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| Report to: | Cabinet | Date: 25 September 2024 |
| Subject: | 2024-25 Q1 Finance Position | |
| Report of | Cabinet Member for Finance and Transformation | |

Summary

1. To present to members the 2024/25 forecast revenue outturn position as at 30 June 2024, noting the revised budget.
2. To present to members the 2024/25 forecast capital outturn position as at 30 June 2024, noting the revised capital programme and request approval of the re-phasing of the capital programme into future years.

Recommendation(s)

3. Cabinet is asked to:
 - Note the 2024/25 forecast revenue outturn position as at 30 June 2024 of a £2.620m overspend (1.17%) against a net budget of £224.480m.
 - Approve the in-year updates and re-phasing of the capital programme, revising the capital delivery programme for 2024/25 to £90.312m which will form the basis for future in-year monitoring and reporting of performance.

Reasons for recommendation(s)

4. To update members on the Council's budgetary position and actions taken or being taken to ensure budgetary targets are achieved.
5. This report is in accordance with the Council's financial procedure regulations.

Alternative options considered and rejected

6. N/A

Report Author and Contact Details:

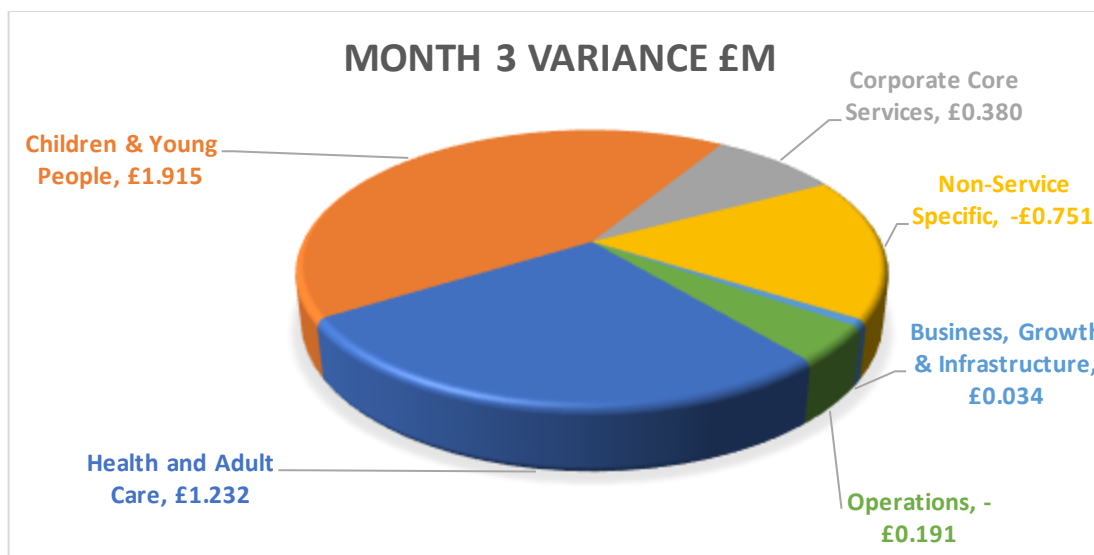
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Background

2024/25 Quarter 1 Forecast Outturn Position

7. The 2024/25 general fund revenue month 3 forecast outturn position shows an overspend of £2.620m which represents a variance of 1.17% compared to the overall net revenue budget of £224.840m. The forecast is based on expenditure and activity levels at an early point in the year, with assumptions made with regard to forecast changes over the rest of the year with the future demand for adult and children's social care services being inherently difficult to predict at this point in the year
8. The variance is in addition to an approved contribution from reserves of £13.149m to address the structural funding gap in the current year revenue budget set at February Council and amended at July Cabinet. Whilst the forecast variance is relatively small, officers are continuing to work on cost reduction measures targeted at delivering a balanced position as an overspend at year-end would become an additional call on reserves.

