

Report Title:	2023/24 Month 10 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 – 27 March 2024
Responsible Officer(s):	Elizabeth Griffiths, Executive Director of Resources Julian McGowan, Senior Finance 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 £9.647m which reduces to an overspend of £6.069m when including unallocated contingency budgets and changes to funding budgets (para 4);
- ii) notes the forecast capital outturn is expenditure of £41.125m against a budget of £89.541m (para 9); and
- iii) approve the revenue budget virements set out in Appendix C.

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.

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 was set at February Council, the in-year position continues to deteriorate.
- 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 10 forecast is an overspend of £9.647m on service budgets, which reduces to £6.069m when considering contingency and funding budgets. This is an adverse movement of £1.0088m from the prior month.
- 4.4 The significant changes in month 10 are:
- Children's services additional social care placements costs (£0.242m).
 - Revised forecast of staffing in Children's services (£0.366m).
 - Shortfalls on income in Adult Social Care from subletting of block commissioned beds and Funded Nursing Care (£0.360m).

Table 2: 2023/24 Revenue Budget Forecast Outturn

	Current Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Adults and Housing	40,505	47,225	6,720	360
Children's Services	27,759	29,208	1,449	607
Place	11,985	14,041	2,056	(1)
Resources	13,023	12,459	(564)	18
Chief Executive Department	1,013	999	(14)	0
TOTAL SERVICE EXPENDITURE	94,285	103,932	9,647	984
Contingency	2,934	846	(2,088)	107
Other funding and non-service expenditure	(97,219)	(98,709)	(1,490)	(297)
DECREASE IN GENERAL FUND	0	6,069	6,069	794

GENERAL FUND		
Opening balance	(10,213)	(10,213)
Transfer out	0	6,069
CLOSING BALANCE	(£10,213)	(4,144)

ADULTS AND HEALTH

4.5 The forecast is an adviser variance of £0.360m from the prior month due:

- A more detailed review of income budgets has identified a pressure including £0.200m on leaseback income (whereby block beds are sublet) and £0.150m from Funded Nursing Care. Further work is being undertaken to maximise funding before year end, but it remains a challenging area particularly as the ICB face their own budget challenges.

Table 3: Adults and Health Forecast Outturn

	Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Exec Director & Commissioning	1,735	1,767	32	(293)
Adult Social Care	38,525	45,230	6,705	670
Transformation and Community	170	153	(17)	(17)
Public Health Spend	5,392	5,392	0	0
Public Health Grant	(5,317)	(5,317)	0	0
Total	40,505	47,225	6,720	360

Executive Director and Commissioning (forecast overspend of £0.032m)

4.6 Note the favourable movement this month of £0.293m is largely offset by an adverse movement in Adult Social Care, as two Assistant Director posts have transferred back from Optalis to the Council.

Adult Social Care (forecast overspend of £6.705m)

4.7 The primary cause of the overspend is placement cost which is £4.700m, £3.800m of this is due to the residential care costs of older people whilst £0.900m is due to mental health placements. 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 £0.870m due to the large number of vacancies and the subsequent reliance on agency staff.

4.9 There is pressure of £0.470m on income forecast which is mostly driven by shortfall of £0.290m in Leaseback income, shortfall of £0.145m in Funded Nursing Care income.

4.10 Non-staff adverse forecast variance of £0.66m is primarily driven by bad debt provision. The current forecast variance is £0.52m adverse and this is likely to

increase to estimated £0.872m adverse variance at year end. In addition to non-staff variance is a vacancy savings target of £0.1m.

- 4.11 Ongoing actions to address the overspend 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

- 4.12 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 is an adverse movement of £0.607m in month 10 due to:

- Increase in residential placement of £0.242m. This is due to two young people who have moved from an independent fostering agency placement to residential due to their complex needs, review of support package for one young person and a 12-week mother and baby assessment placement has been extended for one family.
- Following an in-depth re-forecasting a further pressure of £0.366m is now being reported on social care staffing. There remain recruitment challenges at both a local and national level, due to a shortfall of qualified and experienced practitioners.

