

Budget & Corporate Overview & Scrutiny Committee

Date of Meeting: 5 December 2024

Report by: The Finance Portfolio Holder and Assistant Chief Executive (Finance) & Chief Finance Officer

Subject: 2024/2025 REVENUE BUDGET TRENDS

1. EXECUTIVE SUMMARY

- 1.1 To receive the content of the Executive report for discussion at Budget & Corporate Overview & Scrutiny Committee, which considered the latest trends in respect of the 2024/2025 revenue budget and emerging budget issues.

2. RECOMMENDATIONS

- 2.1 The Executive was requested to consider the report and, if satisfied, to:
- (a) Acknowledge the forecast 2024/2025 revenue outturn position against the approved revenue budget shown in Appendix A, projected variances with reasons for these variances.
 - (b) Note the actions being taken to address budget pressures.
 - (c) Accept the Grants Awarded to the Authority as shown in Appendix B.

3. REASONS FOR RECOMMENDATIONS

To advise the Executive of the latest trends in respect of the 2024/2025 revenue budget and emerging budget issues that impact on the Council's Medium Term Financial Strategy.

4. THE CURRENT POSITION

The Council reports to the Executive the Revenue and Capital Budget Trends at the end of each quarter. The financial position in respect of the revenue budget remains challenging, with a forecast overspend of £4.383 million as at 30 September 2024. The Council is committed to, and continues to work towards, a balanced budget by the end of the financial year.

5 DETAILS

2024/2025 Revenue Budget Monitoring – Overview

- 5.1 Effective budget monitoring is a requirement of the Council's Financial Procedure Rules and the Medium-Term Financial Strategy (MTFS) and is critical to sound financial management. This process enables the Executive to monitor compliance with the approved budget, to identify emerging issues and, where appropriate, to put plans in place to address forecast budget issues.
- 5.2 The Executive has previously agreed a framework for budget monitoring and, in accordance with this framework; budget performance and efficiencies are monitored through the use of performance flags (Red, Amber and Green – RAG Status) and Direction of Travel indicators in order to monitor the Council's budget performance and the agreed efficiency actions. This provides a statement of financial health and an overview of how the Council is utilising its resources.
- 5.3 An integral part of the monitoring process is the regular meetings with Directorates/Services and Portfolio Holders to proactively monitor compliance with the approved budget. This enables the identification of potential risks and emerging budget pressures so that appropriate action can be taken at an early stage.

Revenue Budget Monitoring – 2024/2025 Efficiency Assumptions

- 5.4 The budget for 2024/2025 included directorate savings proposals totalling £6.390 million. These efficiencies are included within the budget and the forecasts, with any variance to these savings reflected in the forecast outturn.

Revenue Budget Monitoring

- 5.5 This report represents the revenue monitoring information for the period 1 April to 30 June 2024. The budget variances are reported at **Appendix A** and have been assigned a RAG status (Red, Amber and Green) based on the following:

All under spends and overspends up to 2% of the net budget	Green
Overspends between 2% and 5% of the net budget	Amber
Overspends greater than 5%	Red

- 5.6 All underspends are rated green, however, they continue to be challenged in the budget process to ensure they represent efficiencies and not non-delivery of services.

