



Report to Cabinet

Date:	14 November 2023
Title:	Quarter 2 Budget Monitoring Report 2023-24
Relevant councillor(s):	John Chilver, Cabinet Member for Accessible Housing and Resources
Author and/or contact officer:	David Skinner, Service Director – Finance & S151 Officer
Ward(s) affected:	none specific
Recommendations:	Cabinet is asked to: <ul style="list-style-type: none">i. Note the report and the risks and opportunities contained within it.ii. Note the actions being taken to mitigate pressures as set out in para 3.9.
Reason for decision:	To understand the financial position of the Council in respect of 2023-24 Budgets.

1. Executive summary

- 1.1 This report sets out the forecast Revenue and Capital outturn position for Buckinghamshire Council for the financial year 2023/24 as at Quarter 2.
- 1.2 The Council is continuing to experience significant financial pressures due to continued increase in demand and complexity of need in key services, such as Adults Social Care and Children's Social Care.
- 1.3 The forecast revenue outturn position at Quarter 2 is an adverse variance of **£8.6m**, (2% of Portfolio budgets), an increase of £0.3m from the Quarter 1 reported position of £8.3m. This is primarily due to pressures in Health and Wellbeing and Education and Children's Services from demand and market insufficiency issues, coupled with

pressures in Housing & Homelessness & Regulatory Services in Temporary Accommodation budgets and Transport budgets.

- 1.4 Within the overall position there is an adverse variance of £15.2m (3%) in Portfolios (£14.0m last quarter) offset by a £6.6m (£5.7m last quarter) favourable variance in Corporate & Funding.
- 1.5 Following the Quarter 1 position, detailed Portfolio Action Plans have been implemented to address pressures, with a view to urgently bringing budgets back into line. The Quarter 2 position reflects positive variances across several portfolios linked to the delivery of the action plans, however, the financial position has deteriorated overall due to increasing pressures within Education & Children's Services which are detailed below. Table 1 provides a summary of the position by Portfolio.
- 1.6 Capital spending is forecast to be 99.5% of budget, a variance of £0.6m.

2. Revenue

- 2.1 The forecast revenue outturn for 2023/24 is an adverse variance of £8.6m (2%).
- 2.2 Within the overall position the main variances are:
 - a) The £15.2m (£14.0m last quarter) adverse variance in Portfolios includes:
 - i. £3.4m pressure (£3.9m last quarter) in Health and Wellbeing due to growth in client numbers, and increased cost of care packages, particularly in Residential, Nursing and Supported Living. Portfolio action plan initiatives are supporting the position against a challenging background of client growth.
 - ii. £9.8m pressure (£3.9m last quarter) in Education & Children's Services predominantly due to the national insufficiency of placements for children looked after leading to a shortage of available placements and very high unit costs of those placements that can be accessed. It was noted in last quarter's report that there was a significant risk of cost increases due to changes in activity. The increased pressure is due to further shifts in the mix of placements from fostering to residential with an increase in number of bed nights in residential and high cost placements. Further mitigating actions are being developed to address and reduce this pressure.
 - iii. £1.1m adverse variance (£1.5m last quarter) in Housing & Homelessness & Regulatory Services in Temporary Accommodation budgets due to increased demand, particularly for nightly paid accommodation. There has been an increase in clients presenting as homeless, and an underlying shortage of suitable housing to move

clients on to permanently, but significant mitigations have been implemented to contain the pressure.

- iv. £1.3m adverse variance (£3.2m last quarter) in Transport Services. This is predominantly in Transport costs £1.3m pressure (£0.8m last quarter) due to increased contract costs in Home to School Transport with provider pressure to increase costs on letting of new contracts. There is a forecast shortfall of £0.7m in the Parking Income budget (an improved forecast from the Quarter 1 position of £1.8m shortfall), and this is offset by new favourable variances in expenditure from implementation of action plans.
 - v. The position also reflects a forecast shortfall on Energy from Waste income of £4.8m due to the reduction in market energy prices. This is being offset by a drawdown from the waste reserve in line with the intended use of that reserve.
- b) The £6.6m of favourable variances (£5.7m last quarter) in corporate budgets includes:
- i. £5.3m favourable variance (£4.3m last quarter) relating to interest income. This reflects further increases in the Bank of England base rate.
 - ii. £0.8m favourable variance on interest payable budgets, due to recalculation of loan repayments.
 - iii. A minor surplus of £0.2m in grant income due to the budget being set prudently.
 - iv. A favourable variance of £0.3m arising predominantly from contribution from grants towards central overheads.
 - v. Corporate Contingencies are retained to address the ongoing risk of further pressures within the year.
 - vi. Available reserve balances: in addition to the Corporate Contingencies, the “Mitigating Future Financial Risks” reserve contains £11.5m. After known commitments of £2.2m, a balance of £9.3m remains which could be called upon if required.