| 2024/25 Q1 Forecast Outturn | Revised Budget £m | Forecast Outturn £m | Forecast Variance £m |
|-----------------------------------|----------------------|------------------------|-------------------------|
| <u>Directorate:</u> | | | |
| Health and Adult Care | £86.517 | £87.750 | £1.233 |
| Children & Young People | £56.761 | £58.676 | £1.915 |
| Corporate Core Services | £26.864 | £27.245 | £0.381 |
| Non-Service Specific | £36.949 | £36.197 | (£0.752) |
| Business, Growth & Infrastructure | £0.608 | £0.642 | £0.034 |
| Operations | £16.860 | £16.669 | (£0.191) |
| Housing General Fund | (£0.079) | (£0.079) | £0.000 |
| NET REVENUE BUDGET | £224.480 | £227.100 | £2.620 |
| <u>Funding:</u> | | | |
| Council Tax | (£110.198) | (£110.198) | £0.000 |
| Business Rates | (£71.282) | (£71.282) | £0.000 |
| Government Funding Grants | (£29.851) | (£29.851) | £0.000 |
| FUNDING | (£211.331) | (£211.331) | £0.000 |
| <u>Use of Reserves:</u> | | | |
| Budget Stabilisation Reserve | (£13.149) | (£13.149) | £0.000 |
| USE OF RESERVES | (£13.149) | (£13.149) | £0.000 |
| BUDGET POSITION | £0.000 | £2.620 | £2.620 |



9. Details of the significant variances include:

Health and Adult Care:

- The Care in the Community budget is forecast to overspend by £1.250m (2.5%). The underlying position suggests a larger potential forecast overspend however, this forecast reflects the positive steps already in train to manage future demand and the Directorate will continue to work on reducing costs further and target the delivery of a balanced position by the end of the year,
- The main drivers of the overspend are due to:
 - Impact of the funding fallout of health monies regarding a contribution towards joint funded care packages
 - Withdrawal of Continuing Health Care (CHC) Funding CHC Funding
 - Increase of Section 117 Mental Health Aftercare Packages
 - Exhaustion of Self Funder financial resource
 - New Demand
 - Increases to existing Care packages
- The Commissioning and Procurement budget is forecast to overspend by £476k (2.75%), the main driver of the overspend relates to the Persona contract regarding £400k additional Supported Living staffing costs (£400k) and savings slippage (£76k). Work is ongoing between the HAC Directorate Commissioning Team and Persona to ensure that the £400k pressure is reduced over the course of 2024/25 and the Persona saving shortfall is delivered
- The Adult Social Care Operations budget is forecast to underspend by £254k (3.31%), the main driver of the £254k underspend are staffing vacancies within the following teams:
 - Assessment and Care Management Team.
 - Integrated Neighbourhood Team (INT).
 - Reviewing Team.
 - Community Mental Health Team.

The ASC workforce retention strategy continues to recruit Social Workers in Operational teams thereby strengthening focus on delivery of care package savings. However, recruiting to vacant posts remains a challenge and therefore affects the ability to deliver services to their full capacity.

- There is an underspend of £239k made up of a number of smaller individual variances.

Children and Young People:

- The Education & Inclusion division is forecast to overspend by £740k. Home to school transport is forecast to overspend by £500k (11.74%). There is a possibility of a reduction in projected spend when the new initiatives and policies adopted come into effect with the start of the new academic year and materialise in the figures - i.e. increasing take-up of personal budgets, reduced mileage costs and reducing spend on Post-16 provision. The other major overspend within this division relates to a £240k funding reduction from the Dedicated Schools Grant which is no longer achievable, this has been addressed in the MTFS for 2025/26.
- The Safeguarding and Social Care service is forecast to overspend by £1.517m overall, within this is an overspend of £2.500m (25.8%) in relation to residential placements, due to an additional 5 supported accommodation placements and an assumption of a level of ongoing demand for the remainder of the year. This is offset by underspends of £983k (14.99%) in independent fostering, in house fostering, and HEN (Housing Employment and New opportunities) services due to reduced placements. The additional agency budget of £1.4m has been re-aligned to the SEND Improvement Programme to ensure funds are in the correct place.
- The Children's Services Management Division is reporting an underspend of £216k (9.17%), due to staff vacancies within Business Support and an expected underspend on the agency budget.
- There is an underspend of £126k made up of individual variances below £100k.

