



# Committee Report

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**PURPOSE:** Final Decision Report

**Key or non-key decision:** Key decision affects 2 or more wards

**COMMITTEE:** Strategy and Resources Committee

**DATE:** 12 August 2024

**TITLE:** P3 Finance Outturn Report 2024/25

**Ward(s)** City Wide

**Officer presenting the report:** Tony Kirkham

**Job title:** S151 Officer

**Committee Chair:** Cllr Tony Dyer

**Executive Director lead:** Paul Martin: Chief Executive Officer

**Proposal origin:** Other

## **Purpose of Report:**

1. The council's Revenue and Capital budget for 2024/25 was agreed by Full Council on 28 February 2024. This report presents information and analysis to the Strategy and Resources Committee on the council's financial performance against that approved budget and its forecast use of resources for the financial year 2024/25.
2. This report informs the Strategy and Resources Committee on the delivery of planned savings for the financial year 2024/25.
3. This report also serves as a mechanism for any finance approvals or adjustments that are required on the council's approved budget.

## **Evidence Base:**

1. The Council operates directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending in line with the directorate's overall budget limit. Budget holders forecasting a risk of overspend which can potentially be brought back in line with their budget should, in the first instance, set out in-service options for mitigation. Where these options are considered undeliverable or pressures cannot be contained across the directorate the budget scrutiny process will be triggered and a request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source.
2. The council's annual revenue and capital budget is managed across a number of areas and at Period 3 the 2024/25 full year financial position is forecast as follows:

### **2.1. General Fund Revenue Budget**

The original Revenue budget for 2024/25 as agreed by Full Council was £533.7 million. The total service variation forecast from that original budget is £38.5 million. It is expected that this can be offset to a degree by £16.2 million of forecast contingent budget for inflation and optimism bias currently held corporately so that the total net forecast revenue overspend at P3 is £22.3 million (4.2% of original approved budget). Work continues to identify ways to mitigate these in full. Officers are taking prudent management action to maximise the delivery of savings, to continue to deliver transformation projects to reduce costs and to limit demand. More work is required in Q2 to reduce this overspend and this will include spend controls and reductions in discretionary expenditure wherever possible. The review of expenditure is being done at pace to mitigate the 2024/25 in-year position.

### **2.2. General Fund Savings**

£34.0 million of savings were approved and planned for delivery within the 2024/25 budget. In addition are £11.3 million of savings undelivered in 2023/24 which carry forward in to 2024/25 for delivery. These combine with an additional £1.8 million of savings identified and committed as part of business case approvals to date (increased by £1.3m since P2) and the reversal of £1.0 million prior year non-recurrent savings to produce an overall savings plan target for 2024/25 of £48.1 million.

Of these, £31.5 million (65%) are currently forecast to be delivered with £16.6 million (35%) at risk of non-delivery in year as planned.

### **2.3. General Fund Risk and Opportunities**

A further £10.5 million of weighted net risk is assessed across the directorates' logs of emerging risks and opportunities. These are a combination of costs, savings delivery, income generation and other funding opportunities. Work continues to identify ways to mitigate this underlying additional risk to the forecast.

### **2.4. General Reserves**

The opening balance on the council's General Reserve for the current financial year is £24.6 million. No in year movements have been made as at 30 June 2024.

### **2.5. Q1/P2 Report Amendment**

Following proposal and approval of the Council Tax Reduction Scheme 25-26 update and amendment at Strategy and Resources Committee (15 July 2024), officers are working to bring forward to this committee a detailed account of existing and pipeline plans to modernise the council, reduce costs and rationalise service offers to reflect the community's priorities within the cash limits of the Medium Term Financial Plan.

### **2.6. Housing Revenue Account**

The Housing Revenue Account (HRA) gross expenditure budget of £151.0 million is reporting a net outturn overspend of £9.3 million (6.2%). The financial challenges to the HRA combine reduced rental income of £2.1 million with £8.0 million overspend predominantly across Repairs and Maintenance and Supervision and Management planned programme overheads. A forecast reduction in investment interest payable is expected to offset by £0.8 million.

### **2.7. Housing Revenue Account Reserves**

The opening balance on the council's HRA Reserve for the current financial year is £105.3 million. This comprises £94.4 million HRA general reserves, £0.9 million CCTV reserves and £10.0 million major repairs reserves. No in year movements have been made as at 30 June 2024.

## 2.8. Dedicated Schools Grant

The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £491.7 million. The main financial challenge is in the High Needs Block against both a range of top up payments and increased volumes of special placements. The forecast outturn position is an overspend or deficit of £10.8 million (2.2%) in-year following the offset of £15.9 million from the 24/25 DfE Safety Valve combined with contribution from the General Fund. The total 24/25 closing net balance on the DSG deficit reserve is forecast to be £47.9 million (equating to gross unmitigated £85.3m).

