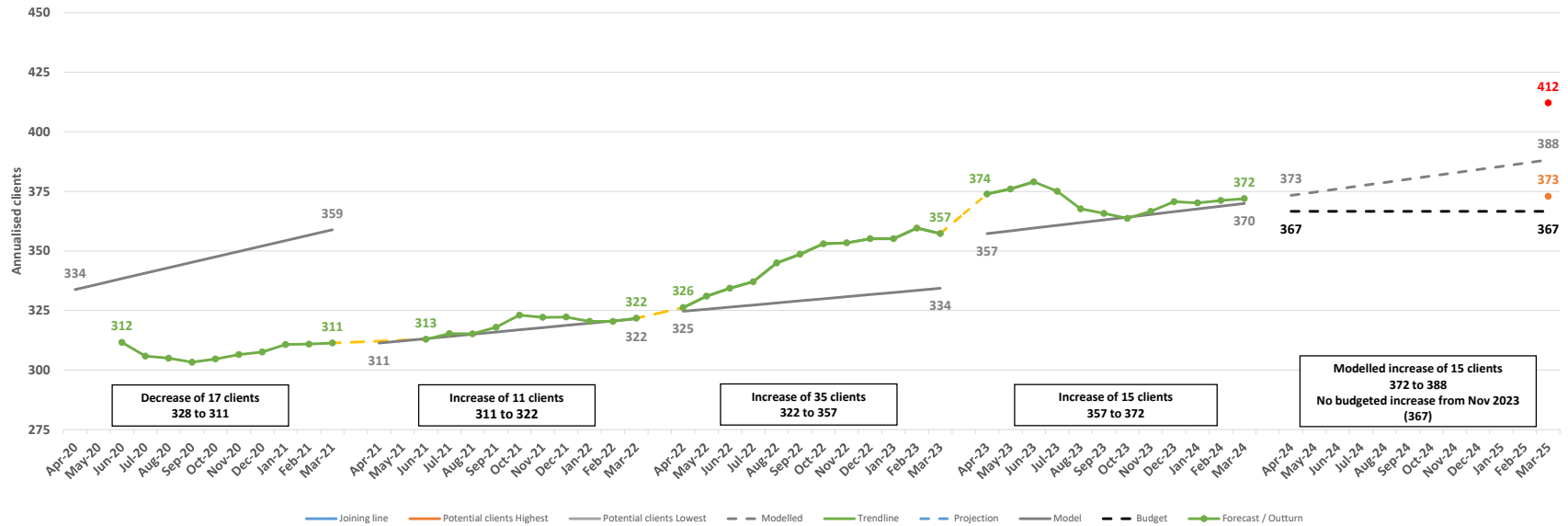
5.19 There has been successful recruitment of permanent social workers which has reduced the number of locum workers. There is ongoing work to continue the focus on recruitment and retention of a permanent workforce.

5.20 The model for placements has been refined and is updated monthly. Client numbers and net expenditure are shown in the graphs below.