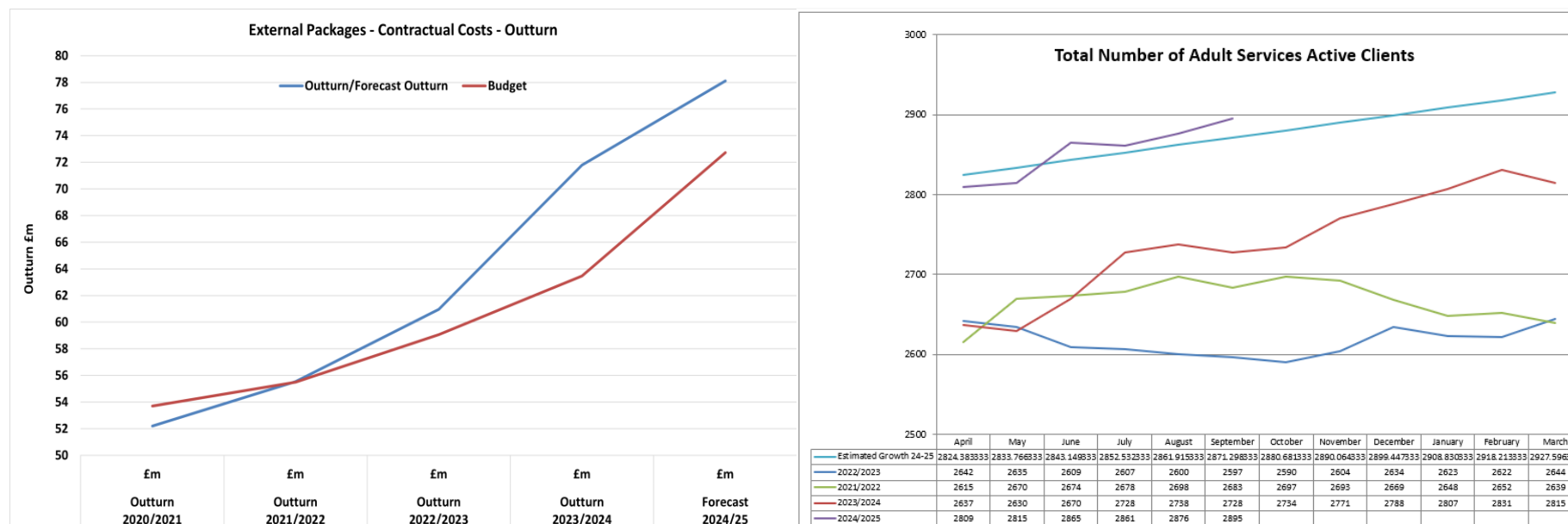
Revenue Budget Monitoring –Variances

- 5.7 The forecast variance set out in this report reflects that services are being delivered against a backdrop of significant demand related pressures, particularly within Adult Social Care and Temporary Accommodation.
- 5.8 It is key to understand how the Council forecasts these increased cost pressures and how these are mitigated throughout the year.

(a) Adults' Services – £3.111 million overspend

The forecast variance within Adult Services primarily relates to external care package costs with a net forecast overspend of £2.904 million across all external packages. This is due to higher package costs seen via an increase in levels of need as well as packages no longer eligible for Continuing Healthcare (CHC) funding, increases in the average number of hours for home care packages, higher spot purchase prices and increased client numbers in supported living.

The charts overleaf show an increased forecast spend together with a relatively smaller increase in client numbers. The forecast contractual costs chart demonstrates the impact of inflation as well as increasing complexity of care, i.e. within a consistent client level, an increased unit cost of provision is impacting forecast spend. The additional contractual cost is partially offset by client income.



There is also an overspend of £0.264 million across the Directorate related to employee costs. This is due to the higher cost of agency staff filling vacancies in the establishment. Work is progressing within the Directorate to convert agency staff to permanent with a number of recommendations made for a number of temporary to permanent transfers for social work and front line care posts expected to be finalised in November and December.

In order to mitigate the forecast overspend, the following actions are being taken:

- Pre-Panel Practice and Validation Board – monitoring practice to support an independent view of right sized care and ensure pre-panel activity is robust. Month on month trends are also being monitored to consider areas of focus;
- Promotion/Take up of direct payments – work is continuing on community catalysts to support micro enterprise ideas to bolster availability of choice in the area. If this works well, personal budgets will become more attractive and reduce traditional service types;
- Early help/Intervention – A focus in existing work with the voluntary sector and social prescribing remains. The community wellbeing service is keeping many residents supported in their local communities and prevent more clients presenting at the Adult Services front door. In addition we are utilising our centre for independent living at Gadsby Street to reduce Occupational Therapy waiting lists, seeing people in a more timely way, supporting and promoting independence to

prevent, reduce and delay further deterioration and promote person centred approaches to keeping people safe in their own homes;

- Adult Social Care Contact Team – The team continues to emphasise support signposting, information, advice and assessment with a view to short term support to reduce longer term reliance on care packages;

(b) Children's Services – (£3.134 million) underspend

There is currently a forecast underspend on Looked After Children Placements of (£3.518 million). This is mainly due to a lower number of children in residential, secure and semi-independent living placements along with a lower average weekly cost per placement, than that budgeted. This is partially offset by an overspend in unregistered placements due to having two more placements than budgeted (reduced from three in June).

