



# Report to Cabinet

<b>Date:</b>	13 February 2024
<b>Title:</b>	<b>Quarter 3 Budget Monitoring Report 2023-24</b>
<b>Relevant councillor(s):</b>	John Chilver, Cabinet Member for Accessible Housing and Resources
<b>Author and/or contact officer:</b>	David Skinner, Service Director – Finance & S151 Officer
<b>Ward(s) affected:</b>	none specific
<b>Recommendations:</b>	<b>Cabinet is asked to:</b> <ul style="list-style-type: none"><li><b>i. Note the report and the risks and opportunities contained within it.</b></li><li><b>ii. Note the actions being taken to mitigate pressures as set out in para 1.3.</b></li></ul>
<b>Reason for decision:</b>	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 3.
- 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. The forecast revenue outturn position at Quarter 3 is an adverse variance of **£4.5m**, (1% of Portfolio budgets), a reduction of £4.1m from the Quarter 2 reported position of **£8.6m**. The adverse variance remains 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.

- 1.3 At Quarter 1, an adverse variance of £8.3m was reported, and action plans were formulated in order to contain pressures as much as possible. The Quarter 2 budget monitoring report provided an update on these measures and reflected positive movements across several Portfolios linked to the delivery of action plans. The overall forecast at Quarter 2 deteriorated due to increasing pressures within Education and Children’s Services. Between Quarter 2 and Quarter 3 the Council has additionally developed enhanced spending and vacancy controls to further contain the overall budget pressure and are detailed below.

Action Plan End of December Monitoring	Planned	Total included in forecasts
	£m	£m
Portfolio Action Plans agreed in July and reported in Q2	4.85	4.93
Additional Measures including enhanced spend and targeted actions	5.81	4.54
<b>Total</b>	<b>10.65</b>	<b>9.47</b>

- 1.4 Within the overall position there is an adverse variance of £13.6m (3%) in Portfolios (£15.2m last quarter) offset by a £9.1m (£6.6m last quarter) favourable variance in Corporate & Funding.
- 1.5 The Capital Programme has been updated for proposed Quarter 3 Budget Adjustments, subject to Cabinet approval (section 4.1). Capital spending is forecast to be 99.0% of the updated budget, a variance of (£1.2m). Figure 5 shows the summary Capital Budgets by portfolio and Appendix 2 shows a breakdown of the programme in detail.
- 1.6 Spend to date is £66.9m (56.3% of budget). There are five key projects with £14.7m of budget as yet unspent, where the majority of the budget is expected to be spent in the final quarter. Section 4.2 outlines these projects.

## 2. Revenue

- 2.1 The forecast revenue outturn for 2023/24 is an adverse variance of £4.5m (1%).
- 2.2 Within the overall position the main variances are:
- a) The £13.6m (£15.2m last quarter) adverse variance in Portfolios includes:
  - b) £3.8m pressure (£3.4m last quarter) in Health and Wellbeing. The demand for services since April continues to outstrip the budget for growth. Action plan initiatives are supporting the position against a challenging background of

client growth and have, for example resulted in lower numbers of over 65s being allocated to Residential and Nursing and more people receiving Direct Payments.

- c) £7.9m pressure (£9.8m 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. The pressure is due to shifts in the mix of placements from fostering to residential with an increase in number of bed nights in residential and high cost placements. The forecast has reduced due to delivery of mitigating actions to contain this pressure as much as possible.
- d) £1.4m adverse variance (£1.3m 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, such as moving larger households from expensive B&B accommodation into the new Council-owned Bridge Court accommodation in High Wycombe.
- e) £2.7m adverse variance (£1.3m last quarter) in Transport Services. This is predominantly in Home to School transport costs - £3.4m adverse variance due to increased SEN and PRU referrals linked to Education Health and Care Plan (EHCP) growth and growth in demand for alternative education provision, as well as contractual pressures. Highways & Technical Services have a £0.6m favourable variance which includes a pressure within Parking Operations of £0.6m due to an income shortfall; this is offset by favourable variances in expenditure from implementation of in-year action plans within Highways & Technical Services.
- f) £1.2m adverse variance (£0.6m last quarter) in Planning and Regeneration, due to income targets not being met due to a decrease in Planning applications.
- g) 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.

2.3 The £9.1m of favourable variances (£6.6m last quarter) in corporate budgets include:

- a) £5.7m favourable variance relating to Interest on Revenue Balances. This reflects increases in the Bank of England base rate and higher cash balances due to timing differences in capital expenditure.

- b) £1.8m favourable variance on capital financing. The variance includes £0.9m following refinement of MRP (Minimum Revenue Provision) forecasts as part of the budget setting exercise for 2024/25 and £0.8m favourable variance on interest payable budgets, due to recalculation of loan repayments.
- c) A minor surplus of £0.3m in grant income due to the budget being set prudently.
- d) A favourable variance of £0.6m arising from contribution from grants towards central overheads.
- e) A favourable variance of £0.5m in corporate costs, offsetting pay conversion cost pressures already being reported within Portfolios.

