Report To:	**EXECUTIVE CABINET**
Date:	25 October 2023
Executive Member / Reporting Officer:	Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation) Ashley Hughes – Director of Resources
Subject:	Period 5 2023/24 Forecast Outturn – Revenue and Capital.
Report Summary:	This is the Period 5 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 is £13.021m at Period 5, this is an adverse movement of £1.347m from Period 4 (where it was £11.674m). The adverse movement is primarily driven by forecast increases in Adult Services care home placements. Compensatory management actions have been put in place to deliver a forecast balanced position. There is a forecast deficit on the DSG of £5.317m, which is an adverse movement from Period 4 (where it was £2.540m). This has been driven by an unprecedented growth over the summer term of Education, Health and Care Plans (EHCP). The Capital programme is forecasting an underspend in-year, with subsequent reprofiling of budgets to future years, of £12.909m. This is due to programme rephasing at major projects including Godley Green and Hawthorn's Special School.
Recommendations:	That Executive Cabinet APPROVES: 1) The proposed contingency budget virements as part of rotine financial management. i. Corporate buildings energy costs, £0.819m. As a result of national energy cost rises. 2) The acceptance of £0.130m grant funding from the Department of Health and Social Care to support the streamlining of local authority Adult Social Care Assessments that was announced on 29 March 2023. The funding is to be allocated to the Adult Services 2023/24 revenue budget. The supporting proposals on use of the grant award will be included in a separate report for approval. 3) The acceptance of £0.027m grant funding from the Department of Health and Social Care to support expenditure relating to a review and assessment of Adult Social Care functions by the Care Quality Commission that was announced on 21 September 2023. The funding is to be allocated to the Adult Services 2023/24 revenue budget. The supporting proposals on use of the grant award will be included in a separate report for approval.

4) The allocation of £0.560m to the Adult Services 2023/24 revenue budget via the Council's earmarked reserve to support Adult Social Care and NHS integration initiatives. The funding is to support the forecast additional cost of the support at home model when compared to the standard home care model that is included as part of the mitigating actions figure in the Adult Services period 5 forecast.
5) The transfer of £0.250m from the Transformation Earmarked reserve to fund the commissioning of IMPOWER to support the development of the transformation programme to deliver the savings requirements within the MTFS.
6) The acceptance of £0.150m grant funding from GMCA Local Authority Grant Programme to deliver work to alleviate barriers to work, skills and education and to promote digital inclusion for adults across the borough. This will continue to fund 3 staff in post and funded through previous grant awards in both 2021/22 and 2022/23 financial years.
7) The acceptance of £0.088m Know your neighbourhood grant to deliver the project aimed at increasing volunteering and reducing loneliness In Tameside.

That Executive Cabinet NOTES:

1) The forecast General Fund revenue budget position of an underlying pressure of £13.021m, which is an adverse movement of £1.347m from Period 4 reporting.
2) The management actions being taken of £12.839m, which have been monitored for delivery, are currently on track, and will be 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 £5.317m, which is an adverse movement of £2.777m from Period 4 reporting.
5) The Capital programme position of projected spend of £46.321m, following Cabinet approval to reprofile project spend of £12.909m to 2024/25.
6) The indicative grant sum award to the 2023/24 Adult Services revenue budget of £0.541m from the Department of Health and Social Care to support urgent and emergency care during the 2023/24 winter period. Proposals for use of the funding are to be submitted to the Department by 29 September 2023 with approval due by 13 October 2023. A recommendation to accept the approved sum will be included in a subsequent report once confirmed

Policy Implications:	Full Council set the approved budgets in February 2023. Budget virements from Contingency to service areas is not effecting a change to the budgets set by Full Council.
Financial Implications: **(Authorised by the Section 151 Officer & Chief Finance 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 £13.021m 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 August 2023.

1.2 It shows the Council's budgets, forecast outturn positions and underlying variances. At period 5, a risk based approach has been taken and the Council has focused on areas of high risk and high demand and volatility. The report also identifies the management actions being taken to offset adverse variances.

1.3 Overall, there are significant expenditure pressures and risk of £13.021m on the underlying position within the General Fund. In order to mitigate this, Officers have put in place management actions of £13.057m to reduce 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 £6.817m overspend is forecast on the DSG fund, for which the work on the Delivering Better Value (DBV) project is targeted at. The DBV project is in the final stages of consideration with the Department for Education (DfE) for a revenue grant to support the deliverables agreed between the Council and the DfE.

1.5 The Capital budget has forecast budgets of £12.909m 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 6.7%, a reduction of 0.1% since July 2023. The Bank of England have responded to the inflationary environment with a strong monetary policy and increased the base rate 14 consecutive times from December 2021 to August 2023 with the aim of controlling inflation. The Bank of England announced on the 21st September 2023 that the base rate of interest would remain at 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 5 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 2022/23 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 05 reporting, additional use of reserves is not necessary to support the revenue budget, subject to the identified management actions taking full effect in 2023/24.

1.10 Executive Cabinet should note that in future reporting the consideration in paragraph 1.9 may change as management actions are confirmed as on-track or not, and needs arise around managing the leisure estate following the decision by Active Tameside to close 3 sites, and responding to wholly unforeseen items of expenditure that cannot be constrained within the contingency budget envelope in 2023/24.

