Brighton & Hove City Council

Cabinet

Agenda Item 159

Subject:	**Targeted Budget Management (TBM) 2024/25 Month 9 (December)**
Date of meeting:	**Thursday, 13 February 2025**
Report of:	**Cabinet Member for Finance & City Regeneration**
Contact Officer:	**Name: Nigel Manvell, S151 Chief Financial Officer**
	Tel: 01273 291233 **Email: nigel.manvell@brighton-hove.gov.uk**

Ward(s) affected: (All Wards)

Key Decision: Yes

Reason(s) Key: Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000 and is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

For general release

1 Purpose of the report and policy context

1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an indication of forecast risks as at Month 9 on the council's revenue and capital budgets for the financial year 2024/25.

1.2 The forecast outturn risk for 2024/25 at this stage is a £3.310m overspend on the General Fund revenue budget representing 1.3% of the net budget and approximately 0.7% of the gross budget. This includes a forecast overspend risk of £1.522m on the NHS managed Section 75 services.

1.3 The report also includes monitoring of savings programmes which are also shown to be at risk with the report indicating that £4.777m (20%) of the very substantial savings package in 2024/25 of £23.627m is potentially at risk.

1.4 The forecast indicates a significant improvement of £3.498m since the Month 7 forecast but a forecast overspend risk remains. As outlined in the month 5 TBM report to Cabinet, strengthened recruitment and spending controls have been instigated to provide assurance that the position can be managed down over the remaining months of the year.

1.5 It should be noted that the council has recently restructured its directorates and senior management structure to make significant savings. The new structure was implemented on 1 January and therefore this report is in the old format but all future reports will be reported under the new structure.

2 Recommendations

2.1 Cabinet notes the forecast risk position for the General Fund, which indicates a potential forecast overspend risk of £3.310m.

2.2 Cabinet notes the forecast outturn includes a forecast overspend risk of £1.522m on the NHS managed Section 75 services.

2.3 Cabinet notes the forecast breakeven position for the separate Housing Revenue Account (HRA).

2.4 Cabinet notes the forecast overspend risk for the ring-fenced Dedicated Schools Grant, which is an overspend of £1.276m.

2.5 Cabinet notes the forecast position on the Capital Programme which is an underspend variance of £2.188m.

2.6 Cabinet approves the capital budget variations and re-profiling requests set out in Appendix 6.

2.7 Cabinet approves new capital schemes requested in Appendix 7.

2.8 Cabinet notes the Treasury Management update as set out in Appendix 8.

3 Context and background information

Targeted Budget Management (TBM) Reporting Framework

3.1 That The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Cabinet. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending through effective financial recovery planning together with more regular monitoring of high risk demand-led areas as detailed below.

3.2 The TBM report is normally split into the following sections:

- i) General Fund Revenue Budget Performance
- ii) Housing Revenue Account (HRA) Performance
- iii) Dedicated Schools Grant (DSG) Performance
- iv) NHS Controlled S75 Partnership Performance
- v) Capital Investment Programme Performance
- vi) Capital Programme Changes
- vii) Implications for the Medium Term Financial Strategy (MTFS)
- viii) Comments of the S151 Chief Financial Officer