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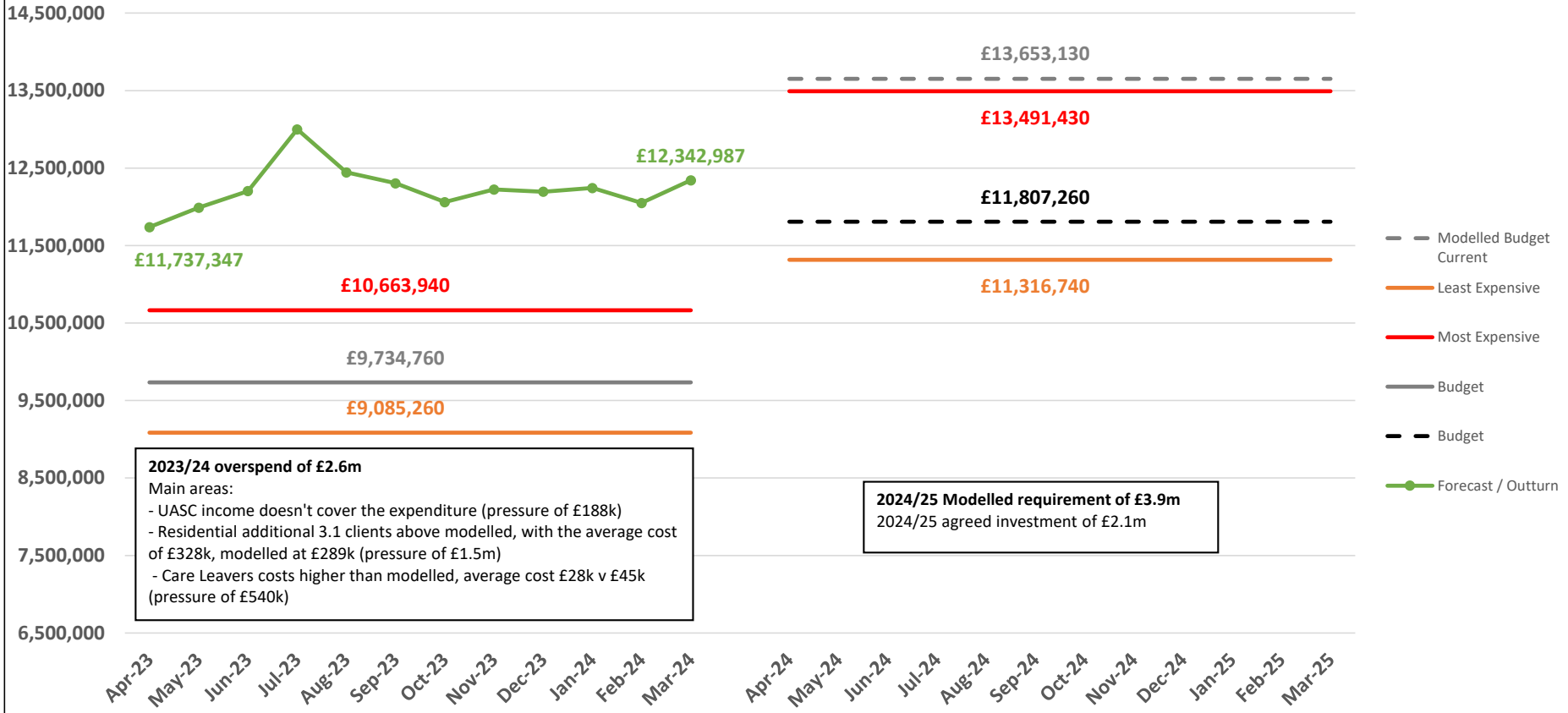
## 2023-24 Revenue Financial Performance: Provisional Outturn

Children & Family Services annualised client numbers  
(includes UASC)



2023-24 Revenue Financial Performance: Provisional Outturn

Children & Family Services Net Expenditure  
(includes UASC)



**2023/24 overspend of £2.6m**  
 Main areas:  
 - UASC income doesn't cover the expenditure (pressure of £188k)  
 - Residential additional 3.1 clients above modelled, with the average cost of £328k, modelled at £289k (pressure of £1.5m)  
 - Care Leavers costs higher than modelled, average cost £28k v £45k (pressure of £540k)

**2024/25 Modelled requirement of £3.9m**  
 2024/25 agreed investment of £2.1m

- Modelled Budget Current
- Least Expensive
- Most Expensive
- Budget
- Budget
- Forecast / Outturn

## 2023-24 Revenue Financial Performance: Provisional Outturn

5.21 Education outturn is a £2.8m overspend, which is 27% of the £10.7m budget. This has been forecast since Quarter Two.

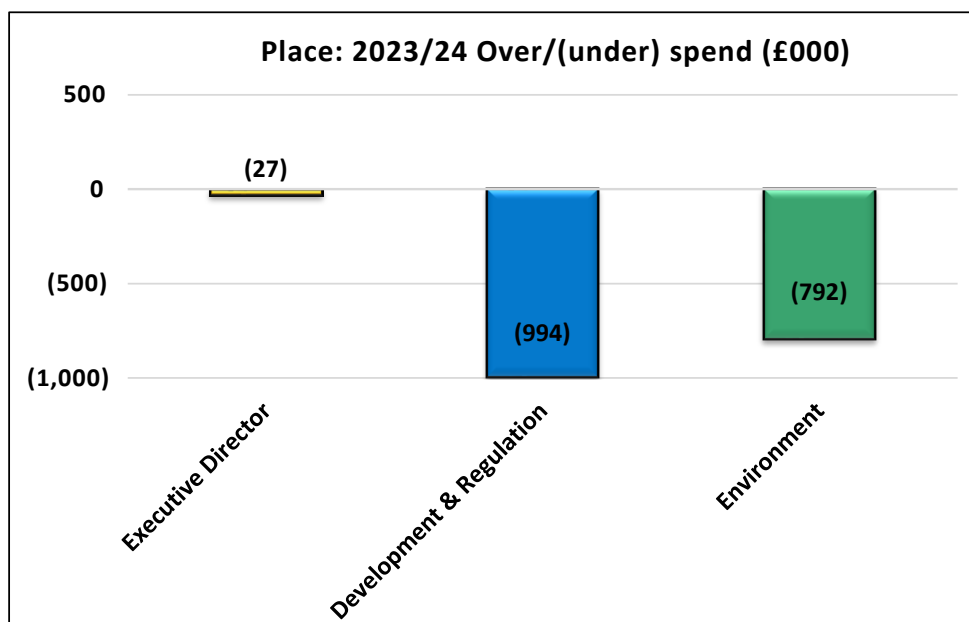
- £1.4m of the overspend is in Home to School Transport (HTST), representing 48% of the overspend. This is due to higher costs from retendering of contracts and a 5% increase in eligible pupils. The service is engaged in looking for ways to reduce HTST costs.
- £1.4m overspend was from disability support packages residential due to complex residential support and higher costs, together with increased requests for families in their own homes.

