Report To:	**EXECUTIVE CABINET**
Date:	22 November 2023
Executive Member / Reporting Officer:	Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation) Ashley Hughes – Director of Resources
Subject:	Period 6 2023/24 Forecast Outturn – Revenue and Capital.
Report Summary:	This is the Period 6 monitoring report for the current financial year, showing the forecast outturn position. For the General Fund, this is now a **£7.950m overspend**, for which recovery planning is required urgently. 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 an overspend of £13.901m at Period 6, which is an adverse movement of £0.880m from Period 5 (where it was £13.021m). The adverse movement is primarily driven by increases in Children's care home placements. The projected in year management action considered to be achievable across Council departments has reduced to £5.951m. These mitigations bring the reported position to an **overspend of £7.950m**, that Directorates are not able to contain within agreed budgets. This represents an adverse movement of £7.986m on the Period 5 position. There is a forecast overspend on the DSG of £5.317m, which is a nil movement from the Period 5 position. This has been driven by an unprecedented growth over the summer term of Education, Health and Care Plans (EHCP) and forecast support towards the education element of Children's Social Care placement costs. The Capital programme is forecasting an underspend in-year, with subsequent reprofiling of budgets to future years, of £11.885m. At month 6, £1.024m has been reprofiled from 2024/25 back into 2023/24. The £11.885m of total reprofiling to 2024/25 to date is due to programme rephasing at major projects including Godley Green and Hawthorn's Special School.
Recommendations:	That Executive Cabinet APPROVES: 1) The Executive Cabinet to receive a financial recovery plan signed off by the Section 151 officer at the next planned meeting of Executive Cabinet, from each of the Directors of Place, Adults and Children in a form (template) approved by the Section 151 Officer. 2) The proposed contingency budget virements as part of routine financial management. i. Increased fuel costs for the Council's fleet, £0.185m. As a result of national fuel cost rises. ii. To correct a historic imbalance between income and expenditure budgets for internal estates charges,

£0.475m.

iii. Traded services income budget deficit, £0.119m primarily as a result of schools transferring to academies.

iv. Health income budget deficit, £0.214m as a result of the demise of NHS Clinical Commissioning Groups (CCG) and the formation of the Greater Manchester Integrated Commissioning Board (ICB). A number of former NHS CCG locality services have been centralised within the Greater Manchester ICB arrangements and are no longer delivered or supported by the Council.

v. The allocation from contingency to fully fund the confirmed pay award, totalling £2.402m.

3) The acceptance of £0.989m grant funding for the financial year 2023-24 from the Department of Education relating to the Early Years Supplementary Grant. The funding is to be allocated to early years providers to supplement the free entitlement funding they already receive through the Early Years Block of the Dedicated Schools Grant. Information on the distribution is included at Appendix 3.

4) The allocation of £0.255m of earmarked reserves to support adult social care and NHS integration initiatives. The investment is to be allocated to the 2023/24 Adult services revenue budget and will finance the hourly rate cost differential between the support at home and home care models and supporting additional in year demand.

5) The acceptance of £0.022m new burdens grant via the Department For Levelling Up, Housing and Communities. The grant is awarded to support the administration of the Council Tax Support Fund and is to be allocated to the 2023/24 Resources Directorate (Exchequer Services) revenue budget to finance the related expenditure.

6) The acceptance of £0.028m new burdens grant via the Department for Energy Security and Net Zero. The grant is awarded to support the administration of the Energy Bills Support Scheme Alternative Funding and the Alternative Fuel Payment Alternative Fund schemes and is to be allocated to the 2023/24 Resources Directorate (Exchequer Services) revenue budget to finance the related expenditure.

7) The acceptance of £0.020m additional grant funding via the Greater Manchester Combined Authority (GMCA) awarded to the Council in May 2023 to extend the delivery of the Independent Domestic Violence Advisory service for the period 1 October 2023 to 31 March 2024. The grant is to be allocated to the 2023/24 Population Health revenue budget. The existing service is commissioned via Bridges (who are part of Jigsaw Support) and it is recommended that the existing contract is extended for a 6 month period to the funding period end date of 31 March 2024.

