

Report Title:	2023/24 Month 2 Revenue Monitoring Report
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Jones, Deputy Leader and Cabinet Member for Finance
Meeting and Date:	Cabinet – 27 th July 2023
Responsible Officer(s):	Andrew Vallance, Head of Finance and Interim S151 Officer
Wards affected:	All



REPORT SUMMARY

This report details the forecast outturn against budget for the 2023/24 financial year. It includes the revenue and capital budgets along with the financial reserve position at year end.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) notes the forecast revenue outturn for the year is an overspend on services of £4.900m which reduces to an overspend of £1.520m when including unallocated contingency budgets and changes to funding budgets (para 4);**
- ii) notes that the Council's approach to in-year budget monitoring and management is being strengthened – as part of a wider approach to improving corporate governance at RBWM - as set out in paragraph 5.1;**
- iii) notes the forecast capital outturn is expenditure of £70.325m against a budget of £87.695m (para 10); and**
- iv) agrees the virement in paragraph 11.4 to fund the additional capital costs of £0.101m for the Berkshire Records Office.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

Option	Comments
To note the Council's outturn.	This is the recommended option.
To not note the Council's outturn.	This is not the recommended option.

3. KEY IMPLICATIONS

- 3.0 The Council faces considerable financial risks that could have a significant and immediate impact on its finances. However, whilst reserves are currently above the minimum level that the S151 Officer has deemed are required to protect against financial and service risks, they remain low compared to the optimum level that should be held. The Medium-Term Financial Plan assumes that the Council will identify sustainable savings over the medium term and therefore remain above the minimum level of reserves identified by the S151 Officer (£7.900m).

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
General Fund Reserves	<£7.9m	£7.9m to £12m	£12m to £15m	> £15m	Ongoing

4. 2023/24 MONTH 2 REVENUE FORECAST OUTTURN

- 4.1 The month 2 forecast is an overspend on service budgets of £4.900m. Assuming the contingency budget is not used and the budgeted contribution to general reserves not made, this reduces to an overspend of £1.520m.

Table 3: 2023/24 Month 2 Revenue Budget Forecast

	Current Budget	Forecast Outturn	Over / (under) spend
	£000	£000	£000
Adult Social Care and Health	39,507	42,360	2,853
Children's Services	27,759	27,809	50
Place	11,697	14,223	2,526
Resources	12,132	11,603	(529)
Chief Executive Department	932	932	0
TOTAL SERVICE EXPENDITURE	92,027	96,927	4,900
Contingency and Corporate Budgets	3,080	700	(2,380)
Other funding and non-service expenditure	(95,107)	(96,107)	(1,000)
DECREASE IN GENERAL FUND RESERVE	0	1,520	1,520

GENERAL FUND		
Opening balance	(10,213)	(10,213)
Transfer out	0	1,520
CLOSING BALANCE	(10,213)	(8,963)

- 4.2 There is usually volatility in forecasts this early in the year, particularly on demand led budgets and where progress on challenging efficiency targets is less certain. However, directorates have been asked to establish clear action plans where the forecast is for an overspend and the focus continues to be on managing down the overspends over the course of the financial year. Regular update reports will be brought back to Cabinet.

5. Strengthening in-year budget monitoring and management

- 5.1 Steps are being taken by the new Chief Executive to strengthen the Council's approach to in-year budget monitoring and management. The following changes are being implemented:

- A new senior officer **Performance & Resources Board** is to be established - chaired by the Executive Director of Resources (to be chaired by the s151 officer in the interim), which brings together Heads of Service to identify, monitor and scrutinise in-year budget pressures and opportunities. The Board will meet monthly to consider mitigations needed to help reduce any budget overspends.
- **Directorate Management Teams** are expected to meet monthly to monitor and manage budgets at directorate level.
- The Council's **Executive Leadership Team (ELT)** will scrutinise the in-year budget situation every month
- **Cabinet** will be briefed on the budget situation monthly, with a formal report on the Council's in-year budget taken to the public meeting of Cabinet on a quarterly basis

- 5.2 This forms part of a wider focus on improving corporate governance at the Council, including its approach to management of council-assets (particularly buildings and land). Going forward, any proposed permanent transfer of council buildings or land to a third party should subject to a formal decision by Cabinet.

6. ADULT SOCIAL CARE AND HEALTH

- 6.1 The Adult Social Care & Health directorate forecast outturn is an overspend of £2.853m.