5.22 Public Health had an in-year underspend of £270k which will transfer to the Public Health Reserve. The underspend was mainly due to agenda for change payments not being required for NHS related contracts.

5.23 Communities and Wellbeing is reporting a £115k underspend. There are pressures in library income due to Parishes not contributing, but there are savings in leisure and the museum offsetting this.

### Place Directorate

5.24 The Place Directorate provisional outturn is an underspend of £1.8m, representing 5.3% against a budget of £34m. This is after outturn adjustments including the utilisation of £0.3m transformation funding and £1.3m unspent migration funding which will be moved to an earmarked reserve.



5.25 The outturn prior to these adjustments was an underspend of £135k, of which there was an overspend of £429k in Development and Regulation and an underspend of £537k in Environment.

5.26 In Development and Regulation, the £429k overspend before use of reserves represents 7.6% of the £5.6m budget. This is a reduction of £0.6m since Quarter Three.



## 2023-24 Revenue Financial Performance: Provisional Outturn

The decrease has been from improved planning income and allocation of grant and transformation funding in the final quarter.

- There is a £0.7m pressure on Planning Application fee income, of which £0.4m is from a national fee uplift which was anticipated to start at the beginning of this financial year, but introduced from December 2023.
- There is a £0.3m pressure on Bio-Diversity Net Gain income, where income was expected to be generated through activity linked to developments delivering a 10% uplift in Bio-Diversity Net Gain. It is clear from the introduction in the legislation in February 2024, that there is no opportunity to generate income from the scheme.
- There are £1.3m pressures in Housing from temporary accommodation repairs and emergency accommodation for homeless families. However there is a £0.9m underspend on the main housing staffing cost centre from vacancies and supplies and services plus underspends on rough sleeper accommodation and external housing management.
- There are areas of underspend from staffing vacancies and reduced spend on consultants.

5.27 The 2023-24 savings target of £1.5m is £1.1m red and £0.4m green. The red is due to the income targets outlined above not being achievable.

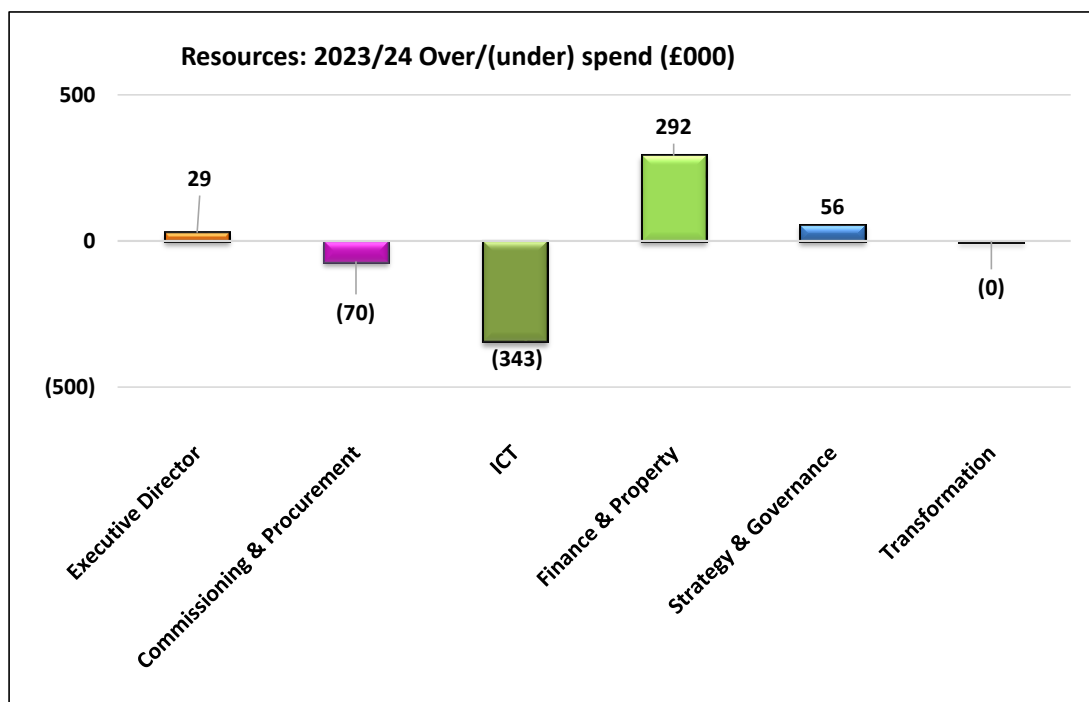
5.28 In Environment, the underspend is £792k after mitigations and use of reserves. There are pressures in highways emergencies and car parks but there are underspends in contractors and garden waste subscriptions, public transport and streetworks are over achieving income.