8) The allocation of £0.030m investment via the earmarked Population Health reserve to support longer term health improvements across the borough to support the

implementation and delivery of the Greater Manchester Combined Authority (GMCA) Ageing In Place Pathfinder within the borough. The investment is to be paid to Jigsaw Support in 2023/24 via a grant agreement that will specify the outcomes to be delivered. The Ageing Well Steering Group for the borough will monitor progress and delivery of the initiative.

9) The write off of irrecoverable debts as set out in Appendix 1 (1 April 2023 to 30 June 2023, Quarter 1) and Appendix 2 (1 July 2023 to 30 September 2023, Quarter 2).

10) The reprofiling of £1.024m of capital spend outlined in table 18 and other capital changes of £3.207m in table 23.

That Executive Cabinet NOTES:

11) The forecast General Fund revenue budget position of an underlying pressure of £13.901m, which is an adverse movement of £0.880m from Period 5 reporting.
12) The management actions being taken of £5.951m, reduced from £13.937m at month 5, and that recovery plans are required to manage the financial position.
13) That there is a projected overall overspend for the Council of £7.950m, following the application of management actions, as outlined in Table 2.
14) The forecast deficit on the DSG of £5.317m, which has not changed from Period 5 reporting.
15) The Capital programme position of projected spend of £46.946m, following Cabinet approval to reprofile project spend of £1.024m from 2024/25.

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 £13.901m on Council budgets, with £7.950m now declared. 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 September 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 mitigate adverse variances.

1.3 Overall, there are significant overspends on expenditure of £13.901m on the position within the General Fund. This represents a continuation to the worsening position, with the month 5 report also highlighting an adverse movement. This position shows the total overspend, should management action not be taken to bring the expenditure down to within budget.

1.4 As this position represents the midpoint of the year, this worsening position required the management actions to be fully scrutinised to determine a realistic position of reductions achievable in year with the current work under way in Directorates. Directors have reviewed progress of actions within their areas and as a result, have scaled back the value of the expected actions to be delivered in year by £7.106, from £13.057m to £5.951m.

1.5 As a result, the reported position of the Councils moves from an underspend of £0.036m at month 5 to an overspend of £7.950m at month 6, which could increase should the remaining management actions not take effect as expected. This represents an adverse movement of £7.986m on the month 5 position.

1.6 As per the Council's financial regulations, Directors have a responsibility to manage within budgeted levels of expenditure and where overspends occur, Directors are required to present a recovery plan to the Chief Finance Officer (S151 officer). As at the time of this report, no recovery plans have been presented to the Section 151 Officer.

1.7 A review of contingency budgets will be undertaken to identify any potential one-off underspends to offset this overspend as a temporary measure, but any pressures or undelivered savings within Directorates by the end of the financial year will need to be resolved in the next financial year, in addition to delivering MTFS proposals to meet the budget gap for 2024/25.

1.8 Further options including, but not limited to: recruitment freezes, service cessations and expenditure moratoria across all expenditure lines, alongside further increases to fees and charges in-year would also need to be considered if suitably appropriate and robust recovery plans are not put in place immediately by Directors.

1.9 A £5.317m overspend is forecast on the DSG, mainly due to unprecedented levels of growth on Education, Health and Care plans (EHCPs), at which the work on the Delivering Better Value (DBV) project is targeted. 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.

1.10 The DSG has a deficit balance from prior years on the balance sheet of £3m. This is ringfenced from the General Fund by a statutory override until 2025/26. The forecast overspend will take the Council's deficit to £8.317m, which if not recovered, will become a call on the General Fund from April 2026 – without further legislative action.

1.11 The Capital budget has forecast budgets of £11.885m to be reprofiled to future years in 2023/24, representing a reduction from previous reprofiling requested, due to schemes progressing more quickly than expected. This does not affect the overall programme budget which is forecast to underspend by £2.872m.

1.12 At the time of drafting this report, the Consumer Price Index (CPI) measure of inflation was running at 6.7%, the same rate as in August. 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.

1.13 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.

1.14 Whilst the Council is not in a poor financial position in terms of its balance sheet at this point in time, and section 7 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. 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.

