

Report Title:	2023/24 Month 9 Budget 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 – 20 February 2024
Responsible Officer(s):	Elizabeth Griffiths, Executive Director of Resources Julian McGowan, Senior Business Partner
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 £8.663m which reduces to an overspend of £5.273m when including unallocated contingency budgets and changes to funding budgets (para 4); and
- ii) notes the forecast capital outturn is expenditure of £41.125m against a budget of £89.541m (para 9).

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

- 3.1 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 deemed required in the February 2023 budget papers to protect against financial and service risks (£7.900m), they are projected to fall below £5m by the end of the year, based on the current forecast.

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. SUMMARY

- 4.1 RBWM faces significant financial challenges. In the Cabinet meeting of 27 September, the Chief Executive and S151 Officer gave an update to Cabinet, stating that the Council's reserves were low and there was a risk that a S114 notice would need to be issued. Since then, whilst a balanced 2024/25 budget will be proposed to February Council, the in-year position continues to deteriorate. At the most recent Cabinet meeting on the 24th of January, both the Chief Executive and the S151 Officer reiterated the risk that RBWM faces as the overspend continues to rise and reserves conversely reduce.
- 4.2 The majority of the overspend is in our statutory services and, despite processes being strengthened and costs being mitigated, the pressure of additional placements is largely beyond our control. The risk attached to these rising costs is that the placements which drive them will continue into the new financial year creating an instant overspend on the budget which already had millions of pounds of additional funding added to cover these services but may not be enough to cope with ever increasing rises in demand.
- 4.3 The month 9 forecast is an overspend of £8.663m on service budgets, which reduces to £5.273m when considering contingency and funding budgets. This is an adverse movement of £0.926m on month 8.
- 4.4 The significant changes in month 9 are:
- Children's services additional social care placements costs (£0.257m).
 - Estimated costs for a planning appeal (£0.180m).
 - Updated income forecasts showing pressures in planning and parking season tickets (£0.210m).
 - Agency costs in finance, with the Head of Finance and Chief Accountant both leaving before year end (£0.079m)
 - Additional Minimum Revenue Provision (MRP). This is a non-service budget. Review of calculations has identified an error whereby provisions were not made for 'assets under construction' (£0.304m).

Table 3: 2023/24 Revenue Budget Forecast Outturn

	Current Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Adults and Housing	40,505	46,865	6,360	0
Children's Services	27,759	28,601	842	257
Place	11,986	14,043	2,057	347
Resources	13,014	12,432	(582)	64
Chief Executive Department	1,013	999	(14)	(14)
TOTAL SERVICE EXPENDITURE	94,277	102,940	8,663	654
Contingency	2,934	739	(2,195)	0
Other funding and non-service expenditure	(97,211)	(98,406)	(1,195)	272
INCREASE IN GENERAL FUND	0	5,273	5,273	926

GENERAL FUND		
Opening balance	(10,213)	(10,213)
Transfer out	0	5,273
CLOSING BALANCE	(£10,213)	(£4,940)

ADULTS AND HEALTH

4.5 There have been no changes to the forecast this month. Commentary on outturn is provided below.

Table 4: Adults and Health Forecast Outturn

	Budget	Forecast outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Exec Director & Commissioning	1,735	2,060	325	0
Adult Social Care	38,525	44,560	6,035	0
Transformation and Community	170	170	0	0
Public Health Spend	5,392	5,392	0	0
Public Health Grant	(5,317)	(5,317)	0	0
Total	40,505		6,360	0

Executive Director and Commissioning (forecast overspend of £0.325m)

- 4.6 This budget includes SLA income budgets for Schools MIS support which will not be realised (£0.133m). It also includes overspends relating to senior agency costs (which do offset with underspends on Optalis budgets, as senior posts have been brought back in-house). This budget also includes the Out of Hours services, hosted by Bracknell, that is overspending (£0.015m) but relates to both Children's and Adults.

Adult Social Care (forecast overspend of £6.035m)

- 4.7 Placements overspend is £4.157m, primarily due to the residential care costs of older people. The budget assumed demand would return to pre-Covid levels but that has not been the case. There is also significant inflationary pressures 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%.
- 4.8 Staffing shows an overspend of £1.883m due to the large number of vacancies and the subsequent reliance on agency staff. Social Worker pay scales have been increased from the 1 January 2024 to support increased permanent recruitment. There is also a pressure of £0.262m on income budgets in relation to likely increase in bad debt provision.
- 4.9 Ongoing 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 which started in August. 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.

Public Health

- 4.10 Public Health spend is met from the ringfenced grant and as such there is no impact on the General Fund, and nil variance reported.

5. CHILDREN'S SERVICES

- 5.1 The forecast shows an adverse variance of £0.842m. This is due to the following reasons:
- Increase in residential placement of £0.399m. This is for the placement of two young people who have become looked after, review of support package for one young person and a 12-week mother and baby assessment placement for two families.
 - Placement of two young people who are leaving care placements, total cost £0.040m.
 - Identified additional income to support the delivery of the department's education functions.