2. FORECAST 2023/24 REVENUE OUTTURN POSITION AT MONTH 5

2.1 The underlying Month 5 adverse variance is £13.021m, which represents an adverse movement on the month 4 underlying position of £11.674m.

2.2 As a result of the worsening underlying position, mitigating actions needed to mitigate the underlying variance have increased to £13.057m (previously were £11.710m in month 4). The overall month 5 projected net underspend remains at £0.036m, which is being held at this position in light of the level of risk within the position and the reliance on a significant level of management action.

2.3 Table 1 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 4 position.

Table 1: Month 5 forecast monitoring position

Forecast Position	Revenue Budget	Month 5 Forecast	Underlying Variance	Management Action	Net Variance	Net Variance Month 4	Change in Variance
	£m	£m	£m	£m	£m	£m	£m
Adults	41.591	46.019	4.428	(4.428)	(0.000)	0.000	(0.000)
Children's Social Care	55.537	59.776	4.239	(3.939)	0.300	0.300	(0.000)
Education	8.743	9.538	0.795	(0.550)	0.245	0.245	0.000
Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Population Health	14.320	14.232	(0.088)	0.000	(0.088)	(0.088)	0.000
Place	29.546	34.451	4.904	(3.990)	0.914	0.767	0.147
Governance	13.554	13.817	0.262	(0.150)	0.112	0.112	0.000
Resources	58.105	56.586	(1.519)	0.000	(1.519)	(1.372)	(0.147)
Totals	**221.397**	**234.418**	**13.021**	**(13.057)**	**(0.036)**	**(0.036)**	**0.000**

2.4 To provide further detail to the table above, the following table shows the movement in the underlying position for month 5 compared to month 4, which is then described in more detail for each Directorate in sections following the table.

Table 2: Month 5 movement in underlying position

Forecast Position	Revenue Budget	Month 5 Forecast	Month 5 Underlying Variance	Month 4 Underlying Variance	Change in Variance
	£m	£m	£m	£m	£m
Adults	41.591	46.019	4.428	2.949	1.479
Children's Social Care	55.537	59.776	4.239	4.239	(0.000)
Education	8.743	9.538	0.795	0.795	0.000
Schools	0.000	0.000	(0.000)	0.000	(0.000)
Population Health	14.320	14.232	(0.088)	(0.088)	0.000
Place	29.546	34.451	4.904	4.889	0.015
Governance	13.554	13.817	0.262	0.262	0.000
Resources	58.105	56.586	(1.519)	(1.372)	(0.147)
Totals	**221.397**	**234.418**	**13.021**	**11.674**	**1.347**

Adult Services – Underlying overspend of £4.428m, adverse movement of £1.479m

2.5 The Adults Services Directorate has a forecast overspend against budget in 2023/24 of £4.428m, which is an adverse movement of £1.479m on the underlying forecast from period 4.

2.6 Residential and nursing care home placements continue to be the predominant cost driver of the forecasted overspend before management actions. There is a net forecast increase of £0.749m in existing placement costs since period 4. An additional 2 care home placements per week to 31 March 2024 have also been included in the forecast at a net cost of £0.635m. Permanent placements are 12% greater than the budgeted number at this period end (790 compared to 706). In addition short stay placements are currently significantly greater than the budgeted level (142 compared to 25). However, there is intensive work underway to review the forecast volume of expected placements as referenced at period 4, the outcome of which will be reported at a later date.

2.7 There continues to be a forecast reduction to the level of financially assessed service user contributions to home care / support at home care together with day care packages. The forecast has reduced by £0.149m when compared to the income budgets and value reported at period 4 and further analysis is being undertaken.

2.8 Demand management continues to be a key challenge for the Directorate. Recruitment to 6 Assessor posts is expected to be confirmed during October together with dates of commencement in post. The total full year cost of the 6 posts is expected to be £0.246m and is funded from base budget through the conversion of existing posts. The primary responsibility of the postholders will be to review care packages with an annual net cost in excess of £0.050m. There will only be a part year effect in the current financial year of any cost reductions that will be realised via these package reviews, with the whole year benefit realised from 2024/25. For context, an estimated 5% reduction in the net cost of these placements would equate to an approximate annual cost saving of £0.635m. The value of the part year impact will be significantly impacted by the start date of the 6 staff, however, the full year impact will take effect in 2024/25.

2.9 Alongside demand management, there is also some fragility in the provider market with retention and continuity of care staff being a key issue. Further details on the issue will be provided in future reports if there are no ongoing improvements.

2.10 Recruitment of the directorate workforce has been reviewed with the implementation of a revitalised approach. Since April 2023, the directorate have successfully recruited 23 social workers and 21 support workers. There are 5 social worker posts still requiring permanent recruitment which will be promoted at a recruitment roadshow on 3 October 2023. The successful recruitment of permanent postholders will enable the termination of agency workers that are currently backfilling vacant roles. The difference with Agency costs versus permanent employees can total £11k-£17k additional pressure on budgets. The directorate anticipate that any subsequent new appointments will commence in November/December (subject to satisfactory pre-employment clearance) alongside the termination of agency worker engagements. A further recruitment roadshow is being scheduled for up to 10 full time equivalent support worker posts. Recruitment to these posts will then enable a reduction to the payment of additional hours which are covering these vacancies within the service on a weekly basis.