Figure 1: Corporate Contingencies & Mitigating Future Financial Risks Reserve

2023-24 Revenue Contingencies	Budget	Released	Current Budget	Favourable Variances - mitigating pressures	Remaining to cover pressures that may arise in remainder of
	£'000	£'000	£'000	£'000	£'000
Pay, Pension and Redundancy Contingency					
Pay Inflation	9,695	(9,695)	-	-	-
Pay - Bonus Contingency	1,000	(1,000)	-	-	-
Pay Conversion	710	(198)	512	-	512
Redundancy Fund	500	0	500	-	500
Total Pay, Pension and Redundancy	11,905	(10,893)	1,012	-	1,012
Service Risk Contingency					
General Contingency	8,446	0	8,446	-	8,446
National Living Wage	1,750	0	1,750	-	1,750
Social Care Pressures	1,936	0	1,936	-	1,936
Adult Social Care Provider Market	300	0	300	-	300
Adults Demography	1,799	0	1,799	-	1,799
Children's Services Demography	800	0	800	-	800
High Cost Children's Placements	500	0	500	-	500
Total Service Risk	15,531	0	15,531	-	15,531
Total Contingency	27,436	(10,893)	16,543	-	16,543
Total Variation on Contingencies				0	
Available balance from "Mitigating Future Financial Risks" reserve	11,465				
Further £0.15m approved by SAPC to support staff hardship fund	(150)				
Minor existing commitments on the reserve	(109)				
Committed to Helping Hand scheme: £1m in 2023/24 and £1m in 2024/25	(2,000)				9,206
Total resources earmarked to mitigate further pressures					24,737

- c) The forecast revenue budget outturn is summarised in Figure 1. The key Portfolio variances are explained in Appendix 1.

Figure 2: Revenue Budgets

	Budget	Y/E Outturn	Variance		Change in Variance (from Q1)
	£m	£m	£m	%	£m
Revenue					
Expenditure	7.7	7.7	0.0		
Income	(0.6)	(0.6)	(0.0)		
Leader	7.1	7.1	0.0	0%	0.0 ↑
Expenditure	184.2	180.9	(3.3)		
Income	(125.7)	(123.0)	2.7		
Accessible Housing & Resources	58.5	57.9	(0.6)	-1%	(1.5) ↓
Expenditure	41.5	36.6	(4.9)		
Income	(23.9)	(19.4)	4.5		
Climate Change & Environment	17.6	17.2	(0.4)	-3%	(1.2) ↓
Expenditure	14.5	14.4	(0.1)		
Income	(6.6)	(6.7)	(0.0)		
Communities	7.8	7.7	(0.1)	-2%	0.0 ↑
Expenditure	9.0	9.2	0.2		
Income	(4.0)	(4.3)	(0.2)		
Culture & Leisure	4.9	4.9	(0.0)	-1%	(0.0) ↓
Expenditure	452.8	461.9	9.1		
Income	(347.9)	(347.3)	0.6		
Education & Childrens Services	104.9	114.7	9.8	9%	5.9 ↑
Expenditure	277.1	285.9	8.9		
Income	(92.1)	(97.6)	(5.5)		
Health & Wellbeing	184.9	188.3	3.4	2%	(0.5) ↓
Expenditure	22.6	25.1	2.5		
Income	(12.3)	(13.5)	(1.2)		
Housing & Homelessness & Regulatory Serv	10.3	11.6	1.3	13%	(0.2) ↓
Expenditure	18.5	18.8	0.3		
Income	(10.8)	(10.5)	0.3		
Planning & Regeneration	7.7	8.3	0.6	8%	0.7 ↑
Expenditure	81.3	81.7	0.4		
Income	(19.5)	(18.6)	0.9		
Transport	61.8	63.1	1.3	2%	(1.9) ↓
Portfolios	465.7	480.9	15.2	3%	1.2 ↑
Corporate	37.6	31.2	(6.4)		
Funding	(503.3)	(503.5)	(0.2)		
Corporate & Funding	(465.7)	(472.3)	(6.6)	-1%	(0.9) ↓
Revenue Total	0.0	8.6	8.6		0.3 ↑

2.3 Appendix 1 provides further detail for each Portfolio and information about performance relating to overdue debts and late payments of commercial debt.

