Report To:	**EXECUTIVE CABINET**
Date:	30 August 2023
Executive Member / Reporting Officer:	Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation) Ashley Hughes – Director of Resources
Subject:	**PERIOD 3 2023/24 FORECAST OUTTURN – REVENUE AND CAPITAL.**
Report Summary:	This is the Period 3 monitoring report for the current financial year, showing the forecast outturn position. The report reviews the financial position for the General Fund revenue budget, the Dedicated Schools Grant (DSG) and the Capital budget. The underlying revenue position of £12.264m pressure is an adverse movement of £3.167m from Period 2 (where it was £9.097m) with compensatory management actions to deliver a forecast balanced position. The adverse movement is primarily driven by changes in placement mix, with more high cost placements than budgeted for, in Adults and Children's Services reflecting greater complexity of need in our residents in receipt of care and support. There is a forecast deficit on the DSG of £2.540m, driven by High Needs Block costs forecast above the grant resources. The Capital programme is forecasting an underspend in-year, with subsequent reprofiling of budgets to future years, of £12.193m. This is due to programme rephasing at major projects including Godley Green and Hawthorn's Special School.
Recommendations:	That Executive Cabinet notes: 1) The forecast General Fund revenue budget position of an underlying pressure of £12.264m, which is an adverse movement of £3.167m from Period 2 reporting. 2) The management actions being taken of £12.300m, which will be monitored for delivery and reported back to Cabinet on a regular basis. 3) That there is a projected overall underspend of £0.036m, following the application of management actions, as outlined in Table 2. 4) The forecast deficit on the DSG of £2.540m, primarily arising from the High Need Block. 5) The forecast of £12.193m budget reprofiling to future years on the Capital Programme for 2023/24, and that the decision to reprofile the budgets will be recommended to the Strategic Planning and Capital Monitoring Panel (SPCMP).
Policy Implications:	Full Council set the approved budgets in February 2023.

Financial Implications:

(Authorised by the Section 151 Officer)

As contained within the report.

Legal Implications:

(Authorised by the Borough Solicitor)

The Local Government Act 1972 (Sec 151) states that “every local authority shall make arrangements for the proper administration of their financial affairs…”

Revenue monitoring is an essential part of these arrangements to provide Members with the opportunity to understand and probe the Council’s financial position.

Members will note that the underlying outturn position is a net deficit of £12.264m on Council budgets. As the council has a legal duty to deliver a balanced budget by the end of each financial year Members need to be content that there is a robust Medium Term plan in place to ensure that the council’s longer term financial position will be balanced. Ultimately, failure to deliver a balanced budget can result in intervention by the Secretary of State.

The council has a statutory responsibility to ensure that it operates with sufficient reserves in place. The legislation does not stipulate what that level should be, rather that it is the responsibility of the council’s 151 officer to review the level of reserves and confirm that the level is sufficient. Reserves by their very nature are finite and so should only be drawn down after very careful consideration as the reserves are unlikely to be increased in the short to medium term.

Risk Management:

Associated details are specified within the report.

Failure to properly manage and monitor the Council’s budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.

Background Papers:

Background papers relating to this report can be inspected by contacting Gemma McNamara, Interim Assistant Director of Finance (Deputy 151 Officer):

e-mail: gemma.mcnamara@tameside.gov.uk

1. SUMMARY

1.1 This report presents the Council's forecast financial position across the General Fund revenue budget, DSG and Capital Programme as at June 2023.

1.2 It shows the Council's budgets, forecast outturn positions and underlying variances. The report also identifies the management actions being taken to offset adverse variances.

1.3 Overall, there are significant expenditure pressures and risk of £12.264m on the underlying position within the General Fund. In order to mitigate this, Officers have put in place management actions of £12.300m to mitigate this overspend and maintain the position within the agreed budget, and these actions are reviewed with every budget monitoring report to confirm they remain on track.

1.4 A £2.540m overspend is forecast on the DSG fund, for which the work on the Delivering Better Value (DBV) project is aimed to target.

1.5 The Capital budget has forecast budgets of £12.193m to be reprofiled to future years in 2023/24, this does not affect the overall programme budget which is still forecast to break-even.

1.6 At the time of drafting this report, the Consumer Price Index (CPI) measure of inflation was running at 7.9%, a reduction of 0.8% since May 2023. The Bank of England have responded to the sticky inflationary environment with a strong monetary policy decision and increased the base rate of interest by 50 basis points to 5%, with a further increase of 25 basis points announced on the 3rd August 2023, taking the rate to 5.25%. There are economic forecasts now considering, that to control inflation and return it to the Government target of 2%, the base rate of interest will rise to at least 6% in the calendar year for 2023. Although the rate of inflation has decreased, cost of living pressures remain significant and will continue to impact on both the costs of, and demand for, Council Services for the foreseeable future.

1.7 Members should be aware of the wider impact the macroeconomic environment is having in Local Government. Multiple local authorities have warned of pressures adversely impacting on their financial sustainability, despite the welcome increase in funding received in the Local Government Finance Settlement for this financial year. A lack of multi-year funding settlements and the sustained high level of inflation has severely impacted the level of underlying risk in the Council's financial position and made planning for the future more difficult due to the increased uncertainty around available funding.

1.8 Whilst the Council is not in a poor financial position in terms of its balance sheet at this point in time, and section 6 on reserves demonstrates this, it is clear that ongoing cost pressures make delivering the 2023/24 budget, and the future Medium Term Financial Strategy (MTFS), a difficult task. The addition of Star Chambers will support the delivery of budget reductions in 2023/23 through the continuous oversight and "critical friend" challenge nature in which they operate. However, without a "One Council" approach and a clear rationale around reserves being used to support transformation, change and a sustainably lower expenditure budget, Members will be asked to make more-and-more difficult decisions over the medium-term regarding service provision and levels of income generated locally.