1.15 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. Should Service overspends remain unmitigated in year, there may need to be a drawdown from unallocated reserves to bring expenditure to with budget. This is not a sustainable approach and will take the Council closer to financial distress. Budgetary control needs to be applied to reduce current expenditure, in addition to longer term recovery plans for each Directorate, which will be required to bring Services to within budget.

1.16 Whilst the Council right now, is not in a position of financial distress, it is clear from the current forecasted overspend in-year, allied with the MTFS position and previous use of reserves to manage expenditure in prior years that greater grip and control must be exercised by those managing budgets and greater assurance must be given to the Cabinet Members with responsibility for their portfolios that the services are financially sustainable. Without this grip, the balance of unearmarked reserves will be exhausted by Period 6 of 2027/28.

2. FORECAST 2023/24 REVENUE OUTTURN POSITION AT MONTH 6

2.1 The underlying Month 6 overspend is £13.901m, which represents an adverse movement on the month 5 underlying position of £0.880m.

2.2 Management actions were reported in previous months as a summary of activity being undertaken by Directorates, which would bring down the potential overspend on budgets. Due to being at the midpoint in the year, a full review of these actions has taken place has taken place at month, to assess the in year impact of work underway. A significant amount has been determined as being un-deliverable in year. As such, Directors must prepare and implement financial recovery plans as soon as possible.

2.3 The value of mitigating actions at month 6 has been revised to £5.951m (previously were £13.057m in month 5). As a result, the overall month 6 projected net overspend is £7.950m, a worsening of the position of £7.986m.

2.4 Table 1 gives a breakdown of the position for each Directorate showing both the underlying variance and management actions, leading to the reported position and shown against the month 5 position.

Table 1: Month 6 forecast monitoring position

Forecast Position	Revenue Budget	Month 6 Forecast	Underlying Variance	Management Action	Net Variance	Net Variance Month 5	Change in Variance
	£m	£m	£m	£m	£m	£m	£m
Adults	41.591	45.194	3.603	(0.749)	2.854	(0.000)	2.854
Children's Social Care	55.537	62.006	6.468	(3.943)	2.525	0.300	2.225
Education	8.743	9.438	0.695	(0.250)	0.445	0.245	0.199
Population Health	14.320	13.886	(0.434)	0.000	(0.434)	(0.088)	(0.346)
Place	29.546	34.606	5.060	(1.009)	4.051	0.914	3.137
Governance	13.554	13.457	(0.097)	0.000	(0.097)	0.112	(0.209)
Resources	58.105	56.711	(1.393)	0.000	(1.393)	(1.519)	0.126
Totals	**221.397**	**235.298**	**13.901**	**(5.951)**	**7.950**	**(0.036)**	**7.986**

2.5 To provide further detail to the table above, the following table shows the movement in the underlying position for month 6 compared to month 5, which is then described in more detail for each Directorate in sections following the table.

Table 2: Month 6 movement in underlying position

Forecast Position	Revenue Budget	Month 6 Forecast	Month 6 Underlying Variance	Month 5 Underlying Variance	Change in Variance
	£m	£m	£m	£m	£m
Adults	41.591	45.194	3.603	4.428	(0.825)
Children's Social Care	55.537	62.006	6.468	4.239	2.229
Education	8.743	9.438	0.695	0.795	(0.100)
Population Health	14.320	13.886	(0.434)	(0.088)	(0.346)
Place	29.546	34.606	5.060	4.904	0.156
Governance	13.554	13.457	(0.097)	0.262	(0.359)
Resources	58.105	56.711	(1.393)	(1.519)	0.126
Totals	**221.397**	**235.298**	**13.901**	**13.021**	**0.880**

Adult Services – Underlying overspend of £3.603m, favourable movement of £0.825m.

Reported position: £2.854m overspent

2.6 The Adults Services Directorate has a forecast overspend against budget in 2023/24 of £3.603m. At period 5 is was forecast that the net variance following identified management actions would have reduced to an adverse net variance of £1.415m, with additional management actions being progressed to address the remaining balance.

2.7 However, since period 5 there are a number of adverse movements that have impacted on the period 6 forecast equating to £2.892m, which have offset the benefit of the grants previously included within management actions. Had the £3m grants not been applied, the underlying pressure on the Group would total £6.495m.

