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	Report for: DECISION ***Item Number:***

Contains Confidential or Exempt Information	**No**
Title	**Q3 BUDGET MONITORING REPORT 2023/24**
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Portfolio	Councillor Steve Donnelly, Cabinet Member for Inclusive Economy
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Purpose of Report

This report provides the third financial update on the General Fund, Housing Revenue Account, Dedicated Schools Grant, and Capital budget positions for the financial year 2023/24 as at 31 December 2023.

The Council is managing the continued considerable financial pressures from external factors and the wider economic context including high levels of inflation, increases in demand and complexity of demand, social care and, increasingly, private sector leasing market pressures, which are being mitigated by short-term increases in treasury management budgets due to the higher than budgeted interest rates and cash balances.

The General Fund forecast is a net overspend of £0.018m (0.01%). This forecast includes a number of financial risks as set out in the report.

The Council is continuing to identify, develop and monitor management action plans that address the ongoing pressures and financial risks within departments. Progress of these will form part of the overall financial management strategy aiming to deliver a balanced budget position for the year-end.

1. Recommendations

It is recommended that Cabinet:

1.1 Notes the estimated General Fund revenue budget outturn position of net £0.018m (0.01%) overspend for 2023/24 (section 4), and an overspend of £5.975m position on the Housing Revenue Account for 2023/24 (section 7).

1.2 Notes the Dedicated Schools Grant (DSG) balance at the year-end is forecast as a deficit balance of £1.952m. The forecast in-year movement of the DSG is £3.297m, which is to be charged to the DSG account (section 6).

1.3 Notes the progress on delivering the 2023/24 savings programme (section 5).

1.4 Notes the 2023/24 capital programme forecast (paragraph 8.3).

1.5 Approves the re-profiling of 2023/24 capital programme net slippage of over £1m of £53.065m (Appendix 2) into future years.

1.6 Notes that the capital schemes to be decommissioned (£0.212m of 2023/24 budgets) (paragraph 8.5.) are to be agreed to be decommissioned in the '*Budget Strategy and MTFS 2024/25 to 2027/28'* report elsewhere on this agenda.

2. Reason for Decision and Options Considered

2.1 To forecast the financial position for 2023/24 based on available information at the end of 31 December 2023. The report outlines the Council's forecast position on revenue, capital, income, and expenditure to the end of Quarter 3.

3. Key Implications

3.1 In setting the budget for 2023/24, the Council supported significant growth in social care services that experienced significant and continued demand and market/ cost pressures, and to prioritise its most vulnerable residents. Whilst these challenges continue in 2023/24, the Council is now experiencing additional pressures in demand for, availability and cost of temporary accommodation in meeting homelessness duties. Council services continue to operate in a challenging resource environment where demand and cost changes can lead to material budget variances with continued high levels of inflation and energy prices. The Council has undertaken and continues to undertake a number of projects and programmes to seek to manage and reduce demand, with some success. A programme of work is underway to respond to the increased costs being experienced in the market for placements, to develop a more commercial approach to negotiations, and identify and implement other market interventions.

3.2 The report presents the management accounts of the Council and provides information on the forecast financial position at 31 December 2023 (Quarter 3). The overall net general fund budget pressure forecast at the end of Quarter 3 is £0.018m overspend, a £4.613m improvement on the previous quarter (Quarter 2 £4.631m overspend). This is primarily due to favourable changes to the forecast in Adult Social Care and Corporate budgets and will be explored further in this report. This compares to a forecast overspend of £5.169m in Quarter 3 2022/23 (Quarter 2 2022/23 £5.739m). However, considerable service demand and inflation pressures continue. Inflation has continued to be high and above the Bank of England target rate of 2% for CPI at 8.7% in April and slowly reducing to 3.9% in November and as a result the bank of England Interest rate increased steadily from 4.25% at the beginning of the year to 5.25% in August. Therefore, the inflationary pressures have been largely mitigated in the short term through corporate budgets, especially the council's Treasury Management function due to the higher interest rates on cash balances.