There is a forecast overspend of £1.210 million of employee costs across the Directorate primarily due to Agency staff being utilised to cover vacant Social Worker posts. A review of agency use across the Authority is underway and the impact of this will be shown in future reports. In addition to this, work is underway to increase the Social Work Academy, in order to increase the number of workers who can then start to replace agency staff and where possible converting agency to permanent employees.

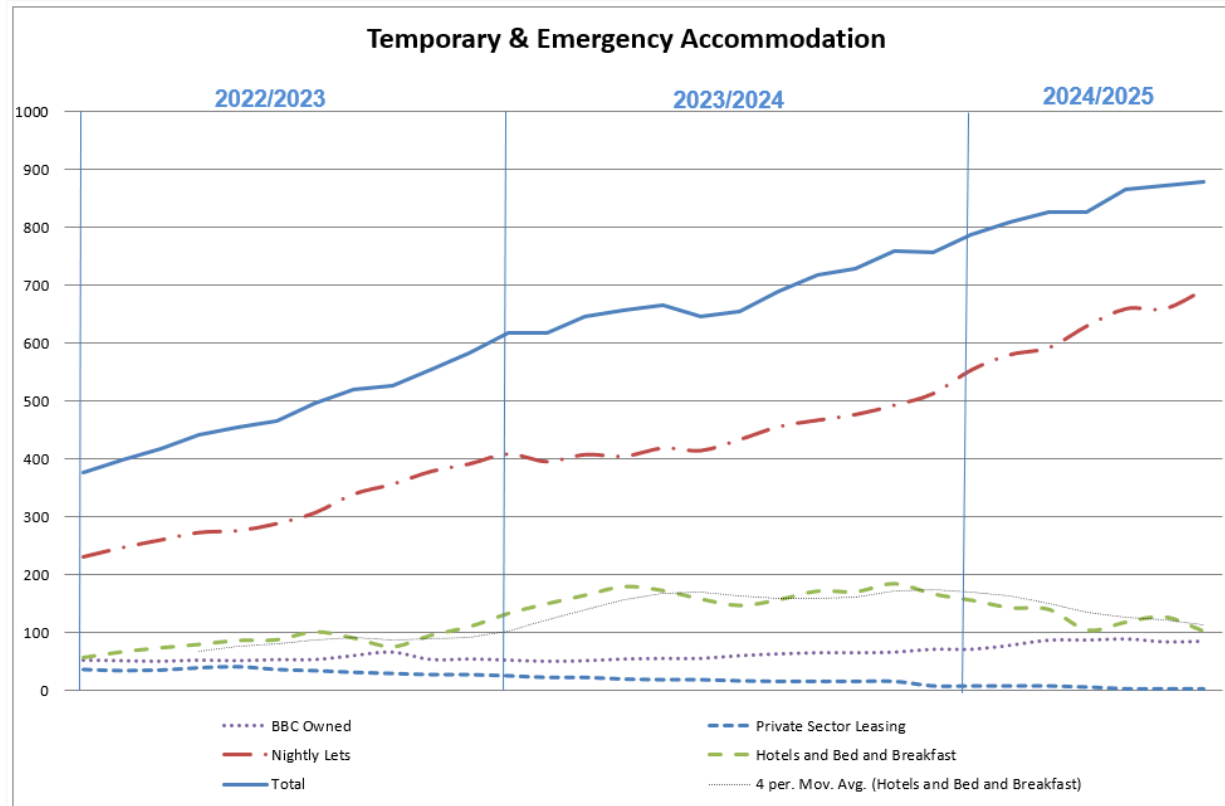
There is also a forecast underspend of £0.960 million related to home to school transport. This results from a retendering of all routes which has seen a reduction in the number of routes required, and a reduction in the average cost per pupil for the mainstream and SEND provision.

