
2024/25 Revenue Financial Performance Quarter Two

Committee considering report:	Executive
Date of Committee:	12 December 2024
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Melanie Ellis
Forward Plan Ref:	EX4517

1 Purpose of the Report

1.1 To report on the financial performance of the Council's revenue budgets. This report is Quarter Two 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 Quarter Two budget manager forecast of £11.1m overspend (Q1 £9.3m) against a net revenue budget of £164.6 million.
 - (b) The actions to reduce the overspend totalling £5m and Service Action Plans containing further mitigations and transformation of £4m, which if achieved would reduce the forecast overspend to £2.1m (Q1 £2.1m) and result in a General Fund balance of £3.9m.
 - (c) The key areas of pressure relating to demand led services driving the forecast overspend position detailed in section 5.5 of this report.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	The forecast position at Q2 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.

2024/25 Revenue Financial Performance Quarter Two

	<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 £2.1m would result in a General Fund of £3.9m.</p>			
Human Resource:	Not yet discussed in detail with HR			
Legal:	None			
Risk Management:	Measures have been included in the report to provide greater levels of scrutiny on much lower levels of expenditure and recruitment costs.			
Property:	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.			
Policy:				
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		y		

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
Environmental Impact:		y		Unlikely to have any long-term environmental impact.
Health Impact:		y		
ICT Impact:		y		N/A
Digital Services Impact:		y		N/A
Council Strategy Priorities:			y	The proposal could reduce spend on some areas of council priority.
Core Business:		y		
Data Impact:				No impact
Consultation and Engagement:	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 Two budget manager forecast variance is an overspend of £11.1m. A number of actions are in place totalling £5m to help reduce expenditure / increase income, together with Service Action Plan mitigations totalling a further £4m. These bring the forecast overspend down to £2.1m as summarised below:

2024/25 Revenue Financial Performance Quarter Two

	Current Budget £000	Net Income/ Expenditure	Quarter One					Quarter Two					Change from Quarter One £000
			Budget Manager Forecast Variance £000	Actions to reduce forecast £000	Forecast variance £000	Further mitigations & Transform- ation £000	Year end forecast variance £000	Budget Manager Forecast Variance £000	Actions to reduce forecast £000	Forecast variance £000	Further mitigations & Transform- ation £000	Year end forecast variance £000	
People - ASC & PH	69,885	72,080	1,469	(1,131)	338	(1,000)	(662)	2,195	(2,361)	(167)	(1,270)	(1,437)	(774)
People - CS	34,905	40,003	4,725	(883)	3,842	0	3,842	5,098	(1,202)	3,895	0	3,895	53
Place	36,085	37,216	1,018	(396)	622	0	622	1,131	(263)	868	(199)	669	47
Resources	12,439	15,062	2,255	(1,498)	757	(2,500)	(1,743)	2,624	(1,440)	1,184	(2,500)	(1,316)	427
Chief Executive	577	577	0	0	0	0	0	0	0	0	0	0	0
Capital Financing/Risk Mgt	10,718	10,815	(173)	185	12	0	12	97	185	282	0	282	270
Total	164,610	175,753	9,295	(3,724)	5,571	(3,500)	2,071	11,144	(5,082)	6,062	(3,969)	2,094	22

4.3 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 present their Action Plan of mitigations in order to reach a break even position by year end. These further mitigations are risk rated green, amber or red, with the green mitigations being included in the forecast above.

4.4 The Financial Reporting Panel continue to meet weekly to review all agency and recruitment and expenditure over £50k in overspending services.

5 Supporting Information

Introduction

5.2 The 2024/25 net revenue budget of £165m was set in March 2024. The Quarter Two budget manager forecast is an overspend of £11.1m. After use of £0.2m of specific earmarked reserves, £3.8m of transformation funding and £1m service mitigations totalling £5m the forecast would be reduced to £6.1m overspend. Service Action Plans totalling £4m further reduce the forecast to an overspend of £2.1m.