5.29 The 2023-24 savings target of £1.2m is £76k red and £1.1m green. The red is from biodiversity and carbon credits as legislation has not been forthcoming and from pre-application income.

### **Resources Directorate/Chief Executive**

5.30 The Resources Directorate outturn is an underspend of £37k. This is after use of reserves of £0.2m and transformation of £0.8m. The Chief Executive Service is an overspend of £16k. The combined underspend of £20k represents 0.2% of the net budget of £12.8m.

## 2023-24 Revenue Financial Performance: Provisional Outturn



5.31 In Commissioning & Procurement, the £70k surplus is largely due to additional income from the agency contract rebate, although this has reduced slightly from previous estimates as a result of the reduced agency usage. Transformation funding has supported staff working on the Procurement Strategy and can supporting time spent reducing agency reliance. The £350k savings are green.

5.32 In ICT the outturn is a £343k under spend largely due to licence capitalisation and staffing savings. The £110k savings target is £35k red and £75k green.

5.33 In Finance and Property, the £292k overspend has arisen from unachieved savings from the accommodation review project, delayed property disposals and recruitment difficulties necessitating the use of agency. The £1.1m savings target is £145k red and £1m green.

5.34 Strategy and Governance is £56k overspent, but after funding the apprentice scheme project this drops to a £9k underspend. The £420k savings programme is £151k red and £269k green. The red is from grant funding that is not available and lack of staffing to undertake digital transformation.

5.35 The Transformation Service is forecast online after use of transformation funding.

### Capital Financing and Risk Management

5.36 Capital Financing has an underspend of £4m relating to the review of the Council's Minimum Revenue Provision (MRP) policy for capital expenditure. The outcome of this review has identified a net reduction in the annual charge of £4m for 2023-24.

## 2023-24 Revenue Financial Performance: Provisional Outturn

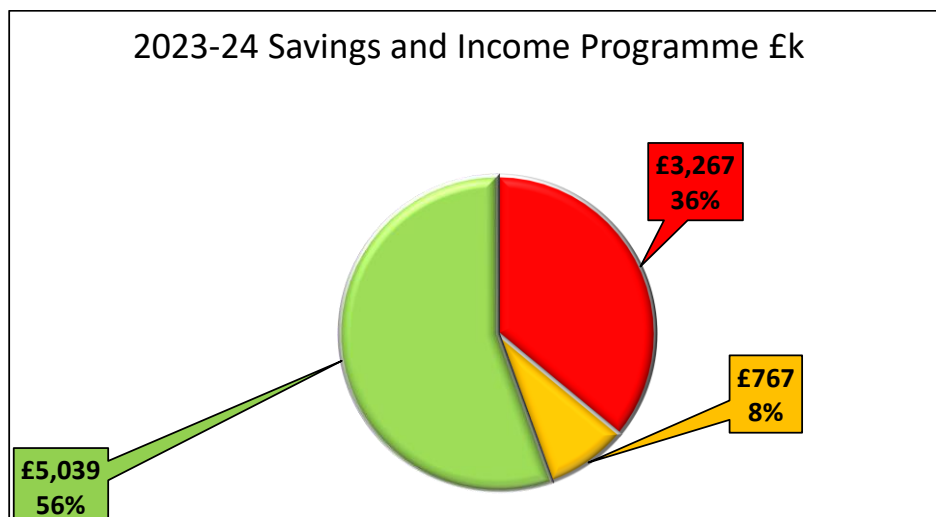
### Agency Spend

5.37 Agency spend to Quarter Four was £9.5m compared to £11.9m in 2022-23. The Financial Review Panel which started at the end of July 2023, have been making progress to reduce agency spending as shown in the chart below:

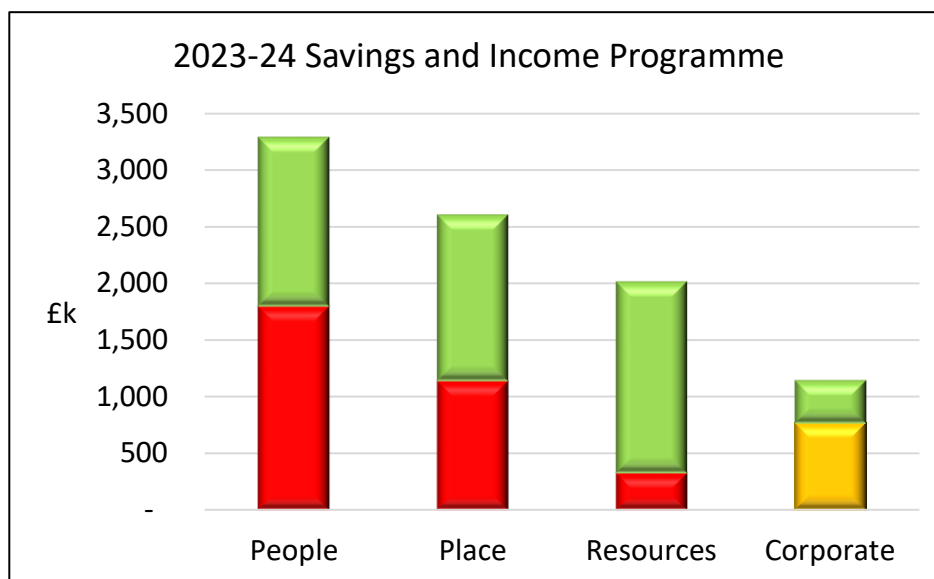
| Service Summary                | Q1 Agency spend  | Q2 Agency spend  | Q3 Agency spend  | Q4 Agency spend  | Trend | Total Agency spend 2023/24 | Total Agency spend 2022/23 | Change year on year | Q1 Agency spend as a % of Employee spend | Q2 Agency spend as a % of Employee spend | Q3 Agency spend as a % of Employee spend | Q4 Agency spend as a % of Employee spend |
|--------------------------------|------------------|------------------|------------------|------------------|-------|----------------------------|----------------------------|---------------------|--|--|--|--|
| Chief Executive                | -                | -                | -                | -                |       | -                          | -                          | -                   | 0%                                       | 0%                                       | 0%                                       | 0%                                       |
| Adult Social Care              | 1,101,964        | 913,384          | 713,248          | 993,284          |       | 3,721,880                  | 4,417,239                  | - 695,359           | 22%                                      | 20%                                      | 14%                                      | 20%                                      |
| Children & Family Services     | 805,261          | 907,343          | 739,538          | 603,265          |       | 3,055,407                  | 3,119,151                  | - 63,744            | 33%                                      | 33%                                      | 25%                                      | 23%                                      |
| Communities & Wellbeing        | 2,608            | 2,379            | -                | -                |       | 4,987                      | -                          | 4,987               | 0%                                       | 0%                                       | 0%                                       | 0%                                       |
| Executive Director - People    | -                | -                | 14,442           | -                |       | 14,442                     | 975                        | 13,467              | 0%                                       | 0%                                       | 12%                                      | 0%                                       |
| Education                      | 230,573          | 276,477          | 239,964          | 190,742          |       | 937,756                    | 776,644                    | 161,112             | 13%                                      | 16%                                      | 13%                                      | 11%                                      |
| Public Health & Wellbeing      | -                | -                | -                | -                |       | -                          | 64,445                     | - 64,445            | 0%                                       | 0%                                       | 0%                                       | 0%                                       |
| Executive Director – Place     | -                | -                | -                | -                |       | -                          | -                          | -                   | 0%                                       | 0%                                       | 0%                                       | 0%                                       |
| Development & Regulation       | 269,596          | 250,966          | 215,937          | 213,868          |       | 950,367                    | 2,354,237                  | - 1,403,870         | 11%                                      | 10%                                      | 8%                                       | 8%                                       |
| Environment                    | 34,529           | 34,159           | 38,974           | 49,194           |       | 156,856                    | 212,608                    | - 55,752            | 3%                                       | 2%                                       | 2%                                       | 3%                                       |
| Commissioning & Procurement    | 917              | 917              | -                | 916              |       | 916                        | 13,339                     | - 12,423            | 0%                                       | 0%                                       | 0%                                       | 0%                                       |
| Executive Director - Resources | -                | -                | -                | -                |       | -                          | -                          | -                   | 0%                                       | 0%                                       | 0%                                       | 0%                                       |
| Finance & Property             | 103,186          | 87,054           | 75,316           | 129,995          |       | 395,551                    | 469,234                    | - 73,683            | 9%                                       | 8%                                       | 6%                                       | 11%                                      |
| ICT                            | 17,132           | 7,624            | -                | 27,066           |       | 51,822                     | 149,668                    | - 97,846            | 3%                                       | 1%                                       | 0%                                       | 6%                                       |
| Strategy & Governance          | 27,957           | 40,147           | 62,391           | 60,782           |       | 191,277                    | 303,302                    | - 112,025           | 2%                                       | 2%                                       | 3%                                       | 4%                                       |
| <b>Total</b>                   | <b>2,593,723</b> | <b>2,518,616</b> | <b>2,099,810</b> | <b>2,269,112</b> |       | <b>9,481,261</b>           | <b>11,880,842</b>          | <b>- 2,399,581</b>  | <b>15%</b>                               | <b>14%</b>                               | <b>11%</b>                               | <b>12%</b>                               |