There is currently a forecast deficit of £0.464 million within the Dedicated Schools Grant (DSG) funded services relating to the High Needs Block. This is as a result of ongoing growth of Education and Health Care Plans (EHCP's) causing a pressure on top-ups, place funding and targeted SEN support. Work is ongoing to create a plan to reduce cost pressures, with a High Needs Board now set up to review the spend and actions chaired by the Director of Children's Services. It should be noted that this overspend is not included in the position reported within this report as this can be excluded from the General Fund position due to a statutory override introduced by the Government in 2020 which is currently due to expire in March 2026.

(c) Environment – £4.306 million overspend

The primary reason for the overspend in the Environment Directorate is Temporary Accommodation which is forecast to overspend by £3.200 million. This is due to an unprecedented demand for temporary accommodation.

The following graph shows the movement in temporary accommodation placements to date and the accommodation mix of the placements



A number of workstreams have been established with a view to improve efficiency and reduce costs including:

- The mix of property types has been reviewed and the use of Bed & Breakfast settings has been reduced in year along with the number of placements in Council owned properties increasing as a result of better monitoring of voids and maintenance along with further properties being acquired. It is recognised that an acceleration of the property acquisition programme is required in the second half of the year. Negotiations continue with nightly rate providers when making placements as well as pursuing block booking arrangements.

- A redesign of the taxi, removals and storage function to support temporary accommodation customers has been completed to provide this in house rather than relying on external providers. Recruitment is underway for a logistics lead to manage this service and expected to commence in November.
- More robust checks are now in place to ensure that housing benefit is recouped, and this will remain an area of focus going forwards.
- Implementing an accelerated rehousing plan to increase supply and reduce placement numbers throughout the remainder of the financial year

It should be noted that the team have prevented 187 cases of homelessness within the second quarter without which a further £2 million of costs would have been incurred.

An overspend of £0.161 million is forecast within Community Regulation mainly related to a shortfall in income from bereavement services. This is based on the trend to date within the burial income and the expected impact of a new crematorium in a neighbouring Authority. Fees and charges within this area have been reviewed and the forecast represents the impact of the revised charges and a reduction in forecast overspend of £0.169 million since the June report.

An overspend of £0.268 million is forecast within Grounds Maintenance and £0.159 million in refuse and recycling due to staffing costs and an above inflation increase to the Internal Drainage Board Levy.

There is an expected reduction in income of £0.100 million from sales of energy from Elstow Solar Park due to reduced wholesale price of electric

There is currently a forecast overspend of £0.404 million related to Planning as a result of the cost of agency staff to fill permanent positions.

It should be noted that spend related to the severe flooding experienced at the end of September and the emergency response to the gas explosion in Cleat Hill, have not yet been forecast within this report. Discussions are ongoing with MHCLG to determine if any funding is available for these two exceptional events.

(d) Chief Executives, Corporate Services and Finance – £0.476 million overspend

Asset and Estate management has a forecast overspend of £0.157 million due to additional costs of annual repair and maintenance contracts, increased costs of cleaning contracts, expected costs related to the Kempston Hub and income related to mineral and waste royalties and service recharge for the i-brand buildings. This is partially offset by increased commercial rent income. Work is ongoing to identify opportunities to reduce this overspend by reviewing the spend commitments related to repairs and maintenance and reviewing if there is scope for capitalising costs.

The remaining overspend across the service area is largely related to the use of agency staff to cover vacancies, with the spend on agency staff currently being reviewed.

(e) Public Health – £0.000 million over/underspend

The Public Health service is funded by a grant of £9.716 million, with any surplus held in the Public Health Reserve for use in future years. There is a planned use of reserves within 2024/2025 of £0.759 million for specific projects, along with a contribution to the Public Health reserve of £0.319 million giving a forecast net reduction of the reserve of £0.440 million.

