

Report for: DECISION

Item Number:

Contains Confidential or Exempt Information	YES (Part) Appendix 3 is exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972
Title	BUDGET MONITORING REPORT 2023/24
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Portfolio	Councillor Steve Donnelly, Cabinet Member for Inclusive Economy
For Consideration By	Cabinet
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Affected Wards	All
Area Committees	All
Keywords/Index	Financial Monitor, DSG, Savings, Capital

Purpose of Report

This report provides the first financial update on the General Fund, Housing Revenue Account, Dedicated Schools Grant, and Capital budget positions for the financial year 2023/24 at 30 June 2023.

The Council continues to face considerable financial pressures in managing the implications of 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.

The General Fund forecast is a net overspend of £8.214m (2.87%). 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 to address the forecast pressures and financial risks and reduce and eliminate the forecast overspend. 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 £8.214m (2.87%) overspend for 2023/24 (section 4), and an overspend of £0.732m position on the Housing Revenue Account for 2023/24 (section 7).
- 1.2 Notes the in-year Dedicated Schools Grant (DSG) deficit forecast of £3.049m 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 £204.280m (Appendix 2) into future years.
- 1.6 Approves the decommissioning of £148.252m of capital schemes, most significantly the reversal of budgets for the previous Perceval House redevelopment scheme, as outlined in section 8.5.
- 1.7 Approves an additional capital programme budget of £3.030m for the purchase of temporary accommodation, as outlined in section 8.8, to be funded by Local Authority Housing Fund (LAHF) Round 2 grant of £2.4m, and £0.630m of Homeless Prevention Grant balances.
- 1.8 Approves an additional capital programme budget of £0.906m to the capital programme in relation to Gunnersbury Sports Hub, to be funded by £0.453m capital contribution from London Borough of Hounslow and £0.453 borrowing, as outlined at para 8.9.

- 1.9 Approves an increase to the HRA capital budget totalling £4.815m as outlined at section 8.10; £3.788m in relation to the Lexden Road housing scheme, and £1.027m in relation to the Northolt Grange housing scheme, and changes to the financing of these schemes.
- 1.10 Delegates authority to the Strategic Director of Economy & Sustainability to award the Design and Build JCT contract for the construction of 92 new affordable homes at Northolt Grange approved by Cabinet in February 2023 for a revised total cost set out in Confidential Appendix 3.

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 30 June 2023. The report outlines the Council's forecast position on revenue, capital, income, and expenditure to the end of Quarter 1.

3. Key Implications

- 3.1 In setting the budget for 2023/24, the Council supported significant growth in social care services that experience 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. 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 managed and reduce demand, with some success. A programme of work is being scoped 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 30 June 2023 (Quarter 1). The overall net general fund budget pressure forecast at the end of Quarter 1 is £8.214m overspend. This compares to a forecast overspend of £14.794m in Quarter 1 of 2022/23.
- 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 and must continue to explore further measures as part of overspend action plans to address the forecast overspend and the significant financial risks. Progress of these will be reported through the quarterly budget monitoring process and outturn report and will form part of the overall financial management strategy to deliver a balanced position by year-end.

4. General Fund Revenue Forecast Position 2023/24

4.1 The General Fund revenue outturn forecast for 2023/24 is £294.895m. This represents a net overspend of £8.214m (2.87%) against a General Fund revenue budget of £256.681m. The net position is summarised in Table 1:

Table 1: Quarter 1 Summary of Net Revenue Budget Variance

Revenue Budget	2023/24 Budget £m	2023/24 Full Year Forecast £m	Forecast Net Variance Quarter 1 £m
Adults & Public Health	99.384	114.850	15.465
Children's & Schools	73.929	81.524	7.594
Economy & Sustainability	4.896	5.445	0.549
Housing & Environment	12.651	16.463	3.812
Resources	35.449	33.360	(2.089)
Strategy & Change	8.562	9.359	0.797
Net Cost of Services Subtotal	234.871	261.001	26.129
Corporate budgets	51.810	33.894	(17.915)
Total General Fund	286.681	294.895	8.214

4.2 Budget Pressure

4.2.1 A new Strategic Leadership Team has been fully established during Quarter 1 of the financial year. During that period the Strategic Directors have been reviewing their departmental budgets and spending and expect to undertake further work with their directorate management teams to review and resolve their financial pressures with their portfolio holders for Quarter 2 reporting and beyond.