### 2023-24 Savings and income generation programme

5.38 In order to meet the funding available, the 2023-24 revenue budget was built with a £9m savings and income generation programme. The programme is monitored using the RAG traffic light system. The status is shown in the following charts:



## 2023-24 Revenue Financial Performance: Provisional Outturn



5.39 The amber item relates to targets in relation to vacant posts. Whilst some of this may have been achieved in some services, the overall position is that employee budgets were overspent due to the agency costs.

5.40 Red items are as follows:

| Service | Saving item                       | Impact on 2024-25  | Re-moved | Red | Amber | Green |
|---------|-----------------------------------|--|----------|-----|-------|-------|
| ASC     | £81k fees and charges increase    | Consultation has taken place in line with setting the fees for 2024-25.  |          |     | 40    | 41    |
| ASC     | £99k review of care packages      | £351k of this saving was achieved, however capacity was redirected to urgent reviews during 2023-24. To help achieve savings next year, the officers in the reablement service will offer additional support with double handed care packages when they have capacity. |          |     | 50    | 49    |
| ASC     | £706k health funding S117 and CHC | £394k of this saving was achieved. This has been escalated with the ICB and the challenge will continue into 2024-25.  |          |     | 706   |       |
| ASC     | £26k RAS software                 | This was dependent on an upgrade going live. The saving has been removed for 2024-25.  | 26       |     |       |       |
| ASC     | £150k market management           | An increase in the cost of care packages, due to inflation rates, complexities and the challenges in the external workforce market have meant we have been unable to achieve this saving. This target has been removed from 2024-25.                                   | 150      |     |       |       |

## 2023-24 Revenue Financial Performance: Provisional Outturn

| Service | Saving item  | Impact on 2024-25   | Re-<br>moved | Red | Amber | Green |
|---------|--|---|--------------|-----|-------|-------|
| ASC     | £189k Requires Improvement (RI) status in care homes   | £61k of this saving was realised. In some cases RI homes have been more expensive than those rated good. For 2024-25, the three commissioning options will include an RI home for consideration.  |              |     | 189   |       |
| CFS     | £184k recruitment lag on new posts   | With the unprecedented level of demand for statutory intervention it is unsafe to not fill social work posts given the caseloads already exceeding safe levels. This saving was for one year only so no impact on 2024-25.  | 184          |     |       |       |
| CFS     | £66k actions to reduce cost of care  | The anticipated reduction in placement costs were planned at a point when the children in care population was not rising to the extent that it has and when the residential market was not under the strain that it is currently. This saving was removed for 2024-25.  | 66           |     |       |       |
| CFS     | £13k placement cost reduction  | £75k of this saving was achieved and the saving should be made in full next year.   |              |     |       | 13    |
| ES      | £58k fees and charges  | £51k of this relates to home to school transport (HTST) which is overspent so the saving was not achieved. £7k of this relates to family hubs, where have been unable to meet the target. HTST will struggle to meet this in 2024-25 whilst the service is under pressure. Family hubs had a further fee increase for 2024-25 so will need to be monitored. |              |     | 58    |       |
| C&W     | £225k from income generation and transformation  | £151k has been achieved in year but not on a permanent basis which is why this remains red. There are discussions underway to achieve this in 2024-25.  |              |     | 225   |       |
| D&R     | £63k premium service for pre application advice and determination of householder applications. | A trial of the Premium Service took place in October 2022. This service is currently not being offered, therefore the income target will not be realised.   |              | 63  |       |       |

