<table>
<tr><td>CABINET</td><td>DATE
24 July 2024</td><td>ITEM NO
6</td></tr>
<tr><td>TITLE
2023/24 Revenue Outturn</td><td colspan="2">WARD (S)
All</td></tr>
<tr><td>CHIEF OFFICER
Director of Finance</td><td colspan="2">CABINET MEMBER
Finance, Resources and Social Value</td></tr>
<tr><td>DECISION CLASSIFICATION
Non Key
Subject to Call in
Non Exempt</td><td colspan="2">IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING?
Yes</td></tr>
</table>

1. **Decision required**

This report makes the following recommendations to the decision-maker:

1.1 Cabinet is requested to note the Council's outturn position.

2. **Links to Our Greenwich missions**

2.1 This report relates to the Council's agreed missions as follows:
- Our Council works in the most efficient and effective ways possible.

Effective financial management ensures resources are used efficiently, effectively and economically and helps to facilitate the running of Council services.

2.2 This report concerns the revenue outturn position for 2023/24 and therefore relates to the delivery of all of the high-level objectives contained within the Royal Greenwich Strategy.

3. **Purpose of Report and Executive Summary**

3.1 The report provides an overview of the departmental budgetary position at the end of 2023/24.

4. **Introduction and Background**

4.1 The Budget for 23/24 was set at Council on 23 February 2023. This report provides summary information on the revenue outturn position for the financial year. This completes the monitoring cycle for the year and provides background information to complement the draft Statement of Accounts for 2023/24.

4.2 The revenue monitoring report (as at period 9) presented to Cabinet on 21 February 2024 presented a forecast overspend pressure of £13.1m for the General Fund. This has reduced due to support from corporate resources and the deployment of risk reserves.

4.3 The summary position is outlined in Table 1.

Table 1 – Revenue Outturn

Actual Spend versus Budget	**Overspend / (Underspend)**	
	2023/24 £m	**2022/23 £m**
Departmental		
Health & Adults	8.4	3.9
Children's	8.6	5.8
Communities and Environment	(0.4)	0.6
Housing & Safer Communities	7.8	3.8
Finance & Legal	(0.9)	0.5
Regeneration, Enterprise & Skills	(1.1)	0.1
Service Total	**22.4**	14.7
Corporate		
No Recourse to Public Funds	2.8	2.8
Transportation & Parking	8.4	7.6
Freedom Pass in-year support	(2.6)	
Treasury Management	(9.2)	(10.1)
Other Resources	(8.3)	(4.9)
Resources to meet pressures from Fuel, Energy, Climate and Rethinking	(3.1)	
Business Rates Additional Income	(2.9)	
Council Tax and Business Rates Credits	(0.7)	
Utilisation of COVID reserves		(9.6)
Utilisation of Risk Reserves	(6.8)	
Savings to be delivered	9.0	
Savings agreed by Council to be underwritten by reserves	(9.0)	
Corporate Total	**(22.4)**	(14.2)

Net GF Position	**0.0**	0.5
Increase / (Decrease) in General Reserve	**(0.0)**	(0.5)
HRA Position	**0.5**	1.2

5 Departmental Outturn

Health & Adults £8.4m

5.1 The Health and Adult Services Department are reporting an outturn overspend of £8.4m for the 2023/24 financial year. This is a movement of £0.7m compared with the reported forecast for Quarter 3. The increase of £0.7m in pressure between periods is because of forecast adjustments in some activity across various types of care provision and workforce.

5.2 It is important to provide the context of significant underlying budget pressures driven by more people presenting and needing higher levels of support at the same time as inflationary pressures which are impacting the prices paid for care and support provision. In 2023/24 some of the pressures have been off-set by service improvements and efficiencies alongside one-off funding streams and reserves.

5.3 There has been an increase of 13% in care package spend when compared to the previous financial year of 2022/23. The highest area in care package spend movement between years was Older People (OP) with an increase of £3.8m (13%), followed closely by Learning Disability with a £3.5m increase (14%).

Increase in spend within the OP client group has been identified within Direct Payments, Nursing & Residential services. Whereas there have been additional people supported with Direct Payments which is part of our strategy to offer people more choice and control of their care, for Nursing and Residential services, the main driver for increased expenditure has been higher costs due to provider uplifts and higher cost of new placements driven by inflation rather than significant numbers of additional residents supported.

Additional expenditure within the LD client group is largely attributable to increased spend within Supported Living which saw 9 more placements compared to the previous year as well as higher costs for existing and new packages as a result of inflationary pressures. A review programme which started in 2022/23 reviewing and negotiating prices with providers has resulted in a decrease of £1.2m up until the end of 2023/24 and will be extended to other client groups in 2024/25.