1.9 Any decision to use reserves, above those approved at Budget Council, would require Section 151 Officer approval. Reserves should not be an alternative to undelivered budget reductions. The Section 151 Officer is of the view that, as at Period 03 reporting, additional use of reserves is not necessary subject to the identified management actions taking full effect in 2023/24.

2. FORECAST 2023/24 REVENUE OUTTURN POSITION AT MONTH 3

2.1 The underlying Month 3 adverse variance is £12.264m, which represents an adverse movement on the month 2 underlying position of £3.167m.

2.2 In recognition of this increasing risk, Officers have identified further offsetting mitigating actions of £3.172m, bringing the total to £12.300m. As a result, there is an overall month 3 projected underspend of £0.036m, representing a slight improvement of £0.006m on the reported month 2 position.

2.3 Of the underlying pressures emerging across the Council, the 3 largest potential overspends are: £5.057m on Place; £4.741m on Children's Social Care; and £2.850m on Adults Social Care. The most significant forecast underspend is in Resources (for £1.324m), driven by additional interest earned through working capital management and cashflow from surplus balances due to timing differences between inflows and outflows. Surplus balances do not mean additional funds for service delivery.

2.4 Table 1 below compares the month 3 forecast and final outturn position in previous years to give further context on the 2023/24 month 3 underlying variance of £12.264m. For example in 2022/23 the position reported at month 3 was an overspend of £12.850m, moving to an outturn position of £0.681m, with the main contributing factors being reductions in underlying forecasts/estimations, implementing one-off mitigations and use of reserves. Although in previous years the forecast position has improved as the Council progresses through the year, this has mainly been achieved by using one-off solutions which aren't sustainable going forward.

Table 1: Previous years month 3 underlying variance compared to outturn position

Financial year	Month 3 Underlying Variance	Outturn Position
	£m	£m
2022/23	12.850	0.681
2021/22	6.850	0.131
2020/21	5.966	(0.102)
2019/20	1.387	0.013
2018/19	3.724	(0.028)

2.5 Table 2 overleaf gives a breakdown of the position for each Directorate showing both the underlying risks and management actions, leading to the reported position and shown against the month 2 position.

Table 2: Month 3 forecast monitoring position

Forecast Position	Revenue Budget	Month 3 Forecast	Underlying Variance	Management Action	Net Variance	Net Variance Month 2	Change in Variance
	£m	£m	£m	£m	£m	£m	£m
Adults	41.586	44.436	2.850	(2.833)	0.017	0.017	-
Children's Social Care	55.491	60.232	4.741	(4.441)	0.300	0.283	0.017
Education	8.743	9.538	0.795	(0.550)	0.245	0.144	0.101
Population Health	14.332	14.232	(0.100)	-	(0.100)	(0.097)	(0.003)
Place	28.811	33.868	5.057	(4.326)	0.731	0.511	(0.220)
Quality & Safeguarding	0.046	0.046	-	-	-	-	-
Governance	13.414	13.659	0.245	(0.150)	0.095	0.029	0.066
Resources	58.973	57.649	(1.324)	-	(1.324)	(0.917)	(0.407)

Totals	221.397	233.661	12.264	(12.300)	(0.036)	(0.031)	(0.006)

2.6 To provide further detail to the table above, the following table shows the movement in the underlying position for month 3 compared to month 2, which is then described in more detail for each Directorate in sections following the table.

Table 3: Month 3 movement in underlying position

Forecast Position	Revenue Budget	Month 3 Forecast	Month 3 Underlying Variance	Month 2 Underlying Variance	Change in variance
	£m	£m	£m	£m	£m
Adults	41.586	44.436	2.850	1.487	1.363
Children's Social Care	55.491	60.232	4.741	2.576	2.165
Education	8.743	9.538	0.795	0.644	0.151
Population Health	14.332	14.232	(0.100)	(0.097)	(0.003)
Place	28.811	33.868	5.057	5.225	(0.168)
Quality & Safeguarding	0.046	0.046	-	-	-
Governance	13.414	13.659	0.245	0.179	0.066
Resources	58.973	57.649	(1.324)	(0.917)	(0.407)
Totals	**221.397**	**233.661**	**12.264**	**9.097**	**3.167**

Adults Services – Underlying overspend of £2.850m, adverse movement of £1.363m

2.7 The Adults Services Directorate has a forecast overspend against budget in 2023/24 of £2.850m, which is an adverse movement of £1.363m on the underlying forecast from period 2.

2.8 The main variations to budget for the increase of £1.363m in the forecast since period 2 include a net £2.473m increase in Nursing Placements costs including short stay placements, out of borough care and also additional support for increased needs for care.

2.9 Part of the key pressure is due to the number of clients being an increase of 25% on the budgeted number of clients expected within placements. The budget assumed an average number of 731 placements per month. The forecast number of placements per month is currently 916, based upon the month 3 position, adjusted for backdated changes identified in the current period. This is a 7% increase on the monthly average number of placements in 2022/23, which was 859.

2.10 The current and forecast number of placements include a significant increase of short stay placements when compared to the number budgeted. The budget assumed an average number of 25 short stay placements per month. The current forecast assumes placements per month continues to run at 177 over the course of the current year. During 2022/23, the average number of placements was 142 over the year, for which the current forecast represents an increase of 25%. Further work is underway with Health colleagues to evaluate the cause of the significant increase, the details of which will be explained in a subsequent monitoring report.

2.11 In addition, transition funding supports the related part year costs of children who become 18 during the year of transition and for the following financial year whilst care needs are assessed. The forecast annual cost of these placements in 2023/24 is currently £1.530m based on the full year effect of transitions from 2022/23 set against the budget of £1.344m.