CYP has required further investment to manage the in-year caseload demand pressures for an additional Initial Response Team; an additional Family Safeguarding Team; 2 additional Family Support Workers and fixed term Recruitment and Communications support. The part-year cost within 2024/25 is estimated to be £478k assuming recruitment is successful and posts are filled from 1 October 2024, these costs are to be funded from reserves in 2024/25 and have been built into the MTFS from 2025/26 onwards.

Corporate Core Services:

- Legal Services – Coroners is forecast to underspend by £60k (6.15%)
- Democratic Services – is forecast to underspend by £102k (3.72%), made up of a number of small individual variances below £100k.

- The Corporate Core Executive Director service is forecast to underspend by £55k (0.79%), due to:
 - staffing vacancies of £420k: (Digital Data & Technology services (formerly ICT), £309k (7.56%), Strategic Partnerships £92k (21.89%) & Delivery Unit £19k (21.84%)).
 - Additional one-off income of £21k within Emergency Response & Resilience.
 - offset by a review of infrastructure and support contracts (systems moving from onsite to the Cloud) £389k (24.77%)
- The £532k (8.14%) overspend in Finance is a consequence of bringing in additional resources over and above establishment to cover key roles within services such as in CYP, Operations and Corporate Core, Corporate Finance and Revenues and Benefits.
- There is an overspend of £66k made up of individual variances below £100k.

Non-Service Specific:

- The Cost of Borrowing budget is forecast to underspend by £688k (28.36%) due to forecast income on investments and less borrowing.
- There is an underspend of £64k made up of individual variances below £100k.

Business Growth and Infrastructure:

- BGI is forecasting broadly on budget with an overspend of £34k (5.30%) made up of individual variances below £100k.

Operations:

- Commercial Services is forecast to overspend by £353k (28.98%), due a forecast underachievement of income within Markets, specifically within the Market Hall £600k (22.61%) offset by underspends on Markets staff costs (£90k) (13.16%), Markets non payroll costs (£67k) (5.75%) and Civic Venues, Caretaking & Cleaning (£90k).
- Facilities Management is forecast to underspend by £560k (20.33%), due to:
 - Architects – is forecast to underspend by £243k, due to staffing vacancies £381k (33.31%) and employee costs recharged to capital schemes £183k (126.44%); offset by overspends on CIS related spending £306k (60.02%) and the use of agency to cover vacant posts £22k.
 - Admin Buildings – is forecast to underspend by £317k (11.70%), due to lower-than-expected energy costs £255k (45.65%), rates £80k (12.71%), CIS related spend £140k (50.93%), staffing vacancies £74k (17.23%) and management fees £41k (100.00%); offset by projected under-recovery of rental income £154k (due to delayed closure of Humphrey House) (40.05%), and an overspend of 3KP rents £50k (6.95%).

- Street Scene Maintenance – is forecast to underspend by £279k (5.33%) which is mainly driven by forecast underspends within the Street Lighting function due to a mix of reduced prices and efficiency savings due to the introduction of LED upgrades £235k (15.30%).
- The Wellness service is forecast to overspend by £186k (8.33%) of which is mainly driven by under-recovery of income of £219k (9.22%). Staffing costs are underspending by £205k (9.41%) but this is offset by £125k of agency costs.
- Waste, Transport and Stores is forecast to underspend by £87k mainly due to:
 - The Transport service is forecasting an overspend on vehicle hire £150k (79.16%).
 - The Waste service is forecast to underspend on Diesel Engine Road Vehicle (DERV) £251k (36.95%).
- There is an overspend of £196k made up of individual variances below £100k.

Underspending budgets totalling £408k within the Operations Department have been re-purposed to fund initiatives to include an additional Waste crew; additional gully cleaning staff; weed spraying; sweeping of footpaths; making 2 fly tipping enforcement officers' permanent. the purchase of an additional refuse collection vehicle; the continuation of the removal of trees affected by Ash Die Back; deep cleansing and removal of fly tipping; Health & Safety validation work and the extension of the Green Spaces volunteer co-ordinator and Lead Engineer roles.

