

## **CALDERDALE MBC**

**WARDS AFFECTED      ALL**

**CABINET    12<sup>th</sup> FEBRUARY 2024**

### **THIRD QUARTER PROJECTED OUTTURN REPORT REVENUE & CAPITAL MONITOR 2023/24**

#### **REPORT OF THE DIRECTOR OF RESOURCES & TRANSFORMATION**

##### **1.    PURPOSE OF REPORT**

- 1.1    This report summarises the revenue and capital projected outturn position as at 31<sup>st</sup> December 2023. It provides an update on the actions taken since the last report to mitigate the financial pressures and the impact these actions are having.

##### **2.    NEED FOR A DECISION**

- 2.1    The Council's Financial Procedure Rules requires the financial position to be reported to Cabinet a minimum of three times a year for noting and to approve any significant budget changes. Members are invited to review the appendix included and consider any action required to manage the overall outturn position.

##### **3.    RECOMMENDATIONS**

It is recommended that Cabinet:

- 3.1    Note the projected revenue budget outturn as at Quarter 3 and the analysis of the 2023/24 revenue outturn position, the impact of mitigating actions and position on the reserves.
- 3.2    Note the risks to the revenue budget for 2023/24.
- 3.3    Agree the Capital Programme of £207.146million for the period 2023/24 to 2025/26 referred to in to in Section 6 of the report and detailed in the attached appendix.
- 3.4    Agree to accept the additional funding and bid for the additional funding detailed in paragraphs 6.10 and 6.11 of the report.

## **4. BACKGROUND AND DETAILS**

- 4.1 The Council's management accounts are based on the Council's directorate structure and are used to help plan and control service delivery within the financial resources specifically approved by Council. They reflect the way the Council is organised and the delegations of budget responsibility, with some costs being delegated to directors to manage, and some being met corporately by the Council.
- 4.2 Both revenue and capital monitoring reports are presented to Cabinet three times a year. The process of monitoring allows service managers to identify significant variances and ways of managing these, and to estimate the overall effect on the service budget. The report to Cabinet summarises these forecasts and proposes solutions and strategies as to how these variances may best be mitigated, and what the implications might be on future budget requirements and reserves.
- 4.3 There are inevitably fluctuations in service forecasts in light of changing circumstances and issues. This projected outturn report summarises how the financial information, demand and other activity known at 31 December 2023 forecasts the revenue spend against budget to the end of the financial year.
- 4.4 As they serve a different purpose, management accounts are prepared on bases which do not reflect all the accounting policies required in the preparation of the financial accounting statements.

## **5. OPTIONS CONSIDERED**

- 5.1 The report presents the latest forecast revenue outturn for the financial year 2023/24 for Cabinet consideration.
- 5.2 Cabinet is asked to note the risks that may further impact on the projections and the mitigations and actions being taken to minimise the financial impact.
- 5.3 Cabinet is asked to approve the latest Capital Programme, including the additional WYCA funded schemes, set out in Appendices.

## **6. FINANCIAL IMPLICATIONS**

### **Revenue**

- 6.1 The third Quarter Projected Outturn 2023/24 is forecasting a spend against budget of £201m, representing a projected overspend at the year-end of £6.65m or 3.4% of budget. This compares to the previous reported forecast of £6.63m. The detail of the position is set out in the Appendix.
- 6.2 There have been improvements in the projected outturn position in most areas, amounting to a £1.49m reduction, reflecting the cost controls and management actions that are being implemented across the Council. However, this has been offset by further pressures being faced within Adults and Wellbeing. As previously reported, across the adult social care and health system the acuity and complexity of need is much greater than in previous years. This means that the number and

level of care packages required, places a higher cost burden on the Council. The discharge from hospital system is working well, with minimal waiting lists for home care. People are being discharged from hospital earlier and more unwell than in pre-pandemic times which means care is being funded by the Council for people who would previously have remained in hospital or in a "step down" bed for longer. We continue to work with system partners to embed a strengths-based approach to transform services.

- 6.3 The Appendix provides a summary about the planned and projected movement in reserves. At the start of the financial year the balance in reserves was £73.504m (incl. Schools and £6.482m of general unallocated balances). Based upon budgeted use, in-year use of corporate and service, the reserves closing balance would be £57.991m. As can also be seen in the attached Appendix, the Council's reserves level falls by £11.112m if those held by Calderdale schools are excluded.
- 6.4 The Government has recognised the challenges facing local authorities and the recent Local Government Finance Settlement Policy Statement asks authorities 'to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities'.
- 6.5 Reserves are required as part of the Council's financial resilience arrangements. The Reserves Strategy sets out the reasons for the different categories of reserves and the risks that the corporate reserves will be used if required. At present the level of reserves are deemed adequate by the Section 151 Officer and this is kept under review as risks change.