2.12 A further area of pressure relates to an increase in the net forecast of Home Care and Support at Home costs of £0.104m since period 2. This is due to a 13% forecast increase in the hours provided per week compared to the budgeted allocation. The budget assumed an average number of 10,600 hours per week, however the current number of hours per week is 12,000, which has been projected for the remainder of the year. This is a 10% increase on the monthly median number of hours provided per week in 2022/23 (10,940).

2.13 A key area of focus relating to these home care hours relates to the differing type of care currently undertaken, with the hours split into standard home care (paid at £19.50 per hour) and support at home (paid at £21.14 per hour), which aims to support residents to live more independently. Targeting an increase in support at home hours, which although at a higher hourly cost, works out to be more cost effective overall due to a reduction in the hours required, as well as supporting residents to live independent lives. In addition, it is expected that this should result in a reduction of future demand for residential care home packages and modelling will be undertaken to show the impact of a movement towards more support at home packages being undertaken.

2.14 Management mitigations include an initial review of all existing care packages exceeding an annual net cost of £0.100m, this will then be followed by a review to pick up all packages with an annual net cost above £0.050m. These reviews will be supported by additional capacity via the conversion of existing vacant Social Worker posts to Social Care Assessor posts. In addition, the programme of out of borough resettlement to in borough provision will be accelerated and a review has commenced of health contributions towards jointly financed care packages. There is detailed work underway to evaluate the impact of these actions to support the required forecast mitigation value of £2.833m.

2.15 There are also further projects underway within the Directorate to realise longer term efficiencies including a review of the unit costs of internal learning disabilities service provision, the internal property portfolio management arrangements, a review of supported accommodation care provision to increase independence and the early review of service user care needs that will transition from Children's Services to realise care package cost efficiencies from the age of 18.

Children's Services – Social Care – Underlying overspend £4.471m, adverse movement of £2.165m

2.16 The overall position on Children's services is an underlying variance of £4.741m, mitigated by management actions of £4.441m, resulting in a net variance of £0.300m, an adverse movement of £0.017m on the month 2 position. The forecast overspend is driven by external placements for Cared for Children. This relates both to the overall number and the increasing cost of each placement with external residential placement numbers currently at 77, compared to 66 at the start of the financial year and 75 last month. In addition, the average weekly cost of placements is currently £6,131, compared to £5,371 at the same point last year, representing an increase of 14%.

2.17 Table 4 shows that while overall Cared for Children numbers are trending downwards, the number of external residential placements has risen sharply this calendar year, after a period of falling numbers, leading to a greater proportion of the total client base being in residential placements. As the table shows, this proportion has increased from 8.09% in December 2022 to 11.88% in June 2023. External residential placements are forecast to overspend by £4.943m, an increase of £0.499m from period 2.

Graph 1: Total Cared for Children and Children in External Residential Placements

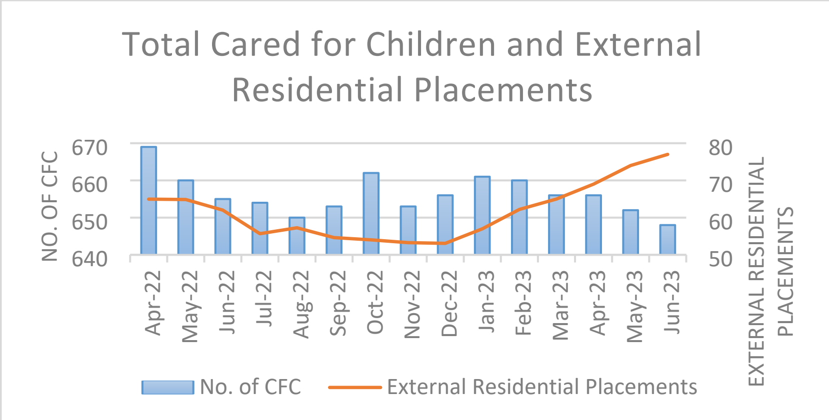


Table 4: External Residential Placements as Percentage of Cared For Children

Month	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
External Residential as % of CFC	8.09%	8.62%	9.42%	9.91%	10.21%	11.35%	11.88%

2.18 The increase in external residential placements have come from placement breakdowns in both foster care and in house residential settings, as well as new cared for children presenting to the local authority. Table 5 overleaf shows the cost differential when various placement types are moved to an external residential placement and the full year impact of the move.

Table 5: External Residential Costs compared to Other Placement Types

Placement Type	Average Unit Cost/Week	Average Residential Cost/Week	Cost Increase when moved to External Residential	Full Year Effect
Foster Care	£500	£6,100	£5,600	£292,800
Independent Foster Carer	£900	£6,100	£5,200	£271,886
In House Residential	£3,900	£6,100	£2,200	£115,029

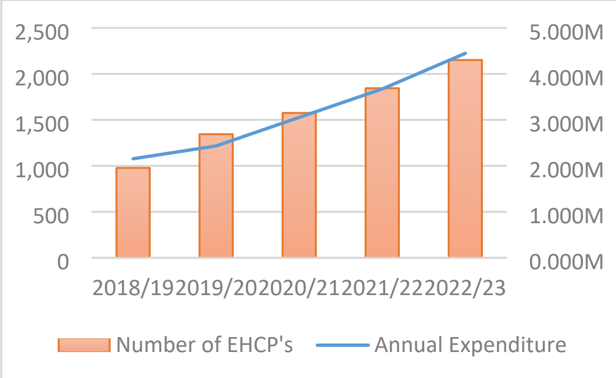
2.19 Management mitigations include achieving additional NHS and DSG contributions towards the health and education elements of care packages of children above those already forecast, which would increase income by £2.666m based a review of the current list of Children and Young People, whose placement would attract tripartite funding. A project to rehouse 6 UASC's from transition flats to alternate accommodation, freeing up flats for residential step downs would reduce this in year forecast by a further £0.831m. The full year effect of this action would be £1.662m. Regular meetings focusing on the highest cost placements have identified future potential step downs of £0.693m in year. These will continue to be monitored and reviewed through the financial year. The restructure of in-house residential care homes including the opening of St Lawrence Road would reduce forecasts by a further £0.251m.