(f) Financing – (£0.375 million) underspend

An overspend is forecast within Capital Financing of £2.419 million related to an increase in short term borrowing and corresponding interest payments for the Authority as a result of the timing of receipts within the Capital Programme and the revenue position. This position also includes a realised loss of £0.518 million, following the closure of the UBS Asset Income Fund in September. The fund, since inception in 2015 has generated £0.752 million to the revenue budget.

These costs are offset by:

- i. £0.600 million unutilised central inflation contingency budget pending allocation to inflationary budget pressures;
- ii. £0.646 million centralisation of discretionary spend budgets;
- iii. The release of £0.500 million from the corporate contingency budget;
- iv. The release of £0.773 million from the £0.913 million balance retained corporately from the additional £1.313 million funding support package awarded as part of the Final Local Government Settlement.

Revenue Budget – Summary Position

- 5.9 The table below summarises the budgetary position relevant to each Directorate, with detailed information by Directorate included at **Appendix A**:

Budget Forecast as at 30 June 2024	Current Budget	Forecast Outturn	Forecast Variance
	£ million	£ million	£ million
Adult Services	63.457	66.567	3.111
Children's Services	49.614	46.479	(3.134)
Chief Executives, Finance & Corporate Services	22.166	22.642	0.476
Environment	39.859	44.165	4.306
Public Health*	0.000	0.000	0.000
Operational Net Cost	175.096	179.854	4.758
Financing	(4.858)	(5.232)	(0.375)
Total	170.238	174.621	4.383

* Public Health is funded from a ringfenced grant and, therefore, any under or overspend is transferred to a separate Reserve

Revenue Budget – Mitigation of Pressures

- 5.10 Mitigating actions have already been taken by Directorates to respond to the forecast overspend and these are identified above. Further actions have been taken to reduce costs and defer costs and generate additional income in the revenue budget. A separate exercise to review and reprofile the Capital Programme with a view to reducing borrowing costs in year is also taking place. The result of this exercise is included in the Capital Programme Update report, elsewhere on the agenda for this Committee.
- 5.11 Further consideration is being given to identify actions to bring the budget in line by the end of the financial year that mitigate the impact on front line services, in consultation with Portfolio Holders.

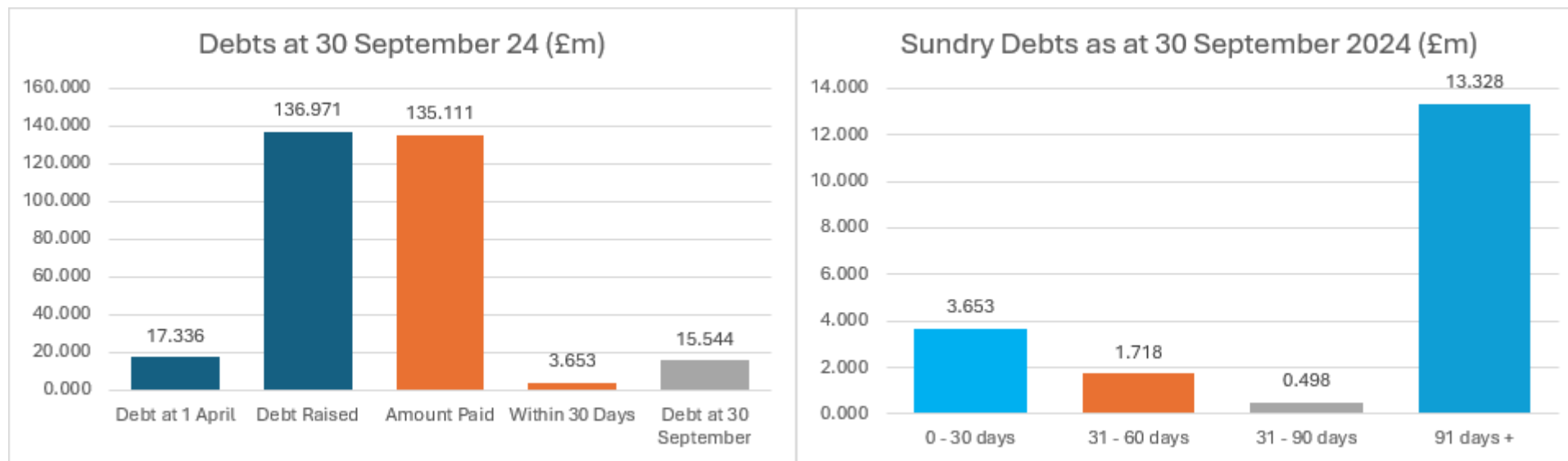
Revenue Budget – Analysis of Debt Outstanding