## 2.9. Public Health

The Public Health (PH) budget is £36.4 million and no variance to budget is forecast.

## 2.10. Capital Programme

The Capital Programme forecast outturn is £433.8 million against the revised budget for 2024/25 of £440.2 million (including Corporate Contingency budget of £13.1m) and follows approval of a total £142.7 million budget revision following Period 2 (Strategy and Resources Committee 15 July 2024). This forecast represents a further assessed net underspend of £6.4 million (1.5%) and is comprised of £7.0 million underspend on the General Fund (reflecting further delays to programme planning and procurement) and £0.6 million overspend on the HRA. See Appendix A1 Section 6.

3. The council is structured by directorate with Executive Directors being appointed by directorate and being responsible for revenue and capital cash limited budgets by directorate. However, following a public referendum in May 2022, the council's governance arrangements have changed from a Mayor and Cabinet model to a committee system, effective from 6 May 2024. Consequently, in order to support effective management and control under this committee model, financial information by committee will be provided in parallel with that by directorate within the main report. Appendices will be set out by committee according to the committee system model.

### **Officer Recommendations:**

That the Committee notes:

1. The council's General Fund forecast outturn revenue overspend of £22.3 million against the council approved budget at P3 2024/25.
2. The performance on delivery of savings (Appendix A1, section 3, Tables 4a-4b).
3. The additional weighted net risk of £10.5 million per the risks and opportunities register (Appendix A1, section 4, Tables 5a-5b)
4. The council's outturn position of £9.3 million overspend within the Housing Revenue Account to be transferred to the HRA general reserve (Appendix A1, section 5.2).
5. The council's position on its General Reserve and on the Housing Revenue Account's General Reserve.
6. That officers are developing productivity plans following the Council Tax Reduction Scheme update and amendment (S&R Committee, agenda item 9, 15 July 2024).
7. The council's outturn position of a net £10.8 million overspend in the Dedicated Schools Grant following the application of the DfE's 24/25 Safety Valve combined with contribution from the General Fund (totalling £15.9m) and that a total £47.9 million is to be carried forward in the DSG deficit reserve (Appendix A1, section 5.3).
8. The breakeven position on Public Health services (Appendix A1, section 5.4).
9. The council's forecast underspend of £6.4 million against the Capital Programme revised budget 2024/25, comprised of £7.0 million underspend on the General Fund and £0.6 million overspend on

the HRA. (Appendix A1, section 6).

**Corporate Strategy alignment:**

1. The Corporate Strategy underpins the council’s budget.

**City Benefits:**

1. Cross priority report that covers whole of council’s business

**Consultation Details:**

1. N/A

**Background Documents:**

[Agenda Document for Full Council, 28/02/2024](#), pages 33-344

<b>Revenue Cost</b>	See Above	<b>Source of Revenue Funding</b>	Various
<b>Capital Cost</b>	See Above	<b>Source of Capital Funding</b>	Various
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Professional comments section:**

**1. Finance Advice:** The resource and financial implications are set out in the report.

**Finance Business Partner:**

Jemma Prince, Finance Business Partner – Planning, Reporting and Strategy, 18 July 2024.

**2. Legal Advice:** The report, including the detail set out in the Appendix, will assist the Committee to monitor the budget position with a view to meeting the Council’s legal obligation to deliver a balanced budget.

**Legal Team Leader:**

Nancy Rollason, Head of Legal Service, 15 July 2024.

**3. Implications on IT:** Whilst the process of financial monitoring has no IT implications itself, the council continues to carry business continuity and cyber-security risks and the council’s overall financial position (and its capacity for change management) makes it likely that this will continue.

**IT Team Leader:** Gavin Arbuckle, Head of IT Operations, 19 July 2024.

**4. HR Advice:** The report recommendations have no direct HR implications, though any overspend mitigations relating to the Council’s employees will be subject to consultation, government notification requirements and the Council’s Managing Change Policy.

**HR Partner:** James Brereton, Head of Human Resources, 23 July 2024.

**5. Procurement and Contract Manager Advice:** All procurements for services or works will be procured by using compliant/ transparent tender documentation. Specifications and scope of works will be needed for each project to ensure best value to the Council is achieved. Advice and guidance will be given for each project to ensure all available cost savings are priority and included within the award criteria(s)

**Procurement Business Partner:** Spencer Penny, Procurement Business Partner, 18 July 2024.

## APPENDICES

<b>Appendix A – Further essential background / detail on the proposal</b> Appendices A1-A4	YES
<b>Appendix B – Equality Impact Assessment (EqIA)</b>	NO
<b>Appendix C – Environmental Impact Assessment</b>	NO
<b>Appendix D – Risk assessment</b>	NO
<b>Appendix E – Exempt Information</b>	NO
<b>Appendix F – Details of consultation carried out - internal and external</b>	NO