2.8 Residential and nursing care home placements have a forecast increase of £0.375m. As reported at period 5 this includes an additional 2 care home placements per week to 31 March 2024. Permanent placements are 19% greater than the budgeted number at this period end (839 compared to 706). In addition short stay placements are currently significantly greater than the budgeted level, however, it should be noted that the review of short stay placements and change to the hospital discharge assessment process is reducing the volume as there were 209 in April 2023.

2.9 The service is proactively working with the NHS to ensure that when residents are discharged from hospital that the assessed level of need and care is suitable and appropriate with regular reviews early on to ensure step downs are timely and ensuring money is spent well.

2.10 As reported at period 5, recruitment to 6 Assessor posts has been completed with postholders expected to commence in post in December 2023 / January 2024. The responsibility of the postholders will be to review care packages with an annual net cost in excess of £0.050m. The month 5 forecast included an assumed reduction to home care packages of £0.360m as earlier recruitment to the posts had been assumed. The delayed start date of postholders has resulted in an adverse impact on the estimated cost reduction by £0.248m.

2.11 There has been an increase in the forecast complex care supported accommodation costs by £0.291m due to an additional 10 placements since period 5.

2.12 The forecast of direct payment packages has increased by £0.384m due to an increase in packages (£0.084m) and a reduction to the previously expected return of funds not utilised by service users against their direct payment held at the 31 March 2023 (£0.300m). Further review work is underway on the level of prior year excess balances that are expected to be returned in 2023/24.

2.13 The period 5 report explained that the demand for accommodation with support in the borough is now outstripping supply. On 25 October 2023, the Executive Cabinet approved a report to enable the Directorate to enter into accommodation agreements with the private rented sector to support increased levels of accommodation sufficiency. However, at period 6, it is forecast that there will be a shortfall on the delivery of previously assumed in-borough service user resettlements from out of borough placements. The forecast previously assumed a saving of £0.750m. The cost saving forecast has reduced by £0.360m. The requirement to make emergency placements into previously identified service user resettlement accommodation has also impacted on this reduction. The period 5 forecast also assumed cost reductions of £0.351m via out of borough mental health placements that is now not expected to be realised until 2024/25.

2.14 The weekly hours delivered for home care and support at home care packages continue to increase. The weekly hours delivered are currently at 12,320 which is 16% greater than the budgeted sum. This has resulted in a net adverse forecast increase of £0.333m since period 5. For context, support at home currently equates to 54% of the weekly hours with home care at 46%. Workforce issues within the sector continue to be a concern particularly for the support at home model where alternative commercial sectors offer improved pay opportunities.

2.15 Previous forecasts have assumed the delivery of additional service user contributions towards home care and support at home care packages via the implementation of full cost recovery on financially assessed contributions. The forecast assumed additional income of £0.550m. It is envisaged that this will now be realised in 2024/25 as the decision report to implement full cost recovery will be presented to the Executive Cabinet in December 2023 and will be dependent on the approved recommendation and date of implementation.

2.16 There are however a number of favourable movements included in the forecast at period 6 equating to £3.717m.

2.17 The successful recruitment of permanent social workers has contributed to a favourable variance of £0.246m on staffing related expenditure across the directorate. The reduction of forecast agency related costs is a significant contributory factor.

Day services related expenditure is forecast to reduce by £0.119m due to set up costs on the new service delivery model that are no longer expected to be incurred. Work continues on reviewing the level of housing benefit income received on behalf of eligible service users with a forecast increase of £0.105m included at period 6. Additional grant funding that has been awarded to the directorate and earmarked integration reserve funding; a total sum of £3.013m, has been applied to the budget as a one-off mitigation. This will need to be addressed in the financial recovery plan as one-off funding does not resolve the underlying problems.

2.18 There are additional forecast favourable variances of £0.235m within the forecast. These include the release of an expected contribution towards a data system that will longer be required (£0.105m) and use of the community and autism grant to support existing forecast expenditure (compliant with the grant conditions) that is included within the budget (£0.080m).

2.19 The Directorate will implement the following management actions to reduce the forecast outturn variance by £0.749m. These actions include the use of private rented sector accommodation to support the resettlement of out of borough service users. It is envisaged that 6 service users will be resettled from 1 January 2024 with a part year saving on existing placement costs of £0.130m.