5.3 If this was to be the final outturn position then the General Fund would have a balance of £3.9m. At £3.9m General Fund, it is unlikely that the Council will seek financial support if the mitigations can be delivered. If the mitigations cannot be delivered then the Council may 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 further mitigations to reduce expenditure / increase income to reduce the forecast overspend.

Quarter Two 2024/25

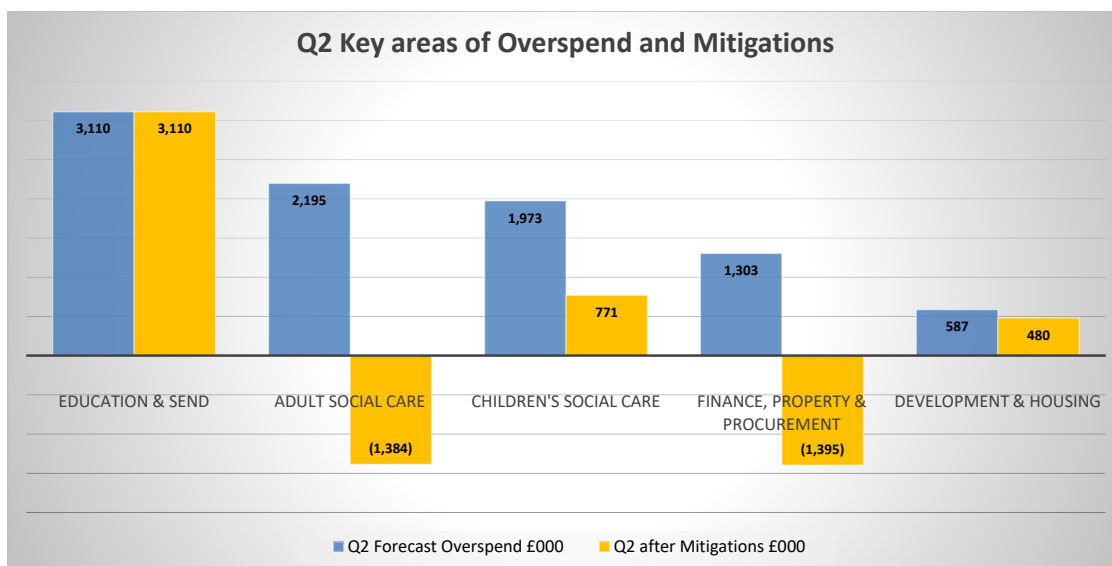
5.4 The Quarter Two forecast overspend of £2.1m represents 1.3% of the net revenue budget.