2.11 The demand for accommodation with support in the borough is now outstripping supply. There are currently 55 service users on the directorate waiting list, with 8 service users identified for transition in the next two years from Children's Services requiring 24-hour support who need to be planned for. In addition, the number of service users with a learning disability or mental health needs living in costly out of borough places has recently increased, primarily due to the lack of in borough supported accommodation capacity to meet need. There is a real concern that without increasing capacity such costly placements will very quickly become long term and the opportunity to return service users to supported living in the borough at a reduced cost will be delayed. An opportunity has arisen to secure 5 in borough private sector landlord properties together with the provision of care support for 6 out of borough service users. A report is due to be considered by the Executive Cabinet on 25 October 2023 to approve this proposal which will also include the cost savings that will be realised. It is essential that the Council is able to secure related property opportunities efficiently as they arise.

2.12 The forecast underlying overspend of £4.428m is proposed to be partially mitigated by the use of additional grant funding that has been awarded to the directorate and earmarked integration reserve funding; a total sum of £3.013m.

2.13 On 27 September 2023 the Executive Cabinet approved acceptance of additional workforce market sustainability and improvement fund grant funding of £1.755m from the Department of Health and Social Care. The grant funding (in accordance with the related grant conditions) will support forecast in year expenditure on the :

- Existing increase in fee rates paid to adult social care providers
- Increase of adult social care workforce capacity and retention
- Reduction of adult social care waiting times

2.14 On 8 September 2023 the Council received notification from the Department of Health and Social Care (DHSC) that it had been allocated an indicative grant sum of £0.541m to support urgent and emergency care during the 2023/24 winter period. Proposals for use of the funding are to be submitted to the Department by 29 September 2023 with approval due by 13 October 2023. It is again proposed that the grant supports in year expenditure included in the period 5 forecast in accordance with the supporting grant conditions. Acceptance of the grant will be included in a subsequent monitoring report once approval of the Council's proposed use is confirmed by DHSC.

2.15 Further grant funding was awarded to the Council at the end of the previous financial year on 29 March 2023 by DHSC. The non-ring fenced sum awarded was £0.130m and has been carried forward to the current financial year whilst the proposed use was determined. The grant was awarded to support the streamlining of local authority Adult Social Care Assessments, the costs of which are again included in the period 5 forecast. It is therefore proposed to accept and use the grant to support this expenditure.

2.16 It is envisaged that the Council will be subject to a review and assessment of Adult Social Care functions by the Care Quality Commission in the current financial year. On 21 September 2023 the DHSC awarded the Council £0.027m to support related expenditure in preparation for this assessment which is included in the period 5 forecast. It is again therefore proposed to accept and use the grant to support this related expenditure.

2.17 The Council has an earmarked reserve sum £0.815m at 1 April 2023 to support Adult Social Care and NHS integration initiatives, an example of which is the support at home care model. Standard home care (paid to providers at £19.50 per hour) and support at home (paid to providers at £21.14 per hour) aims to support residents to live more independently. The ambition is to increase the level of weekly support at home hours provided (currently at 52% of the total hours provided), which although at a higher hourly cost, works out to be more cost effective overall due to a reduction in the care package hours required, as well as supporting residents to live independent lives. The model also includes the provision of some duties that were previously provided by separate home visits by NHS District Nurses.

2.18 The forecast additional cost of the support at home model when compared to the standard home care model that is included in the period 5 forecast is £0.560m. It is proposed that this estimated expenditure is financed by the afore referenced earmarked integration reserve. Further work will be required with NHS colleagues to determine the financing arrangements of the additional costs of the model from 1 April 2024.

2.19 The forecast remaining net adverse variance after the allocation of in year grant allocations and use of the earmarked integration reserve is summarised in table 3 below:

Table 3

	£'m
Period 5 - Adverse Forecast	**4.428**
Market Sustainability Improvement Fund - Workforce Grant	(1.755)
Streamline of Local Authority Adult Social Care Assessments Grant	(0.130)
Urgent and Emergency Winter Care Grant - Indicative	(0.541)
Care Quality Commission Assessment Grant	(0.027)
Earmarked Reserve - Adult Social Care and NHS Integration Initiatives	(0.560)
Net Adverse Forecast	**1.415**

2.20 Further work is required on the in-year and future year management actions required to ensure a balanced budget is delivered by 31 March 2024 as the partial mitigating use of grant and earmarked reserve fund allocations are predominantly non recurrent. The main focus will be the review of care packages in excess of a net annual cost of £0.050m once recruitment to the 6 assessor posts has been concluded together with the review of care home short stay placements and the estimated demand for these placements.

Children's Services – Social Care – Underlying overspend £4.239m, nil movement from P4.