2.20 In addition the recent change to the hospital discharge assessment process should reduce the forecast short term care home placement costs whilst the care needs assessment of the service user is carried out within the hospital. This will deliver an estimated forecast cost reduction of £0.364m. It is also proposed that the residual balance (£0.255m) of the earmarked reserve to support adult social care and NHS integration initiatives will finance the hourly rate cost differential between the support at home and home care models and supporting additional in year demand. Further analysis is required on the part year cost reductions that will be realised from the review of care packages in excess of a net annual cost of £0.050m. An estimated reduction (£0.248m) to the previous forecast saving has already been included at this period end due to the delayed recruitment of the additional 6 Assessors. This will be updated once the officers have commenced in post.

Population Health – Underlying underspend of £0.434m, favourable movement of £0.346m

Reported Position: £0.434m underspent

2.21 The Population Health Directorate has a forecast underspend against budget in 2023/24 of £0.434m, which is a favourable movement of £0.346m on the underlying forecast from period 5.

2.22 Two key changes have impacted on the forecast at this period end. There have been delays to the recruitment of a number of posts across the Directorate resulting in an improvement to the pay costs forecast of £0.130m.

2.23 In addition there is a favourable improvement to the confirmed value of the in-year inflationary increase on the Community Services contract that is commissioned from the Tameside and Glossop Integrated Care Foundation Trust (ICFT), together with the use of prior year Covid Outbreak Management Fund (COMF) balances to finance two fixed term Infection Control Nurse posts also commissioned from the ICFT. These have resulted in an improvement to the forecast of £0.200m.

2.24 In May 2023 the Greater Manchester Combined Authority (GMCA) notified the Council that an additional £0.020m grant funding will be awarded to the Council to extend the delivery of the Independent Domestic Violence Advisory service for the period 1 October 2023 to 31 March 2024. The service is commissioned via Bridges (who are part of Jigsaw Support) and it is proposed that the additional grant award is accepted and the existing contract is extended for a 6 month period to the funding period end date of 31 March 2024. GMCA are carrying out a full review of victim support service provision across Greater Manchester during the extended grant award period, the outcome of which will be reported when available.

2.25 The Directorate are working with Jigsaw Support to implement and deliver the Greater Manchester Combined Authority (GMCA) Ageing In Place Pathfinder within the borough. This initiative will initially support the Ridge Hill (Stalybridge) area to enhance healthy and active ageing, reduce falls & frailty, combat loneliness and improve quality of life for older adults. The programme is due to commence in 2023/24 and will be delivered over a 3 year period to 31 March 2026.

2.26 The programme will enable extensive community engagement in Ridge Hill to support residents in this area with adaptations in homes and with programmes to reduce isolation, and also to embed learning from this programme at other sites across the borough. A handyperson will also be employed to deliver practical adaptations in people's homes to support independent living in older age. It is expected that the initiative will lead to reduced frailty and deconditioning, which are routes to people requiring earlier and more intensive social care and residential support.

2.27 Investment for the 3 year programme for the initiative is proposed via the following sources of funding. It is recommended that the Council investment via the earmarked Population Health reserve to support longer term health improvements across the borough is paid to Jigsaw Support in 2023/24 via a grant agreement that will specify the outcomes to be delivered. The Ageing Well Steering Group for the borough will monitor progress and delivery outcomes of the initiative.

Table 4: Initiative Investment

Investment	£'m
Council via earmarked Population Health reserve – Grant Agreement with Jigsaw Support	0.030
Greater Manchester Combined Authority – Payment to Jigsaw Support	0.090
Total	**0.120**
Jigsaw Support – In-Kind Contribution – Staff Resource	0.060

Children's Social Care – Underlying overspend £6.468m, adverse movement of £2.229m
Reported position: £2.525m overspend

Following an in-depth review across the whole of Children's Social Care budgets, undertaken with the new Children's Senior Leadership Team since period 5, the overall position on Children's Services is reported as an underlying variance of £6.468m forecast overspend, which is an adverse movement from the position as at period 5 of £2.229m. The underlying pressure is subject to mitigation by management actions currently forecast at £3.943m, resulting in a reported net forecast variance of £2.525m.