Education – Underlying overspend £0.795m, adverse movement of £0.151m

2.20 The underlying variance is an overspend of £0.795m, which represents an increase of £0.151m from period 2. After management actions of £0.550m, there is a net variance of £0.245m, representing an adverse movement of £0.101m on the month 2 reported position. There is a net £0.328m overspend on Special Education Needs and Disability (SEND) Transport in the current year due to higher than expected levels of Education Health Care Plans including transport requirements.

2.21 Expenditure for SEN transport has increased steadily with the sustained increase in EHCPs over the past 5 years, which is shown in Graph 2. Further review of this will be undertaken of the ongoing level of transport needs associated with young people with EHCPs and the different options available to support their journeys to school.

Graph 2: EHCP Numbers and SEN Transport Expenditure 2018/19-2022/23



2.22 There is also an increase in the use of Associates on the Education Psychology Service for the delivery of statutory assessments £0.297m. The increase from P2 is primarily due to a reduction in traded income on the Education Welfare Service (£0.071m) due to increased time in court contesting school absence notices and an increase in home to school transport eligibility/demand.

2.23 The pressures in this area have been reduced through forecast increases in penalty notice income for unauthorised absences following the holiday period, currently projected to be £0.107m. When new SEND transport routes are implemented in September 2023, additional pupils are expected to increase route group efficiencies, reducing average cost per pupil and lead to a potential reduction in forecast expenditure of £0.250m.

Population Health – Underlying underspend £0.100m, favourable movement of £0.003m

2.24 Population Health is projected to underspend by £0.100m in 2023/24, mainly due to staffing redesign and contract savings. No management actions are required to mitigate this financial position.

Place – Underlying overspend of £5.057m, favourable movement of £0.168m

2.25 The forecast position as at period 3 is showing a net overspend of £5.057m for the Place Directorate. This is a small improvement on the underlying position from period 2, mainly due to an improved forecast in Homelessness, but remains a significant and challenging overspend position. The forecast is driven by cost and demand pressures continuing from 2022/23, savings not delivered in prior years and expected non-delivery of savings currently rated as 'red' for 2023/24. The net position includes some significant underspends on staffing which are helping to partially mitigation the gross overspends in pressure areas. Significant management action will be needed to reduce the potential overspend in this financial year. Management action for period 3 totals £4.326m, which is a reduction of £0.389m on the period 2 expected position due to anticipated delays in achievement of savings, leading to the adverse reported position at period 3.

2.26 The key areas of overspend driving this position are as follows:

2.27 **Corporate Landlord £2.031m** – The majority of the overspend relates to Facilities Management costs where the forecast expenditure of £4.490m exceeds the available budget of £2.677m, resulting in an overspend of £1.813m. The budget has been reduced in each of the last 3 years in respect of savings which have not been delivered. The 2023/24 savings target is £0.920m of which only £0.258m is expected to be delivered due to service capacity issues which have resulted in delays in progressing asset rationalisation. An interim Asset Rationalisation Manager is due to commence in post shortly. Contractual uplifts are also based on RPI and are expected to exceed the budgeted allowance for inflation in 23/24 by £0.200m. In addition, continuing shortfalls on rental income are resulting in a budget pressure of £0.204m combined with net forecast overspends across other budget lines.

2.28 **Homelessness £1.679m** – Continuing increases in demand for services is resulting in higher forecasted costs for temporary accommodation. Over the past 6 months, both the numbers of temporary accommodation placements and the average nightly rate has increased by 5%. Over this period, the number of placements has increased from 190 to 251 and although the service has worked to reduce the average length of stay, the ongoing increases in numbers demonstrates the continued growth in demand. Further growth in demand in this financial year has been included in the forecast. The net forecast for homelessness is a reduced from period 2 as the service is expecting to secure nomination rights on 101 properties during this financial year, starting in October. This will enable the same number of families to move on from temporary accommodation resulting in an expected reduction of 12,270 temporary accommodation nights.

2.29 **Waste & Fleet £0.821m** – staffing costs exceed the net budget due to vacancy factor not being delivered and the use of agency staff to cover sickness and other absences. Vehicle repairs and maintenance continue to exceed budget due to a combination of increased prices and the aging fleet. Prior year savings in respect of three weekly collections and charging for replacement bins are not delivering the full saving originally anticipated.

2.30 **Income £0.927m –** Shortfalls in income across a number of service areas are resulting in pressures totalling £0.927m. This includes: Estates (£0.480m) due to shortfalls in rental income across the estate; Markets (£0.293m) where income from rents and services charges are not increasing at the same rate as increases in expenditure; and Planning (£0.154m) which continues to experience shortfalls in income from building regulation fees and planning fees.

2.31 **Public Protection & Car Parks £0.147m** – Increases in pay and display tariffs are expected to enable the service to meet the income budget but other cost pressures are resulting in a net forecast overspend.

2.32 Other areas of the Directorate are forecasting small under and overspends with staffing vacancies and underspends on supplies and services contributing to mitigate the total overspend position.