5.4 Overall, most of the increase in spend has been against services to support more independent forms of living (such as, Supported Living, Direct Payments and Home Care), but there has also been a significant increase in spend for Nursing placements and a smaller rise for Residential placements. Although the number of new people requesting support at the front door has gone up by 16% compared with last year, 7% fewer of the number being referred on for assessment ended up receiving a long-term service in 2023/24. However, increases in inflationary pressures have meant that providers have been requiring more financial support in order to stabilise their own workforce pay, and sustain the market as a whole. The Government grant for Market Sustainability & Improvement (MSIF) has been utilised to cover the cost of uplifting and sustaining fee levels and further increases in spend have been partially mitigated by other grant funding such as the ASC Discharge Fund as well as use of reserves. However, these additional funding streams have not kept pace with the level of cost.

5.5 The service has staffing pressures in relation to agency staff and is currently undertaking various reviews to ensure that the staffing levels accurately meet the needs of the service, which will lead to a reduction in the use of agency staff. This includes strong push to fill all existing vacant positions with permanent staff, and there is a MTFS savings target tied to this. Furthermore, there is an effort to encourage current agency staff to transfer to fixed-term contracts.

5.6 Work on delivering the HAS Vision and Forward Thinking continuous improvement programme is on-going into 24/25 and beyond as is work on increasing collaboration with Children's Services and integration with SEL ICB. Furthermore, work in getting underway on delivering and tracking 2024/25 MTFS proposed savings and it is expected that these changes will lead to even more efficient and effective service delivery going forwards and will contribute to alleviating some of the financial pressures previously outlined.

Children's Services £8.6m

5.7 The Children's Services Directorate is reporting an outturn overspend of £8.6m for 2023/24. This is an increase of £.2.9m on the Period 9 forecast overspend position of £5.7m. The overspend of £8.6m is attributable to the

Placements (£6m) and Transport (£5.6m) budgets offset by underspends in Integrated Commissioning (£1.9m) and FaASS (£1m).The movement between Q3 and the outturn is due to the Children's placement budget and non allowable transfers from the Dedicated Schools Grant (DSG) to the general fund which was effective from March 2024 thus impacting on the 23.24 financial year.

5.8 Children's Placement budget

- There was a decrease in the number of children in our care children from March 23 to April 23 which was reflected in the table below and forecast projections at Q1 of £2.7m. This had been the trend for a few years. However, by June 2023, the numbers had started to increase and by December 23, the number of children in our care had increased to 430. There has been a case of a family of 10 coming into our care which would have impacted on the numbers. The numbers of children in Residential Care also increased during the last quarter of the financial year.
- The Deputy Director continues to manage demand by chairing a multi-agency weekly Entry to Care Panel (ETCP). The ETCP scrutinises all cases of children accommodated in planned or unplanned ways and hears requests to accommodate children in the first place. The Panel ensures that only the right children come into the care system at the right time. The Deputy Director has recently introduced a fortnightly high-cost resource panel to review the highest costing placements.
- The Panel also acts as a decision- making forum to agree to all new requests for residential placements and any other placement that will cost more than £1,400 per week. The Panel obtains a full breakdown of the costs and provides support and challenge to relevant teams including placement commissioning and social work teams as well as providers to ensure the best value for money.
- A recently established Kinship Care Team aims to explore family options for children in care and increase the number of children in kinship placements. This is a new team which is expected to assist in reducing the number of children in care in the long run.
- The largest increase during the financial year was between Q3 and Q4 and this was not captured in our projections at Q3. The last Monitor reported to DMT was at Q3 primarily based on P8 (including any material movements to P9).

5.9 SEND Transport

- The other main driver of the overspend in Children's Services has been SEND Transport which has seen a steady increase over the last few years.

- In house Transport has seen an increase in the contract price primarily between 22.23 and 23.24 reflecting inflationary pressures including sharp increases in fuel costs, a tightening labour market and general increases in living costs.
- Private contractor costs have increased as a result of increase in numbers and inflationary pressures.
- There has been an increase in the take up of Personal Travel Assistance Budgets (PTAB's) which could lead to savings in the longer term. DSG funding can also be offset against the cost of PTAB's.
- The transport budget has not been adjusted over time to meet the demands of the service. This has been addressed and growth of £5m has been set aside for the SEND Transport budget as part of MTFS proposals from 24.25 onwards.