3.3 Councils are required to deliver a balanced budget each year ensuring that the projected expenditure and commitments can be matched by the available resources. Management have identified and are delivering mitigating actions to address the forecast overspend and the significant financial risks during the year. In addition, management continues to explore further measures to ensure a balanced budget is achieved. Progress of these will be reported through the year-end outturn report and will form part of the overall financial management strategy to deliver a balanced and sustainable position.

4. General Fund Revenue Forecast Position 2023/24

4.1 The General Fund revenue outturn forecast for 2023/24 is £286.699m. This represents a small net forecast overspend of £0.018m (0.01%) against a General Fund net revenue budget of £286.681m. The net position is summarised in Table 1:

Table 1: Quarter 3 Summary of Net Revenue Budget Variance

Revenue Budget	2023/24 Revised Budget £m	2023/24 Full Year Forecast £m	Forecast Net Variance Quarter 3 £m	Forecast Net Variance Quarter 2 £m	Movement Quarters 2 - 3 £m
Adult Services & Public Health	102.409	111.142	8.733	11.718	(2.985)
Children's & Schools	78.192	88.153	9.961	9.925	0.036
Economy & Sustainability	6.359	7.803	1.444	0.685	0.758
Housing & Environment	15.252	20.083	4.831	4.604	0.227
Resources	40.168	38.080	(2.088)	(2.687)	0.599
Strategy & Change	9.287	9.433	0.146	0.531	(0.385)
Net Cost of Services Subtotal	**251.668**	**274.694**	**23.026**	**24.776**	**(1.750)**
Corporate budgets	35.013	12.005	(23.009)	(20.145)	(2.864)
Total General Fund	**286.681**	**286.699**	**0.018**	**4.631**	**(4.613)**

4.2 Budget Pressure

4.2.1 The Strategic Directors continue to review their departmental budgets and spending and are undertaking further work with their directorate management teams to improve their financial position with their portfolio holders for end of year reporting and beyond.

4.2.2 During the quarter, corporately held budgets for inflation and utilities have been allocated to services. Explanations for significant pressures, underspends and movements are set out below.

Adult Services & Public Health

4.2.3 Adult Services & Public Health are reporting a significant gross pressure of £30.388m (Quarter 2 £30.573m). The gross budget pressure is off-set by significant in-year management actions of £12.383m (Quarter 2 £10.164m) and planned mitigations of £7.121m (Quarter 2 £6.524m), and reserves and provisions of £2.151m (Quarter 2 £2.168m) (for budgeted covid legacy pressures and support to the Homes for Ukraine scheme). These reduce the budget pressure to £8.733m (Quarter 2 £11.718m). Further action to reduce and eliminate this overspending is being developed by the department, this has included the introduction of a Resource Allocation Panel and identification of staff savings.

4.2.4 The net budget pressures as per Quarter 3 are driven by:

a) £8.707m (Quarter 2 £10.989m) relating to the increasing cost of placements.
b) £0.026m (Quarter 2 £0.729m) staffing pressures.

Children's & Schools

4.2.5 Children's & Schools are reporting a significant gross pressure of £18.815m (Quarter 2 £18.602m) which includes a Dedicated Schools Grant (DSG) pressure of £3.028m (Quarter 2 £3.546m). The gross budget pressure is offset by in-year management actions of £1.796m (Quarter 2 £1.450m) and further reduced by £7.059m (Quarter 2 £7.227m), a combination of transferring the DSG deficit into the DSG Reserve in line with statutory requirements (Section 6), one-off use of reserves for support to the Homes for Ukraine scheme, and Public Health grant. The net budget pressure has slightly increased at Quarter 3 to £9.961m (Quarter 2 £9.925m) as a result of new high-cost placements flowing from increased demand and level of need in the cohort and a paucity in the supply of fostering placements. Further work is planned to identify additional management actions to reduce the level of overspend by year-end, including reviews of the operation of high placement cost panels, supply of fostering placements and the establishment and workforce.