The overall position on Children's services is an underlying variance of £4.239m, which is unchanged from the position as at month 4. Whilst there has been an adverse movement on the placements budget as a result of 3 additional children in External Residential placements, this has been offset by additional grant income received in respect of Youth Justice and Unaccompanied Asylum Seeking Children (UASC) funding, the latter due to an increase in the number of UASCs in the borough. The pressures are mitigated by management actions of £3.939m, resulting in a reported net adverse variance of £0.300m.

2.21 The overall forecast overspend is driven by high-cost external placements for Cared for Children which is forecast to overspend by £4.856m. This relates both to the overall number and the increasing cost of each placement with external residential placement numbers currently at 78, compared to 67 at the start of the financial year and 75 last month, with the net increase of 11 having an in-year impact of £3.621m. The forecast is conservative in assumptions around length of stay per placement by young person, and the new senior leadership team is undertaking an extensive review of placements beginning with a Pareto approach looking at the top 20% in cost to determine if there is a potential to support the young person into a lower cost alternative over a period of time. In addition, the average weekly cost of placements is currently £5,958, compared to £5,510 at the same point last year, representing an increase of over 8%. This is on top of the Newton Europe report to the Association of Directors of Children's Services (ADCS) that highlighted Children's Placements increased in costs by over 60% in the previous 3 years and there is a national sufficiency shortage of appropriate placements to meet complex and/or escalating need.

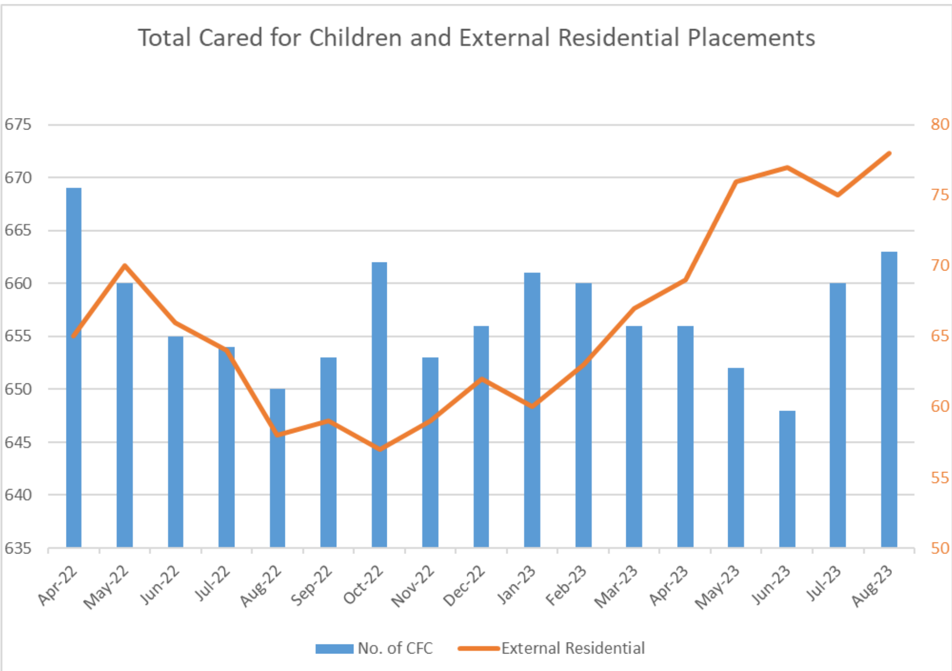
2.22 Table 4 below shows that whilst 17 over 18's have had their Semi Independent placement ceased, this has been offset by 19 additional placements in the 16-17 age range. Table 3 also shows the growth of 12 Independent Foster Placements in 0 to 15 year olds, and external residential placements have risen by 11 in 5-15 year olds.

Table 4: Age Profile of External Placements

Age Profile	Semi Independent		Independent Foster Placement		External Residential Homes	
	Apr-23	Sep-23	Apr-23	Sep-23	Apr-23	Sep-23
0 to 2	0	0	1	2	0	0
3 to 4	0	0	3	8	0	0
5 to 10	0	0	47	51	4	6
11 to 15	0	0	64	66	40	49
16 to 17	28	47	23	22	23	23
18+	33	16	1	0	0	0
	61	**63**	**139**	**149**	**67**	**78**

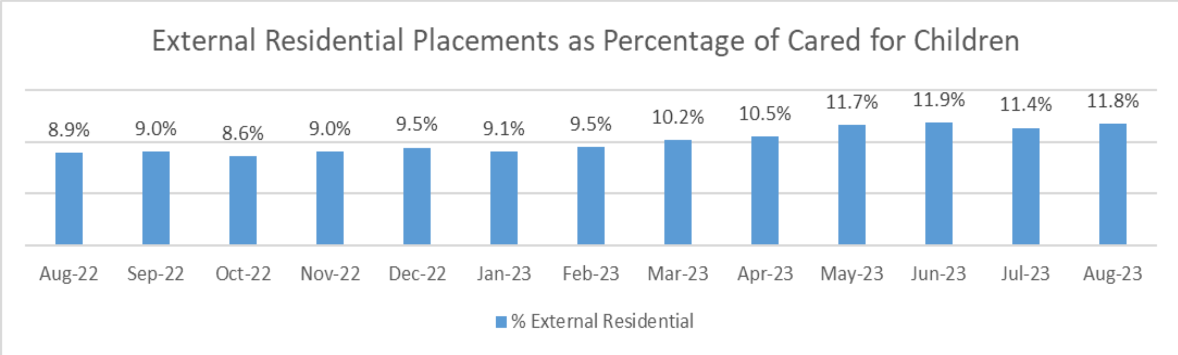
2.23 Graph 1 shows that Cared for Children numbers were trending downwards from the start of this financial year, however they have now increased each period since June 2023.