3. Achievement of Savings, Additional Income and Action Plans

3.1 The forecasts within this report take full account of the delivery in the current year of MTFP savings and income targets, Better Buckinghamshire / Service Improvement Savings and of the Portfolio Action Plans agreed by Cabinet in response to the adverse position reported at Q1. This section provides further information about each of these.

Figure 3: Achievement of MTFP Savings & Additional Income

Portfolio	Target £m	Forecast £m	Shortfall £m
Accessible Housing and Resources	3.5	3.5	0.0
Climate Change & Environment	13.8	8.8	5.0
Communities	0.5	0.5	0.0
Culture & Leisure	0.7	0.7	0.0
Education & Childrens Services	3.1	3.1	0.0
Health & Wellbeing	4.6	5.8	-1.2
Homelessness & Regulatory Services	0.1	0.1	0.0
Leader	0.7	0.7	0.0
Planning & Regeneration	0.1	0.1	0.0
Transport	3.3	2.1	1.2
Total	30.4	25.4	5.0

3.2 £30.4m of savings and income targets were incorporated into the approved 2023-24 Revenue budgets. Achievement of the £10.1m savings targets and £20.3m additional income targets is summarised in the table above. Overall, there is forecast shortfall of £5.0m which is taken into account in Portfolio forecasts. Of this £5.0m, £5.8m is a shortfall in income and £0.4m is a shortfall in savings, whilst Adults transformation savings are overachieving their target by £1.2m.

3.3 The principal shortfalls are:

- a) £4.8m Energy from Waste Income due to the reduction in market energy prices. This is being offset by a drawdown from the waste reserve.
- b) £0.7m off-street parking income shortfall
- c) £0.3m Streetworks Income – permit scheme income is not expected to increase from 2022/23 as had been assumed. This shortfall is being met from reserves in year, but will be a pressure next year.
- d) £0.2m external contract savings in Waste services - volatility in market price fluctuations relating to dry mixed recycling materials.
- e) £0.15m grass cutting (rural & urban) and vegetation clearing due to Health and Safety requirements. This shortfall is being met from reserves in year but will be a pressure next year.

- f) £0.06m efficiency savings in SEND Transport provision.

Better Buckinghamshire Programme / Service Improvement Savings

- 3.4 The Better Buckinghamshire Programme had an original savings target of £18m for savings enabled by formation of the new unitary authority. These are managed through the council's Service Improvement Board. The board are also overseeing a wider programme including major transformation projects across the council, and these savings have been added to the programme to give a revised target of £27m.
- 3.5 Of this £27m, £11.8m has already been delivered, £1.9m is due to be delivered in 2023/24, and £13.3m of future savings are planned for delivery from 2024/25 onwards.

Portfolio Action Plans

- 3.6 The development of Portfolio Action plans was agreed by Cabinet in response to the adverse position reported to Cabinet at Q1 with a view to urgently bringing budgets back into line.
- 3.7 The action plans include the acceleration of savings plans from future years and delivery is being managed by the Portfolio Holders.
- 3.8 Details can be found in Appendix 2 and are summarised in the table below.

Figure 4: Action Plans

Portfolio	Target £m	Forecast £m	Shortfall £m	Target 2024-25 £m	Forecast 2024-25 £m	Target 2025-26 £m	Forecast 2025-26 £m
Accessible Housing and Resources	0.5	0.5	0.0	0.0		0.0	
Climate Change & Environment	1.3	1.3	0.0				
Communities & Leader	0.2	0.2	0.0				
Education & Children's Services	1.2	1.2	0.0	1.3		1.3	
Health & Wellbeing	1.1	1.2	-0.1				
Planning & Regeneration	0.3	0.3	0.0	0.0		0.0	
Transport	0.2	0.2	0.0	0.2		0.2	
	4.8	4.9	-0.1	1.5	0.0	1.5	0.0

- 3.9 Action Plans of £4.8m have been incorporated into portfolio forecasts, and these are currently fully on track to be delivered, with Health and Wellbeing portfolio over-delivering on the action plan measures in order to hold the forecast position against a background of increasing demand.