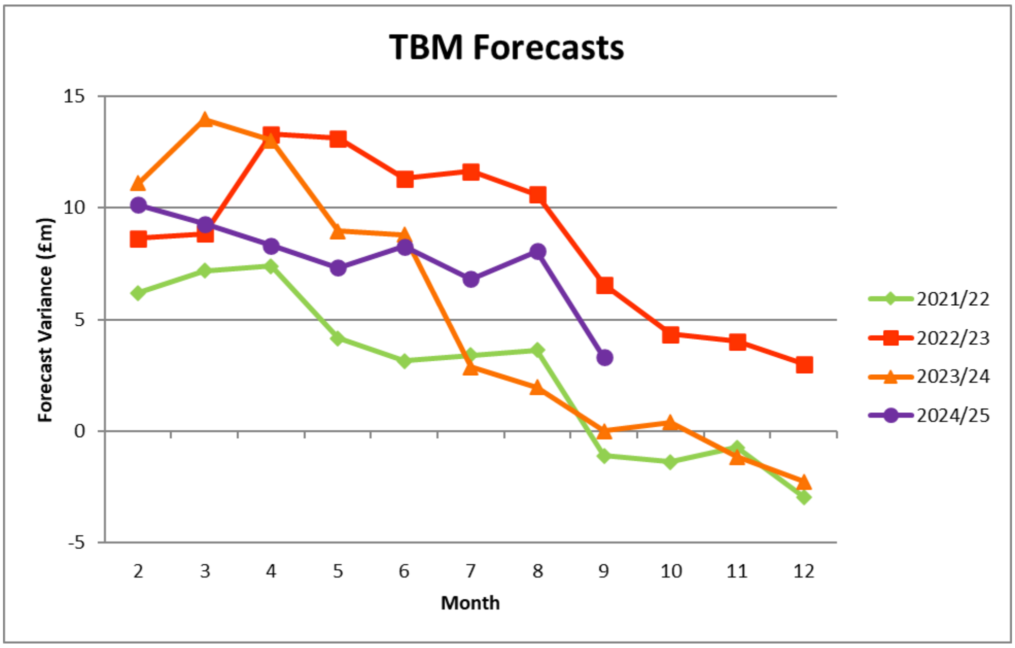
4 General Fund Revenue Budget Performance (Appendix 3)

4.1 The table below shows the forecast outturn for council-controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Corporate Leadership Team. More detailed explanation of the variances can be found in Appendix 4.

Forecast Variance Month 7 £'000	Directorate	2024/25 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(588)	Families, Children & Learning	69,833	68,892	(941)	-1.3%
4,542	Housing, Care & Wellbeing	126,138	128,642	2,504	2.0%
1,205	City Services	46,870	46,909	39	0.1%
119	Corporate Services	34,900	34,440	(460)	-1.3%
5,278	Sub Total	277,741	278,883	1,142	0.4%
1,530	Centrally-held Budgets	(19,844)	(17,676)	2,168	10.9%
6,808	Total General Fund	257,897	261,207	3,310	1.3%

4.2 The General Fund includes general council services, corporate budgets and central support services. Corporate Budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools).

4.3 The chart below shows the monthly forecast variances for 2024/25 and the previous three years for comparative purposes.