4.2.6 The net budget pressures as per Quarter 3 are driven by:

a) £7.221m (Quarter 2 £6.888m) relating to Looked After Children demand and cost pressures (including Unaccompanied Asylum-Seeking Children).
b) £1.085m (Quarter 2 £1.282m) Home to School Transport demand and cost pressures.
c) £1.655m (Quarter 2 £1.755m) staffing cost pressures.

4.2.7 Key risks to this forecast include the impact of new placements and, resolving the waiting list for Children with Disabilities, which may increase costs in the last quarter.

Economy & Sustainability

4.2.8 Economy & Sustainability are reporting a pressure of £1.444m (Quarter 2 £0.685m) after £0.428m (Quarter 2 £0.300m) of mitigation actions to increase income across Planning, Regeneration, Economic Growth, Building Control Surveying and Art, Culture, Leisure, and Libraries and further reduced by £0.443m of reserves and provision forecast.

4.2.9 The net forecast budget pressures at Quarter 3 are driven by:

a) £0.144m pressure (Quarter 2 £0.008m) – although mitigations reduced the community centres forecast income pressure at Quarter 2, reduction in forecast community centre income and increased costs of additional water and council tax on void properties has increased the pressure.
b) £0.198m (Quarter 2 £0.362m) mainly relates to local land charges forecast income pressure due to reduced demand. The repairs pressures from a gas

explosion at Western Road Southall has been assumed that this cost can be recoup from the building owner but there is a risk on the timing i.e. when monies will be received.

c) £1.204m (Quarter 2 (£0.315m)) pressure mainly relates to planning fee income due to the value of the applications are significantly lower than expected.
d) (£0.102m) remaining favourable forecast variance mainly relates to employment and skills staffing saving.

4.2.10 Key risks to this forecast include the impact of wider economic conditions on future planning application income, and the increased potential for abortive capital costs in light of current market conditions. The previously forecast increase in expected planning income has now been reduced as there has been a delay whilst the government finalises measures to increase fees.

Housing & Environment

4.2.11 Housing & Environment services include Housing Demand, Community Protection, Parking, Environment, Waste Management, Street Care, Parking, Highways and Travellers' Warden. The department is reporting a gross forecast pressure of £5.601m (Quarter 2 £4.440m) with the use of reserves of (£0.770m) the net forecast budget pressure reduces to £4.831m (Quarter 2 £4.604m).

4.2.12 The net forecast budget pressures in Quarter 3 are driven by:

a) £2.740m (Quarter 2 £2.424m) temporary accommodation pressure mainly relating to housing benefit subsidy loss with increased demand, and cost of accommodation due to limited supply. The service is looking at options to increase value for money accommodation provision to reduce the increasing budget pressures.
b) £0.643m (Quarter 2 £0.679m) highways pressures mainly relates to increased energy costs.
c) £0.468m (Quarter 2 £0.755m) street income and contract pressures.
d) £0.101m (Quarter 2 £0.105m) utility pressures within the travellers' warden service.
e) £0.768m (Quarter 2 £0.571m) parking income pressure.
f) £0.111m mainly relates to community protection staffing pressure.

4.2.13 The housing benefit subsidy loss budget was transferred to Housing & Environment as part of the 2023/24 budget process, having previously been reported in Resources. The Quarter 1 monitoring report explains this movement and effect on the respective budgets.

4.2.14 Key risks to this forecast are the continued challenges of the availability and costs of temporary accommodation, particularly as a result of government policy and practice in relation to resettlement and asylum seekers, and the wider economic impact on private sector landlords.

Resources

4.2.15 Resources are reporting a gross underspend of (£1.591m) (Quarter 2 (£2.190m)), and with in-year use of reserves the net underspend increases to (£2.088m) (Quarter 2 (£2.687m)). This includes several pressures offset by the housing benefit subsidy underspend and underspends in ICT due to issues recruiting staff. Options to address overspending areas are being explored to reduce service level overspends.