2.33 Management Actions of £4.546m are identified as a target in table 2 above, to reduce the reported overspend for the Directorate. These mitigating actions include reviewing inflationary pressures with a view to requesting contingency funding be brought into base budget (including £0.765m relating to contractual inflation not funded in 23/24 and previous years, and £0.090m relating to business rates increases resulting from the April 2023 revaluation), a review of vacancies and planned recruitment to identify any further staffing savings, review of grant funding to ensure grant utilisation is maximised, and work within the service to identify alternative savings to meet shortfalls.

2.34 The interim Asset Rationalisation Manager has now started, with a priority focus on bringing forward proposals for asset rationalisation and optimisation, which should enable some of planned savings to begin to be realised later this year. However, the nature and scale of the forecast overspend the Place Directorate means there is a significant risk that management actions will not deliver mitigations at the scale or pace required to bring the overspend down in the short term, particularly in respect of the pressures being experienced in Homelessness and due to the time and notice periods required to realise substantial savings following asset rationalisation.

Governance – Underlying overspend £0.245m, adverse movement of £0.066m

2.35 The Governance Directorate has a forecast underlying net overspend of £0.245m at month 3, which represents an adverse movement of £0.066m on the month 2 position. The position reflects an overspend in Legal services due to supernumerary locum solicitors which, at Period 2 reporting, were partially offset by a longer-term vacancy for the Monitoring Officer assumption. This has been revised at Period 03 reflecting the Council's recent appointment of a Monitoring Officer.

2.36 The overall pressure within the Directorate is as a result of a £0.120m shortfall in earned income of from schools for the provision of payroll, recruitment and human resources services as a result of the academisation of schools. Within Policy, Performance and Communications, a £0.175m contribution to support the same functions in the Clinical Commissioning Group (CCG) will no longer be received following the move to the Integrated Care Board and budget realignments will be reviewed as part of the MTFS work.

2.37 This adverse forecast has been partially mitigated through £0.050m of miscellaneous variances and further reviews of staffing forecasts and inflationary impacts are currently assumed to reduce the forecast overspend by £0.150m

Resources – Underlying underspend £1.324m, favourable movement of £0.407m

2.38 Resources has an underlying forecast underspend of £1.324m, which represents a positive movement of £0.407m on the month 2 position. This has primarily been caused by a further release in projection of £0.500m additional interest income from the increase in the Bank of England rate, offset by revised staffing forecasts to take account of resource requirements within ICT.

2.39 The overall underlying underspend is driven by £2.350m of additional interest as the Bank of England rate increases. However, this saving has been reduced by other pressures on expenditure, including £0.943m of additional costs within Exchequer Services comprising: £0.500m less income from the recovery of housing benefit overpayments; £0.320m additional cost on staffing; a £0.190m cost from the Housing Benefit Subsidy scheme; alongside £0.067m miscellaneous variances and the £0.114m overspend on Financial Services as a result of projected overspends on both staffing and additional external audit costs.

2.40 These expenditure pressures are slightly mitigated by a £0.049m net saving comprising offsetting variances within the Chief Executive and other departments. The driver of the saving is the additional income earned for services to the Greater Manchester Pension Fund and the Integrated Care Board. This is offset by a £0.100m projected overspend on Coroners and £0.060m of additional pension costs.

2.41 Following on from the Business Rates revaluation undertaken recently, changes to business rates paid for Council owned and occupied buildings are causing slight variances across the Directorates. A review of these is being undertaken and will be resolved Corporately.

Savings Programme 2023/24

2.42 The overall small projected underspend against the revenue budget, explained above, includes achieving planned 2023/24 savings. Detail of the delivery status of savings by Directorate of the 2023/24 savings programme, included within the original budget, is shown in Table 6 below.

2.43 At month 3, 42% of the programme is considered to be achieved, or on track to be delivered, a total of £4.430m. A further £4.897m is classed as Amber, with some issues or delays in delivery with £1.227m or 11.6%, with serious concerns of delivery. These savings are discussed with Directors and their management teams as part of the STAR Chamber process that has been implemented to give a key focus on savings delivery.

Table 6: Saving Programme in 2023/24 Budget

2023/24 Budget Reductions	Opening Target £m	Red £m	Amber £m	Green £m	Achieved £m
Adults	2.550	0.000	1.300	1.250	0.000
Children's	3.970	0.280	2.958	0.732	0.000
Population Health	0.155	0.000	0.000	0.051	0.104
Place	2.103	0.947	0.639	0.517	0.000
Governance	0.000	0.000	0.000	0.000	0.000
Resources	1.776	0.000	0.000	1.776	0.000

Quality and Safeguarding	0.000	0.000	0.000	0.000	0.000
Total	**10.554**	**1.227**	**4.897**	**4.326**	**0.104**
%		**11.6%**	**46.4%**	**41%**	**1.0%**

3. DEDICATED SCHOOLS GRANT

3.1 The overall forecast position on the DSG is a deficit of £2.540m, as reported to the Schools forum, details are included in Table 7 below. The deficit predominantly relates to the ongoing pressure on High Needs. Further information is included in paragraphs 4.2 to 4.4. The cumulative DSG position at the end of 2022/23 was a deficit of £3.306m. The forecast closing balance on the DSG at the end of the current financial year is £5.846m. There is currently a statutory override in place for the DSG from 2023-24 to 2025-26 which means any DSG deficits are not included in the council's main revenue budgets. Beyond this period any deficit would become recognised in the council's revenue position.