4.2.2 Explanations for significant pressures and underspends are set out below.

Adult Services & Public Health

4.2.3 Adult Services & Public Health are reporting a significant gross pressure of £29.907m. The gross budget pressure is off-set by significant in-year management actions of £8.709m and planned mitigations of £3.684m, and reserves of £2.048m (for budgeted covid legacy pressures and support to the Homes for Ukraine scheme) reducing the budget pressure to £15.465m. Further work and action is being considered by the department to reduce this by year-end including review of actual home care delivery.

4.2.4 The net budget pressures as per Quarter 1 are driven by:

- a) £14.726m relating to the increasing cost of placements
- b) £0.739m staffing pressures.

Children's Services

- 4.2.5 Children's Services are reporting a significant gross pressure of £14.826m which includes a Dedicated Schools Grant (DSG) pressure of £3.049m. The gross budget pressure is off set by in year management actions of £1.350m and further reduced by £5.881m, a combination of transferring the DSG deficit into the DSG Reserve (Section 6), one-off use of reserves for support to the Homes for Ukraine scheme and Public Health grant. The net budget pressure at Quarter 1 is £7.594m. Further work is required to identify management action to reduce the level of overspend by year-end including a review of establishment and workforce.
- 4.2.6 The net budget pressures as per Quarter 1 are driven by:
- a) £3.339m relating to Looked After Children demand and cost pressures (including Unaccompanied Asylum-Seeking Children)
 - b) £1.345m Home to School Transport demand and cost pressures.
 - c) £2.910m staffing cost pressures.
- 4.2.7 Key risks to this forecast include the impact of new placements, resolving the waiting list for Children With Disabilities which may increase costs and the impact of the new school year on Home to School Transport.

Economy & Sustainability

- 4.2.8 Economy & Sustainability are reporting a pressure of £0.549m across Planning, Regeneration, Economic Growth, Building Control Surveying and Art, Culture, Leisure, and Libraries.
- 4.2.9 The net forecast budget pressures at Quarter 1 are driven by:
- a) £0.439m relating to Art, Heritage and Libraries underachieved income within community centres and for festivals and events for which mitigating actions need to be identified and pressures due to increased cost of utilities.
 - b) £0.152m includes repairs pressures from gas explosion at Western Road Southall which the service is taking all steps to recover.
 - c) (£0.042m) favourable variance from planning enforcement income compensating some adverse variances above.
- 4.2.10 Key risks to this forecast include any delay or changes to expected implementation of revised planning fees set by government, the impact of wider economic conditions on future planning application income and the increased potential for abortive capital costs in line of current market conditions.

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 £4.010m with the use of reserves of £0.198m reducing the net forecast budget pressure to £3.812m.

- 4.2.12 The net forecast budget pressures in Quarter 1 are driven by:
- a) £2.513m temporary accommodation forecast pressure mainly relating to housing benefit subsidy loss with increased demand and cost of accommodation due to limited supply of accommodation. The service is looking at options to increase value for money accommodation provision to reduce the increasing pressures.
 - b) £0.869m Highways forecast pressures for maintaining traffic signals and increased energy bills.
 - c) £0.342m forecast street income pressures.
 - d) £0.088m forecast utility pressures within the travellers' warden service.
- 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 Housing Demand service is able to take action to reduce the subsidy loss, albeit it is operating in an extremely challenging environment. The Resources department has a time limited underspend in housing benefit subsidy due to the recovery of housing benefit overpayments which offsets some of the subsidy loss, but the pressure and the underspend are now shown in separate departmental positions to reflect the area which can manage and control the expenditure. This offsetting underspend cannot be relied on in the short-medium term due to the impact of the cost of living crisis on resident's ability to repay overpayments and the ongoing transition to Universal Credit.
- 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 (£1.227m) with in year use of reserves the net underspend increases to (£2.089m). This includes a number of pressures offset by the housing benefit subsidy underspend.
- 4.2.16 The key drivers relating to the forecast are:
- a) Commercial Hub has a forecast pressure of £0.084m due to shortfall in achieving income target.
 - b) Net pressure of £0.324m pressure across Customer & Transaction services which is driven by increased staffing and agency costs.
 - c) Finance pressure of £0.146m due to staffing and agency costs and staffing will be reviewed in the next quarter.
 - d) ICT & Property Services includes a net pressure of £0.307m, which includes an overspend of £0.996m for utility cost increases for Perceval House, Ealing Town Hall, and other properties; £1.107m pressures from planned and reactive maintenance services, and other pressures of

£0.103m. These pressures are offset by reduced ICT staffing costs (£1.899m) due to vacancies and contract management.