4.2.16 The key drivers relating to the forecast are:

a) Net pressure of £0.288m (Quarter 2 £0.253m) pressure across Customer & Transaction services which is driven by increased staffing and agency costs.
b) Finance Service pressure of £0.189m (Quarter 2 £0.190m) due to staffing and agency costs.
c) ICT & Property Services includes a net overspend £0.040m (Quarter 2 £1.242m underspend), which includes an overspend of £0.153m (Quarter 2 £0.144m) for utility cost increases for Perceval House, Ealing Town Hall, and other properties; £0.994m (Quarter 2 £0.354m) pressures from planned and reactive maintenance services, and other pressures of £0.528m including facilities management. These pressures are offset by reduced ICT staffing costs (£1.635m) (Quarter 2 (£1.843m)) due to vacancies and contract management.
d) Strategic Property is forecasting a £0.465m overspend (Quarter 2 £0.317m), which includes income pressures due to part year rent impacts and property costs relating to lettings. The service is working on options to increase income before year-end.
e) £0.192m Emergency Planning pressures.
f) Housing Benefit subsidy is forecasting an underspend of (£2.677m) (Quarter 2 (£3.255m)) due to an increase in overpayment recovery.
g) £0.586m offset with underspends within Audit, Commercial Hub and Legal.

Strategy & Change

4.2.17 Strategy & Change are reporting a gross overspend of £0.381m (Quarter 2 £0.766m). The gross pressure is offset by reserves of £0.235m (Quarter 2 £0.235m), reducing the net budget pressure to £0.146m.

4.2.18 The main pressure within Strategy & Change relates to Human Resources staffing and agency pressure of £0.296m (Quarter 2 £0.694m), reduced by an underspend in other areas (£0.150m) (Quarter 2 (£0.163m)). This position is being reviewed to reduce the overspend before year-end.

Corporate Budgets

4.2.19 The Corporate Budget is reporting a net underspend of (£23.009m) (Quarter 2 (£20.145m)) driven by:

a) Increased forecast underspend on treasury management (£17.884m) (Quarter 2 (£15.342m)) which reflects low Public Works Loan Board (PWLB) borrowing costs, and additional interest income from increased cash balances and higher

interest rates.
b) Use of contingency to off-set service overspending (c.£2m).
c) Release of one-off funds of (£0.676m) by West London Waste Authority (WLWA) following WLWA board approval.
d) (£0.450m) underspend forecast on concessionary fares against budget allocations.
e) (£1.999m) forecast underspend of budgets relating to various other corporate budgets.

5. Achievement of 2023/24 Savings

5.1 Cabinet approved £9.578m of net savings of which £7.184m was approved in 2023/24 and £2.394m approved in previous MTFS periods. Table 2 below provides an overview summary of savings across the various funding sources.

Table 2: 2023/24 Approved Savings Summary by Funding

Savings Summary	**General Fund**	**HRA**	**DSG**	**Total**
	£m	**£m**	**£m**	**£m**
Gross saving	14.104	(0.003)	0.000	14.101
Investment and funded by:				
Digital programme	(0.192)	0.000	0.000	(0.192)
Cost avoidance	(4.199)	0.000	0.000	(4.199)
Investment	(0.135)	0.003	0.000	(0.132)
Net approved saving	**9.578**	**0.000**	**0.000**	**9.578**

5.2 At the end of Quarter 3, £2.648m (27.64%) of the savings have been achieved with £3.211m (33.52%) identified at being risk and the remaining in progress, as set out in Table 3 below.

Table 3: Quarter 3 2023/24 Savings Programme Delivery

Savings by Directorate	**Total**	**Red**	**Amber**	**Green**	**% Savings Achieved *(Green)***
	£m	**£m**	**£m**	**£m**	
Adults Services & Public Health	1.206	2.383	0.477	(1.654)	(137.18%)
Children's & Schools	0.947	0.000	0.947	0.000	0.00%
Economy & Sustainability	2.203	0.096	0.307	1.800	81.71%
Housing & Environment	4.312	0.687	1.037	2.589	60.03%
Resources	0.412	0.167	0.332	(0.087)	(21.08%)
Strategy & Change	0.210	0.000	0.210	0.000	0.00%
Corporate	0.288	(0.122)	0.410	0.000	0.00%
Total	**9.578**	**3.211**	**3.720**	**2.648**	**27.64%**

Key:	Red	Savings at risk of not being achieved in-year and/or have not been replaced.
	Amber	Savings forecast to be achieved; or are in progress to be delivered and/or potentially at risk of being delivered.
	Green	Savings achieved

6. Dedicated Schools Grant (DSG) Account

6.1 Dedicated schools grant (DSG) is paid in support of local authority schools and is the main source of income for school budgets. The terms and conditions allow the Council to carry forward any deficits and underspends to a ring-fenced reserve. This is separate from the General Fund, which cannot be used to subsidise the account.