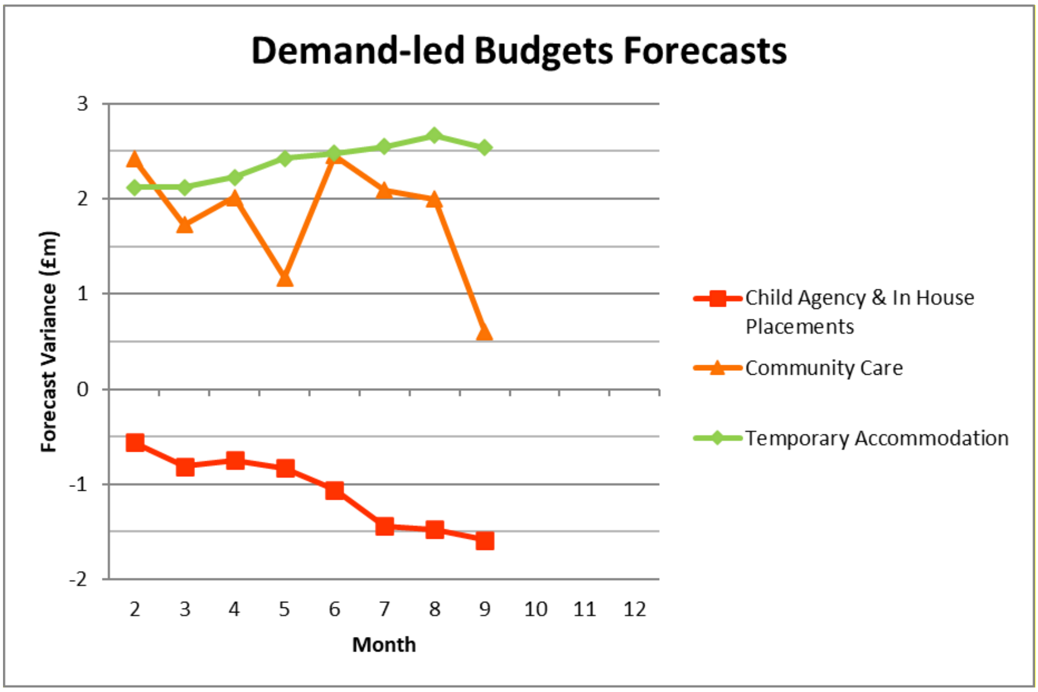


<u>Demand-led Budgets</u>

4.4 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are budgets of corporate significance where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These can include income related budgets. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 7 £'000	Demand-led Budget	2024/25 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(1,439)	Child Agency & In House Placements	27,575	25,990	(1,585)	-5.7%
2,089	Community Care	79,271	79,875	604	0.8%
2,548	Temporary Accommodation	6,418	8,953	2,535	39.5%
3,198	Total Demand-led Budget	113,264	114,818	1,554	1.4%

The chart below shows the monthly forecast variances on the demand-led budgets for 2024/25.



TBM Focus Areas

4.5 There are clearly ongoing pressures across many areas of the council, particularly front-line, demand-led areas which is a clear indicator of the inflationary and demand pressures driven by current economic conditions. Key areas of pressures are outlined below:

4.6 **Children's Services:** The current projected position identifies potentially a significant cost pressure of £0.730m on Home to School transport. This, together with underspends on Children's Placements of (£1.585m) and other underspends of (£0.086m), results in a forecast underspend of (£0.941m) as at Month 9. Key drivers of the projected position are as follows:

- **Home to School Transport:** There are several factors contributing to overspends in Home to School Transport. These include increased demand on the service (both at 5-16 ages, and 16 up until 19th birthday), increased numbers of children requiring single occupancy journeys, lack of local SEND school sufficiency, and increased numbers of routes required to accommodate individual post 16 learners' timetables. Market forces within SEND transport are also contributing to overspend in Home to School Transport. The service is being increasingly impacted by local driver, vehicle passenger assistant, vehicle shortages and increased running costs.

  There is also a lack of competition in the transport market, particularly minibus providers, which is pushing up contract prices still further. There is increasingly less capacity in the local system to meet demand, not just in the numbers of children requiring transport but the nature of the transport requirements. There is an increase in solo routes being created, both to educational provisions where they are the only children attending and using HTST. Since September, we have created 12 more routes and 10 of those have been solo.

<u>Schools' Budgets</u>

For 2024/25 there were 31 schools requiring Licensed Deficits which totalled £7.5 million. In July the council's Chief Financial Officer (CFO) and the Corporate Director of Families, Children & Learning agreed compliant licensed deficits totalling £6.5m. With net School Surplus Balances of only £0.281m there are insufficient balances to license deficits within the Scheme for Financing Schools. The CFO has advised that a reserve will need to be identified which this deficit can be set against. Two schools could not balance within 5 years and these deficits total c. £1m and remain unapproved with further discussions taking place.

The forecast for the 2024/25 central Dedicated Schools Grant is an overspend of £1.276m. It is also important to note that the central DSG budget for 2024/25 includes the one-off funding from the underspend of £1.275m carried forward from 2023/24. This means there is an in-year overspend of £2.551m. The DSG position is described in more detail in section 5 below.

4.7 **Adults Services:** The service faces significant challenges in 2024/25 in mitigating the risks arising from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining a resilient local provider market. It is to be noted that this is after applying service pressure funding of £10.302m in 2024/25 which has been used to fund budget pressures resulting from the increased complexity and costs of care.

The 2024/25 savings plan for Health & Adult Social Care totals £4.712m. There are continued actions focussing on attempting to manage demand on and costs of community care placements across Assessment Services and making the most efficient use of available funds.