- e) Strategic Property is forecasting a £0.317m overspend, which includes income pressures due to part year rent impacts and property costs relating to lettings and is working on options to increase income before year-end.
- f) Housing Benefit subsidy is forecasting an underspend of (£3.255m) due to an increase in overpayment recovery.

Strategy & Change

4.2.17 Strategy & Change are reporting a gross overspend of £1.032m. The gross pressure is offset by reserves of £0.235m, reducing the net budget pressure to £0.797m.

4.2.18 The main pressure within Strategy & Change relates to Human Resources staffing and agency pressure of £0.694m, and Transformation team staffing and agency pressures of £0.103m. 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 (£17.915m) driven by:
- a) Increased forecast underspend on treasury management (£14.113m) which reflects low PWLB borrowing costs and additional investment income from increased cash balances and interest rates.
 - b) Use of contingency (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) (£0.676m) 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
<i>Investment and funded by:</i>				
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 Progress on delivery of savings is monitored and reported to the Strategic Leadership Team each quarter.
- 5.3 At the end of Quarter 1, £1.489m (15.54%) of the savings have been achieved with £2.988m (31.19%) identified at being risk and the remaining in progress, as set out in Table 3 below.

Table 3: Quarter 1 2023/24 Savings Programme Delivery

Savings by Directorate	Total	Red	Amber	Green	% Savings Achieved (Green)
	£m	£m	£m	£m	
Adults & Public Health	1.206	2.383	0.477	(1.654)	(137.18%)
Children's Services	0.947	0.000	0.947	0.000	0.00%
Economy & Sustainability	2.203	0.075	1.952	0.176	7.98%
Housing & Environment	4.312	0.526	0.773	3.013	69.87%
Resources	0.412	0.126	0.332	(0.046)	(11.13%)
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	2.988	5.101	1.489	15.54%
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 2022/223, 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 1 the forecast is estimating a deficit of £1.704m, which is mainly due to an increase in High Needs overspend by £3.049m after mitigating by block transfer.

Table 4: Quarter 1 2023/24 DSG Account Summary Forecast

DSG Account	Quarter 1 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)
2023/24 in-year movements	0.000	0.000	3.049	3.049
DSG Deficit (+) / Surplus (-) balance at 31 March 2024	(0.321)	(1.594)	3.619	1.704

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 1, the HRA is forecasting an overspend of £0.732m and for additional funding to be drawn from reserves to balance the HRA. The main driver for this pressure is increased utilities costs, which is being reviewed further due to the price changes.

Table 5: HRA Quarter 1 2023/24 Summary

HRA Budget	2023/24 Budget	2023/24 Full Year Forecast	Forecast Net Variance Quarter 1
	£m	£m	£m
Income	(78.008)	(78.078)	(0.070)
Expenditure	79.865	80.667	0.802
Sub-total	1.857	2.589	0.732
Contribution from Reserves	(1.857)	(2.589)	(0.732)
Total HRA	0.000	0.000	0.000

8. Capital Programme

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

Table 6: 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 1						
General Fund	342.820	158.222	55.668	21.349	92.695	670.754
HRA	146.383	153.790	111.058	62.452	61.201	534.884
Total	489.203	312.012	166.726	83.801	153.895	1,205.637
2022/23 Outturn report						
General Fund	294.740	156.427	55.668	21.349	92.695	620.878
HRA	137.741	153.790	111.058	62.452	61.201	526.241
Total	432.481	310.217	166.726	83.801	153.895	1,147.120
Changes due to slippage, accelerated spend, reprofiling and/or in-year additions						
General Fund	48.080	1.795	0.000	0.000	0.000	49.875
HRA	8.642	0.000	0.000	0.000	0.000	8.642
Total	56.722	1.795	0.000	0.000	0.000	58.517

8.2 The revised capital programme reflects:

- 2022/23 slippage of £55.668m, of which £43.016m (over £1m) was approved by Cabinet in June 2023. Total General Fund slippage was £46.026m.
- Additions to the capital programme of £2.8m relating to the Young Adults Centre scheme.