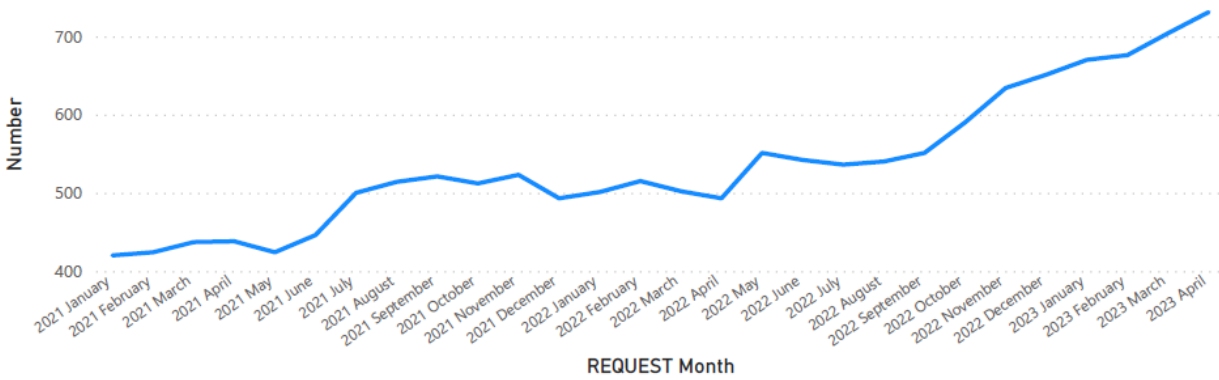
Table 7: Dedicated Service Grant (DSG) 2023/24 Forecast Deficit

DSG Funding Blocks	DSG Settlement 2023-24 at Mar 2023 £m	Block Transfer 2023-24 £m	Revised DSG 2023-24 £m	Forecast Distribution / Expenditure 2023-24 £m	Forecast (Surplus) / Deficit £m
Schools Block	201.052	(0.694)	200.358	200.349	(0.010)
Central School Services Block	1.249	0	1.249	1.249	0.000
High Needs Block	37.144	0.694	37.838	40.682	2.845
Early Years Block	18.082	0	18.082	17.737	(0.345)
Early Years Block estimated funding adjustment			(0.049)		0.049
Total	**257.527**	**0**	**257.477**	**260.017**	**2.540**

3.2 There is a forecast surplus of £0.010m on the Schools Block. This relates to unallocated growth, with the final growth allocation based on pupil numbers at the October 2023 census point and the figures will be updated once this has been finalised and may impact on the current surplus forecast. It is proposed that any surplus on the Schools Block contributes to the DSG deficit.

3.3 The forecast in-year deficit on the High Needs Block is expected to be £3.538m, which reduces to £2.845m with the £0.694m transfer from the Schools Block. In previous years, the Block Transfer would represent 0.5% (the maximum allowable in the Regulations), however this year it has been held at 0.354% to ensure no school would be capped following changes to indicators that build their budgets under the National Funding Formula (NFF). The forecast also includes £2.514m of estimated in-year growth related to increasing number of EHCP's and the planned new Resourced Bases. The driver of the deficit on the block is due to the rapid growth in the number of EHCP's. Graph 3 overleaf shows the number of monthly EHCP requests on a 12-month average basis. If the management action of additional DSG contributions towards Children's Social Care placement costs is achieved this would place an additional pressure on the High Needs Block of £1.333m.

Graph 3: EHCP Requests 12 Month rolling average 2021-23



3.4 In this context, the goal of Tameside's involvement with the DBV programme is to identify sustainable changes to the local SEND system that can drive high quality outcomes for children and young people with SEND, and the DBV programme has culminated in an evidence-based grant application to assist the implementation of those changes.

3.5 Following root cause analysis and triangulation via case reviews, surveys and various deep dives Transitions and Early Years have been identified as two high impact areas which the DBV Plan has focused on. If successful, the £1.000m revenue grant will likely be available from September 2023 and is expected to be utilised within two years. The Tameside Draft DBV Plan includes some quick wins that could be spent within autumn 2023 term but the majority of work streams will start implementation from January 2024 or September 2024.

3.6 The Early Years Block is currently forecasting a surplus of (£0.345m). However, the funding settlement for Early Years will be updated in August 2023 and it is anticipated there will be a reduction of £0.049m to reflect the January 2023 census data. Therefore, there is an estimated surplus of £0.295m.

4 CAPITAL PROGRAMME

4.1 This is the first capital monitoring report for 2023/24, summarising the forecast outturn position at 31 March 2024. The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2023/24 financial year.

4.2 The Council's Capital Programme for 2023/24 to 2025/26 contains £96.939m of schemes, of which £92.062m are fully approved and £4.877m are earmarked. A major risk facing the programme is the ongoing inflationary and supply pressures in the construction sector, which limits the affordability of projects. This is worsened where projects are delayed into future years which means the effects of inflation are further magnified.

4.3 Table 8 overleaf shows the full Capital Programme by Service area.

Table 8 – Capital Programme 2023/24 – 2025/26

	2023/24 £m	2024/25 £m	2025/26 £m	Earmarked £m	Total £m
Place: Property, Development and Planning					
Development & Investment	21.262	14.834	-	1.542	37.638
Corporate Landlord	0.993	-	-	-	0.993
Vision Tameside	0.073	-	-	-	0.073
Population Health				-	

	0.102	-	-		0.102
Place: Operations and Neighbourhoods					
Engineers, Highways & Traffic Management	4.725	-	-	-	4.725
Operations & Greenspace	1.370	-	-	-	1.370
Waste & Fleet Management	0.826	-	-	-	0.826
Estates	0.008	-	-	0.095	0.103
Children's Social Care					
School Related Works	22.235	11.504	-	-	33.739
Children's Social Care Safeguarding & Quality Assurance	2.863	0.813	-	-	3,676
Adults Social Care					
Adults Commissioning Service	4.745	5.657	0.020	-	10.422
Governance					
Governance	0.032	-	-	0.440	0.472
Total Approved	**59.234**	**32.808**	**0.020**	**2.077**	**94.139**
Contingency	-	-	-	2.800	2.800
Total	**59.234**	**32.808**	**0.020**	**4.877**	**96.939**

The total approved budget for 2023/24 is £59.234m, as outlined in Table 9 below.