The service has an ongoing Modernisation Programme which aims to implement a consistent strengths-based approach across key work streams, ensuring robust pathways are in place, developing a community reablement offer and re-designing the front door service. Currently the Health & Social Care system is under considerable pressure, and this is generating additional costs for the council due to:

- Pressures on the system due to short-term grant monies and an unresolved national, long-term funding solution;
- Significant pressures on the acute hospital resulting in increased costs to support timely discharge into residential, nursing and home care;
- Pressures on NHS outreach and other preventative services including community nursing (known as Integrated Primary Care Teams);
- Workforce capacity challenges across adult social care services.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. Established safeguards are in place to provide assurance within this process.

In respect of financial recovery and the ongoing management of Community Care Budget pressures, a monthly savings and efficiencies meeting provides rigorous monitoring and oversight of the Adult Social Care & Health savings progress. Additionally, each month the top ten spends on placements and packages of care are reviewed to ensure immediate remedial action is undertaken to look at options and, wherever possible, reduce the cost of care whilst meeting assessed need. Negotiations are also underway with Sussex partnership NHS Foundation Trust regarding addressing the current high spending commitment within the Mental Health s75 arrangements.

Housing Services and Temporary Accommodation (TA): As previously reported, since December 2023 there has been a steady increase in demand. During 2023/24, this increase in Brighton & Hove was 3%, compared to 10% nationally. As well as demand pressures there are also price pressures, with the average price of nightly accommodation increasing by 12% since 2023/24. As a result of these pressures, the temporary accommodation service is forecast to overspend by £2.612m and £1.146m of savings are at risk of not being met. The overspend is partially offset by financial recovery measures of £0.050m.

A TA Reduction Plan has been developed, setting out a range of activities being undertaken to either reduce the number of households entering into TA; assist households to move on from TA, or reduce the cost of the TA we are using. As a broad overview, these actions can be categorised as Prevention, Move-on's to sustainable accommodation, cost reduction measures, and increasing income through improved collection and reducing void turnaround times.

A dashboard has been developed, with weekly meetings involving Senior Managers within both Housing and Finance to track the effectiveness of these measures. The overspend currently relates to the following elements:

Emergency nightly booked (Spot Purchased) accommodation is forecast to overspend by £2.006m. 402 households were housed in nightly booked accommodation which is 242 higher than budgets allow and the forecast assumes this will increase to 415 by the end of March 2025. Additionally, the price of nightly booked accommodation has seen a steep increase of around 10% compared to prices in 2023/24.

The underlying trend is that the number of households using nightly booked accommodation is increasing due to changes to the private rented sector with many landlords exiting the market. This market disruption has been caused by cumulative events including increases in landlord taxes, increased mortgage rates, and threats of impending legislation. This has a double impact on homelessness. ‘End of Private Rental’ is the main reason for homelessness, but in the last two reporting quarters, this has increased from 34% of all new cases to 61%. The Private Rented Sector is also the greatest means of preventing homelessness.

Booked Accommodation: This budget is forecast to overspend by £0.696m. The budget assumed that there would be an average of 261 units of block booked accommodation for the year 2024/25. The forecast assumes 365 properties including an additional 25 units recently acquired to offset the high costs of spot purchase and to offset the loss of private sector leased accommodation. The forecast assumes this level will remain for the remainder of the year due to the current level of demand on the service and the limited opportunities for move on to social housing and the private rented sector.

Private Sector Leased (PSL) TA budget is forecast to underspend by (£0.228m). Generally, PSL’s are the best form of TA, both in in terms of cost and quality. In 2023/24 the number of landlords exiting this market, contributed to a 7% reduction in PSL properties. So far in 2024/25, there has been a further reduction of 48 properties with many property renewal contracts still in negotiation. This forecast assumes PSL TA properties will reduce by a total of 66 properties this year. This is based on prior year trends but also the number of leases (over 50% of stock) coming to an end this financial year. The downward trend has slowed as the service has been successful over recent months enabling more leases to be renegotiated. There is also a marketing campaign underway to make potential landlords aware of the benefits of leasing to the council.

The service is continuing to look for measures to reduce the number of households accommodated, looking for innovative and different methods of provision and move-on options as part of the TA Reduction Action Plan, the broad themes of which have been set out above. The service is also aiming to make greater use of empty council housing stock on a short-term basis.