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



2.24 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 external residential placements, the proportion is presented in Graph 2. As the graph shows, the proportion has increased from 8.9% in August 2022 to 11.8% at August 2023.

Graph 2: External Residential Placements as Percentage of Cared for Children



2.25 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 on 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 £0.191m in year. These will continue to be monitored and reviewed through the financial year.

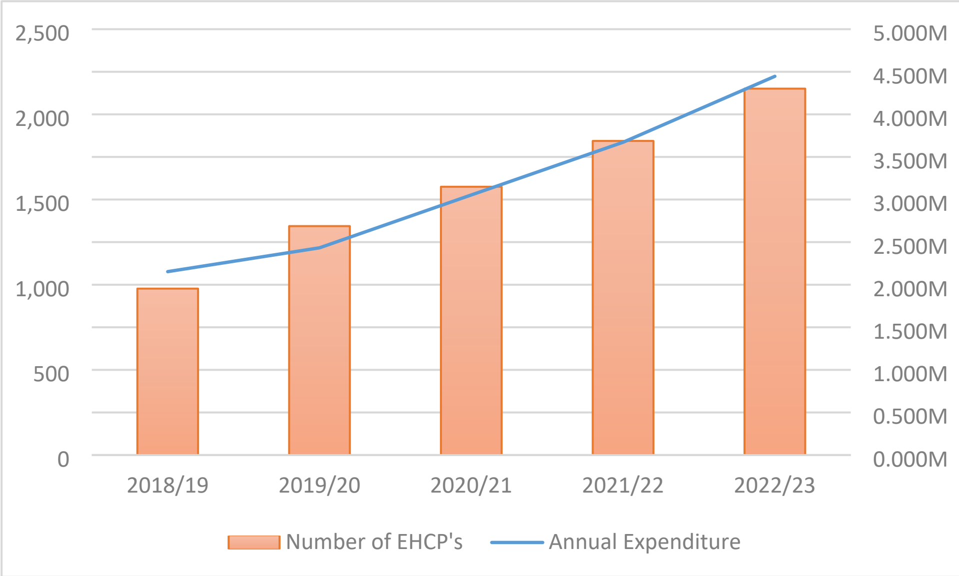
2.26 A separate review is being undertaken to consider stepping down as many 16 and 17 year olds as possible from external residential to internal semi-independent placements. An analysis of current numbers based on a notional step-down date of 1 October 2023 would provide a saving of up to £2.5m in 2023-24. This figure is based purely on financial analysis and subject to significant potential change depending on the specific circumstances associated with the individual young people, together with sufficiency of suitable alternate placements, and actual step-down dates.

Education – Underlying overspend £0.795m, nil movement from P4

2.27 The underlying variance is an overspend of £0.795m, which represents a nil movement from Period 4. After management actions of £0.550m, there is a net variance of £0.245m. 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.

2.28 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 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



2.29 There is an increase this year in the use of Associates on the Education Psychology Service for the delivery of statutory assessments £0.297m. £0.071m is due to increased time in court contesting school absence notices and an increase in home to school transport eligibility/demand.

2.30 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. However, early indications are that the number of approved pupil applications will exceed original expected volumes so any route group efficiencies may be offset by greater than expected increases in demand. A more accurate reflection is anticipated in October 2023 once the application evaluation process has concluded.