Table 9 – Capital Expenditure by Service Area

	2023/24 Budget	Actual to Date	Projected Outturn	Projected Outturn Variation	Reprofiling to / (from) future years	Projected Variation after reprofiling
	£m	£m	£m	£m	£m	£m
Place: Property, Development and Planning						
Investment & Development	21.262	0.583	11.659	(9.603)	(9.604)	0.001
Corporate Landlord	0.993	0.007	0.992	(0.001)	-	(0.001)
Vision Tameside	0.073	-	0.073	-	-	-
Active Tameside	0.102	0.103	0.103	0.001	-	0.001
Place: Operations and Neighbourhoods						
Engineers	4.725	0.129	4.721	(0.004)	-	(0.004)
Ops & Greenspace	1.370	0.065	1.404	0.034	-	0.034
Fleet Replacement	0.826	-	-	(0.826)	(0.826)	-
Estates	0.008	0.007	0.008	-	-	-
Childrens Social Care						
Education	22.235	1.016	22.209	(0.026)	-	(0.026)
Children	2.863	0.040	1.222	(1.641)	(1.641)	-
Resources						
Digital Tameside	-	-	-	-	-	-
Adults Social Care						

Adults	4.745	0.367	3.907	(0.838)	(0.838)	-
Governance						
Governance	0.032	0.006	0.023	(0.009)	-	-
Total	**59.234**	**2.323**	**46.321**	**(12.913)**	**(12.909)**	**0.005**

4.4 Services are projecting expenditure of £12.913m less than the current capital budget for the year. This variation is spread across various directorates, the major variations are detailed below from section 4.10. Due to the delays to schemes, £12.909m from 2023/24 budgets are recommended to be reprofiled into 2024/25, and this will be placed before SPCMP in due course.

Capital Financing

4.5 The Council has limited resources available to fund Capital Expenditure. On 29 September 2021, Executive Cabinet approved the allocation of the remaining capital reserves to immediate priorities. No further capital projects will be approved in the short term unless the schemes are fully funded from external sources. Any additional priority schemes that are put forward for consideration and that are not fully grant funded will need to be evaluated, costed and subject to separate Member approval. There will be a revenue cost for any new capital schemes that are not fully funded from alternative sources and the implications of this will need to be carefully considered, given the on-going pressures on the revenue budget.

4.6 A number of schemes identified as priority for future investment include revenue generation or invest to save elements, where borrowing may be appropriate to facilitate investment. Borrowing to fund Capital Investment has revenue consequences as budget is required to fund interest and repayment of loans, and therefore any such schemes will need to be subject to full business cases. The Council will need a sustainable financial plan for the revenue budget before borrowing commitments are agreed.

Table 10: Financing of the Full Capital Programme

Funding Source	Approved Schemes			Earmarked Schemes	Total
	2023/24	Future Years	Total		
	£000	£000	£000	£000	£000
Grants & Contributions	46,230	32,828	**79,058**	-	**79,058**
Revenue Contributions	325	-	**325**	-	**325**
Prudential Borrowing	2,446	-	**2,446**	-	**2,446**
Receipts & Reserves	10,233	-	**10,233**	4,877	**15,110**
Total	**59,234**	**32,828**	**92,062**	**4,877**	**96,939**

Capital Reserves and Receipts

4.7 Capital reserves of £1.511m are available, of this £1.489m related to reserves held for specific schemes, Godley Green Garden Village and Stalybridge Heritage Action Zone. The remaining £0.022m is held in a general capital reserve.

Table 11 Capital Reserves

	Available Capital Reserves
	£000
Specific Capital Reserves	1,489
General Capital Reserve	22
Total Capital Reserves	**1,511**

4.8 The low level of capital reserves is in part consequence of the low level of capital receipts available in prior years. The value of receipts used to finance capital expenditure in the past three years is outlined in the table below:

Table 12: Capital Receipts

Year	Capital Receipts £000
2022/23	401
2021/22	476
2020/21	55
Total Capital Receipts	**932**

4.9 Approved and earmarked schemes already in the capital programme for future years are reliant on £15.110m of capital receipts and reserves and therefore securing capital receipts will be vital to ensure the programme can be funded. Careful monitoring of progress in realising capital receipts must be undertaken to ensure that there is timely and pro-active disposal of assets and that the actual receipts are in line with projections. The latest disposal programme forecasts £22.107m of receipts from 2023/24 to 2025/26. Disposals have been RAG rated to identify the level of risk associated with the realisation of the capital receipt. Of the total anticipated capital receipts in 2023/24, £0.045m has completed, £1.623m is rated as 'green', £3.510m is rated as 'amber' with conditions to be satisfied, and £0.471m is rated as 'red' with significant uncertainty over delivery. There is a further £5.198m of projected capital receipts in 2024/25 and £11.260m in 2025/26. Of this total, £17.912m is rated amber and £2.547m is rated red. The failure to deliver these receipts would have an adverse effect on the delivery of the capital programme, meaning either schemes would have to be delayed or alternative financing, such as borrowing, would have to be sought. Borrowing incurs both interest and minimum revenue position (MRP) charges which would be additional revenue costs to the Council.

Budget reprofiling of projects

4.10 Total reprofiling is reported as £12.193m at month 3, as illustrated in table 9. This reprofiling has been incurred due to a number of reasons including delays at design stage along with issues around planning consent and approvals. More detailed narratives around the variations are provided below.