4. Capital

Figure 5: Capital Budgets

Portfolio	Current Year Budget			Actual	Forecast	Variance
	Released	UnRel'd	Total			
	£m	£m	£m	£m	£m	Total Bdgt £m
Leader	1.6	4.4	6.0	2.5	6.0	0.0
Accessible Housing & Resources	4.1	0.3	4.3	0.8	4.3	(0.1)
Climate Change & Environment	8.0	1.2	9.1	0.8	9.0	(0.1)
Communities						
Culture & Leisure	4.2	0.5	4.8	1.8	4.6	(0.2)
Education & Children's Services	19.1	(1.2)	17.9	6.9	16.9	(1.0)
Homelessness & Regulatory Services	21.2		21.2	5.3	21.2	0.0
Planning & Regeneration	11.2	0.1	11.3	5.3	11.5	0.3
Transport	48.9	0.4	49.2	11.9	49.7	0.5
Grand Total	118.1	5.6	123.8	35.3	123.1	(0.6)
				28.5%		-0.5%

- 4.1 The Capital Programme has been updated, subject to Cabinet approval of the Q2 Capital Budget Adjustments and Reprofileing report, to reflect the following proposed budget changes:
- Additions of £5.9m for projects funded from Government Grants and s.106 developer contributions, including UK Shared Prosperity projects, Active Travel and on-street EV charging points.
 - Increasing the budget for 2 projects with cost pressures, using funding from Reserves: Biowaste facility and Hampden Memorial Chapel,
 - Reprofileing £24m of spend into future years where projects are experiencing delays, including the Aylesbury South Eastern Link Road (SEALR) and Future High Streets.
- 4.2 The forecast capital outturn position against the revised budget is on track to spend £123.1m this year against the re-profiled budget of £123.8m
- 4.3 Spend to date is £35.3m, 29% of the budget, with a number of key projects expecting to spend the majority of their budget in the second half of the year. This will include the use of £12.2m grant for accommodation for Ukraine and Afghan refugees, taking delivery of replacement waste vehicles in the northern area of the county £2.67m, the next phase of delivery on SEALR £2.63m and street lighting replacements and upgrades £2.36m.
- 4.4 £5.6m of the budget remains unreleased, meaning that some projects are still at feasibility stage and are required to go a gateway review at the Cabinet's Capital Board before they can proceed. This includes £4.0m for SEALR and £0.5m for Primary school places.

- 4.5 The Top 10 programmes by value this year are:
- a) Strategic Highways Maintenance - £17.7m
 - b) Ukraine and Afghan Housing - Local Authority Housing Fund - £12.2m
 - c) Roads Plane & Patch - £9.5m, which includes an additional £5m agreed at Full Council, and additional Government Grant
 - d) Wycombe Regeneration Projects - £6.8m
 - e) Schools Planned & Reactive Maintenance works - £6.1m
 - f) Secondary School Places - £5.7m
 - g) East West Rail projects (funded by EWR) - £5.0m
 - h) Future High Street Fund, High Wycombe regeneration projects - £4.3m
 - i) Disabled Facilities Programme - £4.1m
 - j) South East Aylesbury Link Road - £4.0m

- 4.6 The main in-year financial risks on capital are currently:

- a) Housing Infrastructure Funding Schemes – Securing Homes England approval to reallocate our HIF grant, and for Department of Transport (DfT) to finalise the agreement of additional funding to deliver the South East Aylesbury Link Road.
- b) Future High Streets - Committing the remaining grant funding on a proposed final project; the commitment needs be in place by 31 March 2024 to meet grant conditions.

- 4.7 Funding

- a) Community Infrastructure Levy (CIL) income is projected to meet its target of £4m.
- b) Capital Receipts from the sale and development of Council assets are projecting to accelerate delivery this year, with a forecast of £20m against the £2.6m budget. This is due to early delivery against the 4-year MTFP target from the Ashwells site. Receipts over the MTFP period are on track to deliver to budget.

- 4.8 Further details of the programme for each portfolio may be found in **Appendix 3**.

5. Other options considered

- 5.1 None arising directly from this report.

6. Legal and financial implications

- 6.1 This is a Finance report and all the financial implications are included in the report.
- 6.2 There are no legal implications arising from the report.

7. Corporate implications

- 7.1 Actions resulting from consideration of this report may influence future expenditure in areas of concern / interest.

8. Local councillors & community boards consultation & views

- 8.1 Not applicable.

9. Communication, engagement & further consultation

- 9.1 Not applicable.

10. Next steps and review

- 10.1 A report on the Council's Q2 position, will be brought to Cabinet in November.

11. Background papers

- 11.1 Appendix 1 – Portfolio level summaries, Debt and Payment Performance
- 11.2 Appendix 2 – Action Plans
- 11.3 Appendix 3 – Capital Programme detail

12. Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by email [democracy@buckinghamshire.gov.uk].