2024/25 Forecast Capital Outturn

10. The Capital Programme is set on a three-year rolling basis and the programme for 2024/2025 to 2026/2027 was approved by Budget Council in February 2024, as follows:

| | |
|---------|-----------|
| 2024/25 | £146.928m |
| 2025/26 | £75.665m |
| 2026/27 | £21.701m |

11. At the 16 July 2024 Cabinet meeting, a further £23.419m of slippage from 2023/24 was added to the 2024/25 programme, to increase the 2024/25 Capital Programme to £170.347m, this includes an overall borrowing requirement of £47.553m. The first update of the financial year on the capital programme necessarily requires a review of phasing to reflect the impact of slippage from the previous financial year and a re-assessment of what is deliverable in the current financial year.
12. For quarter 1, project managers have continued to review their respective capital schemes and have provided scheme updates and re-phased schemes into future

years of the Capital Programme to match the anticipated timing of spend, due to more up to date information on delivery timeframes becoming available.

13. As a result of the in-year reviews, it is proposed that the 2024/25 Capital Programme of £170.347m be revised down to £90.312m, a net reduction of £80.034m, this includes in-year updates of £1.709m and re-phasing of £78.325 into 2025/26, as shown in the table below.

| | 2024/25 | | | |
|---|--------------------------------|-----------------------------|--|-------------------------|
| | Approved Programme FEB24 £m | Slippage from 2023/24 £m | Proposed In-Year Programme Updates £m | Revised Programme £m |
| Capital Programme | | | | |
| Regeneration and Economic Growth | £51.786 | £5.133 | (£25.867) | £31.052 |
| Open Spaces | £2.952 | £0.732 | (£1.625) | £2.058 |
| Sports and Leisure | £1.773 | £0.798 | £0.373 | £2.943 |
| Operational Fleet | £0.000 | £1.109 | (£0.997) | £0.112 |
| ICT and Digital | £0.000 | £0.055 | £0.710 | £0.765 |
| Highways | £30.963 | £5.375 | (£19.679) | £16.659 |
| Children and Young People | £26.866 | £6.654 | (£27.975) | £5.546 |
| Property | £3.148 | £0.938 | (£2.979) | £1.107 |
| Older People | £0.128 | £0.067 | (£0.148) | £0.047 |
| Housing GF | £6.107 | (£0.251) | (£1.345) | £4.511 |
| Climate Change | £0.123 | £0.016 | (£0.098) | £0.041 |
| GF EXPENDITURE TOTAL | £123.846 | £20.625 | (£79.630) | £64.841 |
| HRA EXPENDITURE TOTAL | £23.082 | £2.794 | (£0.405) | £25.471 |
| TOTAL COUNCIL EXPENDITURE | £146.928 | £23.419 | (£80.034) | £90.312 |
| Financing the Capital Programme | | | | |
| Prudential Borrowing | £44.209 | £3.344 | (£20.758) | £26.795 |
| External Funding | £75.001 | £15.941 | (£59.882) | £31.060 |
| Capital Receipts | £3.853 | £0.484 | £0.726 | £5.063 |
| General Fund RCCO | £0.783 | £0.856 | £0.284 | £1.923 |
| GF FINANCING TOTAL | £123.846 | £20.625 | (£79.630) | £64.841 |
| HRA External Funding / Capital Receipts | £2.000 | £0.000 | £0.000 | £2.000 |
| Housing Revenue Account DRF/MRR | £21.082 | £2.794 | (£0.405) | £23.471 |
| TOTAL FINANCING | £146.928 | £23.419 | (£80.034) | £90.312 |

14. The re-phasing of £78.325m into 2025/26 mainly relates to the schemes listed below:

- £14.929m Radcliffe Regeneration (Levelling-Up Scheme)
- £5.331m Radcliffe Enterprise Centre
- £5.602m Bury Flexi Hall (Levelling-Up Scheme)
- £1.419m Springwater Park & Ash Die Back Tree Felling
- £997k Vehicle Replacement Strategy
- £6.480m Mayor Challenge Fund
- £2.808m Active Travel Fund
- £7.383m City Region Sustainable Transport Settlement (CRSTS)
- £2.089m Milltown Street Footbridge
- £22.098m Schools DFE Funding
- £3.855m Property Development and Admin Building

