

Appendix G

Extract of minutes from Cabinet 16 May 2024 Quarter 4 Budget Report

The cabinet member for finance and corporate services advised the 2023/24 overspend of £8.7m demonstrated a significant reduction from forecast over spend at Quarter 2 and the £8.7m had to be funded from reserves.

Confirmed that a detailed overview of ear marked reserves had been undertaken to identify balances with no future commitments or planned use to fund the £8.7m overspend. The total reserve balance as of 31 March 2024 was £82.8m and will undergo routine monitoring across 2024/25.

The 2023/24 approved revenue budget was £193.3m. Table 1 sets out the revenue outturn by Corporate Director portfolio and Table 2 sets out the management recovery actions implemented during the last year, the impact of these recovery actions were set out.

It was noted that full Council approved £20m of savings for 2023/24 and as of 31 March 2024, 79% had been delivered. Confirmed that £15.8m savings had been delivered and £4.2m had not. Confirmed the full details were set out in Appendix E. Confirmed that this was the evidence requested by Scrutiny Management Board earlier in the year.

Confirmed the capital outlay and the revised 2023/24 capital budget of £68.4m which included additional grants and approved changes. The capital budgets had been re-profiled in line with expected delivery, set out in Appendix B Table C. This has reduced the 2023/24 capital budget by £78.9m which has been reallocated across the following three years, set out in Table 4. The final spend position is £47.3m which represents an underspend of £21.1m against a budget of £68.4m. Full details for each project area were set out in Appendix B. The underspend is as a result of projects being delivered under the project budget.

Confirmed that the Council's financial position remains very stable with a deliverable balance budget for 2024/25, a Medium Term Financial Strategy which shows the Council will be able to deliver balanced budgets over the four year period and confirmed that the Council has strong reserves.

Cabinet members discussed the report and it was noted that whilst the majority of the Community Wellbeing budget is demand driven, it has still saved £6.1m and has come in on budget. The cabinet member for adults, health and wellbeing stated that the hard work to achieve this is due to the director and their staff.

The Children Services Improvement Plan was discussed and it was noted that the Council approved the budget which enabled the delivery of that Plan and

included a three year financial plan based on assumptions in three key areas. Firstly, regarding a reduction on the number of children in care. It was noted that operational practice is informed by careful assessment of the individual children's needs, the risks, their best interests and the circumstances. The assumption was to reduce children in care to 395 and it was confirmed the current figure is 389. It was acknowledged that more progress was needed and the cabinet member for children and young people provided assurances to Cabinet and thanked officers for their continued hard work. Secondly, the conversion of agency to permanent staff. It was confirmed that 25 permanent members of staff have already been recruited, against a target of 30 by June 2024. Thirdly, a reduction in the overall establishment. It was confirmed that a reduction of four posts, against a target of six posts had already been achieved.

The cabinet member for environment acknowledged the overall work of the Council and thanked officers for what had been achieved between Quarters 1, 2, 3 and 4.

Group leaders gave the views of their groups. It was acknowledged that there has been a tight control on the finances. It was noted there had been improvements in children's and young people directorate but there was an ongoing need to monitor and report the projected savings. Clarification was also sought as to whether the reduction in children coming into care was as a result of early intervention. Improvements in the presentation of the data was suggested, with a recommendation of presenting the percentage of underspend or overspend against projections would assist. The underspend on highways, environment and waste was queried compared to the overspends in economy and management. Concern was raised that the Council are underspending on front line services. Queried why the Capital Developments fund has not been spent and why the Home Upgrade Grant has been underspent. Clarification was sought regarding the change in the reserves position between end of year forecast provided when the budget was set and the figures presented today. Queried which lines in the reserves provided the funds to cover the £8.7m overspend.

Clarification was sought regarding which lines in the reserves will provide the £2.3m required to balance the current year's budget in line with the budget amendment which was approved at full Council in February.

Also, information was requested regarding how much of the additional income received from interest receipts in year has been used to support the low income households as originally intended when the budget was set in February 2023.

In response to the queries it was noted that the presentation of the report was improving but noted the comments. Regarding the under delivery in the Home Upgrade Grant it has been underspent due to re-procuring and delay in instructions from Government. However, the Council are delivering more than most other counties. It was confirmed to qualify for the Home Upgrade Grant

you needed to live in Herefordshire, have no mains gas heating, own or rent an energy insufficient home and have a household income below £36k per year.

In respect of children in care and early help, the Council has seen significant increases in the number of partner agencies conducting early help assessments which means the family and children concerned are supported by targeted early help. Also, confirmed that the Council are working with the children's safeguarding partnership and has received funding from the department to improve the Council's early help offer. It was noted that there are a range of operational matters in hand to reduce the number of children in care and there is continuous proactive activity to improve the early help offer to support families at an earlier stage and prevent matters escalating.

In respect of the reserves identified by the budget amendment at full Council in February, it was confirmed that these have been fully preserved as required. The Care Market Costs of £959k and the Financial Resilience Reserve of £1,344m are fully untouched and are reserved for exactly the purpose that was specified in the amendment. It was also confirmed that all financial transactions in the year will be subject to detailed testing by the external auditors over the summer months. It was confirmed that a written response would be provided to Councillor Harvey regarding the detailed reserve movements.