

---

# 2024/25 Revenue Financial Performance Quarter One

---

<b>Committee considering report:</b>	Executive
<b>Date of Committee:</b>	19 September 2024
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Report Author:</b>	Melanie Ellis
<b>Forward Plan Ref:</b>	EX4516

---

## 1 Purpose of the Report

1.1 To report on the financial performance of the Council's revenue budgets. This report is Quarter One for the 2024/25 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 being taken to mitigate and manage the position.

## 2 Recommendations

- 2.1 There are no recommendations made within this report. Members are asked to note:
- (a) The forecast Quarter One position of £5.5m overspend against a net revenue budget of £164.6 million and, if the Council outturns at the forecast position, the General Fund of £0.4m.
  - (b) The key areas of pressure relating to demand led services driving the forecast overspend position detailed in section 5.6 of this report.
  - (c) The work and mitigations underway totalling £3.5m which, if achieved, would reduce the forecast overspend to £2m, and would lead to a General Fund surplus of £3.9m. Further mitigations are in progress which will be factored into the Quarter Two reporting.

## 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	The forecast position at Q1 of a £5.5m overspend has significant financial implications. The General Fund is at £4.1m, with a minimum recommended level of £7m. There is a planned £1.9m contribution to reserves in 2025/26. If the £5.5m

---

2024/25 Revenue Financial Performance Quarter One

	<p>overspend remains at year end, there would be a General Fund balance of £0.4m.</p> <p>The minimum level of General Fund balance recommended by the s151 officer is £7m and this would put the Council significantly below this for future budget setting. This would mean an increase in future budget savings over and above initial forecasts for 2025/26 in order to replenish the reserves.</p> <p>With mitigations underway, a forecast overspend of £2m would result in a General Fund surplus of £3.9m.</p>			
<b>Human Resource:</b>	Not yet discussed in detail with HR			
<b>Legal:</b>	None			
<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 continue to be 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>				
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<p><b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?</p>		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 General Fund reserve is currently at £4.1m (per the 2023/24 Financial Statements), which is £2.9m below the S151 officer's minimum recommended level, as set out in the 2024/25 budget papers. In order to replenish the general fund reserve, £1.9m has been set aside in the 2024/25 budget and further amounts over the following two years to return the general fund to £7m.

4.2 The Quarter One forecast is an overspend of £5.5m as summarised below:

## 2024/25 Revenue Financial Performance Quarter One

	Current Budget	Net Income/ Expenditure	Quarter One				
			Budget Manager Forecast Variance	Actions to reduce forecast	Forecast variance	Mitigations	Year end forecast variance
			£000	£000	£000	£000	£000
People	107,417	113,791	6,374	(2,147)	4,227	(1,000)	3,227
Place	33,521	34,360	839	(263)	576	0	576
Resources	12,276	14,531	2,255	(1,498)	757	(2,500)	(1,743)
Chief Executive	577	577	0	0	0	0	0
Capital Financing/Risk Mgt	10,818	10,645	(173)	185	12	0	12
<b>Total</b>	<b>164,609</b>	<b>173,904</b>	<b>9,295</b>	<b>(3,724)</b>	<b>5,571</b>	<b>(3,500)</b>	<b>2,071</b>

- 4.3 A number of measures are in place totalling £3.5m to help reduce expenditure / increase income to reduce the forecast overspend to £2m.
- 4.4 A Star Chamber has been established consisting of members and officers. Any overspending service attends this each month to explain the reasons for overspend and set out an action plan of mitigations in order to reach a break even position by year end. These further mitigations will be reported in at Quarter Two.
- 4.5 The Financial Reporting Panel continue to meet weekly to review all agency and recruitment and expenditure over £10k in overspending services.

## 5 Supporting Information

### Introduction

- 5.2 The 2024/25 net revenue budget of £165m was set in March 2024. The Quarter One forecast is an overspend of £5.5m after use of £0.2m of specific earmarked reserves, £2.5m of transformation funding and £1m service mitigations.
- 5.3 If this was to be the final outturn position then the General Fund would have a balance of £0.4m and the Council would be in the position where a section 114 notice would need to be issued or a capitalisation directive sought. It is therefore vital that the Corporate Board and the Corporate Management Team (CMT) continue with mitigations to reduce expenditure / increase income to reduce the forecast overspend.
- 5.4 These mitigations are currently forecast to reduce the overspend to £2m, which would leave a General Fund surplus of £3.9m. At £3.9m General Fund, it is unlikely that the Council will seek financial support if the mitigations can be delivered. Further mitigations are underway and will be reported at Quarter Two.