5.10 Agency Spend

- Agency spend for 2023.24 amounted to £6.2m, an increase of 41% on agency spend in 2022.23 (£4.4m in 2022.23). The highest area of agency expenditure is in social care where there remain several vacant positions. Initiatives are in place to address usage of agency workers.Nationally, vacancy rates remain acute.

5.11 Spot Purchasing

- Spot purchasing has also seen an increase with spend in 2023.24 amounting to £1.2m reflecting an increase in parenting assessments and advocacy for children with complex needs. There are initiatives in this area to improve the management of cost and quality through commissioning bespoke family interventions/support via a new framework which could result in improved outcomes through better targeting of appropriate support and achieve best value for money.

5.12 Dedicated Schools Grant (DSG)

- The DSG outturn position is an overspend of £1.476m.
- There has been full spend within the Schools and Central School Services blocks. The High Needs block funding is £64.085m in 2023/24, (£58.4m in 22/23). This is a funding increase of £5.7m and is inclusive of the 0.5% (£1.308m) of the School Block transfer. The 2023-24 outturn position for the High Needs block is an overspend of £2.739m. The following areas within the HN block have contributed to the increased budget pressures and overspend.
- An increase in demand and therefore costs for SEN Placements and High Need Top Up funding across all sectors. Over the last 4 years there has been an increase of 780 plans between 5 – 19-year-olds.

- An increase in demand for Independent SEN Placements across all sectors.
- Increased demand and costs for SEN Alternative Provision, Sensory Team, and SALT (Speech & Language Therapy) provision.
- Children Services continue to introduce strategic plans and initiatives to meet the increased demand and manage resources within the High Needs funding envelope. As at March 2024, the Early Years block is showing an underspend of £1.263m. There has also been a significant reduction in deprivation costs due to the reduced uptake and this has contributed to the overall underspend within this block.

Communities, Environment & Central (£0.4m)

5.13 The Directorate of Communities, Environment and Central are reporting an outturn underspend of £0.4m after agreed reserve transfers. This is a slight worsening of the Qtr 3 reported position of (£0.9m), but is due to the agreement of new reserves at yearend that has not been previously reported. Ongoing budget realignment to fund contract inflation and demand pressures has significantly reduced historic pressures in the Directorate. Service underspends, including higher than projected income for Registrars and staffing vacancies in Information, Safety & Community have resulted in an overall underspend in the Directorate.

Transportation & Parking +£5.8m

5.14 The outturn position for Transportation & Parking is an overspend of £8.4m. This is an improvement on the position at quarter 3 which projected an overspend of £10.2m. This is being partly offset by a one-off underspend of £2.6m from concessionary fares. This was identified in the 2023/24 MTFS as being available to support Transportation income budgets.

5.15 Transportation is reporting a £1.6m underspend. This is due to delivering part of the Highways Maintenance MTFS saving originally planned for 2024/25 one year early, and underspends in Transport Strategy and Traffic due to staff vacancies pending staff restructuring and additional income.

5.16 Parking is reporting a net variance against budget expectations of £10m. The main variance is a £10.4m shortfall against the current MTFS and reflects the realigning of previous income budgets now reprofiled over the next few years. The Transportation Strategy is being used as the basis for a number of initiatives within the parking service, including:

- Emission based charging
- Expansion of Controlled Parking Zones
- Neighbourhood Management Programmes
- Sustainable Streets initiatives

The original budget assumptions were based on proposals and forecasts undertaken many years ago in a very changing environment. Since then, there have been many changes especially in the last 18 months including the production of the Transport Strategy aligned with the Council's Carbon Reduction commitment. Considering the risks, the new multi-year plan is anticipated to improve the overall budget position delivered over a longer period than the original plan, however a budget deficit against forecasted projection is still anticipated.

The current assumptions identify proposals, the financial effects of which are forecast to reduce the gap within budget position over a multi-year period which is aligned with the Transport Strategy. Both the transport and treasury management variances are timing issues which are due to unwind over the coming years and as such the current pressure should be held centrally and offset by corporate savings currently being achieved in respect of Treasury Management. The service is continuously developing a new plan which is dependent on a number of external and internal factors including commitment to deliver transport related schemes. The CEC directorate, Finance and Change & Improvement Teams are working together to keep this area under constant review, including the establishment of a focussed Financial Management Board, to scrutinise and provide support to the Transport Service.

