

**TITLE OF REPORT:** Budget Review Annual Report

**REPORT OF:** Darren Collins, Strategic Director, Resources and Digital

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### **SUMMARY**

This report provides the Committee with a review of revenue budget 2023/24 and an update on the achievement of 2024/25 budget to date.

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#### **Background**

1. Up to and including 2024/25 the Council has delivered £207.5m of budget cuts since austerity began.
2. Council agreed the revenue budget for 2023/24 on 21 February 2023. This was set at £289.9m. At the first quarter Cabinet agreed an amendment to the net revenue budget for 2023/24 to £281.9m to reflect additional funding. The budget included £14.5m of support from the budget sustainability reserve.
3. Council agreed the revenue budget for 2024/25 on 22 February 2024. This was set at gross £516.2m and net £306.3m. The budget included £5m of Council financing from the Budget Sustainability Reserve to allow time for a planned schedule of cuts and efficiencies.
4. As part of the Council's budget and policy framework Cabinet receives quarterly reports on performance against the agreed revenue budget which includes savings delivery. The Corporate Management Team also receive regular updates on budget savings delivery in order to monitor progress and hold lead officers to account.

#### **Budget Review 2023/24**

5. The revenue budget set was delivered. This marked the twelfth year in a row that this outcome has been achieved.
6. The overall 2023/24 revenue outturn position for the Council including non-service budgets and financing resulted in a net revenue positive balance of £5.8m. This position is after the application of agreed reserves funding to support financing of the budget and resulted in a net addition to the Council's general fund reserve. This is shown by Group in the table below.

<b>Revenue Monitoring 2023/24</b>	<b>Revised Budget</b>	<b>Reserves</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Office of the Chief Executive	1,161	222	1,144	(17)
Integrated Adults and Social Care Services	93,454	826	92,304	(1,150)
Children's Social Care and Lifelong Learning	54,716	317	58,872	4,156
Public Health & Wellbeing	22,965	1,991	22,982	17
Housing, Environment & Healthy Communities	35,195	778	35,951	756
Economy, Innovation & Growth	4,931	1,241	5,194	263
Corporate Services & Governance	8,109	227	7,757	(352)
Resources & Digital	16,086	832	14,560	(1,526)
<b>Net Portfolio Budgets</b>	<b>236,617</b>	<b>6,434</b>	<b>238,764</b>	<b>2,147</b>
Other Services & Contingencies	8,148	4,863	6,077	(2,071)
Capital Financing	32,818	0	31,048	(1,770)
Expenditure Passed outside the General Fund	(1,855)		(1,421)	434
Trading & Investment Income	(5,865)	0	(8,583)	(2,718)
Levies	12,022	0	12,022	0
<b>Net Corporate Items</b>	<b>45,268</b>	<b>4,863</b>	<b>39,143</b>	<b>(6,125)</b>
<b>NET COUNCIL BUDGET</b>	<b>281,885</b>	<b>11,298</b>	<b>277,907</b>	<b>(3,978)</b>
Funding	(281,885)	0	(283,752)	(1,867)
<b>NET POSITION 2023/24</b>	<b>0</b>	<b>11,298</b>	<b>(5,845)</b>	<b>(5,845)</b>

7. The group and Service portfolio budgets were overspent by £2.1m this was offset by corporate income and unspent contingencies as well as an increase in the financing to give the overall positive position of £5.8m.
8. Financing outturn reflected Government announcements made throughout the year regarding changes in grant funding including an additional £1.7m ASC Market Sustainability and Improvement grant announced after the budget was set and additional grants in relation to business rate reliefs, following submission of the year-end government return.
9. Although the overall outturn was positive, the position masked overspends in some services and includes a number of year-end transactions that impacted on the final position. The positive outturn remains a significant achievement given the financial pressures faced by the services and enables the Council's sound financial position to be maintained within an extremely challenging economic and financial context.
10. Revenue budgets are monitored on a risk basis with higher volatile and high risk budgets monitored monthly. Low risk budgets are monitored quarterly. Meetings with budget holders take place throughout the year to inform projections and the expectation is that by the second quarter meetings have taken place with all budget holders. Effective communication with the finance team is essential to gain accurate projections of year end income and expenditure.
11. For information the changes in the projections across the financial year are shown by group in appendix 1.

12. The Audit and Standards Committee and Accounts Committee met on 5 November 2024. Consideration was given to the external audit completion report including the Council's arrangements for securing economy, efficiency and effectiveness and Statement of Accounts 2023/24.
13. At the time of issuing the report, external auditors anticipated issuing an unqualified opinion, when they have completed their work on the financial statements. They remarked this is ahead of many other Local Authorities. They also stated they anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.

### **Budget Review 2024/25 – Six month position**

14. The projected revenue outturn for 2024/25 at the second quarter following management intervention is £0.5m over budget. (First quarter was £3.6m over budget). The position per Group and Service was reported to Cabinet 19 November 2024.
15. The most significant budget challenges are in relation to children's social care placements and temporary accommodation costs.
16. It is the intention to deliver within the overall budget by the financial year end and progress will be reported to Cabinet at quarter three.

### **Savings Review 2024/25**

17. Cabinet agreed £15.8m of savings in the 2024/25 revenue budget which is challenging. Financial control and monitoring of budgets is crucial. Progress has been assessed at the second quarter and 95% have been achieved in full.
18. The highest value saving unachieved is part of the Children's social care MTFS interventions. £0.394m savings linked to service reviews to reduce entries into care is not currently projecting as achieved.
19. Work will continue to action plan remaining areas. The Council's MTFS assumes all budgets are delivered going into the next financial year.

### **Workforce Implications**

20. Any HR implications arising from the proposals will be managed in accordance with the Council's HR framework.

### **Recommendation**

21. Corporate Resources Scrutiny Committee is asked to consider and comment on this report.

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## Appendix 1 – Projection Movement in 2023/24

	Estimate	Estimate	Estimate	OUTTURN
Revenue Monitoring 2023/24	Qtr1	Qtr2	Qtr3	Qtr4
Office of the Chief Executive	979	979	974	1,144
Integrated Adults and Social Care Services	92,093	92,776	91,556	92,304
Children's Social Care and Lifelong Learning	55,216	57,418	57,584	58,872
Public Health & Wellbeing	23,305	23,118	22,869	22,982
Housing, Environment & Healthy Communities	26,625	30,162	32,281	35,951
Economy, Innovation & Growth	4,182	5,110	4,625	5,194
Corporate Services & Governance	7,087	7,171	7,025	7,757
Resources & Digital	13,692	13,599	13,484	14,560
Other Services & Contingencies	23,040	17,925	17,283	6,077
Capital Financing	31,889	31,889	31,805	31,048
Outside General Fund	(1,855)	(1,855)	(1,855)	(1,421)
Trading & Investment Income	(5,705)	(6,076)	(7,866)	(8,583)
Levies	12,022	12,022	12,022	12,022
<b>TOTAL</b>	<b>282,570</b>	<b>284,238</b>	<b>281,787</b>	<b>277,907</b>
Financing	(281,463)	(281,463)	(282,396)	(283,752)
<b>COUNCIL OUTTURN (Surplus) / Deficit</b>	<b>1,107</b>	<b>2,775</b>	<b>(609)</b>	<b>(5,845)</b>
	<i>Change</i>	1,668	(3,384)	(5,236)

*Contingency movement will occur as budgets are allocated out of contingency and into Service areas. The final outturn in other services is also impacted by year end transactions such as changes needed in provisions.*