### Quarter One 2024/25

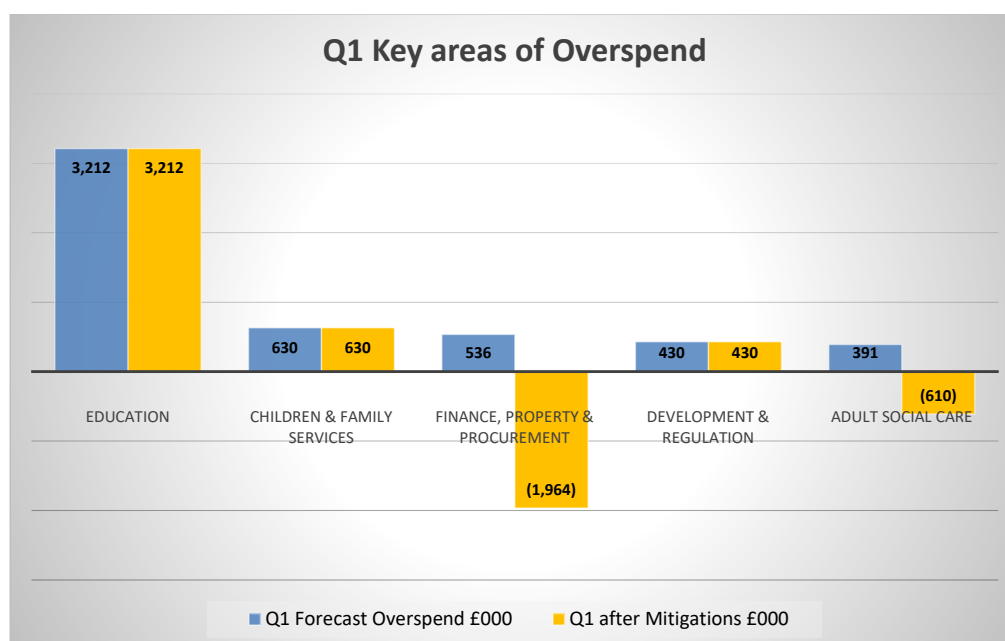
- 5.5 The Quarter One forecast overspend of £5.5m represents 3.4% of the net revenue budget. With mitigations of £3.5m, this overspend would reduce to £2m.

## 2024/25 Revenue Financial Performance Quarter One

	Net Budget	Net Income/ Expenditure	Quarter One				
			Budget Manager Forecast Variance	Actions to reduce forecast	Forecast variance	Mitigations	Year end forecast variance
			£000	£000	£000	£000	£000
Adult Social Care	69,706	71,176	1,469	(1,079)	391	(1,000)	(610)
Children & Family Services	23,470	24,983	1,513	(883)	630	0	630
Executive Director	544	544	(0)	(53)	(53)	0	(53)
Education DSG funded	(444)	(444)	0	0	0	0	0
Education	11,594	14,806	3,212	0	3,212	0	3,212
Public Health & Wellbeing	(80)	(80)	0	0	0	0	0
Communities & Wellbeing	2,626	2,806	180	(133)	47	0	47
<b>People</b>	<b>107,417</b>	<b>113,791</b>	<b>6,374</b>	<b>(2,147)</b>	<b>4,227</b>	<b>(1,000)</b>	<b>3,227</b>
Executive Director	44	189	146	0	146	0	146
Development & Regulation	5,864	6,294	430	0	430	0	430
Environment	27,614	27,877	263	(263)	0	0	0
<b>Place</b>	<b>33,521</b>	<b>34,360</b>	<b>839</b>	<b>(263)</b>	<b>576</b>	<b>0</b>	<b>576</b>
Executive Director	216	562	346	(125)	221	0	221
Finance , Property & Strategy, ICT & Governance	2,997	3,935	938	(402)	536	(2,500)	(1,964)
Transformation	0	256	256	(256)	0	0	0
<b>Resources</b>	<b>12,276</b>	<b>14,531</b>	<b>2,255</b>	<b>(1,498)</b>	<b>757</b>	<b>(2,500)</b>	<b>(1,743)</b>
<b>Chief Executive</b>	<b>577</b>	<b>577</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital Financing	12,403	12,230	(173)	0	(173)	0	(173)
Risk Management/Reserves	(1,585)	(1,585)	0	185	185	0	185
<b>Capital Financing/Risk Mgt</b>	<b>10,818</b>	<b>10,645</b>	<b>(173)</b>	<b>185</b>	<b>12</b>	<b>0</b>	<b>12</b>
<b>Total</b>	<b>164,609</b>	<b>173,904</b>	<b>9,295</b>	<b>(3,724)</b>	<b>5,571</b>	<b>(3,500)</b>	<b>2,071</b>