2.4 Corporate Contingencies of £15.5m are retained to address the ongoing risk of further pressures within the year.

2.5 Available reserve balances: in addition to the Corporate Contingencies, the “Mitigating Future Financial Risks” reserve contains £11.5m. After known commitments of £2.3m, a balance of £9.2m 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
<b>Pay, Pension and Redundancy Contingency</b>					
Pay Inflation	9,695	(9,695)	-	-	-
Pay - Bonus Contingency	1,000	(1,000)	-	-	-
Pay Conversion	710	(195)	515	515	0
Redundancy Fund	500	0	500	-	500
<b>Total Pay, Pension and Redundancy</b>	<b>11,905</b>	<b>(10,890)</b>	<b>1,015</b>	<b>515</b>	<b>500</b>
<b>Service Risk Contingency</b>					
General Contingency	8,446	0	8,446	-	8,446
National Living Wage	1,750	0	1,750	-	1,750
Social Care Pressures	1,936	-	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
<b>Total Service Risk</b>	<b>15,531</b>	<b>0</b>	<b>15,531</b>	<b>-</b>	<b>15,531</b>
<b>Total Contingency</b>	<b>27,436</b>	<b>(10,890)</b>	<b>16,546</b>	<b>515</b>	<b>16,031</b>
<b>Total Variation on Contingencies</b>				<b>515</b>	
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
<b>Total resources earmarked to mitigate further pressures</b>					<b>24,737</b>

2.6 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 Q2)
	£m	£m	£m	%	£m
<b>Revenue</b>					
Expenditure	6.2	6.3	0.1		
Income	(0.6)	(0.6)	(0.0)		
<b>Leader</b>	<b>5.5</b>	<b>5.6</b>	<b>0.1</b>	<b>2%</b>	<b>0.0</b> ↑
Expenditure	191.2	190.6	(0.7)		
Income	(131.2)	(132.4)	(1.3)		
<b>Accessible Housing &amp; Resources</b>	<b>60.1</b>	<b>58.1</b>	<b>(1.9)</b>	<b>-3%</b>	<b>(1.3)</b> ↓
Expenditure	41.7	37.2	(4.5)		
Income	(24.1)	(20.5)	3.6		
<b>Climate Change &amp; Environment</b>	<b>17.6</b>	<b>16.7</b>	<b>(0.9)</b>	<b>-5%</b>	<b>(0.5)</b> ↓
Expenditure	14.5	13.9	(0.5)		
Income	(6.6)	(6.7)	(0.0)		
<b>Communities</b>	<b>7.8</b>	<b>7.3</b>	<b>(0.6)</b>	<b>-7%</b>	<b>(0.5)</b> ↓
Expenditure	8.9	9.2	0.3		
Income	(3.9)	(4.3)	(0.4)		
<b>Culture &amp; Leisure</b>	<b>4.9</b>	<b>4.9</b>	<b>(0.1)</b>	<b>-2%</b>	<b>(0.1)</b> ↓
Expenditure	452.7	461.3	8.6		
Income	(347.8)	(348.6)	(0.7)		
<b>Education &amp; Childrens Services</b>	<b>104.9</b>	<b>112.7</b>	<b>7.9</b>	<b>7%</b>	<b>(1.9)</b> ↓
Expenditure	277.5	286.5	9.0		
Income	(92.5)	(97.7)	(5.2)		
<b>Health &amp; Wellbeing</b>	<b>184.9</b>	<b>188.8</b>	<b>3.8</b>	<b>2%</b>	<b>0.4</b> ↑
Expenditure	22.8	24.9	2.1		
Income	(12.5)	(13.2)	(0.7)		
<b>Housing &amp; Homelessness &amp; Regulatory Serv</b>	<b>10.3</b>	<b>11.7</b>	<b>1.4</b>	<b>14%</b>	<b>0.1</b> ↑
Expenditure	18.5	19.6	1.1		
Income	(10.8)	(10.6)	0.2		
<b>Planning &amp; Regeneration</b>	<b>7.7</b>	<b>9.0</b>	<b>1.2</b>	<b>16%</b>	<b>0.6</b> ↑
Expenditure	81.3	83.4	2.1		
Income	(19.5)	(18.9)	0.6		
<b>Transport</b>	<b>61.8</b>	<b>64.6</b>	<b>2.7</b>	<b>4%</b>	<b>1.5</b> ↑
<b>Portfolios</b>	<b>465.7</b>	<b>479.3</b>	<b>13.6</b>	<b>3%</b>	<b>(1.6)</b> ↓
Corporate	37.6	28.8	(8.8)		
Funding	(503.3)	(503.6)	(0.3)		
<b>Corporate &amp; Funding</b>	<b>(465.7)</b>	<b>(474.8)</b>	<b>(9.1)</b>	<b>-2%</b>	<b>(2.5)</b> ↓
<b>Revenue Total</b>	<b>0.0</b>	<b>4.5</b>	<b>4.5</b>		<b>(4.1)</b> ↓

2.7 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 and Additional Income

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. 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	2.9	0.2
Health & Wellbeing	4.6	6.0	-1.4
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, £5.7m is a shortfall in income and £0.6m is a shortfall in savings, whilst Adults transformation savings are overachieving their target by £1.37m.

