

COUNCIL MEETING – 11 December 2024

RECOMMENDATION FROM FINANCE SUB COMMITTEE: APPROVAL OF SUPPLEMENTARY REVENUE ESTIMATES AND SUPPLEMENTARY CAPITAL ESTIMATES

RECOMMENDATION

That Council

- 1 Approve the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3, Table 1.**
 - 2 Approve the Supplementary Capital Estimate Request for Allocation of Additional Funding over £1,000,000 as per Annex 1, Section 4, Table 5.**
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Extract from the Minutes of the Finance Sub Committee held on 7 November 2024.

25 SECOND FINANCIAL REVIEW OF 2024/25

The Committee considered the report which provided an update on the forecasted outturn position for 2024-25, based on income, expenditure and known commitments as at the end of August 2024. The Committee noted that the Second Financial Review forecast revenue outturn position was an adverse variance of £20.1m which was an improvement of £6.5m from the First Financial Review. The Committee noted the actions being taken to address adverse variances to urgently improve financial sustainability and agreed that whilst there had been some improvement from the First Review, the overspend of £20.1m remained a significant financial challenge for the council. Nationally, many local authorities across the country were facing similar pressures with available financial resources not supporting authorities to keep pace with exceptional levels of inflation, interest rates and increases in cost and demand for services.

The Committee considered the position of the adults, health and integration service, and raised concerns around the direction of travel based on forecast performance in the year to date. It was noted that there was greater confidence in the mitigating actions being taken in the service to control overall spending including a reduction in agency staff and scrutiny of high-cost placements.

The Committee noted the capital programme budget update and queried if there would be any further reduction in commitments going forward. The Committee noted that there was work underway to re-profile capital expenditure and review the capital programme to ensure that capital borrowing remained affordable. An update would be provided to the Corporate Policy Committee in November. The Committee requested a more detailed analysis of agency staff costs and a breakdown of those agency staff covering business

as usual work vs temporary work. The Committee queried the costs of recruiting agency staff as opposed to permanent staff. Officers committed to providing a written response.

The Committee acknowledged the difficult financial challenges facing the authority. It was noted that the forecast did not assume the use of the Exceptional Financial Support (EFS) that was requested in 2023-24 and 2024- 25. The requirements for the EFS borrowing were not yet known however it was anticipated that there would be flexibility in the Council's ability to determine its borrowing and repayment strategy. It was noted that whilst the financial stability of the Council could impact on borrowing from some lenders, the Council would still be able to borrow from the Public Works Loan Board. It was queried if utilising EFS was better than issuing a section 114 notice. Officers committed to providing a written response.

RESOLVED (unanimously): The Finance Sub Committee

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £20.1m against a revised budget of £395.4m (5.1%), including the contents of Annex 1, Section 2 and progress on the delivery of the MTFs approved budget policy change items, the RAG ratings and latest forecasts, and the actions to be taken to address any adverse variances from the approved budget.
2. Note the in-year forecast capital spending of £157.7m against an approved MTFs budget of £215.8m, due to slippage that has been reprofiled into future years.
3. Note the available reserves position as per Annex 1, Section 5.
4. Recommend to Full Council the approval of the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3, Table 1.
5. Recommend to Full Council the approval of the Supplementary Capital Estimate Request for Allocation of Additional Funding over £1,000,000 as per Annex 1, Section 4, Table 5.
6. Note that the Adults and Health Committee will be asked to approve the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £500,000 up to £1,000,000 as per Annex 1, Section 3, Table 2.
7. Note that the Highways and Transport Committee will be asked to approve the Supplementary Capital Estimate above £500,000 up to and including £1,000,000 as per Annex 1, Section 4, Table 4.
8. Note the Capital Virements above £500,000 up to and including £5,000,000 as per Annex 1, Section 4, Table 4 will be approved in accordance with the Council's Constitution.