

# Title of report: Quarter 4 Budget Report

**Meeting:** Cabinet

**Meeting date:** Thursday 16 May 2024

**Cabinet Member:** Cabinet member finance and corporate services

**Report by:** S151 Officer

**Report Author:** Head of Strategic Finance (Deputy S151)

## Classification

Open

## Decision type

Non-key

## Wards affected

(All Wards);

## Purpose

To report the provisional financial outturn position for 2023/24 for revenue and capital budgets, subject to external audit. The 2023/24 outturn shows a net overspend of £8.7 million after the use of reserves and recovery plan actions.

## Recommendation(s)

**That: Cabinet**

- a) reviews the financial outturn for 2023/24, as set out in the appendices A-E, and identifies any additional actions to be considered.

## Alternative options

1. Cabinet may choose to review financial performance more or less frequently; or request alternative actions to address any identified areas of variance from budget, including referral to the relevant scrutiny committee. This is not recommended as existing budget monitoring arrangements are robust and effective.

## Key considerations

### Revenue Outturn

2. This report presents the outturn position for 2023/24 of £8.7 million (4.5% of budget) after the use of reserves and recovery plan actions implemented by management during the year.
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Detailed explanations for variances from budget are set out in Appendix A, by Directorate and Service Area.

3. The council's approved net revenue budget for 2023/24 is £193.3 million which includes planned savings of £20.0 million comprising £14.1 million of Directorate savings and £5.9 million of Central budget savings.
4. The revenue outturn position for 2023/24 by Corporate Director portfolio is shown in Table 1 below.

**Table 1: 2023/24 Revenue Outturn**

<b>2023/24 Revenue Outturn</b>			
	<b>Revenue Budget £m</b>	<b>Outturn £m</b>	<b>Outturn Variance £m</b>
Community Wellbeing	71.8	71.8	-
Children & Young People	51.8	63.5	11.7
Economy & Environment	27.0	26.5	(0.5)
Corporate Services	26.0	26.3	0.3
<b>Directorate Total</b>	<b>176.6</b>	<b>188.1</b>	<b>11.5</b>
Central	16.7	13.9	(2.8)
<b>Total</b>	<b>193.3</b>	<b>202.0</b>	<b>8.7</b>

#### **Directorate Outturn**

5. Additional expenditure controls implemented during 2023/24 and management recovery actions have had a positive impact on the final outturn position; reducing the forecast overspend of £13.8 million reported at Quarter 2 by £5.1 million. Table 2 below notes the cumulative impact of the enhanced financial controls on the reported overspend over the 2023/24 financial year.

**Table 2: Impact of Recovery Actions in 2023/24**

	<b>Q1 Forecast Variance £m</b>	<b>Q2 Forecast Variance £m</b>	<b>Q3 Forecast Variance £m</b>	<b>Q4 Outturn Variance £m</b>
Community & Wellbeing	0.7	0.5	0.3	-
Children & Young People	10.6	11.8	11.7	11.7
Economy & Environment	0.6	0.6	-	(0.5)
Corporate Services	2.4	2.0	0.7	0.3
<b>Directorate Total</b>	<b>14.3</b>	<b>14.9</b>	<b>12.7</b>	<b>11.5</b>
Central	(0.8)	(1.1)	(2.0)	(2.8)
<b>Total</b>	<b>13.5</b>	<b>13.8</b>	<b>10.7</b>	<b>8.7</b>
<b>Impact of management actions (quarter)</b>			<b>(3.1)</b>	<b>(2.0)</b>
<b>Impact of management actions (cumulative)</b>				<b>(5.1)</b>

## Savings

6. Council approved a total of £20.0 million of savings for 2023/24 comprising Directorate Savings of £14.1 million and £5.9 million of Central Savings. As at 31 March 2024, 79% of the approved savings have been delivered.
7. Directorate savings of £9.9 million have been achieved recurrently or mitigated in year by Directorate underspends and application of reserve balances. Central savings of £5.9 million have been delivered in full in 2023/24. Where savings have not been delivered recurrently in 2023/24, activity plans are in place to deliver recurrently from 2024/25.
8. The status of individual savings plans is included at Appendix D; a summary by Directorate is noted in Table 3 below:

**Table 3: Delivery of Savings 2023/24**

	Target £m	Delivered recurrently/ Mitigated £m	Not delivered/ Mitigated £m
Community & Wellbeing	6.1	6.1	-
Children & Young People	4.5	0.3	4.2
Economy & Environment	2.2	2.2	-
Corporate Services	1.3	1.3	-
<b>Directorate Total</b>	<b>14.1</b>	<b>9.9</b>	<b>4.2</b>
<b>Central</b>	<b>5.9</b>	<b>5.9</b>	<b>-</b>
<b>Total</b>	<b>20.0</b>	<b>15.8</b>	<b>4.2</b>

## Capital Outturn

9. The revised 2023/24 capital budget of £68.4 million includes additional grants and approved changes. Capital budgets had been reprofiled in line with expected delivery Appendix B Table c; this has reduced the 2023/24 budget by £78.9m and this has been reallocated across the subsequent three years. A summary breakdown is shown in Table 4 below.

**Table 4: Revised Capital budget 2023/24 to 2026/27**

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total
December 2023 Council Approved Budget	147,821	105,417	23,788	10,570	287,596
Other approved movements	(455)	(2,611)	-	-	(3,066)
Additional Grant	-	4,757	1,952	99	6,808
Budget Reprofile	(78,948)	45,527	25,424	7,997	-
<b>Revised Capital Budget</b>	<b>68,418</b>	<b>153,090</b>	<b>51,164</b>	<b>18,666</b>	<b>291,338</b>

10. The final spend position is £47.3 million which represents an underspend of £21.1 million against a budget of £68.4 million; an increase in underspend of £5.6 million from the position reported at Quarter 3. Full details for each project are in Appendix B, Table a. This underspend consists of £4.8 million projects that have delivered below the project budget, a further £1.0 million of budgets where the projects are on hold awaiting successful bids and £15.3 million in respect of project budgets to be rolled forward for delivery 2024/25. The full capital programme analysed by project for current and future years can be seen in detail by Appendix B Table b.

## **Community impact**

11. In accordance with the accepted code of corporate governance, the council must ensure that it has an effective financial control framework to support delivery of services within the agreed budget. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

## **Environmental Impact**

12. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
13. This report is to review the financial outturn at Quarter 4 of 2023/24 so will have minimal environmental impacts, however consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

## **Equality duty**

14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

  - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Whilst this paper is not seeking any project specific decisions, in determining the council's budget allocation, the council is working towards its equality objectives (found here). In addition, projects

identified within the delivery plan, where relevant, will be subject to an Equality Impact Assessment to ensure appropriate attention is given to our Equality Duty.

### **Legal implications**

16. There are no direct legal implications arising from this report.

### **Risk management**

17. The risks associated with the council's business are recorded on the relevant service risk register and escalated in accordance with the council's Performance Management Framework and Risk Management Plan. The highest risks, i.e. those scoring greater than 16 after controls, are escalated to the council's Corporate Risk Register.

### **Resource Implications**

18. These recommendations have no direct financial implications, however cabinet may wish to consider how money is utilised in order to meet the council's objectives.

### **Consultees**

19. None in relation to this report.

### **Appendices:**

Appendix A - Revenue outturn

Appendix B – Capital outturn

Appendix C - Treasury management outturn

Appendix D - Savings delivery

Appendix E – Earmarked reserves

### **Background papers**

None Identified.