2.28 The overall forecast overspend is driven significantly by the requirement for high-cost independent and residential external placements for Cared for Children, which is forecast to overspend by £6.324m. This relates both to the overall number and the increasing cost of each placement with external residential placement numbers currently at 75, compared to 67 at the start of the financial year.

2.29 The forecast also continues to be adversely affected due to the reliance on, and associated high cost, of agency Social Workers and other interim placements currently supporting the departmental priorities and caseload requirements. The forecast includes over £4.833m on Agency staff which is partly mitigated by savings on core staffing budgets (£3.582m) and from Children's Services transformation reserve (£0.772m) pending formal approval.

2.30 The interim agency arrangements include the new Children's Services Senior Leadership Team who are supporting the improvement requirements across the Directorate. They are leading the work which is actively underway to review all service structures in order to implement a revised staffing structure that will deliver a more skilled permanent workforce for Children's Services. A dedicated Workforce Board has been established to support all the delivery requirements of the new structure.

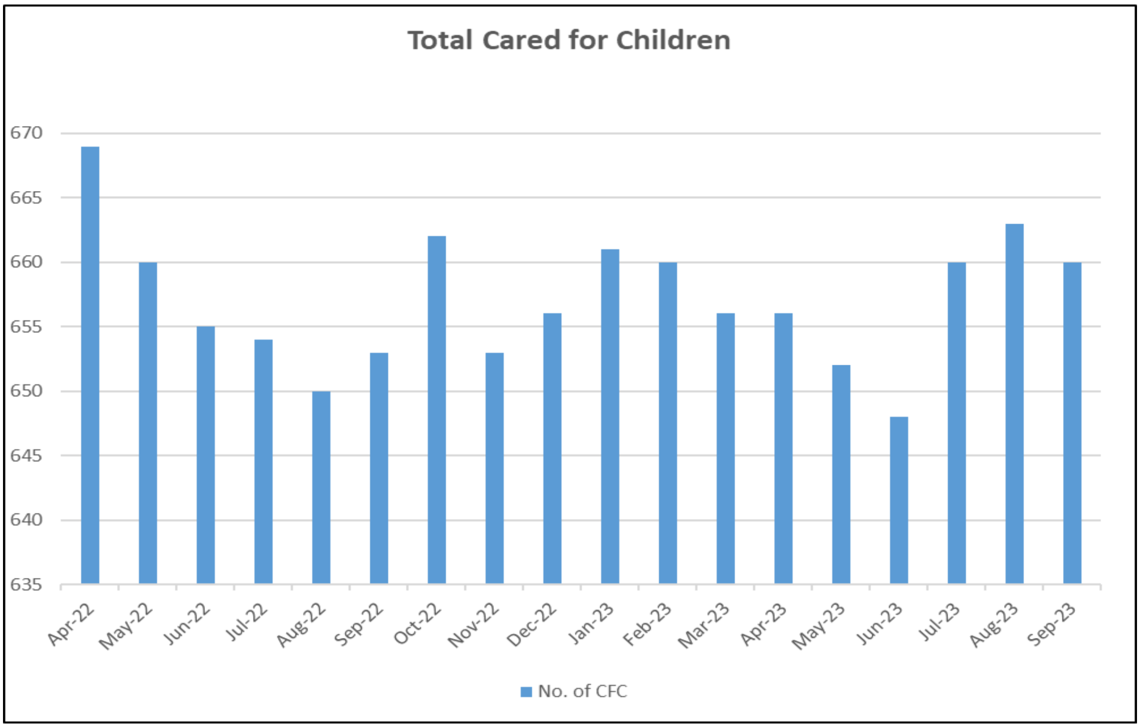
2.31 Table 5 below shows that since April 2023, 18 over 18's have had their Semi Independent placement ceased, this has been offset by 20 additional placements in the 16-17 age range. The table also shows the growth of 13 Independent Foster Placements in 0-15 year olds, and external residential placements have risen by 9 in 5-15 year olds.