2024/25 Revenue Financial Performance Quarter Two

	Net Budget	Net Income/Expenditure	Quarter One					Quarter Two					Change from last quarter	
			Budget Manager Forecast Variance	Actions to reduce forecast	Forecast variance	Further mitigations & Transformation	Year end forecast variance	Budget Manager Forecast Variance	Actions to reduce forecast	Forecast variance	Further mitigations & Transformation	Year end forecast variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Executive Director - ASC&PH	259	259	(0)	(53)	(53)	0	(53)	0	(53)	(52)	0	(52)	0	
Adult Social Care	69,706	71,901	1,469	(1,079)	391	(1,000)	(610)	2,195	(2,309)	(114)	(1,270)	(1,384)	(775)	
Public Health & Wellbeing	(80)	(80)	0	0	0	0	0	0	0	0	0	0	0	
People - ASC & PH	69,885	72,080	1,469	(1,131)	338	(1,000)	(662)	2,195	(2,361)	(167)	(1,270)	(1,437)	(774)	
Executive Director - CS	285	299	(0)	0	(0)	0	(0)	14	0	14	0	14	14	
Children's Social Care	23,470	25,444	1,513	(883)	630	0	630	1,973	(1,202)	771	0	771	141	
Education & SEND	11,594	14,704	3,212	0	3,212	0	3,212	3,110	0	3,110	0	3,110	(102)	
Education DSG funded	(444)	(444)	0	0	0	0	0	0	0	0	0	0	0	
People - CS	34,905	40,003	4,725	(883)	3,842	0	3,842	5,098	(1,202)	3,895	0	3,895	53	
Executive Director	82	241	146	0	146	0	146	158	0	158	0	158	13	
Community Services	5,145	5,267	126	(133)	(7)	0	(7)	122	0	122	(45)	77	83	
Environment	27,614	27,877	263	(263)	0	0	0	263	(263)	0	(46)	(46)	(46)	
Development & Housing	3,245	3,832	483	0	483	0	483	587	0	587	(108)	480	(4)	
Place	36,085	37,216	1,018	(396)	622	0	622	1,131	-263	868	-199	669	47	
Executive Director	416	712	346	(125)	221	0	221	296	(143)	153	0	153	(68)	
Finance , Property &	2,982	4,286	938	(402)	536	(2,500)	(1,964)	1,303	(198)	1,105	(2,500)	(1,395)	570	
Strategy, ICT & Governance	9,041	9,718	715	(715)	0	0	0	677	(751)	(74)	0	(74)	(74)	
Transformation	0	347	256	(256)	0	0	0	347	(347)	0	0	0	(0)	
Resources	12,439	15,062	2,255	(1,498)	757	(2,500)	(1,743)	2,624	(1,440)	1,184	(2,500)	(1,316)	427	
Chief Executive	577	577	0	0	0	0	0	0	0	0	0	0	0	
Capital Financing	12,403	12,500	(173)	0	(173)	0	(173)	97	0	97	0	97	270	
Risk Management/Reserves	(1,685)	(1,685)	0	185	185	0	185	0	185	185	0	185	0	
Capital Financing/Risk Mgt	10,718	10,815	(173)	185	12	0	12	97	185	282	0	282	270	
Total	164,610	175,753	9,295	(3,724)	5,571	(3,500)	2,071	11,144	(5,082)	6,062	(3,969)	2,094	22	

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

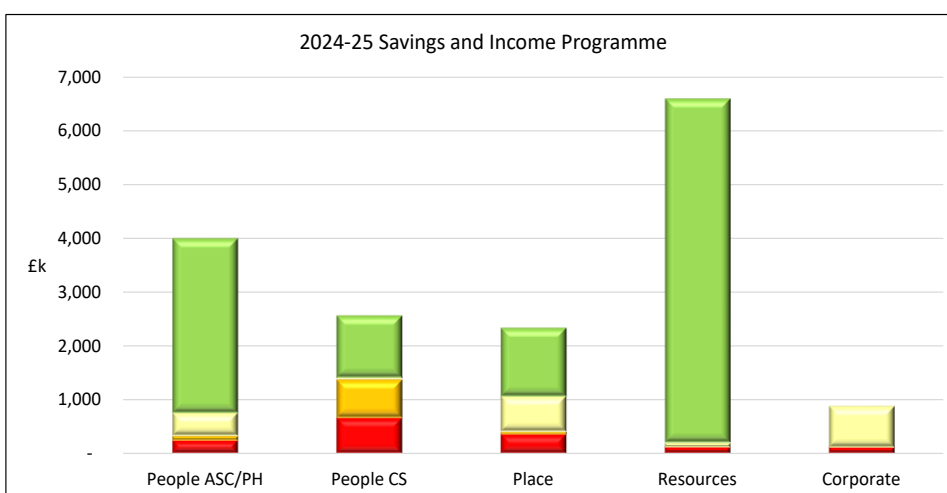
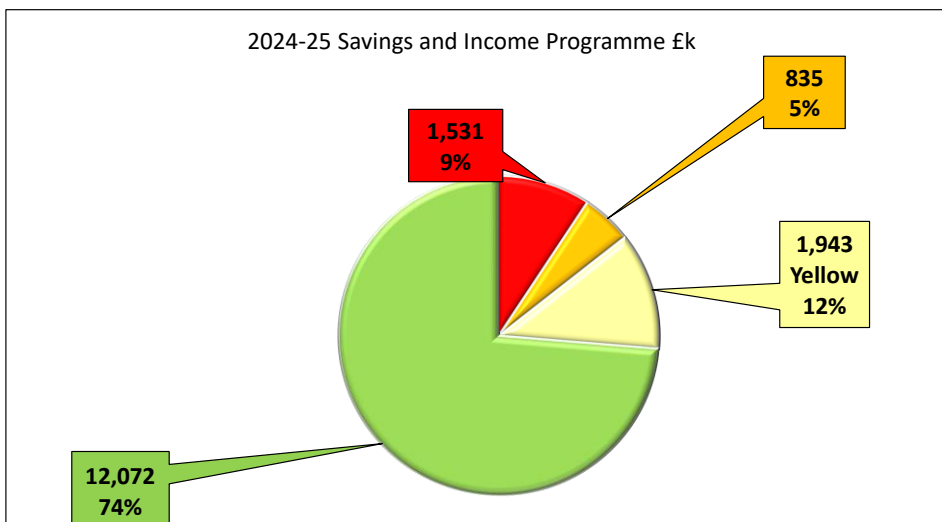
5.5 The key areas of overspend are shown below with the forecast after mitigations shown alongside. The drivers of these overspends are covered in Appendix A together with details of actions being taken.