Table 4: Adult Social Care and Health

	Budget	Forecast Outturn	Over / (under) spend
	£000	£000	£000
Executive Director and Commissioning	1,451	1,568	117
Adult Social Care	37,886	40,622	2,736
Transformation and Community	170	170	0
Public Health Spend	5,403	5,403	0
Public Health Grant	(5,403)	(5,403)	0
Total	39,507	42,360	2,853

- 6.2 The overspend is primarily due to older people residential care costs, where the Council is currently placing 193 clients at an average weekly cost of £1,118. There also continue to be workforce challenges, meaning all savings in respect of staff costs are unlikely to be met.
- 6.3 Currently, £1.270m (31%) of revenue budget savings are RAG rated RED, meaning there is a risk they will not be achieved, despite the service having taken the actions envisioned to secure the reduction in cost.
- 6.4 Actions to address the overspend include establishing a rigorous panel process for new care placements, the Homefirst project that seeks to support people as they leave hospital to reduce the risk of care home placements, and a targeted review of care packages between August and November. There are early indications that the panel review and Homefirst are having positive impacts, but with demand led services we must wait to see longer term trends before drawing firm conclusions.
- 6.5 There is significant inflationary pressure from all providers, especially those with no contractually agreed terms. This is particularly noticeable in residential and nursing home places where we are seeing requests for 8-16% uplifts on existing placements, having budgeted 5%.

7. CHILDREN'S SERVICES

- 7.1 The Children's directorate forecast outturn is an overspend of £0.050m.

Table 5: Children's Services

	Budget	Forecast	Over /
	£000	Outturn	(under)
		£000	spend
			£000
Management & Business Services	3,158	3,314	156
Education	1,279	1,420	141
Special Educational Needs & Disabilities	3,676	3,904	228
Social Care and Early Help	21,043	20,572	(471)
Public Health	(11)	(15)	(4)
RBWM Retained Grant Budgets	(1,387)	(1,387)	0
Total	27,758	27,809	50

- 7.2 There are continuing pressures on SEN Transport costs and Legal support costs. However, this has been mostly mitigated by government grant in respect of Homes for Ukraine being used to offset costs, reflecting the additional demand on services from children moving to the Borough.
- 7.3 Reflecting the areas of budget pressure outlined above, currently £0.550m (18%) of revenue budget savings are RAG rated RED, meaning there is a risk they will not be achieved.
- 7.4 Actions to address the areas of budget pressure include a new process to hear SEN appeals to ensure only eligible young people are offered transport.

8. PLACE

- 8.1 The Place directorate forecast outturn is an overspend of £2.526m.

Table 6: Place

	Budget	Forecast	Over /
	£000	Outturn	(under)
		£000	spend
			£000
Executive Director of Place	20	20	0
Neighbourhood Services	9,303	11,264	1,962
Planning Service	1,331	1,331	0
Communities including Leisure	(1,250)	(790)	460
Housing	2,016	2,016	0
Property	(2,908)	(2,908)	0
Infrastructure, Sustainability & Transport	3,186	3,290	104
Total	11,697	14,223	2,526

8.2 The overspend includes the following significant factors:

- Contract costs, specifically £0.600m on the SERCO contract and £0.400m due to inflation on the Volker highways contract having almost doubled from previous assumed budgets.
- Daily parking income is performing at 97% of income budget, however, there remains an underachievement of parking income targets partly due to continued lower levels of season ticket sales (0.600m).
- Increase in reprocessing rates on waste recycling (£0.400m) that are reporting higher than anticipated, mainly due to stockpiling of material in overseas markets and paper mills in Europe being shut due to energy crisis.
- Continued uncertainty on the leisure services contract renewal (£0.600m).

8.3 Currently, £0.010m (0.4%) of revenue budget savings are RAG rated RED, meaning there is a risk they will not be achieved.

8.4 The Place Directorate Leadership Team are developing a range of in-year actions to address the overspend, these include:

- Forecasting – working across service teams to ensure relatively early full year forecasts are accurate.
- Growth Bids – Officers are working with Members to review existing growth budgets to determine a reprioritisation to drive service improvement and efficiency.
- Contract Management – working within existing contract frameworks, officers are identifying potential cost saving opportunities, which are also informing future procurements.
- Parking income – Development of a parking strategy and communications campaign to increase parking use in key locations such as Maidenhead. There is also a review of additional on-street parking provision that will support ongoing service cost.
- Enforcement - consideration of options on moving traffic enforcement in relation to award of new Parking and Enforcement contract. This presents an in-year opportunity that can be reinvested in services.

9. RESOURCES

9.1 The Resources directorate forecast is an underspend of £0.529m.

Table 7: Resources

	Budget	Forecast Outturn	Over / (under) spend
	£000	£000	£000
Executive Director of Resources	198	158	(40)
Revenues, Bens, Library & Res Services	4,315	3,903	(412)
Housing Benefit	(377)	(377)	0
Human Resources, Corporate Projects & IT	3,346	3,346	0
Corporate Management	(196)	(196)	0
Finance	1,477	1,477	0
Governance	2,385	2,308	(77)
Legal Services	984	984	0
Total Resources	12,132	12,015	(529)

9.2 The underspends are mainly related to staff vacancies and anticipated government grant funding, though this latter is hard to predict as grants are notified by central government on an ad hoc basis throughout the year. No savings are RAG rated as RED.