4.8 **City Services:** The Directorate has substantial income budgets for parking, planning and venues and for the council’s commercial property portfolio. All of which are dependent on visitor numbers, commercial activity, the property market and the general economy. There are challenging savings targets in-year of which most relate to efficiency savings by providing services in a different way as well as generating additional income. Of the £7.039m savings planned for the 2024/25 financial year, £5.677m is achieved or anticipated to be achieved, with the remaining £1.362m at risk. The most significant areas of shortfall are £0.357m for parking tariff and permit fees increases, £0.300m for increased planning fees, £0.355m release of heritage legacy funds and £0.320m for new and increased commercial income activities.

Directorate activities and services were heavily impacted by COVID-19 in previous years and the services are starting to see a steady return, in line with city recovery. The savings targets can only be achieved if demand exceeds pre-2019 levels for key income areas such as paid parking, commercial activities and Planning & Building Control fee incomes. In-year pressures are being mitigated by reductions in supplies & services and holding vacant posts to reduce staffing costs, but this directly affects service delivery and has a visible impact on the city.

City Services has been working on financial recovery plans and measures to mitigate the forecasted overspends which has resulted in an improvement of £1.166m from month 7 bringing the forecast overspend down to £0.039m. This includes the pressure of £0.600m relating to amounts payable under the Royal Pavilion Museums Trust agreement toward the 2024/25 pay award and pressures identified in City Environmental Management services resulting in a £0.511m worsened position. Offsetting these pressures is a significant movement in the forecast for Transport which has seen a £1.394m improvement from Month 7.

4.9 **Centrally-held Budgets:** There is a forecast overspend of £3.168m on centrally-held budgets. Of this £1.365m relates to the estimated additional cost of the 2024/25 pay award in excess of the amount provided for in the budget.

There is also a pressure of £0.700m on Insurance budgets caused by an increase in the value of claims paid.

There is an estimated pressure of £1.039m on the Housing Benefit Subsidy budget. The main element of this is a pressure of £0.840m on a certain benefit type for vulnerable tenants which is not fully subsidised. This pressure has continued to rise since last year but is being investigated to assess what steps can be taken to reduce it. There is also a pressure of £0.179m on the net position of the recovery of overpayments.

The corporate ‘Organisational Redesign’ saving of £2.475m is also held in this area. The redesign has now been completed and the new organisational structure came into force on 1 January 2025. As noted previously, an additional vacancy target was applied council-wide, generating savings of £1.271m to recognise the lead-in time to implement the redesign. A risk provision of £1.000m was also set aside to mitigate this risk and these two measures substantially cover the savings target.

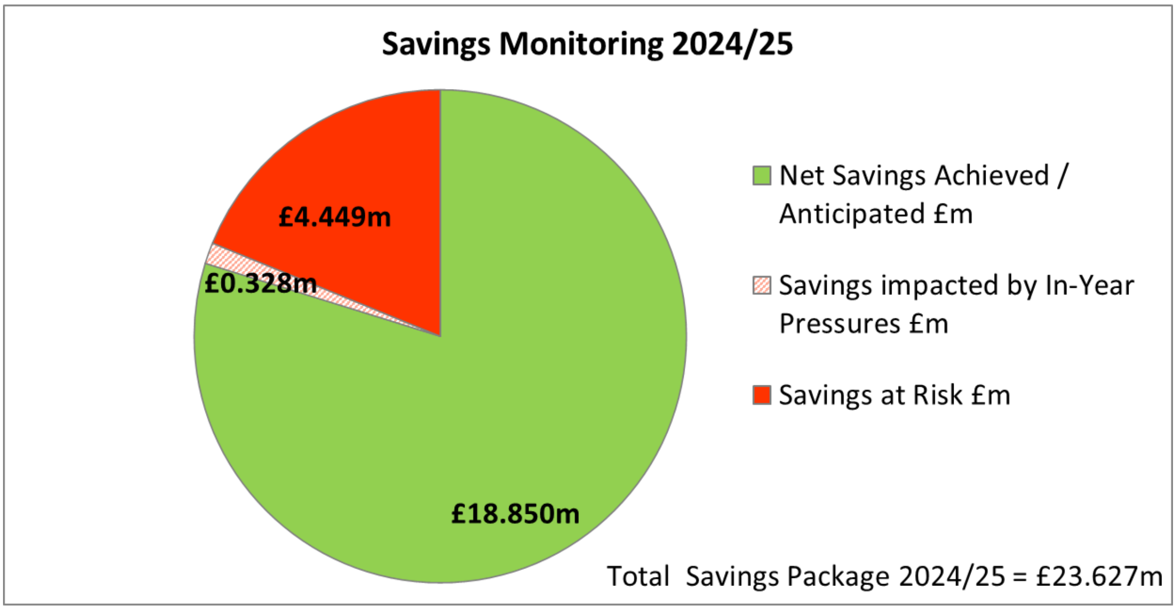
There is a forecast underspend of £0.747m on financing costs due to increased investment income as a result of higher balances than forecast and long term borrowing being delayed until next year.