- 5.12 The level of sundry debt arrears is monitored and regularly reported to ensure that arrears are kept under control. The total value of sundry debts raised, up until 30 September 2024 (including arrears brought forward), was £154.308 million of which £19.197 million currently remains outstanding. This compares to a total sundry debt outstanding at the start of the financial year of £17.336 million. Of the balance outstanding, as at 30 September 2024, the sum of £15.544 million is categorised as being in arrears (i.e. payment had not been received within 30 days of the issue of the invoice), representing 10.1% of the total amount collectable for the year to date. An analysis of outstanding sundry debt is detailed below:

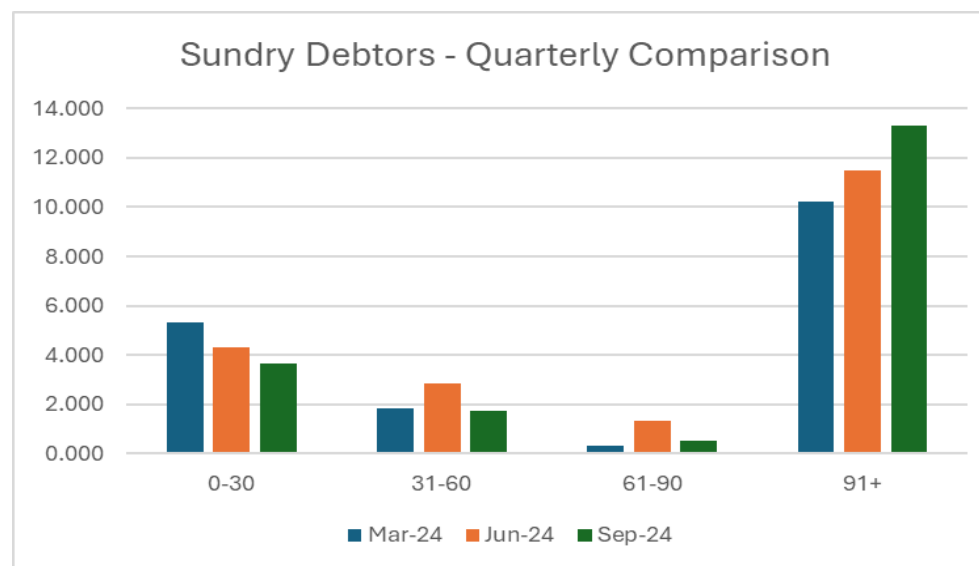
£ million	Paid	Debt 0-30 days	Debt 31-60 days	Debt 61-90 days	Debt 91 days +	Total
Total	135.111	3.653	1.718	0.498	13.328	154.308
Profile	87.56%	2.37%	1.11%	0.32%	8.64%	100%

£ million	0-30 days	31-60 days	61-90 days	91 days +	Total
Total debt	3.653	1.718	0.498	13.328	19.197
Profile of debt	19.0%	8.9%	2.6%	69.4%	100%

- 5.13 The profile of debt highlights that £13.328 million of the debt has been outstanding for longer than 91 days (69.4%) and, as such, represents a risk of non-recovery. £7.886 million of the debt outstanding for longer than 91 days relates to adult social care.
- 5.14 The charts below set out the position as at 30 September 2024.