8.3 The capital programme for 2023/24 is currently reporting an underspend position of £37.024m against the approved programme budget, as summarised in the table below. This is mainly due to a number of capital schemes which need to be decommissioned which are detailed in 8.5, once these have been removed there is a forecast overspend, as outlined in 8.6.

Table 7: 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 (-) / Over (+) spend after de commissioning
	£m	£m	£m	£m	£m	£m	£m
Children's Services	32.452	(1.231)	17.064	15.387	0.000	0.000	0.000
Adults & Public Health	0.831	0.000	0.831	0.000	0.000	0.000	0.000
Economy & Sustainability	94.619	5.110	37.294	33.856	(23.469)	29.433	5.964
Housing & Environment	40.662	1.342	24.783	15.879	0.000	0.000	0.000
Resources	171.387	1.336	14.626	156.761	0.000	0.000	0.000
Strategy & Change	0.550	0.039	0.000	0.550	0.000	0.000	0.000
Corporate	1.881	0.000	0.120	1.761	0.000	0.000	0.000
Total General Fund	342.381	6.597	94.719	224.194	(23.469)	29.433	5.964
HRA	146.383	11.922	144.672	(11.843)	(13.555)	13.555	0.000
Capital Programme	488.764	18.519	239.391	212.351	(37.024)	42.988	5.964

8.4 The recommendations seek approval to re-profile capital budgets that are in excess of £1m. These total £204.280m of the total slippage of £212.351m; details of these schemes are set out in Appendix 2.

Budgets to be decommissioned.

8.5 Cabinet is asked to approve a total of £148.252m of budget decommissioning. £144.442m relates to the decommissioning of budgets for the previous Perceval House redevelopment scheme. Following the decision taken in April 2023 not to proceed with the demolition and redevelopment of Perceval House, capital budgets (expenditure and funding) for the scheme will be decommissioned. This included General Fund budgets for the redevelopment of Council accommodation: £14.624m in 2023/24 and £52.271m in future years (£66.895m in total) and HRA capital budgets (expenditure and funding) for the residential element of the scheme: £13.555m in 2023/24 and £52.993m in future years (£66.547m in total). Budgets for any future works to Perceval House will be the subject of a future report and budget approval.

8.6 In addition, the following scheme budgets will be decommissioned:

- Southall Big Plan – £4.835m of budget. Due to a technical issue in 2020/21, a sum of £2.4m was added to this budget rather than deducted, which now needs to be removed. Expenditure on the scheme is in line with approved budgets.
- Energy grant (Homes Upgrade Grant Phase 1) - £3.475m grant money is to be returned as there were no referrals to the scheme due to there being not enough off-gas grid street properties in the West London Consortium that the project targeted. There was no expenditure on the scheme.

- Energy grant (Green Homes Grant Phase 2) - £6.5m grant money to be returned as the award was made to Cambridgeshire & Peterborough Combined Authority (CPCA), not directly to Ealing, and the Council has drawn down the grant to match what has been spent and eligible for grant.

Forecast overspend

- 8.7 It is currently forecast that there will be an overspend of over £6m in relation to Genuinely Affordable Homes, which relates to housing schemes being developed within the Council's General Fund, prior to any transfer to Broadway Living or to the HRA. A further report on the housing development programme is expected to be reported to Cabinet in the autumn which will include a review of budgets and any required budget approvals.

Additional capital budget requests

Temporary Accommodation – purchase of 10 additional properties

- 8.8 Cabinet is asked to approve a new capital budget of £3.030m to purchase a minimum of 10 properties, of which seven are for Temporary Accommodation and three for Afghan households moving on from bridging hotels. The additional budget will be added to the existing capital scheme to purchase temporary accommodation properties and will be fully grant funded by Local Authority Housing Fund (LAHF) Round 2 grant of £2.4m, and £0.630m of Homeless Prevention Grant balances.

Gunnersbury Sports Hub

- 8.9 Cabinet is asked to agree an increase to the capital budget for the Gunnersbury Sports Hub of £0.906m as a result of reaching a final account for the project and settling previously disputed sums. This is to be financed equally by Ealing and Hounslow councils, with Ealing's contribution of £0.453m to be funded by borrowing (internal). This additional borrowing has revenue cost of c7% (£32,000) per annum in relation to opportunity cost in relation to lost investment income and minimum revenue provision costs. Cabinet is asked to note that Hounslow are making separate capital investments into Gunnersbury Park on behalf of both councils which are to be taken into account later when the contributions are confirmed.