Investment & Development

4.11 **Godley Garden Village- (£5.304m)** - A formal request has been made to Homes England to extend the expenditure deadline beyond 31 March 2024 in relation to the Housing Infrastructure Fund works (£9.280m) and associated milestones due to delays obtaining planning consent. A formal decision is yet to be received and, therefore, expenditure has been provisionally re-profiled to 2024/25. This will be confirmed once a formal decision has been received from Homes England.

4.12 **Public Realm- (£4.299m) -** Advice received from the Consultant Strategic Advisor has resulted in the continuation of further lines of investigation to ensure the site realises the maximum benefit for Ashton Town Centre. This has led to a delay in the detailed design stage of the project, as a result an element of budget is being reprofiled into 2024-25. Regular progress updates will be provided through the Levelling Up Monitoring framework

Fleet Replacement

4.13 **Fleet Replacement – 40 Vehicles – (£0.826m) -** Initial approval was based on 20/21 estimated costs of £0.826m. Tenders went out for 13 of the 40 items on the programme and these came in at an additional £0.177m above the estimates and therefore the additional expenditure had to be authorised. Current status is we have been requested to obtain comparative quotes for lease/contract hire for some of the items which is delaying the procurement and it is therefore unlikely that any of the fleet expenditure will be incurred in the current financial year. Expenditure in excess of the scheme budget still requires authorising and funding arrangements to be agreed.

Childrens Social Care

4.14 **New Children's Home – (£1.641m) –** The start of the project has been delayed due to the DFE requirement for formal consultation on the appropriation of land (former Infant School site). The decision to approve the appropriation of land for an alternate use has now been agreed by the Minister. RIBA Stage 2 has recently been completed and at this early stage, the project is anticipated to be approximately £0.200m over budget. The main reasons for this are a small increase in the gross internal floor area, soft market testing of market of the mechanical and electrical works required coming back significantly higher than first estimated and the requirement to have a sub-station to accommodate the new capacity brought by the scheme. Early value engineering has been undertaken during stage 2 and the current cost of the project includes risk and inflation contingencies, which may be taken out as the project moves through its RIBA stages. Further value engineering will also be considered, especially for mechanical and electrical works, in order to manage cost within the original funding envelope. A £0.700m capital bid to the NHSE is being drafted and will be submitted in August. The success, or otherwise, of this bid will be reported in future monitoring reports.

Adults Social Care

4.15 **Disabled Facilities Grant (Adaptations) – (£0.704m) -** The entire Disabled Facilities Grant for 2023/24 was applied to this project, there was no expectation that the full budget would be spent on Mandatory Adaptations. Expenditure for adaptations is expected to be similar to the previous year as although current expenditure is lower, approval rates are the same, as is the financial year end carryover of available jobs.

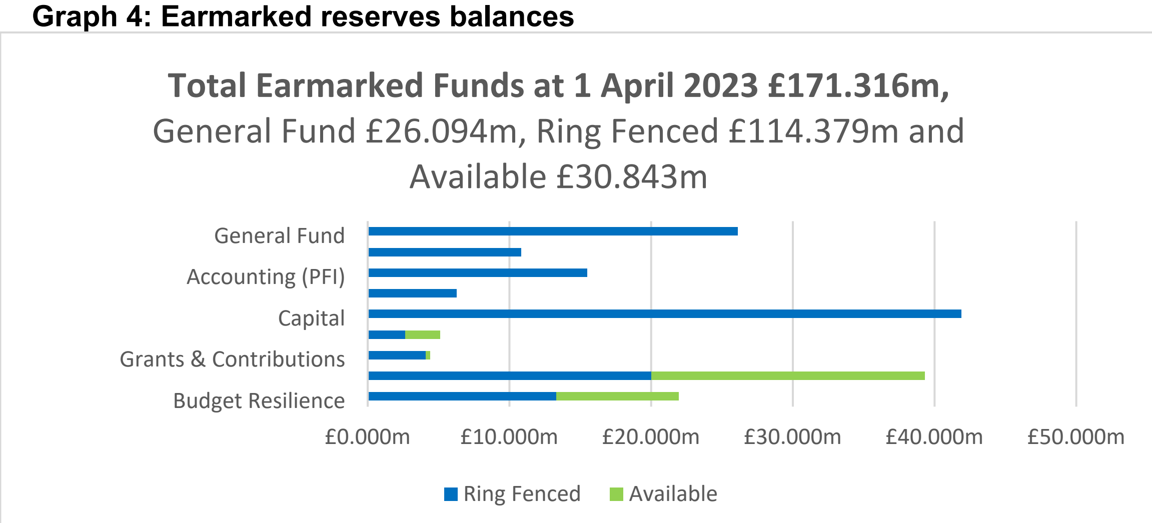
4.16 **Extra Care Assistive Technology – (£0.134m) -** £0.135m of the expected expenditure in 2023/24 occurred as part of the 22/23 Community Alarms Service, and was classed as revenue rather than capital, reducing the potential expenditure for the current financial year.

5. EARMARKED RESERVES

5.1 The value and categories of earmarked reserves as at 1 April 2023 are summarised below in Graph 4. Whilst the overall level of earmarked reserves held by the Council remains strong, most of these earmarked reserves are committed, with only £30.843m not committed outside of the general fund balance of £26.094m. No uncommitted reserves have been used in this year to date.

5.2 At Period 02 reporting, Members were advised on the level of reserves excluding the General Fund balance and Schools-related reserves. Reserves balances excluding the General Fund balance and schools-related reserves are £132m. Reserves balances including the General Fund balance and schools-related reserves total £171m.

Graph 4: Earmarked reserves balances



6. RECOMMENDATIONS

6.1 As stated on the front cover of the report.