Place – Underlying overspend of £4.904m, adverse movement of £0.015m

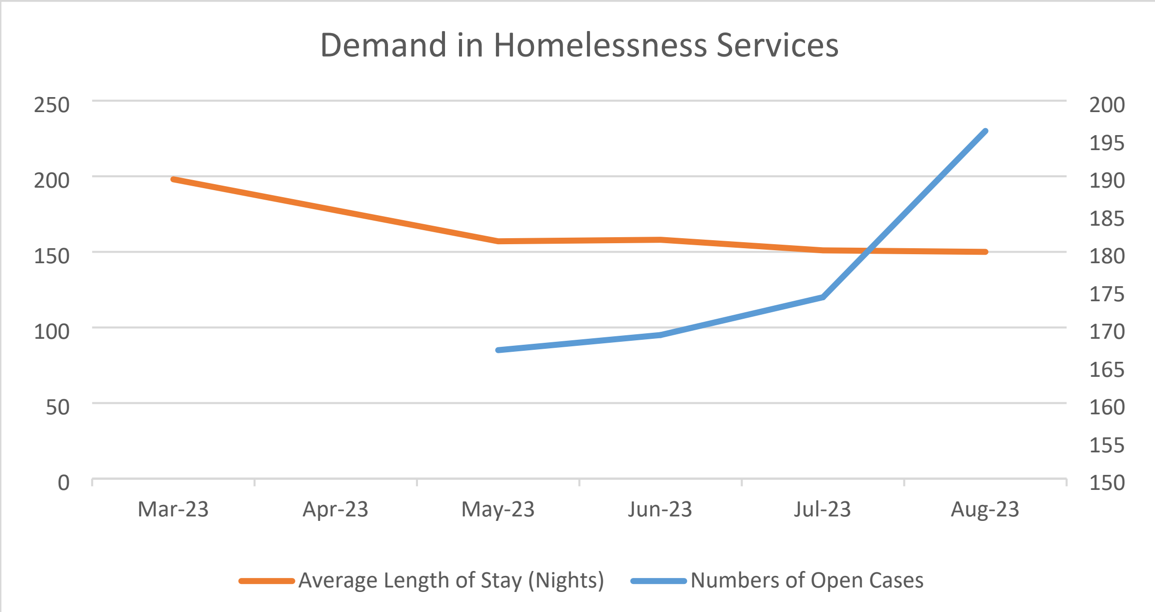
2.31 The forecast position as at period 4 is showing a net overspend of £4.904m for the Place Directorate. This is an adverse movement on the underlying position from period 4 of £0.015m. As detailed in the period 4 report, the forecast is driven by cost and demand pressures continuing from 2022/23, savings not delivered in prior years and expected non-delivery of savings in 2023/24. The net position includes some significant underspends on staffing which are helping to partially mitigate the gross overspends in pressure areas. Significant management action is needed to reduce the potential overspend in this financial year. Management action for period 5 has reduced to £3.990m.

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

2.33 **Corporate Landlord £2.060m** – 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 £0.258m is confirmed to be delivered in year due to service capacity issues which have resulted in delays in progressing asset rationalisation. An interim Asset Rationalisation Surveyor and Head of Facilities Management are both now in post which should enable some of the planned savings to be delivered in year. 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.

2.34 **Homelessness £1.679m** – Continuing increases in demand for services is resulting in higher forecasted costs for temporary accommodation, with demand further increasing between months 4 and 5. 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, as shown in Graph 3, 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 chart below shows the progress made on reducing the average length of stay which is being offset by a large increase in numbers of cases.

Graph 3: Demand for Temporary Accommodation



2.35 At period 3, a reduction in the forecast on temporary accommodation was factored in on the basis that the service expected to secure nomination rights on 101 properties during this financial year, starting in October. This would enable the same number of families to move on from temporary accommodation resulting in reduction of 12,270 temporary accommodation nights. There is however a risk that nomination rights secured by the Council will not be to this level. Work is ongoing with the Housing Strategy team to fully review the likely levels of nomination rights and the implications on current forecasted levels of temporary accommodation. Further updates will be provided as this review is completed and the financial implications understood.

2.36 **Waste & Fleet £0.644m** – Staffing costs exceed the net budget due to the efficiency factor not being delivered as the use of agency staff to cover sickness and other absences is required to ensure service continuity. A service redesign has recently been approved and the financial implications of this will be reported in future periods. 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.

2.37 **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 this is after the recent Executive Cabinet decision to increase the rent and service charges levied; and Planning (£0.154m) which continues to experience shortfalls in income from building regulation fees and planning fees.

2.38 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.

2.39 Further Management Actions of £3.990m are identified as a target in table 1 above, to reduce the reported overspend for the Directorate. These mitigating actions include (but are not exhaustive): a review of vacancies and planned recruitment to identify any further staffing savings, review of grant funding to ensure grant utilisation is maximised, consideration of maximising staff capitalisation against major projects where they meet the definition of capital expenditure and work within the service to identify alternative savings to meet shortfalls. 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.

Resources – Underlying underspend £1.519m, favourable movement of £0.147m

2.40 Resources has an underlying forecast underspend of £1.519m, which represents a positive movement of £0.147m on the month 4 position. This is due to a combination of an increase of £0.059m in additional interest income, together with an improvement of £0.088m on the Digital Tameside staffing forecast.

Contingency budget virements to fund specific earmarked pressures

2.41 As part of the 2023/24 budget, approved at budget council, earmarked budgets were set aside in Contingency for specific known pressures. The proposal is that budget is transferred from earmarked Contingency to the Place directorate to fund the following pressure;

(a) Corporate buildings energy costs, £0.819m. As a result of national energy cost rises.

3. SAVINGS PROGRAMME 2023/24

3.1 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 5 overleaf.

Table 5: Saving Programme in 2023/24 Budget at month 5

2023/24 Budget Reductions	Opening Target £m	Red £m	Amber £m	Green £m	Achieved £m
Adults	2.550	0.000	0.782	1.079	0.689
Children's Social Care	3.652	1.695	1.267	0.690	0.000
Education	0.318	0.050	0.212	0.056	0.000
Population Health	0.155	0.000	0.000	0.000	0.155
Place	2.103	0.778	0.785	0.213	0.327
Governance	0.000	0.000	0.000	0.000	0.000
Resources	1.776	0.000	0.000	1.245	0.532
Quality and Safeguarding	0.000	0.000	0.000	0.000	0.000
Total	**10.554**	**2.523**	**3.046**	**3.283**	**1.702**
%		**23.9%**	**28.9%**	**31.1%**	**16.1%**

3.2 At month 5, 47.2% (46.2% at month 4) of the programme is considered to be achieved, or on track to be delivered, a total of £4.985m. A further £3.046m is classed as Amber, with some issues or delays in delivery with £2.523m or 23.9% (4.6% at month 4), with serious concerns of delivery (red rated savings are detailed in Table 7 overleaf). 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. To track changes to savings delivery each month a comparison between month 4 and month 5 is shown in Table 6 below.