6.2 At the end of 2022/23, the Council held a net surplus balance of £1.345m on its DSG account which includes a High Needs DSG deficit of £0.570m. At Quarter 3 the forecast is estimating a deficit of £1.952m. There is a favourable variance of £0.249m from quarter 2 mainly due to £0.518m favourable variance on High Needs due to reduction in projected growth/inflation and £0.269m overspend on Schools growth fund for bulge classes and growing school which will be funded from reserve. The total reported overspends on High Needs is £3.028m after mitigating by block transfer from the Schools Block to the High Needs block as agreed by the Schools Forum.

Table 4: Quarter 3 2023/24 DSG Account Summary Forecast

DSG Account	**Quarter 3 Forecast £m**				**Q2 forecast £m**
	Schools Block	**Early Years Block**	**High Needs Block**	**Total**	
Opening balance at 1 April 2023	(0.321)	(1.594)	0.570	**(1.345)**	**(1.345)**
2023/24 in-year movements	0.269	0.000	3.028	**3.297**	**3.546**
DSG Deficit (+) / Surplus (-) balance at 31 March 2024	**(0.052)**	**(1.594)**	**3.598**	**1.952**	**2.201**

6.3 The Council along with many other authorities continues to experience pressures on the High Needs Block due to increased demand for Education, Health, and Care Plans (EHCPs) and the level of need. The DSG High Needs Deficit Recovery Plan continues to be refined and the Council is working with London Councils to lobby for additional funding. However, in the absence of confirmation of additional funding the cumulative deficit on the High Needs Block is forecast to increase and the Council will be expected to recover the deficit from future allocations.

6.4 The Council continues to work with the Schools Forum to implement a DSG High Needs Recovery Plan in line with government directives to bring the High Needs Block into balance and recover the cumulative deficit. The Schools Forum continues to review the position on the other blocks.

7. Housing Revenue Account (HRA)

7.1 At Quarter 3, the HRA continues to forecast an overspend of £5.975m and the additional funding required is to be drawn from reserves to balance the HRA. The main drivers for this are arising from increased responsive repairs costs due to the completion domestic electrical inspection reports (EICRs), cladding issues and fire damage works, utilities costs, the costs of implementing the building safety team and forecast cost of borrowing pressures resulting from the latest forecast capital expenditure and funding.

7.2 These pressures are being reviewed as part of the HRA business plan development to ensure sufficient provision is included in the budget to deliver the priorities considering the latest intelligence in price increases, volume of works to maintain the existing housing stock to required standards and the proposed regeneration capital programme.

Table 5: HRA Quarter 3 2023/24 Summary

HRA Budget	**2023/24 Budget**	**2023/24 Full Year Forecast**	**Forecast Net Variance Quarter 3**	**Forecast Net Variance Quarter 2**
	£m	**£m**	**£m**	**£m**
Income	(78.008)	(78.677)	(0.669)	(0.698)
Expenditure	79.865	86.509	6.644	6.673
Sub-total	**1.857**	**7.832**	**5.975**	**5.975**
Contribution from Reserves	(1.857)	(7.832)	(5.975)	(5.975)
Total HRA	**0.000**	**0.000**	**0.000**	**0.000**

7.3 The table below shows a summary of the forecast position on the HRA reserves.

Table 6: HRA Reserves Summary Forecast

HRA Reserves	**HRA Reserve**	**HRA Balance**	**Total HRA Reserves**
	£m	**£m**	**£m**
Opening balance at 1 April 2023	11.941	4.925	16.866
2023/24 in-year movements (Q3 forecast overspend)	(7.832)	0.000	(7.832)
Forecast HRA Reserve Balances at 1 April 2024	**4.109**	**4.925**	**9.034**