## **Capital**

- 6.6 The second quarter Projected Outturn 2023/24 reported to Cabinet on 13 November 2023 detailed the Capital Programme of £206.426million. The latest forecast detailed in the Appendix is £207.146million, which represents a minor variation on the previous forecast.
- 6.7 It is anticipated that the Capital Programme will be funded by a combination of grants (£164.576m), revenue & reserves (£157k) and prudential borrowing (£37.55m). The balance in the Capital Programme will be funded by pooled resources of £4.863million. N.B. Cabinet is reminded that pooled resources are either set aside from the revenue budget and earmarked specifically to fund capital expenditure or capital receipts generated by the sale of assets.
- 6.8 During the current reporting period it is anticipated that the overall Capital Programme will change as schemes are completed or additional funding is approved to deliver existing or new schemes. However, the most significant impact on the Programme will occur as additional funding is approved via the West Yorkshire Combined Authority (WYCA) Assurance Framework to deliver the Council's West Yorkshire + Transport Fund (WY+TF) and Transforming Cities Fund (TCF) schemes.
- 6.9 The appendix to the report details the forecast expenditure for the WY+TF and TCF schemes totalling £73.55million in 2024/25 and £92.05million in 2025/26 that will be

incorporated into the Council's Capital Programme when the relevant Funding Agreements are signed by both parties.

- 6.10 The Council has recently been notified by the WYCA that additional funding has been agreed for the following schemes:-

	23/24 £	24/25 £	25/26 £
Local Electric Vehicle Infrastructure (LEVI)	7,500	97,500	90,000
A629 North Halifax Ogden to Orange Street	150,000	2,478,000	3,442,000
Active Travel Capability Fund Behavioural Change Extension		98,909	
Active Travel Capability Fund Network Development Extension		95,000	
CRSTS Capacity & Capability Fund		27,140	271,410
Total	157,500	2,796,549	3,803,410

Cabinet approval is required to accept the funding allocations agreed to date to allow the Funding Agreements to be completed. The schemes will be incorporated into the Capital Programme when the Funding Agreements are signed by both parties.

- 6.11 Cabinet approval is also required to allow the following bid to be submitted to the WYCA.

	24/25 £	25/26 £
Active Travel Tranche 4 Pellon Access to Schools	100,000	531,470

## **7. LEGAL IMPLICATIONS**

- 7.1 None directly arising from this report.

## **8. HUMAN RESOURCES AND ORGANISATION DEVELOPMENT IMPLICATIONS**

- 8.1 None directly arising from this report.

## **9. CONSULTATION**

- 9.1 None directly arising from this report.

## **10. ENVIRONMENT, HEALTH AND ECONOMIC IMPLICATIONS**

10.1 None directly arising from this report.

## **11. EQUALITY AND DIVERSITY**

11.1 None directly arising from this report.

## **12. SUMMARY AND RECOMMENDATIONS**

- 12.1 The overall projected revenue outturn position is an overspend of £6.653m. Cost control measures outlined in the Appendix, are showing signs of having an impact and reducing the projected overspend at service level.
- 12.2 Further actions and controls are being implemented in Adults and Wellbeing to address the on-going increase in demand for services and complexity of need.
- 12.3 The worst-case scenario will necessitate the use of corporate reserves, the impact on closing balances is shown in the Appendix. However, this is in line with the assessment of adequacy of reserves and Government policy on using reserves to maintain services this year and into next financial year.
- 12.4 As detailed in the Appendix, the forecast for the Council's Overall Capital Programme is £207.1m for the period 2023/24 to 2025/26. The forecast for the current year is £68.141m. The programme will be funded by a combination of grants and contributions, revenue and reserves, prudential borrowing and pooled resources.
- 12.5 Cabinet is recommended to:-
- Note the projected revenue budget outturn as at Quarter 3 and the analysis of the 2023/24 revenue outturn position, the impact on available reserves, and the underlying budget pressures faced by directorates.
  - Note the risks to the revenue budget for 2023/24.
  - Agree the Capital Programme of £207.1m for the period 2023/24 – 2025/26 referred to in Section 6 of the report and detailed in the attached appendix along with the additional funding and bids set out in Sections 6.10 and 6.11.

**Becky McIntyre**

**Director of Resources & Transformation**

Date: 01 February 2024

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**FOR FURTHER INFORMATION ON THIS REPORT CONTACT: Lee Holden**

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### **DOCUMENTS USED IN THE PREPARATION OF THE REPORT:**

The Council's Financial ledger

Second Quarter Projected Outturn Revenue and Capital Monitor 2023/24