## 2023-24 Revenue Financial Performance: Provisional Outturn

| Service | Saving item  | Impact on 2024-25   | Re-<br>moved | Red | Amber | Green |
|---------|--|---|--------------|-----|-------|-------|
| D&R     | £265k place shaping and delivery.  | Income was originally expected to be generated through activity linked to Biodiversity Net Gain (BNG) and Conservation Area Appraisals. The requirement for developments to deliver a 10% uplift in BNG became law in February 2024, however, it is now clear there is no opportunity to generate income other than through cost recovery through pre-apps and PPAs or by the sale of BNG credits. This target has been removed for 2024-25. The sale of credits is represented by a £50k income target in the Environmental Delivery team. | 265          |     |       |       |
| D&R     | £390k uplift in planning fees  | Planning fees are set nationally by DLUHC. The saving proposal was based on new fees starting from April, however they only came into effect from December 2023. Although there is the benefit of higher rates for the final 4 months of the financial year, there was an outturn pressure on the income target of £675k, therefore none of the saving target has been achieved. Next year will see the benefit of a full year of fees.   |              |     | 195   | 195   |
| D&R     | £25k financial contribution from registered providers for use of Council's choice based letting system                               | There was a £55k income target for choice based lettings of which £30k was achieved. There has not been the anticipated uptake in demand for providers to advertise through the letting system, linked with issues in the current demands in the rental market. This pressure will continue into 2024-25 unless there is a significant increase in demand.  |              | 25  |       |       |
| D&R     | £220k review of systems processes and resources. £100k planning white paper/ levelling up and regeneration bill service efficiencies | This saving is linked with the implementation of the Planning Service Staffing Restructure which is in the process of being implemented. Although there is an in year pressure on achieving this, once the new structure is implemented then the saving will be achieved for future years. In year there are posts being held vacant in Minerals & Waste/Planning Policy which are helping offset/mitigate this pressure.   |              |     |       | 320   |
| Env     | £26k pre app charges   | The difficulty in recruiting to key posts has impacted on this target. Some pre-app income has been achieved but not at the levels estimated in budget build. This pressure will continue in 2024-25 unless demand increases.   |              | 26  |       |       |

## 2023-24 Revenue Financial Performance: Provisional Outturn

| Service | Saving item                                | Impact on 2024-25   | Re-<br>moved | Red        | Amber       | Green      |
|---------|--|---|--------------|------------|-------------|------------|
| Env     | £50k for biodiversity and carbon credits   | This saving has not been achieved as expected Environment Act secondary legislation was only released in the final quarter of 2023-24. The Environment Delivery Service are reviewing implications and long-term achievability of this saving. In year this pressure has been mitigated by underspends across the department. |              |            | 50          |            |
| F&P     | £65k from savings on surplus accommodation | £31k of the target was achieved. The saving is achievable in the long term as the property is being disposed of.  |              |            |             | 65         |
| F&P     | £43k from accommodation review             | £37k was achieved, but one of the properties is still fully occupied. The accommodation review is being led by the Transformation service and it is anticipated that once complete, the saving can be fully achieved.   |              |            |             | 43         |
| F&P     | £37k rental income                         | Saving based on higher income following rent reviews. However some rents were not uplifted following the outcome of the review, and others are still waiting to take place. This should be completed in 2024-25.  |              |            |             | 37         |
| ICT     | £35k print and postage savings             | Although there have been reductions in printing across the Council, the cost of paper has almost doubled over the past few years. As part of the capital programme, new printers are due to be purchased, which will provide more efficient printing and additional management information to target a reduction in printing. |              |            |             | 35         |
| S&G     | £50k digital transformation                | Saving not achieved due to overspend in cost centre. Posts have not been deleted and service state that at current levels of demand they are unable to reduce their current staffing. There will be continued pressures until the staffing saving can be achieved or offset through other budget reductions.                  |              | 50         |             |            |
| S&G     | £101k grant funding of elections staff     | There is no ongoing grant funding for the restructure of the Elections Team, an investment bid to remove this is part of the 2024-25 budget proposals.  | 101          |            |             |            |
|         |  | <b>Total 2024-25 impact of 2023-24 red items</b>  | <b>792</b>   | <b>164</b> | <b>1513</b> | <b>798</b> |

## 6 Proposals

- 6.1 To note the £3.1m overspend.
- 6.2 To note the continuation of Financial Review Panel (FRP) to meet weekly to ensure the spending limits are being adhered to and to monitor the measures around recruitment, staffing and agency. The FRP has been reviewed and expenditure over £10k for overspend directorates (from 2023-24) now goes to the FRP to reflect the new financial year.

## 7 Other options considered

None

## 8 Conclusion

The Council is facing an unprecedented level of financial pressures due a range of factors. The Council has taken a proactive position to review overspends from across departments. This has resulted in a stabilising of the overspend forecast from Quarter Two. It is important to note that the underlying overspend, especially from the People directorate services has been very significant. Over £12m has been added into the 2024-25 budget to adjust for this large overspend, and managing this position will be critical to the financial resilience of the Council in 2024-25.

## 9 Appendices

Appendix A – Budget Changes

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### Background Papers:

None

### Subject to Call-In:

Yes:  No:

- |   |                                     |
|---|-------------------------------------|
| The item is due to be referred to Council for final approval  | <input type="checkbox"/>            |
| Delays in implementation could have serious financial implications for the Council                              | <input type="checkbox"/>            |
| Delays in implementation could compromise the Council's position  | <input type="checkbox"/>            |
| Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months | <input type="checkbox"/>            |
| Item is Urgent Key Decision   | <input type="checkbox"/>            |
| Report is to note only  | <input checked="" type="checkbox"/> |
-



**Wards affected:** All

**Officer details:**

Name: Melanie Ellis  
Job Title: Service Director, Finance, Property & Procurement