The Parking Service has begun a series of reviews looking at the operational and policy matters when benchmarked against other London Boroughs. This will look at the cost, income recovery, price points, policy informing controls and other measurables. This will help establish whether the budget assumptions and forecasts made to date and in the future are in line with the real-world performance achieved by peers. The intention is to make recommendations around optimising the delivery model, charging and control policy and future growth ambitions and getting the most value out of assets such as the traffic enforcement CCTV estate.

The ability of the service to generate a surplus is always directed by traffic management need; how much surplus can be generated is therefore finite and previous forecasts need revising where that is no longer realistic. The ultimate intention is to ensure forecasts for the service are realistic, reliable, and no longer represents a risk as the Council seeks to close its budget gap.

The remaining overspend reflects delay in the rollout of these programmes, this is mainly due to more extensive community engagement. Traffic levels and general vehicle activity remains depressed on pre COVID levels, with twin key impacting factors being:

- the general slow return to the workplace across all industry sectors
- cost of fuel

This is readily visible across many of our paid for parking sites and in activity on Traffic Enforcement Cameras where congestion is an impacting factor on non-compliance.

The CEC directorate, Finance and Continuous Improvement Teams are working together to keep this area under constant review.

Housing & Safer Communities £7.8m

5.17 The Housing General Fund recorded an overspend of £7.8m compared to £10.9m at Qtr 3. This is an improvement on the expected position for the year. The improvement is due to better than expected performance at reducing costs, particularly for temporary accommodation.

The most significant overspend was on temporary/emergency overnight accommodation (£8m). This happened because of a large increase in homelessness, which is affecting all London boroughs and is due to the rising cost of living, real terms falls in benefits, and less private rental properties being available. We have worked hard to bring this cost down by reducing the amount we spend on hotels.

There was a £0.4m overspend on Hactrac prevention and leasing. This relates to private sector leases to prevent long term homelessness and so reduce our temporary accommodation spend.

There was an underspend of £0.8m on general fund housing which is mainly because of changes to rents and charges.

There was an underspend of £0.4m in community safety and environmental health from changes to staffing and improvements to commercial opportunities

Finance & Legal Services Draft (£0.9m)

5.18 The net position for Finance & Legal Services is an underspend of £0.9m. This balance is made up of an overspend in Legal services of £0.5m, due in the main to interim staff filling permanent, difficult to fill vacancies, offset by a number of overspends across Audit & Anti-Fraud, Digital Services and Financial Operations.

Regeneration, Enterprise and Skills (£1.1m)

5.19 The outturn position for Regeneration, Enterprise & Skills is an underspend of £1.1m. This underspend has increased from the quarter 3 forecast position of £0.8m underspend.

5.20 The Directorate has had a challenging year in terms of the continued pressures from premises and energy costs. However, the directorate has been able to deliver an overall underspend due to delivering an MTFS saving originally planned for 2024/25 one year early. This relates to the funding that would normally have been appropriated to a reserve for expenditure by regeneration that could not be capitalised in accordance with accounting regulations. This requirement has been mapped out over the short to medium term and the accumulated one-off reserve is deemed sufficient to meet the expected costs as well as some changes to how property based income is treated which has resulted in the monies being able to be released towards the MTFS. Due to the corporate financial pressures the directorate also undertook a review of all purchase orders to ensure those that could be were closed or removed as well as slowing down any non-essential expenditure, e.g. turning heating in buildings off overnight.

No Recourse to Public Funds + £ 2.8m

5.21 No specific funding has been provided to local councils in recognition of this demand, whereby vulnerable persons with no recourse to public funds approach the council as a last resort.

5.22 The £2.8m outturn overspend for 2023/24 is £0.1m more than the reported forecast position at Quarter 3, but is unchanged from the 2022/23 outturn position. This is reflection of the activity, as client numbers are remained constant between years.

Housing Revenue Account +£0.5m

5.23 The housing revenue account recorded a £0.5m overspend at the end of the year. This is an improvement on the expected position earlier in the year. The improvement is largely due to recharges, bad debt provision, and capitalisation.

The main reasons for the overspend were:

- High costs in our Direct Labour Organisation (DLO) for repairs (total cost overspend of £2m) – the overspend is because productivity in this service is below benchmark. This pressure has reduced from £3m recorded in Q3, as the service increased the use of subcontractors for void and specialist works who were quicker and cheaper than the DLO.
- Utility bills (£2.1m overspend) - this is due to steep increases in energy costs during 2023/4
- Compliance consulting (£1m overspend) - this was to ensure we meet new regulatory requirements including creating building safety cases for all our high rise buildings. This affects all local authorities in the country but is particularly expensive for us because we have a lot of council homes. The HRA does not receive any additional money to meet regulatory changes so we have to find this from our existing budgets.
- Legal cases (£0.4m overspend) - this is from an increase in legal disrepair cases related to damp and mould. Many other London local authorities have experienced this, and we believe that the increase is largely due to increased tenant awareness and legal activity in this