Table 5: Children's Services Forecast Outturn

	Budget	Forecast outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Mgt & Business Services	3,158	3,197	39	2
Education	1,279	942	(337)	(139)
SEND	3,676	4,321	645	30
Social Care & Early Help	21,043	21,840	797	375
Public Health	(11)	(27)	(16)	(11)
Grant budgets	(1,387)	(1,673)	(286)	0
Total	27,758	28,600	842	257

5.2 The budget remains volatile due to the statutory duty to safeguard children of the borough. As a demand led service any increase in demand to support children and families will likely have an impact on the budget projections.

6. PLACE

- 6.1 The adverse movement of £0.347m is mainly due to:
- Risk of legal costs following planning decision (£0.180m).
 - Further uncertainty of planning income due to slow progress of building control applications (£0.110m).
 - Under achievement of parking season ticket income in December 2024, which is a time when many tickets are renewed (£0.100m).

Table 6: Place Forecast Outturn

	Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Executive Director of Place	20	20	0	0
Neighbourhood Services	9,277	10,927	1,650	83
Planning	1,331	1,762	431	264
Communities	(1,250)	(1,054)	196	0
Housing, ES & TS	2,134	2,005	(129)	0
Property	(2,908)	(2,908)	0	0
Infrastructure, Sust. & Transport	3,382	3,291	(91)	0
Total	11,986	14,043	2,057	347

Neighbourhood Services (forecast overspend of £1.650m)

- 6.2 There are significant cost pressures on the waste contract (£0.600m) due to haulage and vehicle costs. There also a pressure on the highways contract due to higher inflation than budgeted (£0.360m). There are ongoing discussions with contractors to identify savings.
- 6.3 On the positive side, reprocessing rates for dry mixed recycling is higher than anticipated (£0.285m) and a new contract for recycling has resulted in a saving (£0.180m).
- 6.4 Parking income is £1.100m below budget (£0.651m daily parking, £0.399m season tickets). Compared to the previous year daily parking is 4% up, and season ticket 7%, but this is equivalent to increases in charges and is insufficient to make up the budget (2022/23 included a reduced target to reflect recovery from the pandemic). A Maidenhead parking strategy has been successfully delivered, increasing usage (e.g. Vicus Way). Promotions and development of the parking strategy continue.

Planning (forecast overspend of £0.431m)

- 6.5 There is a pressure on planning fees (£0.775m) due to the current market and a low volume of building control applications. The planning fee increase of 35% has been included in the forecast (£0.082m) as well as the anticipation of Maidenhead's Golf Course application (£0.119m).
- 6.6 Appeal costs of £0.180m have also been included (see Appendix B: Risks and Opportunities) for further information. It should also be noted that one-off CIL funding of essential tree works is included in the forecast (£0.570m).

Communities including Leisure (forecast overspend of £0.196m)

- 6.7 The overspend is primarily due to the Leisure Contract where the budgeted concession income is less than currently obtained (£0.560m). There was uncertainty at the time of setting the budget as the tender was in progress at the time and has subsequently been delayed. This is partly mitigated by holding funding of the community wardens and identification of alternative sources of funding (e.g. Public Health). There are ongoing discussions with Leisure Focus on commercial options such as increase of prices.

Housing, Environmental Health and Trading Standards (forecast overspend of £0.129m)

- 6.8 The underspend is due to release of earmarked reserves no longer required and agreed by ELT, and underspend on the air quality monitoring budgets. Housing Temporary Accommodation is a volatile budget and it should be noted that although it is forecast to budget, it remains a volatile area and includes a one-off injection of funding from the Homes 4 Ukraine grant (£0.500m). There is also an Asylum Dispersal Grant of £0.298m which is forecast to be spent mostly after year end – see Appendix B Risk and Opportunities for further info.

7. RESOURCES

- 7.1 The adverse movement from month 8 of £0.064m is mainly due to additional costs in finance as a result of key staff leaving and the requirement to engage interims for year-end (£0.079m). Exact start dates and rates are to be confirmed.

Table 7: Resources Forecast Outturn

	Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Executive Director of Resources	155	83	(72)	0
Revenues, Bens, Library & Res	5,078	4,181	(867)	(30)
Housing Benefit	(377)	(346)	31	0
HR, Corporate Projects, and IT	3,346	3,274	(60)	(12)
Corporate Management	(196)	581	752	25
Finance	1,615	1,527	(167)	79
Governance	2,368	2,299	(88)	19
Legal Services	1,025	833	(175)	(17)
Total Resources	13,014	12,432	(582)	64

Executive Director of Resources (forecast underspend of £0.072m)

7.2 The underspend is due to the Director post being vacant for the start of the year.

Revenues, Benefits, Library & Residents Services (forecast underspend of £0.867m)

7.3 The underspend is related to the release of earmarked reserves previously agreed by ELT (£0.799m). These reserves were mostly funded from New Burdens grants that related to previous years. There is also an underspend of £0.124m in Business Services and Registrars primarily due to vacancies and Court Cost income, and an overspend of £0.051m across library services.