There has also been an increase of £0.238m in the Homes for the City of Brighton & Hove LLP distributable profit recognised for the financial year ending 31 March 2024, following the final sign off of the Statement of Accounts for 2023/24.

Monitoring Savings

4.10 The savings package approved by full Council to support the revenue budget position in 2024/25 was £23.627m following directly on from a £14.173m savings package in 2023/24 and 14 years of substantial savings packages totalling over £232m since government grant reductions commenced in 2010, and which have been necessary to enable cost and demand increases to be funded alongside managing the reductions in central government grant funding.

4.11 Appendix 4 provides a summary of savings in each directorate and indicates in total what has been achieved, what has been offset by in year pressures and the net position of unachieved savings. Appendix 5 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 9 and shows that gross savings of £19.178m have been achieved but that inflationary pressures (exceptional price increases) have reduced this by £0.328m. Including other unachievable savings of £4.449m, this means that a total of £4.777m (20%) is forecast to be unachieved in 2024/25.



5 Housing Revenue Account Performance (Appendix 4)

5.1 The Housing Revenue Account (HRA) is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. The majority of expenditure is funded by Council Tenants' rents and housing benefit (rent rebates). The forecast outturn is breakeven, this position includes an overspend of £0.229m across service areas offset by an underspend against the capital financing budgets. The latest forecast includes pressures arising from the Large Panel Systems (LPS) emergency response, as well as variances within specific service areas, details of which are provided below. Any overspend in the HRA will result in a contribution from general reserves at year end, if it cannot be managed down.

HRA Risks

5.2 The HRA is entering into a period of significant uncertainty regarding the financial position, there are major risks that need to be addressed and monitored to ensure that the position remains stable. These risks include but are not limited to:

- Health & Safety compliance
- Building Safety compliance
- Disrepair claims
- Rent arrears and collection rate

5.3 The HRA will continue to review spend to try to maintain the current financial position. Any variations will be reported to future Cabinet meetings.

6 Dedicated Schools Grant Performance (Appendix 4)

6.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant within the General Fund which can only be used to fund expenditure on the Schools' Budget. The Schools Budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is currently an overspend of £1.276m and more details are provided in Appendix 4. Under the Schools Finance Regulations any underspend or overspend must be carried forward within the Schools' Budget in future years.

7 NHS Managed S75 Partnership Performance (Appendix 4)

7.1 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services. The provisional outturn is an overspend of £1.522m and more details are provided in Appendix 4.

8 Capital Programme Performance and Changes

8.1 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall underspend of £2.188m which is detailed in Appendix 6.

Forecast Variance Month 7 £'000	Directorate	Reported Budget Month 9 £'000	Provisional Outturn Month 9 £'000	Provisional Variance Month 9 £'000	Provisional Variance Month 9 %
0	Families, Children & Learning	15,935	15,935	0	0.0%
190	Housing, Care & Wellbeing	6,696	6,789	93	1.4%
0	City Services	55,149	55,149	0	0.0%
(1,486)	Housing Revenue Account	78,606	76,325	(2,281)	-2.9%
0	Corporate Services	7,214	7,214	0	0.0%
(1,296)	Total Capital	163,600	161,412	(2,188)	-1.3%

(Note: Summary may include minor rounding differences to Appendix 6)

8.2 Appendix 6 shows the changes to the 2024/25 capital budget. Cabinet's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at Month 7.

