
Budget Monitoring - Month 4 2023/24

Reason for the Scrutiny

1. To provide the Committee with information to monitor the Council's financial position as at Month 4 of 2023/24 against the budget approved by Council on 9th March 2023. This report will be considered by Cabinet at its meeting on 21 September 2023.

Background

2. Oversight of the Council's Revenue and Capital budgets sits within the Policy Review and Performance Scrutiny Committee's Terms of Reference. This confers responsibility for monitoring the overall Council budget, as well as responsibility for monitoring specific service areas directly related to the Committee's work. Those services include *Corporate Management*, *Economic Development* (County Estates, Facilities and Operational Management), *People & Communities* (Performance & Partnerships), *Governance & Legal Services*, and *Resources* (Finance, Digital Services, Customer Services, Human Resources, Commissioning & Procurement) budgets.

Structure of the Papers

3. To facilitate the scrutiny the following appendices are attached to this report:
Appendix A – Cabinet report – Budget Monitoring – Month 4 2023/24,
Attached to the Cabinet report are the following appendices
Appendix 1 – Revenue Monitoring Position
Appendix 2 – Directorate Commentaries
Appendix 3 – 2023/24 Directorate Budget Savings Position

Appendix 4 – Capital Programme

Appendix 5 – General Fund Capital Schemes Update

4. The report to Cabinet attached at **Appendix A** sets out the Revenue and Capital Position at month 4, it also sets out performance against savings targets. Key sources of funding are the Revenue Support Grant from Welsh Government, Council Tax, income sources (plus fees and grants) and earmarked reserves.
5. This report states that the factors of energy, food, fuel and pay award inflation combined with increasing demand for services due to legacy of the pandemic and the cost-of-living crisis have significantly increased further the levels of risk.

Revenue budget

6. The 2023/24 month 4 budget monitoring report (**Appendix A**) states that, at this point, a net overspend of **£6.457 million** on the revenue account is projected for the end of the 2023/24 financial year. This is comprised of Directorate projected budget overspends of **£7.457 million**, partly offset by an underspend against the capital financing budget of £1 million.
7. The service areas predicting the most significant overspends are Children's Services (£2.975 million), Education & Lifelong Learning (£1.9 million), and Economic Development (£1.8 million).
8. Members may wish to note the table at **point 6** of the report to Cabinet that shows each Directorate's position, underspends are reported in brackets. Further detail of the Revenue Monitoring position can be found in **Appendix 1**, and more detailed explanations of each Directorate's position are provided in **Appendix 2**.
9. The overspends projected at month 4 are based on a budgeted pay award of 6% average (NJC) for 2023/24. The £1 million general contingency has been held back in the event of any additional pressures resulting from pay award negotiations being completed.

10. Directorates have been advised of the importance of ensuring tight financial control over the remainder of the year to reduce the projected overspend at year end.

Savings

11. The 2023/24 Budget Report outlined **£17.666 million** of Savings Proposals. This was made up of **£1.8 million** reduction of the FRM budget and **£3 million** corporate savings, both of which have been fully achieved. The remaining **Efficiency savings (£10.090 million)** and **Service Change proposals (£2.776 million)** are reported on in Appendix 3. Members can find a progress report on the performance of each proposal by Directorate.

12. The report states that the performance against savings proposals, for both efficiency and service change, is below that required. Efficiency Proposals are currently projected to deliver £7.953 million (78.8%), and Service Changes are currently projected to deliver £1.705 million (61.4%).

13. Importantly, the improvement in this position is seen as a key deliverable along with controlled spending measures over the next few months in order to improve the overall monitoring position. Given the overspend position projected at Month 4, all services have been tasked to review opportunities to deliver in year efficiencies. These are being worked through currently to ensure deliverability and no front-line service impact.

14. Capital financing outturn is currently forecast to be £1 million underspent at the end of the financial year and performance will continue to be monitored closely with the mid-year review to be reported to Council in November 2023.

Capital

15. Members will find detail of the Council's Capital Programme in **Appendices 4 and 5** of the papers. The Council's Capital Programme is currently **£240.526 million** for 2023/24 including an indicative programme to 2027/28.

16. The projected outturn for the year is currently **£223.274 million** against a total programme of **£239.352 million** with a variance of £16.078 million, which is predominantly slippage. **Expenditure at Month 4 was £46.690 million** which represents **21% of the projected outturn**, however there are a number of large expenditure items which are anticipated to progress during the latter part of the year.
17. **Points 21-25** of the report present a picture of progress on Capital Schemes, stressing the essential role that the Council's capital investment programme plays in both stimulating the local economy and delivering local services. There is reference to significant construction cost inflation and directorates are reminded that effective contract management will be required. There is a need to allocate sufficient capacity and resource to ensuring projects progress in the timescales intended and consider opportunities to bring forward expenditure where possible. The need to utilise grants awarded and ensure they are fully utilised in approved timescales is an important risk to be managed by directorates in the remainder of the year.
18. **Points 26-28** remind members that in July 2023 the Annual Property Plan 2023/24 set targets in respect of capital receipts and planned property transactions. The report stresses that close monitoring needs to be undertaken of progress on delivering circa £3 million target of non-earmarked General Fund receipts for the current year. The value of such receipts generated in the first 4 months of the year is currently £85,000.
19. At **points 29-36** Members will find details of the Housing Revenue Account position. This budget covers estate regeneration schemes; planned investment in the refurbishment of Council dwellings; disabled adaptations and expenditure on the development of new housing and other development projects. The programme of work for the Housing Revenue Account is £111.000 million and at month 4 expenditure was £25.038 million, circa 23% of the projected outturn.

Way Forward

20. Councillor Chris Weaver, Cabinet Member, Finance, Modernisation and Performance, Christopher Lee, and Corporate Director Resources, will be in attendance to present the report and answer Members' questions.

Legal Implications

21. The Scrutiny Committee is empowered to enquire, consider, review, and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

22. The Scrutiny Committee is empowered to enquire, consider, review, and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- i. note the month 4 2023/24 budget monitoring report.
- ii. consider whether it wishes to make any comments to the Cabinet; and
- iii. consider whether it wishes to use information contained in the report to inform future scrutiny of items.

DAVINA FIORE

Director, Governance & Legal Services

14 September 2023