Human Resources, Corporate Projects and IT (forecast underspend of £0.072m)

7.4 The underspend is due to several smaller variances, most significantly savings on IT contracts (£0.065m).

Corporate Management (forecast overspend of £0.777m)

7.5 The pressure is caused by the additional external audit fees for 20/21 and the increase in the scale fee for 23/24 (£0.587m), and a saving in respect of a reduction in bad debt provision that is unlikely to be achieved.

Finance (forecast underspend of £0.088m)

7.6 Despite the pressures on agency staffing, finance is forecasting an underspend which is caused by increasing recharges to the Pension Fund and Propco to properly reflect the cost of providing this support, and vacancies in the Procurement Team.

Governance (forecast underspend of £0.069m)

7.7 The variance is made up of a number of smaller variances, most significant staff vacancies and member allowances budget not being used.

Legal Services (forecast underspend of £0.192m)

7.8 The forecast underspend is due to staff vacancies (£0.142m) including the case worker and an Executive Assistant post, and over achievement of income from legal fees (£0.050m).

8. SUNDRY DEBT

8.1 The current level of overdue sundry debt is £9.247m. On subsidiary systems there is also debt of £2.917m and £0.129m in relation to Housing Overpayments and Housing Rents respectively. This remains an area of high focus and actions being taken on this have been reported in previous Cabinet reports.

Table 8: Aged debt

	> 1 month	> 2 month	> 6 month	> 1 year	Total
	£000	£000	£000	£000	£000
Adults & Health					
Adult Social Care	333	690	683	2,677	4,383
Deferred Payments	28	158	114	528	829
Children's Services	16	24	0	6	46
Place					
Housing	3	8	13	1,316	1,341
Commercial property	53	610	148	110	921
Other Place	152	398	164	92	805
Resources	836	4	5	77	922
Total Agresso Debt	1,421	1,893	1,127	4,805	9,247

Subsidiary systems:

HB Overpayments	2,917
Housing Rents	129
Total overdue debt	12,293

Note: excludes CTAX and Business Rates payable to the Collection Fund

9. CAPITAL

9.1 The 2023/24 budget of £88.267m includes the capital programme of £35.338m and slippage of £52.929m from 2022/23 and prior years. All capital expenditure is under review to minimise external financing requirements and reduce spend where possible. The current forecast suggests £43.011m of capital budget will be slipped to future years, whilst £5.405m of capital budget will be underspent and released.

Table 9: Capital programme forecast outturn

	Budget	Forecast Outturn	Forecast slippage to 24/25 and later	Forecast variance
	£000	£000	£000	£000
ASC and Health	1,738	626	(899)	(213)
Children's Services	15,787	10,666	(5,121)	0
Place	68,243	27,834	(36,368)	(4,041)
Resources	3,774	2,000	(623)	(1,151)
Total	89,541	41,125	(43,011)	(5,405)

9.2 The following table details how this year's capital spend will be financed.

Table 9: Financing of the capital programme

	£000
Government Grants	15,585
Other Grants	275
Community Infrastructure Levy	12,116
Section 106	3,842
Capital Receipts	587
Borrowing	8,721
Total	41,125

10. LEGAL IMPLICATIONS

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

11. RISK MANAGEMENT

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

12. POTENTIAL IMPACTS

12.1 Equalities. There are no direct impacts.

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

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

13. CONSULTATION

13.1 None.

14. TIMETABLE FOR IMPLEMENTATION

14.1 Implementation date if not called in: Immediately.

15. APPENDICES

15.1 This report is supported by two appendices:

- Appendix A – Revenue monitoring statement
- Appendix B – Risk and assumptions

16. BACKGROUND DOCUMENTS

16.1 This report is supported by one document, the budget report to [Council February 2023](#).

17. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory:</i>		<i>Statutory Officer (or deputy)</i>	
Elizabeth Griffiths	Executive Director of Resources & S151 Officer	24/01/24	29/01/24
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer	29/01/24	30/01/24
<i>Deputies:</i>			
Andrew Vallance	Deputy Director of Finance & Deputy S151 Officer	29/01/24	30/01/24
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer	29/01/24	
<i>Directors</i>			
Stephen Evans	Chief Executive	29/01/24	12/02/24
Andrew Durrant	Executive Director of Place	29/01/24	30/01/24
Kevin McDaniel	Executive Director of Adult Social Care & Health	29/01/24	01/02/24
Lin Ferguson	Executive Director of Children's Services & Education	29/01/24	01/02/24

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