Table 6: Change in Savings Programme RAG rating between month 4 and 5

	Opening Target £m	Red £m	Amber £m	Green £m	Achieved £m
Month 4 Total	**10.554**	**0.481**	**5.200**	**3.884**	**0.989**
Month 5 Total	**10.554**	**2.523**	**3.046**	**3.283**	**1.702**
Change from M5 to M4		**2.042**	**(2.154)**	**(0.601)**	**0.714**
Month 4 %		**4.6%**	**49.3%**	**36.8%**	**9.4%**
Month 5 %		**23.9%**	**28.9%**	**31.1%**	**16.1%**

Table 7: Red rated savings at month 5

Directorate	Scheme	Savings Ref No.	Opening Target £m	Red £m
Children's	SEND Transport - Review transport policy and thresholds	CH3	0.050	0.050
Children's	A further reduction in the number of Children requiring Care of the Local Authority	CH10	0.450	0.450
Children's	Remodelling of Early Help Offer	CH11	0.865	0.665
Children's	Repurposing and opening St Lawrence Road	CH15	0.702	0.300
Children's	Management Review	CH20	0.280	0.280
Place	Industrial Estate Unit Rental / Change in Use - Plantation Unit 7	PL6	0.130	0.047
Place	FM / TAS Contract Review	PL7	0.320	0.090
Place	Street Lighting - reduction in energy consumption (reduce brightness)	PL10	0.108	0.034
Place	Reduction in parking enforcement contract costs based on reduced service spec (based on 5% reduction)	PL15	0.030	0.030
Place	Estates Rationalisation	PL3	0.920	0.577
Total			**3.855**	**2.523**

4. DEDICATED SCHOOLS GRANT

4.1 The in-year forecast position on the overall DSG is a deficit of £5.317m, details are included in Table 8 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 £10.127m. 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 8: Dedicated Service Grant (DSG) 2023/24 Forecast Deficit

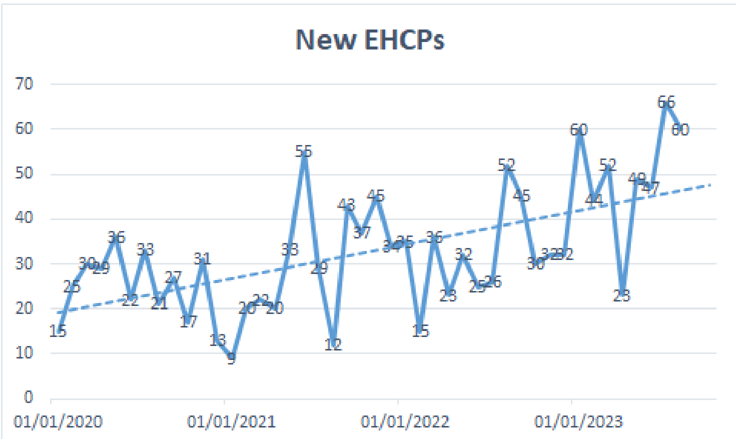
DSG Funding Blocks	DSG Settlement 2023-24 at July 2023 £m	Block Transfer 2023-24 £m	Revised DSG 2023-24 £m	Forecast Distribution /Expenditure 2023-24 £m	Forecast (Surplus) / Deficit £m
Schools Block	(201.052)	0.694	(200.358)	200.349	(0.009)
Central School Services Block	(1.249)	0	(1.249)	1.249	0
High Needs Block	(36.910)	(0.694)	(37.604)	43.480	5.876
Early Years Block	(18.062)	0	(18.062)	17.511	(0.550)
Total	**(257.273)**	**0**	**(257.273)**	**262.589**	**5.317**

4.2 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.

4.3 The forecast in-year deficit on the High Needs Block is expected to be £8.070m, which reduces to £7.376m 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).

4.4 The High Needs updated forecast reflects the unprecedented level of growth during the summer term which exceeded the original estimate. Following the summer term the estimate for the in-year deficit on the High Needs Block has increased from £2.845m to £7.376m. £3.031m of this relates to growth in the number of EHCP’s. Graph 4 shows the number of monthly EHCPs granted since 2020. The table below the graph shows the number of EHCP requests that are approved, over the past 4 years.

Graph 4: EHCPs Granted Since 2020



Reason	2020	2021	2022	2023
Assessment proceeded	70.62%	73.23%	73.16%	84.47%

4.5 When forecasting growth for 2023-24, it was assumed that the rate of new EHCP's granted would continue at the same rate as 2022-23, which was an average of 37 new EHCP's each month. This was used as the rate was already considered high and expected to start stabilising after 2-3 years of rapid growth. The first five months of 2023-24 have averaged 49

EHCP's per month, 12 higher than forecast. The growth in EHCP's has been in all provision types. The majority of growth has been in the mainstream sector, with notable increases in Post 16 and Independent settings. This is projected to continue for the rest of the academic year, however as special schools are already at capacity, the proportion of high cost independent placements is predicted to increase. A further £1.889m of in-year growth is estimated for the Autumn and Spring terms.