5.15 The Chart below shows the movement in debt throughout the year.



5.16 Recovery action relating to debt is carried out in accordance with the Fair Debt Collection Policy. In addition to this the following actions are being undertaken to work towards reducing the aged debt:

- regular communication with relevant teams to review and resolve queries related to individual debts;
- investigate Probate accounts to identify executors' and facilitate payments;
- a review of all debt over 91 days old is underway to reduce this value going forward and maximise collection, prioritising the larger debts;
- a review of agreed payment plans related to debt is being undertaken to ensure payments are received on the terms agreed

Revenue Grants Received

5.17 Part 12 of the Constitution requires the Authority to report unbudgeted additional income over £50,000 as an Executive Decision. The Trends Report includes those grants received in the quarter. The Authority has been awarded the Grants shown in **Appendix B.** It is recommended that these grants be accepted to be utilised for the purposes outlined in the appendix. The total grant value is £0.341 million.

Capital Programme

5.18 The Capital Programme is being considered as a separate item within the agenda.

6 ALTERNATIVES CONSIDERED AND REJECTED

6.1 The Constitution delegates authority to manage the Revenue Budget and report back to Full Council as appropriate in line with Part 12 (the Financial Procedure Rules) where required, therefore, no alternatives have been considered.

7 KEY IMPLICATIONS

7.1 Legal Issues	The Council is required, by law, to set a balanced revenue budget each year, which for 2023/2024, was approved by Full Council on 7 February 2024. The purpose of this report, in accordance with best financial management practice, is to advise the Executive of significant variations from that budget.
7.2 Policy Issues	<p>The Medium-Term Financial Strategy (MTFS) states that, to ensure a continuously stable financial base for the provision of Council services and functions, the Council will ensure that annual ongoing General Fund revenue expenditure can be covered by annual income sources in each and every financial year. The MTFS requires regular reports to be submitted to the Executive in respect of budget trends and this report provides an update on the latest budget position. The report highlights a number of emerging budget issues that will continue to be monitored, and actions taken to reduce the overspend during the remainder of 2024/2025.</p> <p>The MTFS also requires that due regard is given to revenue budget forecasts and that any increase in the ongoing annual revenue budget will be subject to the expenditure being either legally unavoidable or considered affordable after taking into account:</p> <ul style="list-style-type: none"> (i) any forecast savings targets; (ii) implications on Council Taxpayers in future years. <p>The Council's Capital Strategy sets the framework for the Capital programme and incorporates Prudential Indicators to ensure that capital investment is prudent, sustainable and affordable.</p>
7.3 Resources	<p>The Council's approved 2024/2025 gross General Fund Revenue Budget reported to Full Council on 7 February 2024 is £510.184 million. This is reduced by income from specific grants, subsidies, fees, charges and rents which can be subject to variation as well as fixed income sources such as commuted sums, planned use of Reserves giving a net budget requirement of £170.238 million.</p> <p>A review of forecast expenditure and income has highlighted that there are variations compared to the approved budget and, as such, these variations are set out in this report.</p>

7.4 Risks	<p>Prior to setting the budget the Council is required to take into account the Chief Finance Officer's Report under Section 25 of the Local Government Act 2003 in relation to the robustness of the budget estimates and the adequacy of financial Reserves. This report highlights potential risks and additionally sets out how those risks will be mitigated including an effective budget monitoring framework with appropriate and timely reporting of forecasts against agreed budgets.</p> <p>The budget is monitored on a monthly basis to identify risks and take action to mitigate the risks when they arise. The Council holds a contingency (£0.5 million) with regard to budgetary risk in year, together with a range of Reserves to deal with specific issues and a General Fund Balance of £11.0 million.</p>
7.5 Environmental Implications	There are no environmental implications arising directly from the report.
7.6 Equalities Impact	The activity has no relevance to Bedford Borough Council's duty to promote equality of opportunity, promote good relations, promote positive attitudes and eliminate unlawful discrimination. An equality impact assessment is not needed.
7.7 Impact on Families	This report has no new implications for Families. Family services are included as part of the overall 2024/2025 budget
7.8 Community Safety and Resilience	This report has no new implications for Community Safety and Resilience. Community Safety services are included as part of the overall 2024/2025 budget
7.9 Impact on Health and Wellbeing	This report has no new implications for Health and Wellbeing. Health and Wellbeing services are included as part of the overall 2024/2025 budget

8 **SUMMARY OF CONSULTATIONS AND OUTCOME**

8.1 The following Council units or Officers and/or other organisations have been consulted in preparing this report:

Corporate Leadership Team

All comments have been taken into consideration in the preparation of this report.