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

- g) £0.2m Partner Contributions for Child and Adolescent Mental Health Services (new this month) – partly delivered in current year and on track to be fully delivered next year.

### **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. £11.9m has already been delivered, £1.8m on track to be delivered in 2023/24, and the remaining £4.3m of future savings are planned for delivery from 2024/25 onwards.
- 3.5 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.

## 4. Capital

Figure 5: Capital Budgets

Portfolio	Current Year Budget			Actual	Forecast	Variance
	Released	UnRel'd	Total			
	£m	£m	£m			
Leader	3.8	0.2	<b>4.0</b>	3.2	<b>3.8</b>	(0.2)
Accessible Housing & Resources	4.9	0.1	<b>5.0</b>	1.4	<b>4.5</b>	(0.6)
Climate Change & Environment	5.8	0.4	<b>6.2</b>	1.5	<b>6.2</b>	(0.1)
Communities	-	-	-	-	-	-
Culture & Leisure	6.3	-	<b>6.3</b>	2.7	<b>4.6</b>	(1.7)
Education & Children's Services	16.3	0.5	<b>16.8</b>	11.4	<b>17.2</b>	0.4
Homelessness & Regulatory Services	19.9	-	<b>19.9</b>	14.7	<b>19.9</b>	0.0
Planning & Regeneration	11.1	0.1	<b>11.1</b>	6.2	<b>13.2</b>	2.1
Transport	49.5	-	<b>49.5</b>	25.7	<b>48.4</b>	(1.1)
<b>Grand Total</b>	<b>117.6</b>	<b>1.3</b>	<b>118.9</b>	<b>66.9</b>	<b>117.7</b>	<b>(1.2)</b>
				56.3%		(1.0%)

- 4.1 The Capital Programme has been updated, subject to Cabinet approval of the Q3 Capital Budget Adjustments and Reprofiling report, to reflect the following proposed budget changes:
- Additions of £4.602m to the programme in the current year 2023/24 for new externally funded ringfenced grants, S106 developer contributions, or ringfenced capital receipts.
  - Reprofile of £9.3m from 2023/24 into future years.
  - Reallocation of £4.653m from projects budgets to reinvest in priority projects, which are reflected in the revised Capital Programme in the MTFP.
  - Increase the Capital Contingency by £0.638m from underspend released on the Ashwells project, which will be reflected in the revised Capital Programme in the MTFP.
  - Removal of £0.185m from the Capital Programme, where borrowing requirements no longer apply.
  - Release of £5.56m the Schools Secondary Schools places and SEN budgets
- 4.2 Spend to date is £66.9m, 56% of the budget, with a number of key projects, currently with low year- to- date spend expecting to spend the majority of their budget in the final quarter. This includes the use of £7.57m grant for accommodation for Ukraine and Afghan refugees, the anticipated final payment for £3.0m High Street Funds project in March 2024. The Biowaste works is in progress with £1.0m spend forecast in Q4 and the Device Refresh programme is expected to be spend £1m as a new contract has recently been signed.



- 4.3 The reported forecast variance is (£1.2m). Please refer to Appendix 1 for explanation of the key variances.
- 4.4 The main in-year financial risks on capital are currently:
- a) Forecast cost on Highlands project exceeds budget (£0.5m) which may require use of Capital Contingency.
  - b) There is a risk of a need for additional funding for Great Missenden Junior Expansion as share of final costs are currently being negotiated and arbitrators findings have been complete; if this risk materialises it will be met from existing Schools Capital budgets.
  - c) Future High Streets - Committing the remaining grant funding on a proposed final project; the final project being developed will require a decision to proceed before 31 March in order to meet grant conditions.
- 4.5 Funding
- a) Community Infrastructure Levy (CIL) income is projected to exceed the budgeted estimate of £4m with year to date receipts standing at over £4.5m. This extra CIL will be factored into the workings for next year's Capital MTFP funding envelope.
  - b) The forecast capital receipt for this year is £3.4m compared to a target of £8.0m. Heads of Terms are anticipated to be finalised and signed for 2 other projects this year with the receipts coming in next year. The MTFP target for Capital Receipts remains on track.
- 4.6 A breakdown of the programme for each portfolio may be found in **Appendix 2**.

## **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.

### **6a Director of Legal & Democratic Services comment**

- 6.3 To follow.

### **6b Section 151 Officer comment**

- 6.4 The financial implications are set out in detail within 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 Q4 position, will be brought to Cabinet in June.

## **11. Background papers**

11.1 Appendix 1 – Portfolio level summaries, Debt and Payment Performance

11.2 Appendix 2 – Capital Programme detail

## **12. Your questions and views (for key decisions)**

Not applicable – report is for information only