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**Document Control**

|                |  |                |  |
|----------------|--|----------------|--|
| DocumentRef:   |  | Date Created:  |  |
| Version:       |  | Date Modified: |  |
| Author:        |  |                |  |
| Owning Service |  |                |  |

**Change History**

| Version | Date | Description | Change ID |
|---------|------|-------------|-----------|
| 1       |      |             |           |
| 2       |      |             |           |

# Appendix A – Budget Changes

## Appendix A

| Service                      | Original Net Budget<br>£000 | Budget B/F from 22-23 released from reserves<br>£000 | Grants/ funding released from reserves<br>£000 | FAGG approved release from reserves<br>£000 | Budget changes not requiring approval<br>£000 | Approved by S151 & Portfolio Holder<br>£000 | Approved by Executive<br>£000 | Budget C/F to 2024-25<br>£000 | Final Net Budget<br>£000 |
|------------------------------|-----------------------------|--|--|---|---|---|-------------------------------|-------------------------------|--------------------------|
| Adult Social Care            | 62,899                      |  | 130  |   | 26  |   |                               |                               | 63,055                   |
| Children and Family Services | 21,223                      |  |  |   | 26  |   |                               |                               | 21,249                   |
| Executive Director           | 370                         |  | 76   |   | 2   |   |                               |                               | 448                      |
| Education DSG funded         | (444)                       |  |  |   |   |   |                               |                               | (444)                    |
| Education                    | 10,688                      | 20   |  |   |   |   |                               |                               | 10,708                   |
| Public Health & Wellbeing    | (80)                        |  |  |   |   |   |                               |                               | (80)                     |
| Communities & Wellbeing      | 3,257                       |  |  |   | (23)  |   |                               |                               | 3,234                    |
| <b>People</b>                | <b>97,912</b>               | <b>20</b>  | <b>206</b>                                     | <b>0</b>                                    | <b>31</b>                                     | <b>0</b>                                    | <b>0</b>                      | <b>0</b>                      | <b>98,169</b>            |
| Executive Director           | 213                         |  |  |   | (6)   |   |                               |                               | 207                      |
| Development & Regulation     | 5,344                       | 294  |  | 33  |   |   |                               |                               | 5,671                    |
| Environment                  | 27,942                      |  |  | 293   | (30)  |   |                               |                               | 28,206                   |
| <b>Place</b>                 | <b>33,499</b>               | <b>294</b>   | <b>0</b>                                       | <b>327</b>                                  | <b>(36)</b>                                   | <b>0</b>                                    | <b>0</b>                      | <b>0</b>                      | <b>34,084</b>            |
| ICT                          | 2,437                       |  |  |   |   |   |                               |                               | 2,437                    |
| Executive Director           | 317                         |  |  |   | 6   |   |                               |                               | 323                      |
| Commissioning & Procurement  | 448                         |  |  |   |   |   |                               |                               | 448                      |
| Finance & Property           | 1,468                       |  |  |   | 94  |   |                               |                               | 1,562                    |
| Strategy & Governance        | 7,289                       | 192  |  | 16  | 8   |   |                               |                               | 7,505                    |
| <b>Resources</b>             | <b>11,959</b>               | <b>192</b>   | <b>0</b>                                       | <b>16</b>                                   | <b>107</b>                                    | <b>0</b>                                    | <b>0</b>                      | <b>0</b>                      | <b>12,275</b>            |
| Chief Executive              | 541                         |  | 11   |   | (2)   |   |                               |                               | 550                      |
| Capital Financing & Risk     | 14,851                      | (314)  |  |   | (94)  |   |                               |                               | 14,443                   |
| <b>Total</b>                 | <b>158,762</b>              | <b>192</b>   | <b>217</b>                                     | <b>343</b>                                  | <b>7</b>                                      | <b>0</b>                                    | <b>0</b>                      | <b>0</b>                      | <b>159,520</b>           |
| <b>Quarter One</b>           | <b>158,762</b>              | <b>192</b>   |  |   |   |   |                               |                               | <b>158,954</b>           |
| <b>Quarter Two</b>           | <b>158,954</b>              |  |  | 16  | 7   |   |                               |                               | <b>158,977</b>           |
| <b>Quarter Three</b>         | <b>158,954</b>              |  | 217  |   | 426   |   |                               |                               | <b>159,620</b>           |
| <b>Quarter Four</b>          | <b>158,954</b>              |  |  | 327   | (426)   |   |                               |                               | <b>159,521</b>           |
| <b>Total</b>                 | <b>158,762</b>              | <b>192</b>   | <b>217</b>                                     | <b>343</b>                                  | <b>7</b>                                      | <b>0</b>                                    | <b>0</b>                      | <b>0</b>                      | <b>159,520</b>           |