9 CONTACTS AND REFERENCES

Report Contact Officer	<i>Julie McCabe, Assistant Chief Executive (Finance) and Chief Finance Officer e-mail: julie.mccabe@bedford.gov.uk</i> <i>Rhiain Bevan, Chief Officer for Finance e-mail: rhiain.bevan@bedford.gov.uk</i>
File Reference	<i>F.1(b) and F.1(d)</i>
Previous Relevant Minutes	<i>None</i>
Background Papers	<i>None</i>
Appendices	<i>A - Budget Monitoring by Directorate – Forecast Position as at 30 September 2024</i> <i>B – Revenue Grants</i>

Budget Monitoring by Directorate – Forecast Position as at 30 September 2024

	Current Budget £000	Forecast £000	Forecast Variance £000	Forecast Variance %	RAG Status
Adults Management	3,878	4,168	290	7.5%	R
Adult Social Care - External	49,495	52,400	2,904	5.9%	R
Adult Social Care - In House	10,083	9,999	(83)	(0.8%)	G
Adult Services	63,457	66,567	3,111	4.9%	A
Chief Executive	1,361	1,368	8	0.6%	G
Performance & Democratic Services	3,058	3,178	120	3.9%	A
Assessment Application & Business Support	6,167	6,257	90	1.5%	G
Legal & Personnel	1,286	1,382	96	7.5%	R
Technology	5,073	5,073	(0)	(0.0%)	G
Asset & Estate Management	(542)	(385)	157	29.0%	R
Finance	4,557	4,562	5	0.1%	G
Strategic Commissioning & Procurement	885	885	-	0.0%	G
Project Management Office	320	320	-	0.0%	G
Chief Executives, Finance & Corporate Services	22,166	22,642	476	2.1%	A
Children's Management	339	273	(65)	(19.3%)	G
Education, SEND & School Infrastructure	11,232	10,210	(1,022)	(9.1%)	G
Looked After Children & Social Work	38,044	35,996	(2,047)	(5.4%)	G
Childrens Services	49,614	46,479	(3,134)	(6.3%)	G

	Current Budget £000	Forecast £000	Forecast Variance £000	Forecast Variance %	RAG Status
Environment Management	614	514	(100)	(16.3%)	G
Environment	14,664	15,327	663	4.5%	A
Transport, Highways and Engineers	5,866	5,941	75	1.3%	G
Planning, Infrastructure and Growth	1,603	2,011	408	25.5%	R
Regulatory Services and Culture	6,046	6,106	60	1.0%	G
Housing	11,066	14,266	3,200	28.9%	R
Environment	39,859	44,165	4,306	10.8%	R
Capital Financing	4,736	7,154	2,419	51.1%	R
Other Corporate Budgets	(9,593)	(12,387)	(2,793)	(29.1%)	G
Financing	(4,858)	(5,232)	(375)	(7.7%)	G
Public Health	-	-	-	0.0%	G
Public Health	-	-	-	0.0%	G
Grand Total	170,238	174,621	4,383	2.6%	A

Revenue Grants

Directorate	Grant	Awarding Body	2024/2025 Value £000	Proposed Use of Grant
Children's	Mockingbird programme	DfE to Norfolk County Council as lead for East region	82	To provide support to foster carers. Having a hub that offers planned and emergency sleepovers and short breaks.
Children's	Early years budget grant (EYBG)	DfE - Education & Skills Funding Agency	139	To support early years providers who are delivering the government's early years entitlements with their costs, following the recent teacher pay award, for the period September 2024 to March 2025.
Environment	Public transport Enhancement	DfT Active Travel Capability	100	The active travel grant funding supports local transport authorities with producing cycling and walking facilities.
Environment	Planning Skills Development Fund	MHCLG	20	The grant covers revenue expenditure relating to the improvement of planning services by supporting skills development.
			341	