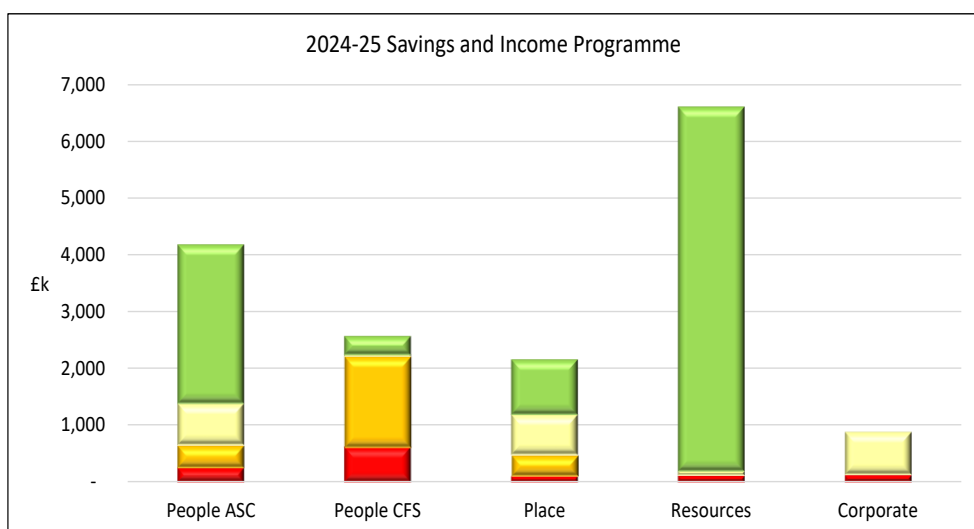
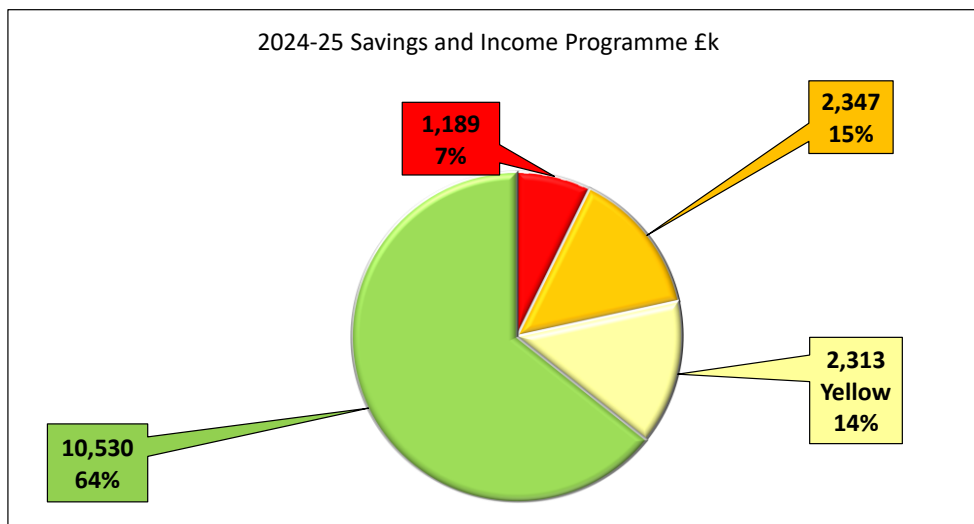
NB: Rounding differences may apply to the nearest £k.

5.6 The key areas of overspend are shown below with the forecast after mitigations shown alongside. The drivers of these overspends are covered in Appendix A together with details of actions being taken.



## 2024-25 Savings and income generation programme

5.7 In order to meet the funding available, the 2024/25 revenue budget was built with a £16.4m savings and income generation programme (£14.3m ongoing, £2.1m one off). The programme is monitored using the RAYG traffic light system. The status is shown in the following charts:



## Proposals

5.8 None.

## 6 Other options considered

6.1 None

## 7 Conclusion

7.1 The Council is facing an unprecedented level of financial pressures due a range of factors. The Council is taking proactive steps to reduce this expenditure as highlighted in this report, but the Quarter One position is placing a significant pressure on the

Council's financial resilience. This position will be monitored very closely in the coming days, weeks and months to measure progress on reducing expenditure whilst mitigating the impact on frontline services.

## 8 Appendices

- 8.1 Appendix A – Key Pressures and Overspends
- 8.2 Appendix B – People Directorate
- 8.3 Appendix C – Place Directorate
- 8.4 Appendix D – Resources Directorate

---

### Subject to Call-In:

Yes:  No:

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

### Officer details:

Name: Melanie Ellis  
Job Title: Service Lead- Financial Management Revenue & Benefits

---