HRA housing schemes (Lexden Rd & Northolt Grange)

- 8.10 Cabinet is asked to agree to increase the capital budgets on the existing Lexden Rd and Northolt Grange capital schemes, which are currently being developed by the HRA. An additional budget of £3.788m was noted as being required to support the Lexden Rd development in February 2023, following

receipt of a final fixed price offer from the Council's preferred main works contractor. This cost increase was influenced by market conditions and inflationary pressures on materials and was the basis upon which the main works contract was awarded. An uplift of £1.027m is required for the Northolt Grange development to reflect the latest anticipated contract costs and to enable the main contract to be awarded for the revised total contract price details of which are set out in Confidential Appendix 3.

- 8.11 Changes to the funding of these schemes is proposed to reflect additional GLA grant approvals for the schemes and expected capital receipts which has reduced the budgeted borrowing requirement. The table below shows the changes to the financing of these HRA schemes.

Table 8: Change in HRA capital financing (negative indicates a reduction)

Scheme	Grant £m	RTB Receipts £m	Capital Receipts £m	Borrowing £m	Total £m
Lexden Road	11.331	-0.259	15.249	-22.533	3.788
Northolt Grange	3.589	-	1.350	-3.911	1.027
TOTAL	14.920	-0.259	16.599	-26.444	4.815

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 30 June 2023 is set out below.

9.2 Council Tax

- 9.2.1 Council tax in-year collection is behind the target collection profile (1.65%) which equates to £3.802m. The figure of 29.45% is however 0.59% ahead of the previous year. The current net debit figure compared with this period last year has increased by £17.098m, and the cash collected in the first three months of the year has increased by £5.668m.

Table 9: 2023/24 Quarter 1 Council Tax in-year collection

Council Tax In-Year Collection	Quarter 1	
	£m	%
Amount to be collected to achieve 97.2%	224.323	97.20%
Target collection	71.774	31.10%
Amount collected	67.972	29.45%
Variance against target	(3.802)	(1.65%)

Source: QRC Monthly data

9.3 Business Rates

- 9.3.1 Business Rates collection is 0.26% behind target which equates to £0.415m. The net debit has increased by £7.763m compared to this period last year due to changes in the relief given to retail properties post-Covid.

Table 10: 2023/23 Quarter 1 Business Rates in-year collection

Business Rates In-Year Collection	Quarter 1	
	£m	%
Amount to be collected to achieve 97.2%	156.206	97.20%
Target collection	45.801	28.50%
Amount collected	45.386	28.24%
Variance against target	(0.415)	(0.26%)

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.

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
- non-delivery of approved savings.

13.3 Close monitoring by 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

Appendix 3 (confidential) – Northolt Grange development contract costs

22. Background Information

Cabinet reports:

- 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
- Budget Update Report 2022/23 – 12 October 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	16/08/2023	17/08/2023	Throughout
Kerry Stevens Robert South Peter George Nicky Fiedler Amanda Askham	Strategic Directors	18/08/2023	23/08/2023	Throughout
Helen Harris	Director of Legal and Democratic Services	15/08/2023	31/08/2023	Legal section
Councillor Steve Donnelly	Cabinet Member for Inclusive Economy	23/08/2023	23/08/2023	Throughout
Councillor Shital Manro	Cabinet Member for Good Growth and New Homes	01/09/2023	04/08/2023	Paragraph 8.10
Russell Dyer	Assistant Director – Accountancy	Continuous	Continuous	Throughout
Nick Rowe	Assistant Director of Local Tax & Accounts Receivable	Continuous	Continuous	Section 9

Report History

Decision type: For decision		Urgency item? No	
Authorised by Cabinet member:	Date:	Report deadline:	Date report sent:
Report	Report authors and contacts for queries: Kevin Kilburn, Interim Assistant Director Strategic Finance, 020 8825 7549 Baljinder Sangha, Finance Manager Planning & Monitoring, 020 8825 5579 Katherine Ball, Finance Manager Capital & Projects, 020 8825 5757		