2024-25 Savings and income generation programme

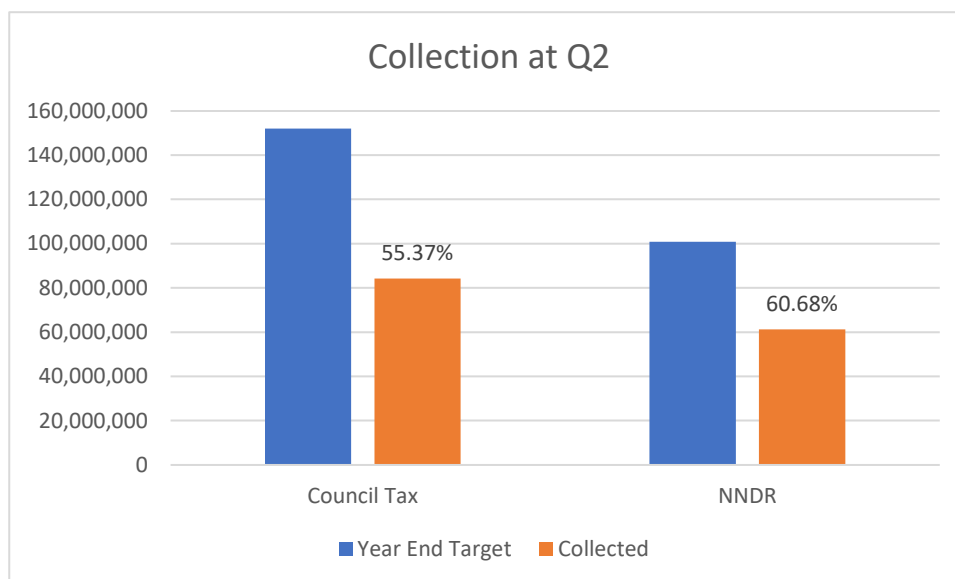
5.6 In order to meet the funding available, the 2024/25 revenue budget was built with a £16.4m savings and income generation programme (£14.3m ongoing, £2.1m one off). The programme is monitored using the RAYG traffic light system. The status is shown in the following charts:

2024/25 Revenue Financial Performance Quarter Two



Collectible Council Tax and Business Rates

- 5.7 At the end of 2023/24 we had collected 97.53% in Council Tax and 98.63% of Business Rates. In Berkshire we were placed 3rd out of 6 in each type behind Wokingham and Windsor & Maidenhead.
- 5.8 Nationally, the collection for 2023/24 was upper quartile (top 25%) for both Council Tax and Business Rates for a Unitary Authority, the average being 95.9% for Council Tax and 97.2% for Business Rates.
- 5.9 The collection during the first two quarters of this year is shown in the following chart.



5.10 The service has also collected over £2.6m of Council Tax and Business Rates arrears and is looking at how they can continue to focus on these arrears whilst also trying to maintain current in-year levels of collection and day-to-day work.

Proposals

5.11 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 Two 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, Overspends & Action Plans

Background Papers:

Quarter One Revenue Report

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

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