10. SUNDRY DEBT

10.1 The current level of overdue sundry debt is £7.734m. On subsidiary systems there is also debt of £3.103 and £0.144m in relation to Housing Overpayments and Housing Rents respectively.

10.2 Some of the efficiency savings in this year's budget relate to reductions in debt. As such, work is currently ongoing to establish a more holistic, corporate led approach to debt. This is likely to include:

- clearer and more frequent reporting of debt to encourage directorates to engage in the debt recovery process;
- data cleansing, including write off of historic uncollectable debts, to allow efforts to be focused on collectable debts;
- ensuring processes are in place for debt on subsidiary systems that do not automatically follow corporate procedures (e.g. Housing Rents); and
- adopting tailored approaches where relevant, such as Adult Social Care where Optalis has recently recruited a dedicated income collection officer.

Table 8: Aged Debt and bad debt provision

	> 1 month	> 2 month	> 6 month	> 1 year	Total	Bad Debt Prov
	£000	£000	£000	£000	£000	£000
Adults & Health						
Adult Social Care	346	766	725	2,462	4,299	2,754
Deferred Payments	0	28	35	422	485	0
Children's Services	12	15	4	7	38	11
Place						
Housing	1	16	21	1,464	1,502	1,471
Commercial property	158	199	126	428	911	556
Other Place	27	226	31	106	390	181
Resources	17	14	1	77	109	83
Total Agresso Debt	561	1,265	943	4,965	7,734	5,056

Debt on other systems:

HB Overpayments	3,103	1,790
Housing Rents	144	50
Total debt	10,981	7,232

11. CAPITAL

- 11.1 The 2023/24 budget of £87.695m includes the original capital programme budget of £34.766m approved by Council in February 2023 and an expenditure slippage of budget of £52.929m carried-forward from 2022/23.
- 11.2 The capital budget for the current financial year is summarised in Table 9 below.

Table 9: Capital programme outturn

	Budget £000	Reprofiled to 24/25	Forecast 23/24 Outturn £000	YTD spend £000
ASC and Health	1,535	0	1,535	0
Children's Services	14,987	(1,345)	13,642	629
Place	67,196	(16,025)	51,171	1,304
Resources	3,977	0	3,977	224
Total	87,695	(17,370)	70,325	2,157

11.3 Table 10 below summarises how the capital programme for 2023/24 is financed:

Table 10: Financing of the capital programme

	Over / (under) spend £000
	£000
Government Grants	16,791
Community Infrastructure Levy	9,103
S106	2,082
Capital Receipts & contributions	1,309
Borrowing	41,040
Total	70,325

11.4 RBWM contributes towards Berkshire Record Office building refurbishment work and its share has increased by £0.194m to £0.488m as per the revised projections for 2023/24. The total revised capital programme is now estimated at £2.508m (initial capital expenditure was estimated at £1.450m). A RBWM budget of £0.387m has already been identified and approved for 2023/24 and the additional £0.101m can be funded by unspent capital grants.

12. LEGAL IMPLICATIONS

12.1 In producing and reviewing this report the Council is meeting its legal obligations to monitor its financial position.

13. RISK MANAGEMENT

13.1 Projected variances require mitigation to reduce them during the financial year.

14. POTENTIAL IMPACTS

14.1 Equalities. There are no direct impacts.

14.2 Climate change/sustainability. There are no direct impacts.

14.3 Data Protection/GDPR. There are no direct impacts.

15. CONSULTATION

15.1 None.

16. TIMETABLE FOR IMPLEMENTATION

Implementation date if not called in: 'Immediately'.

17. APPENDICES

17.1 This report is supported by nine appendices:

Appendix A Revenue monitoring statement

18. BACKGROUND DOCUMENTS

18.1 This report is supported by one background document, the budget report to [Council February 2022](#).

19. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory:</i>	<i>Statutory Officers (or deputies)</i>		
Andrew Vallance	S151 Officer	28/6/23	30/6/23
Elaine Browne	Monitoring Officer	28/6/23	30/6/23
<i>Directors (where relevant)</i>			
Stephen Evans	Chief Executive	28/6/23	3/7/23
Andrew Durrant	Executive Director of Place	28/6/23	5/7/23
Lin Ferguson	Executive Director of Children's Services	28/6/23	30/6/23
Kevin McDaniel	Executive Director of Adult Services and Health	28/6/23	30/6/23

Confirmation relevant Cabinet Member(s) consulted	Deputy Leader and Cabinet Member for Finance	
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REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Non-key decision	No	No

Report Author: Julian McGowan, Senior Finance Business Partner
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