8. Capital Programme

8.1 A summary of the capital programme is set out in the table below.

Table 7: Capital Programme Summary 2023/24 – 2027/28+ Movements

Capital Programme Summary	**Budget 2023/24**	**Budget 2024/25**	**Budget 2025/26**	**Budget 2026/27**	**Budget 2027/28+**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revised Programme at Quarter 3						

Capital Programme Summary	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28+	Total
	£m	£m	£m	£m	£m	£m
General Fund	103.130	366.491	30.980	19.906	93.250	613.757
HRA	122.294	158.298	95.366	59.780	36.783	473.151
Total	**226.054**	**527.790**	**126.346**	**79.686**	**130.034**	**1,086.909**
Revised Programme at Quarter 2						
General Fund	107.072	357.271	30.110	19.906	93.250	607.609
HRA	144.672	131.735	95.366	59.780	36.783	468.336
Total	**251.744**	**489.006**	**125.476**	**79.686**	**130.034**	**1,075.946**
Changes due to slippage, decommissioning, reprofiling and/or in-year additions						
General Fund	(3.943)	9.221	0.870	0.000	0.000	6.148
HRA	(21.748)	26.563	0.000	0.000	0.000	4.815
Total	**(25.691)**	**35.784**	**0.870**	**0.000**	**0.000**	**10.963**

8.2 The revised Q3 capital programme reflects the following main changes since Q2:

- 2023/24 Q2 slippage of £33.963m, of which £30.321m (where the slippage for each scheme is over £1m) was approved by Cabinet in November 2023. Total General Fund slippage was £7.399m.
- Additions to the capital programme of £6.7m mainly relating to the Temporary Accommodation budget, Gunnersbury Sports Hub & Public Sector Decarbonisation Scheme schemes.
- Decommissioned schemes totalling £3.5m, mainly related to the Energy grant (Home Upgrade Grant Phase 1) budget.

8.3 The capital programme for 2023/24 is currently reporting an £0.8m overspend position against the approved programme budget, as summarised in the table below.

Table 8: Capital Summary

2023/24 Capital Budget Summary	2023/24 Budget	Year to Date Actuals	Current Forecast	Slippage/ (Accelerated) Spend	Forecast Variance Under (-) / Over (+) spend	De commissioning	Forecast Variance (Under -) / Overspend after de commissioning
	£m	£m	£m	£m	£m	£m	£m
Adults Services & Public Health	0.231	0.000	0.331	(0.100)	0.000	0.000	0.000
Children's & Schools	16.685	8.910	16.884	(0.200)	0.000	0.000	0.000
Economy & Sustainability	39.407	12.535	39.209	0.981	0.783	0.012	0.795
Housing & Environment	32.022	10.642	21.268	10.554	(0.200)	0.200	0.000
Resources	14.554	4.144	10.379	4.175	0.000	0.000	0.000
Strategy & Change	0.000	0.039	0.000	0.000	0.000	0.000	0.000
Corporate	0.230	0.000	0.230	0.000	0.000	0.000	0.000
Total General Fund	**103.130**	**36.270**	**88.303**	**15.410**	**0.583**	**0.212**	**0.795**
HRA	122.294	44.715	80.078	42.846	0.000	0.000	0.000
Capital Programme	**226.054**	**80.985**	**168.381**	**58.256**	**0.583**	**0.212**	**0.795**

8.4 The recommendations seek approval to re-profile capital budgets that are in excess of £1m. The slippage over £1m totals £53.065m of the total slippage of £58.256m; details of these schemes are set out in Appendix 2. Slippage of under £1m of £5.191m has been agreed under delegated authority by the Strategic Director Resources.

Budgets to be decommissioned.

8.5 There are a number of budgets totalling £1.962m that have been identified to be decommissioned, and the 2023/24 budgets for these total £0.212m as shown in the table above. This decommissioning will be agreed by Cabinet in the '*Budget Strategy and MTFS 2024/25 to 2027/28'* report elsewhere on this agenda.