- £1.324m Disabled Facilities Grant

15. Whilst no variance is being reported at quarter 1 due to the re-phasing of the Capital Programme, the table below shows expenditure of £13.338m (15%) of the revised programme £90.312m has been expended.

| | 2024/25 | In-Year Performance Q1 | | | |
|---|-------------------------|------------------------|-------------------|------------------------|-------------------------------------|
| | Revised Programme £m | Actual Spend £m | Actual Spend % | Forecast Outturn £m | Forecast (Under) / Over Spend £m |
| Capital Programme | | | | | |
| Regeneration and Economic Growth | £31.052 | £5.303 | 17% | £31.052 | £0.000 |
| Open Spaces | £2.058 | £0.198 | 10% | £2.058 | £0.000 |
| Sports and Leisure | £2.943 | £1.413 | 48% | £2.943 | £0.000 |
| Operational Fleet | £0.112 | (£0.026) | -24% | £0.112 | £0.000 |
| ICT and Digital | £0.765 | £0.072 | 9% | £0.765 | £0.000 |
| Highways | £16.659 | £2.170 | 13% | £16.659 | £0.000 |
| Children and Young People | £5.546 | £0.650 | 12% | £5.546 | £0.000 |
| Property | £1.107 | £0.328 | 30% | £1.107 | £0.000 |
| Older People | £0.047 | £0.047 | 100% | £0.047 | £0.000 |
| Housing GF | £4.511 | £0.683 | 15% | £4.511 | £0.000 |
| Climate Change | £0.041 | £0.001 | 3% | £0.041 | £0.000 |
| GF EXPENDITURE TOTAL | £64.841 | £10.839 | 17% | £64.841 | £0.000 |
| HRA EXPENDITURE TOTAL | £25.471 | £2.499 | 10% | £25.471 | £0.000 |
| TOTAL COUNCIL EXPENDITURE | £90.312 | £13.338 | 15% | £90.312 | £0.000 |
| Financing the Capital Programme | | | | | |
| Prudential Borrowing | £26.795 | | | £26.795 | £0.000 |
| External Funding | £31.060 | | | £31.060 | £0.000 |
| Capital Receipts | £5.063 | | | £5.063 | £0.000 |
| General Fund RCCO | £1.923 | | | £1.923 | £0.000 |
| GF FINANCING TOTAL | £64.841 | | | £64.841 | £0.000 |
| HRA External Funding / Capital Receipts | £2.000 | | | £2.000 | £0.000 |
| Housing Revenue Account DRF/MRR | £23.471 | | | £23.471 | £0.000 |
| TOTAL FINANCING | £90.312 | | | £90.312 | £0.000 |

Links with the Corporate Priorities:

16. Financial management is a key part of the council's overall governance and control arrangements and the close monitoring of agreed income and expenditure; revised forecasts of future budget pressures and opportunities; and regular reporting of these issues underpin the council's three clear corporate priorities as set out in the Let's Do It Strategy that will deliver financial sustainability for the Council.

Equality Impact and Considerations:

17. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

- A public authority must, in the exercise of its functions, have due regard to the need to:
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

18. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Environmental Impact and Considerations:

19. This is a finance update report as such there are no environmental impacts associated with this report.

Assessment and Mitigation of Risk:

| Risk / opportunity | Mitigation |
|--|---|
| The Council has insufficient funds to support its expenditure. | Regular reporting and tight budgetary control by budget holders support the Council in managing the overall financial risks and financial planning for the Council. |

Legal Implications:

20. There are no legal comments, this report is an updating report to Members on the Council's budget position

Financial Implications:

21. The financial implications are set out within the Report.

Appendices:

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

[The Council's Revenue Budget and Medium Term Financial Plan](#)
[Budget Update Report](#)

Please include a glossary of terms, abbreviations and acronyms used in this report.

| Term | Meaning |
|------|--------------------------------|
| MTFS | Medium Term Financial Strategy |