These overspends were mainly offset by underspends in other areas. The most significant ones were:
- £1.3m of net interest and £0.9m of bad debt provision
- Reduced staffing costs in tenancy services (£0.8m)
- Lower than expected costs in the housing digital programme (£0.9m)

Corporate Items

<u>Treasury Management</u>

5.24 The Council have pursued a policy of internal borrowing, which is the use of existing reserves and balances to fund capital expenditure. Thus, minimising unnecessary external borrowing costs. The level of internal borrowing is forecasted to increase to £384m at the end of 2023/24.

5.25 This approach has always been viewed as time limited and has allowed the Council to delay borrowing while surplus cash was available. Given the increased borrowing requirement from the capital program. The Council will need to externalise borrowing, meaning the above Treasury saving would be difficult to achieve in forthcoming years. The treasury budget will also be redistributed to provide support to other areas within the Council, thereby reducing any significant underspend going forward.

5.26 The current treasury strategy approach has delivered a £9.2m saving in 2023/24, although as noted above, this is not sustainable.

<u>Other</u>

5.27 Given the current position regarding inflation and the cost-of-living crisis Risk reserve resources of £6.8m have been earmarked to be deployed in 2023/24 to meet help to mitigate increased pressures.

6 Conclusion and Risk

6.1 The Council still faces significant risks in terms of its future financial position, with issues affecting ongoing funding including:

- Local Government Funding Review – Timing and scope uncertain due to the upcoming General Election. This is an unquantified value but changes in the funding formula around the Area Cost Adjustment are likely to result in several millions being reduced from our assessment of need)
- Business Rates Retention reset – timing unknown but could see growth of around £7m depending on the method used.
- significant price increases arising associated with:
    - Social Care
    - Temporary Accommodation
    - Waste Services
    - Inflationary pressures
    - Cost-of living

6.2 It has previously been reported that any major variance in outturn and budget could potentially de-stabilise the Council's financial strategy. The outturn position for 23/24 required a contribution of £6.8m from Risk reserves which permanently reduces the one-off revenue resources the Council holds.

6.3 The use of Risk reserves means that the Council's General reserve remained at £18.9m.

6.4 Consumption of revenue reserves to support day to day revenue expenditure erodes the budget principle of a maintenance of reserves at a prudent level. This is not a strategy that should be relied upon in the medium to long-term.

6.5 The HRA Working Balance contains earmarked sums, with some allocated as contributions to the housing capital programme. The impact upon the HRA Working Balance from the utilisation of these capital contributions and the service overspend outlined in Table 1 is presented in Table 3.

Table 3 - Movement in the HRA Working Balance

Movement in the HRA Working Balance	**Rev**	**Cap**	**Total**
HRA balance b/f	(7.4)	(8.1)	(15.5)
Net change in year	0.5	5.2	5.7
HRA balance c/f	**(6.9)**	**(2.9)**	**(9.8)**

7. Available Options

7.1 This report asks the Cabinet to note the Council's outturn position as such, there are no further options.

8. Preferred Option

8.1 Cabinet to note the Council's outturn position.

9. Reasons for Recommendations

9.1 Cabinet should note the revenue outturn position for the financial year 2023/24.

10. Consultation Results

10.1 Not applicable

11 Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
Legal including Human Rights Act	Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of	Azuka Onuorah Interim Director of Legal Services 15th July 2024

	the Authority, including securing effective arrangements for financial management.	
Finance and other resources	This report has been produced by the Director of Finance and as such there are not additional financial implications.	Hitesh Jolapara Assistant Director of Finance 11 July 2024
Equalities	The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users. Further, given the nature of the report it has a remote or low relevance to the Councils Equity and Equality Charter and the Council's Equality Objectives 2020-2024.	Hitesh Jolapara Assistant Director of Finance 11 July 2024
Climate change	This report does not make any direct contribution to the Greenwich Carbon Neutral Plan agreed by Cabinet on 18 November 2020.	Hitesh Jolapara Assistant Director of Finance 11 July 2024
Risk Management	The Royal Borough, as a local authority, is responsible for ensuring that it conducts its business in accordance with the Law and that public funds are properly accounted for, used economically, efficiently and effectively.	Hitesh Jolapara Assistant Director of Finance 11 July 2024

12. **Report Appendices**

12.1 None

13. **Background Papers**

None

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