4.6 Although not included in the reported position above, it should be noted that work is underway to confirm the education element of cost within these packages of care within Childrens Social Care, as part of the review of tripartite funding. Although the DSG already contributes to these care placements, this work will quantify the scope of High Needs Block contributions to Children Social Care placements and ensure fair funding.

4.7 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.

4.8 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. In early August 2023 the DfE DBV Programme Board gave indicative approval to Tameside's Stage 1 DBV implementation plan and revenue funding request of £1m. DfE feedback on the plan stated that it demonstrated an aspiration to deliver significant improvements to services for children and young people with SEND alongside significant financial benefits over the next 5 years.

4.9 The Early Years Block is currently forecasting a surplus of (£0.550m). The surplus mainly relates to 3 and 4 years olds and a reducing birth rate. Estimates suggest that universal uptake is reducing but there is a shift in extended entitlement where there is an increase in uptake. There will be a further funding adjustment based on the Spring Term census data and if the estimates are accurate, there will be a clawback of funds which will reduce the anticipated surplus.

5. CAPITAL PROGRAMME

5.1 There are no changes to the Capital Programme reported this month, with detailed monitoring and review taking place as part of the month 6 monitoring position. Table 9 below presents the capital expenditure by service area, which shows services are projecting expenditure of £12.913m less than the current capital budget for the year, of which £12.909m was agreed to be reprofiled as part of the Month 3 budget monitoring report to Cabinet.

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

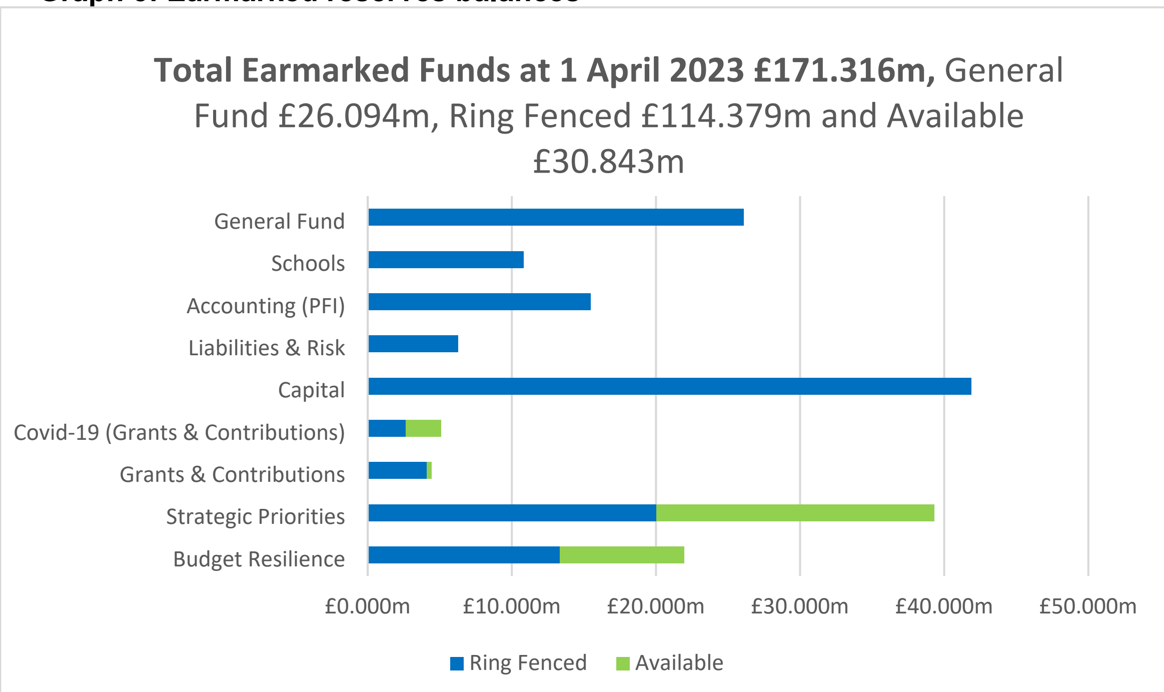
Place: Operations and Neighbourhoods						
Engineers	4.725	0.129	4.721	(0.004)	-	(0.004)
Ops & Greenspace	1.370	0.065	1.404	0.034	-	0.034
Fleet Replacement	0.826	-	-	(0.826)	(0.826)	-
Estates	0.008	0.007	0.008	-	-	-
Childrens Social Care						
Education	22.235	1.016	22.209	(0.026)	-	(0.026)
Children	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**

6. EARMARKED RESERVES

6.1 The value and categories of earmarked reserves as at 1 April 2023 are summarised below in Graph 5. 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.

6.2 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 5: Earmarked reserves balances



7. RECOMMENDATIONS

7.1 As stated on the front cover of the report.