Summary of Capital Budget Movement	**Reported Budget Month 9 £'000**
Budget approved as at TBM month 7	170,558
Changes reported at other committees and already approved	0
New schemes (for approval – Appendix 7)	198
Variations to budget (for approval – Appendix 6)	2,737
Reprofiling of budget to later years (for approval – Appendix 6)	(8,293)
Slippage (for noting only)	(1,600)
Total Capital	**163,600**

8.3 Appendix 6 also details any slippage into next year. At this stage project managers have forecast that £1.6m of the capital budget will slip into the next financial year.

9 Implications for the Medium-Term Financial Strategy (MTFS)

9.1 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to full Council. This section highlights any potential implications for the current MTFS arising from the 2024/25 financial year and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.

Capital Receipts Performance

9.2 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Modernisation Fund, Asset Management Fund and the Information, Technology and Digital Investment Fund. The planned profile of capital receipts for 2024/25, as at Month 9, is £12.736m which includes receipts expected for Land at Mile Oak, a major industrial lease extension and the land site disposals at Moulsecoomb relating to the housing project. There are also a number of residential and commercial properties identified for disposal as reported within the Residential Property Strategy report and Commercial Investment Property Strategy report to committee in December 2023 as well as the disposals approved by Cabinet on 27 June 2024.

9.3 To date there have been receipts of £1.968m in relation to the sale of land at Portland Road, 61 Park Street, 43 Shirley Street, 39a George Street, 23 Upper Lodges Ditchling Road, 2 Varndean Cottages and some minor lease extensions and loan repayments. The capital receipts performance will be monitored over the remainder of the year against capital commitments.

9.4 The forecast for the 'right to buy sales' in 2024/25 (after allowable costs and repayment of housing debt) is that an estimated 20 homes will be sold. It is anticipated that a net retained receipt of up to £1.000m available to re-invest in replacement homes, the flexibility that was allowed by an amendment to the RTB policy allowing the council to retain the treasury share for two years from 2022/23 for two years has now come to an end, reducing the net capital receipt available during 2024/25. In addition to this net retained receipt the HRA will also retain circa £0.540m to fund investment in the HRA capital programme, specifically the new supply of affordable housing. To date 12 homes have been sold in 2024/25.

Collection Fund Performance

9.5 The Collection Fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police & Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.

9.6 The council tax collection fund is forecasting an overall deficit position of £2.606m, of which the council's share is £2.204m. The main drivers for this deficit are a reduction in the ultimate collection rate of 0.5% (£1.012m), increased council tax reduction (CTR) claimant numbers (£0.640m), increased Severely Mentally Impaired (SMI) backdated exemption forecast cost (£0.725m) and backdated student exemption cost (£0.889m). Partially offsetting these increased costs is the increased empty property premium income and net banding increases.

9.7 The business rates collection fund forecast remains as an overall deficit position of £2.306m which relates entirely to the brought forward position arising from higher appeals costs. The council share of this deficit position after allowing for section 31 compensation grants is £0.935m. Although the forecast for the current year is to break even there are some large movements within this. The main areas for increased costs are higher than anticipated cost from appeals against the 2017 rating list of £3.914m and higher empty relief awarded of £1.013m. There has been a significant increase in the liability from a backdated increase to the rateable value of a single assessment amounting to £4.836m.

Reserves, Budget Transfers and Commitments

9.8 The creation or re-designation of reserves, the approval of budget transfers (virements) of over £1 million, and agreement to new financial commitments of corporate financial significance require Cabinet approval in accordance with the council's Financial Regulations and Standard Financial Procedures. There are no items requiring approval at this stage.

10 Treasury Management Update

10.1 The 2024/25 Treasury Management Strategy, including the Annual Investment Strategy was approved by full Council on 22 February 2024.