Forecast overspends.

8.6 The forecast overspend relates predominantly to the Genuinely Affordable Homes budget (£0.757m). A further report on the housing development programme will be reported to a future Cabinet which will include a further review of housing development budgets and any remaining required budget approvals, in addition to those individual scheme budget approvals requested at Cabinet in January 2024.

9. Council Tax and Business Rates Collection 2023/24

9.1 The Council's collection performance for council tax and business rates in 2023/24 to 31 December 2023 is set out below.

9.2 Council Tax

9.2.1 Council tax in-year collection is behind the target collection profile (2.85%) which equates to £6.573m, and collection is down by 1.32% compared to the quarter 3 figure last year. However, collection is not directly comparable to last year due to the award of £7.989m of energy rebates in 2022/23, which increased collection during quarters 2 and 3. The current net debit figure compared with this period last year has increased by £16.100m, and the cash collected in the first nine months of the year has increased by £10.120m.

Table 9: 2023/24 Quarter 3 Council Tax in-year collection

Council Tax In-Year Collection	**Quarter 3**		**Quarter 2**	
	£m	**%**	**£m**	**%**
Amount to be collected to achieve 97.2%	224.088	97.20%	224.397	97.20%
Target collection	192.042	83.30%	132.052	31.10%
Amount collected	185.469	80.45%	125.924	29.45%
Variance against target	**(6.573)**	**(2.85%)**	**(6.128)**	**(1.65%)**

Source: QRC Monthly data

9.3 Business Rates

9.3.1 Business Rates collection is 1.30% ahead of target which equates to £2.073m. Collection is also 0.82% ahead of the quarter 3 position this time last year. The net debit has increased by £8.938m compared to this period last year due to changes in the relief given to retail properties post-Covid and the revaluation which was carried out at the start of the year.

Table 10: 2023/24 Quarter 3 Business Rates in-year collection

Business Rates In-Year Collection	Quarter 3		Quarter 2	
	£m	%	£m	%
Amount to be collected to achieve 97.2%	154.537	97.20%	156.042	97.20%
Target collection	122.580	77.10%	84.764	52.80%
Amount collected	124.654	78.40%	89.224	55.38%
Variance against target	**2.074**	**1.30%**	**4.460**	**2.78%**

Source: QRC Monthly data

10. Legal

10.1 The Council is required to monitor and review, from time to time during the year, its income and expenditure against budget. If it appears to the Council that there has been a deterioration in its financial position, it must take such action, if any, as it considers necessary to deal with the situation, and be ready to take action if overspends or shortfalls in income emerge (Section 28 of the Local Government Act 2003).

10.2 In regard to Schools Funding and Dedicated Schools Grant (DSG)

10.2.1 The Council currently receives funding for schools through the Dedicated Schools Grant (DSG) and has the statutory responsibility under the Schools and Early Years Finance Regulations for allocating this funding to schools.

10.2.2 The Schools and Early Years Finance (England) Regulations published in February 2022 (and to be updated for 2023) sets out the grant condition and accounting regulations that local authorities must follow in respect of DSG deficit and underspend balances. This specifically precludes the use of the General Fund to subsidise the DSG.

11. Value for Money (VFM)

11.1 Managing within budget and the achievement of efficiency savings are key responsibilities of budget managers, as identified in their performance objectives.

11.2 Detailed variance forecasting by service budget holders, together with a corporate overview by Strategic Finance will be reported regularly (in accordance with the agreed timetable) to the Strategic Leadership Team and Cabinet. Where forecast adverse variances are identified in this process, they will be addressed via action plans, enabling the General Fund spending to be brought within budget during the year.

12. Sustainability Impact Appraisal

12.1 Any sustainability impacts are taken into account before final decisions are taken on whether or not to implement savings proposals as part of the budget setting process. All capital budget proposals are required to set out how the proposal contributes towards carbon emission reduction.