Table 4: Children's Services Forecast Outturn

	Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Mgt & Business Services	3,158	3,134	(24)	(63)
Education	1,279	820	(459)	(122)
SEND	3,676	4,394	718	73
Social Care & Early Help	21,043	22,577	1,534	737
Public Health	(11)	(45)	(33)	(17)
Grant budgets	(1,387)	(1,673)	(286)	0
Total	27,758	29,208	1,449	608

- 5.2 Use of agency staff to cover vacancies is important to support safe services and retention of existing practitioners, whilst permanent recruitment takes place. Agency social workers cost an average of £0.030m more per year than permanent staff. There is active recruitment in progress, including conversations with agency staff members about whether they would be interested in permanent employment contracts. Children's services also

continue to review the local benefits package to ensure it is as attractive as possible. The service is also looking at how experienced (but not social work qualified) children's services practitioners could be used to carry out more functions.

- 5.3 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 There are no significant variances on the budget this month.

Table 5: 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	8,027	9,848	1,821	(25)
Planning	1,330	1,785	455	24
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	14,041	2,056	(1)

Neighbourhood Services (forecast overspend of £1.821m)

- 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 (£0.325m) and a new contract for recycling has resulted in a saving (£0.180m) reduced by (£0.030m).
- 6.4 Parking income is £1.200m below budget (£0.750m daily parking, £0.390m season tickets). Compared to the previous year daily parking is 3% 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). As reported last month, communications have been enhanced as part of the Maidenhead parking strategy. Promotions including the uptake of season tickets as well as the development of the parking strategy continue.
- 6.5 It should be noted that following public consultation, the February 2024 parking fees increase has been included in the full year forecast (£0.150m).

- 6.6 The Leisure Contract is £0.560m below budget as the budgeted concession income is less than currently obtained. 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.

Planning (forecast overspend of £0.455m)

- 6.7 There is a pressure on planning fees (£0.760m) 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 (£0.055m).
- 6.8 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).

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

- 6.9 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 There are no significant variances this month.

Table 6: 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	4,170	(908)	(11)
Housing Benefit	(377)	(346)	31	0
HR, Corporate Projects, and IT	3,355	3,283	(72)	0
Corporate Management	(196)	591	787	10
Finance	1,615	1,546	(69)	19
Governance	2,368	2,299	(69)	0
Legal Services	1,025	833	(192)	0
Total Resources	13,023	12,459	(564)	18

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 £0.908m)

- 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 a number of smaller variances, most significantly savings on IT contracts (£0.065m).

Corporate Management (forecast overspend of £0.787m)

- 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 £0.069m)

- 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. This may change as further interim resource is brought in at ahead of year-end.

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 £9.772m. On subsidiary systems there is also debt of £2.917m and £0.175m 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 7: Aged debt

	> 1 month	> 2 month	> 6 month	> 1 year	Total
	£000	£000	£000	£000	£000
Adults & Health					
Adult Social Care	171	759	670	2,759	4,359
Deferred Payments	23	146	114	540	822
Children's Services	6	1	19	6	32
Place					
Housing	43	4	3	1,325	1,374
Commercial property	193	129	555	130	1,007
Other Place	827	167	212	102	1,309
Resources	122	664	6	78	869
Total Agresso Debt	1,385	1,869	1,579	4,939	9,772

Subsidiary systems:

HB Overpayments	2,917
Housing Rents	175
Total overdue debt	12,864

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 2024-25 budget papers includes the estimated £43.011m of capital budget that will be slipped to future years though this is subject to further review. A final figure will be reported at year-end.

Table 8: 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
- Appendix C – Budget virements for Cabinet approval

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	21/02/24	21/02/24
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer	21/02/24	22/02/24
<i>Deputies:</i>			
Andrew Vallance	Deputy Director of Finance & Deputy S151 Officer	21/02/24	
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer	21/02/24	
Helena Stevenson	Principal Lawyer & Deputy Monitoring Officer	21/02/24	
<i>Directors</i>			
Stephen Evans	Chief Executive	21/02/24	21/02/24
Andrew Durrant	Executive Director of Place	21/02/24	21/02/24
Kevin McDaniel	Executive Director of Adult Social Care & Health	21/02/24	21/02/24
Lin Ferguson	Executive Director of Children's Services & Education	21/02/24	21/02/24

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