10.2 The CIPFA Treasury Management Code requires the performance of the treasury management activity against the strategy and key prudential and treasury indicators to be reported at least twice a year. This was previously presented to Strategy, Finance and City Regeneration Committee as separate reports in July and December of each year and will now be reported to Cabinet as part of the TBM process.

10.3 The treasury management activity to month 9 (December) in 2024/25 is provided in Appendix 8. The main points are:

- The council entered into £25.000m of PWLB borrowing in December 2024 at an interest rate of 4.69% to support the HRA Capital Programme delivery and repay internal borrowing from the General Fund. This was undertaken for the period of one year, when it is expected to be refinanced at lower interest rates. No other long-term borrowing was entered into during the period;
- The council held £5.500m of new short term borrowing as at 31 December 2024. This was required to meet short-term cash requirements at the end of the month;
- The highest risk indicator during the period was 0.003% which is below the maximum benchmark of 0.050%;
- The return on investments has exceeded the target benchmark rate in the period of Oct-Dec 2024 by 0.08%
- The two borrowing limits approved by full Council have not been exceeded, and;
- The Annual Investment Strategy parameters have been met throughout the period.

11 Analysis and consideration of alternative options

11.1 The forecast outturn position on council-controlled budgets is an overspend of £3.310m including an overspend on NHS managed Section 75 services of £1.522m. Any overspend at year-end would either need to be carried forward or potentially met from available one-off resources including the Working Balance.

12 Community engagement and consultation

12.1 No specific consultation has been undertaken in relation to this report.

13 Financial implications

13.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Corporate Leadership Team and members and the management and treatment of strategic financial risks is considered by the Audit, Standards & General Purposes Committee.

Finance Officer consulted: Jeff Coates Date: 23/01/2025

14 Legal implications

14.1 Decisions taken in relation to the budget must enable the council to meet its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax-payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

14.2 The Treasury Management actions reported in the review document at Appendix 8 are carried out in accordance with the powers conferred by Part 1 of the Local Government Act 2003, which permit local authorities to invest for the purposes of the prudent management of their financial affairs. Regard must be had to statutory guidance in the form of the Prudential Code for Capital Finance in Local Authorities issued by the Chartered Institute of Public Finance and Accountancy. The Council’s approach is considered to be consistent with that Code and the requirements of the Act.

Lawyer consulted: Elizabeth Culbert Date: 24/01/2025

15 Equalities implications

15.1 There are no direct equalities implications arising from this report.

16 Sustainability implications

16.1 Although there are no direct sustainability implications arising from this report, the council’s financial position is an important aspect of its ability to meet Corporate Plan and Medium-Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the context of ensuring that there are no adverse impacts on future financial years from performance in 2024/25.

17 Health and Wellbeing Implications:

17.1 The council’s budget includes many statutory and preventative services aimed at supporting vulnerable children and adults. The budget prioritises support to these core and critical services including management of any emerging in-year pressures to minimise impacts on statutory provision.

18 Conclusion and comments of the Chief Finance Officer (Section 151 Officer)

18.1 The forecast overspend risk of £3.310m at Month 9 represents 1.3% of the net General Fund budget. While this is a continuation of the downward trend from Month 5, it is a relatively high risk position at this stage of the year. Recruitment and spending controls introduced in early October (as set out in the Month 5 report to October Cabinet) should enable this to be addressed but will need to be monitored closely given the reducing number of months available to correct the position.

18.2 The Month 5 report also noted that if the position did not significantly improve, an officer Star Chamber approach to review all spend over £1,000 would be put in place. This is now being instigated. The Star Chamber clearly cannot review every item of spend but will ensure that there are either appropriate mechanisms (e.g. specific review panels) in place to review spend and/or issue instructions on specific categories of spend.

Supporting Documentation

Appendices

1. Financial Dashboard Summary
2. Revenue Budget Movement Since Month 7
3. Revenue Budget Performance RAG Rating
4. Revenue Budget Performance
5. Summary of 2024/25 Savings Progress
6. Capital Programme Performance
7. New Capital Schemes
8. Treasury Management Update