13. Risk Management

13.1 It is important that spending is contained within budget so that the Council can maintain its financial standing in the face of further pressure on resources in 2023/24 and beyond as set out in the annual review of the Medium-Term Financial Strategy (MTFS) approved by Cabinet in February 2023 and the updated Medium-Term Financial Strategy (MTFS) being considered at elsewhere on the agenda.

13.2 The Council is faced with an uncertain financial context over the short to long-term in relation to government funding, social and economic factors such as the continued high inflation and energy prices, and social care and temporary accommodation demand, which present risks to financial sustainability and there remains potential for further, unrecognised, risks. The most immediate risks to the budget in the current year are:

- social care placement demand and cost pressures.
- increasing homelessness, demand for, and cost of temporary accommodation.
- cost-of-living, high inflation and energy prices.
- unfunded income pressures as a result of the pandemic and current economic climate, particularly in relation to Council Tax and Business Rates income.
- impact of the economy on development and planning fee income.
- non-delivery of approved savings.

13.3 Close monitoring by the Strategic Leadership Team of the pressures is undertaken through the year to reflect success and impact of mitigations and other management actions that aid in delivering a balanced budget.

13.4 Given the significant uncertainties and volatility of the economic environment and the level of in-year pressure, there are inevitably significant risks involved in delivering balanced budgets in the current year. Key strategic risks will continue to be:

- included in the Corporate Risk Register
- regularly reported to Audit Committee
- reviewed through quarterly budget update reports to Cabinet.
- reviewed through ongoing budget and MTFS planning.

14. Community Safety

14.1 There are no direct community safety implications.

15. Links to Three Key Priorities for the Borough

15.1 The Council's medium-term financial strategy, budgets and capital programme are designed to enable the delivery of the Council's key priorities of fighting inequality, tackling the climate crisis, and creating good jobs. The budget for 2023/24 is supporting delivery of national and local priorities, including further investment in Real Living Wage for remaining contracts and to meet the annual inflationary uplift to the Real Living Wage commitments in homecare.

16. Equalities, Human Rights & Community Cohesion

16.1 There is no requirement for an Equality Impact Assessment as part of this report.

17. Staffing/Workforce and Accommodation Implications

17.1 There are no direct staffing/workforce and accommodation implications arising from this report.

18. Property and Assets

18.1 There are no direct property/asset implications arising from this report.

19. Any Other Implications

19.1 The overall financial position of the Council impacts on the future provision of all Council services.

20. Consultation

20.1 Information and explanations have been sought from departments on specific aspects of this report and their comments have been included.

21. Appendices

Appendix 1 – 2023/24 General Fund Forecast Summary
Appendix 2 – Capital Programme Slippage/Acceleration over £1m

22. Background Information

Cabinet reports:

- 2023/24 Quarter 2 Budget Monitoring Update– 8 November 2023
- 2023/24 Quarter 1 Budget Monitoring Update– 13 September 2023

- Revenue and Capital Outturn 2022/23 – 14 June 2023
- Budget Strategy and MTFS 2023/24 to 2025/26 – 22 February 2023
- Budget Update Report 2022/23 – 22 February 2023
- Housing Revenue Account (HRA) Business Plan 2023-24 report – 25 January 2023
- Budget Update Report 2022/23 – 7 December 2022

Consultation

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Internal				
Emily Hill	Strategic Director, Resources	Continuous	Continuous	Throughout
Tony Clements	Chief Executive	12/01/2024	17/01/2024	Throughout
Kerry Stevens Robert South Peter George Nicky Fiedler Amanda Askham	Strategic Directors	12/01/2024	17/01/2024	Throughout
Helen Harris	Director of Legal and Democratic Services	12/01/2024	17/01/2024	Legal section
Councillor Steve Donnelly	Cabinet Member for Inclusive Economy	22/01/2024	25/01/2024	Throughout
Russell Dyer	Assistant Director – Accountancy	Continuous	Continuous	Throughout
Nick Rowe	Assistant Director of Local Tax & Accounts Receivable	05/01/2024	05/01/2024	Section 9

Report History

Decision type: For decision		**Urgency item?** No	
Authorised by Cabinet member:	Date:	Report deadline:	Date report sent:

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