Table 5: Age Profile of External Placements

Age Profile	Semi Independent		Independent Foster Placement		External Residential Homes	
	Apr-23	Oct-23	Apr-23	Oct-23	Apr-23	Oct-23
0 to 2	0	0	1	3	0	0
3 to 4	0	0	3	8	0	0
5 to 10	0	0	47	54	4	6
11 to 15	0	0	64	63	40	47
16 to 17	28	48	23	24	23	22
18+	33	15	1	0	0	0
	61	**63**	**139**	**152**	**67**	**75**

2.32 Graph 1 shows that, whilst Cared for Children numbers fluctuate monthly, there had been an overall reduction recorded from April 2022 at 669 down to 648 at June 2023. The numbers have subsequently increased each period since June 2023 up until September 2023 where we have recorded a net reduction of 3, the current total being 660 as at the end of September 2023. This net reduction of 3 is due to 5 external residential placements stepping down offset by 2 new external residential placements. The net in-year effect is a forecast reduction of £0.240m from Period 5.

Graph 1: Total Cared for Children



2.33 Table 6 provides a summary analysis by type of placement for the 660 Cared for Children recorded as at 30 September 2023.

Table 6: Cared for Children Placement Types

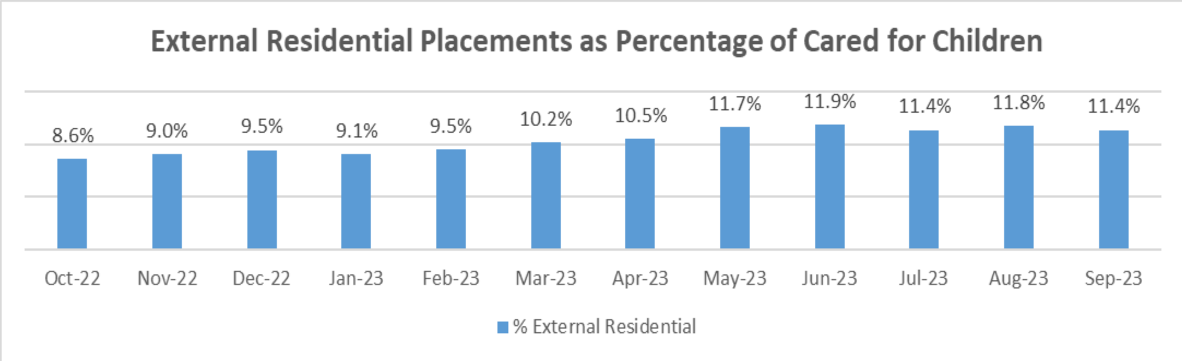
Cared for Children - Placement Types	Total
Foster Care Placements - External	175
Foster Care Placements - Internal	244
Other, including Secure, Prison, Young Offenders	8
Placed with Own Family or Others with Parental Responsibility Orders	103
Residential Placements - External	75
Residential Placements - Internal: Including Children's Homes, Independent Living, Supported Accommodation	55
Grand Total	**660**

2.34 After a period of falling numbers from May 2022 (70) to October 2022 (57), the number of external residential placements has risen sharply since then to reach 78 as at August 2023, reducing by 3 to 75 at September 2023, leading to a greater proportion of the total client base being in external residential placements. Graph 2 shows the number of external residential placements recorded from April 2022 to September 2023.

Graph 2: External Residential Placements

2.35 Graph 3 demonstrates the overall number of external residential placements as a proportion of the total Cared for Children. This has increased from 8.6% in October 2022 to 11.8% at August 2023, reducing in line with the net reduction of 3 placements to 11.4% at September 2023.

Graph 3: External Residential Placements as Percentage of Cared for Children



The main reason for the increases seen in 2023-24 is due to greater numbers of high-cost placements required in 2023-24 compared to 2022-23. The rate of increase has decreased during the year due to successfully stepping down high-cost placements in-year together with Commissioning colleagues actively reviewing and negotiating lower weekly fees with providers where possible.

2.36 Management mitigations include achieving additional partner 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. Towards this a recent commitment has been secured in respect of one individual young person where a contribution of £0.498m is to be provided and further scrutiny of all placements is underway to ensure appropriate partner contributions are agreed.

2.37 Maximisation of available external funding is also being factored into the management mitigations where up to £0.500m is estimated to be able to be contributed to eligible costs related to the delivery of relevant grant requirements.

2.38 A project to rehouse Separated Migrant Children (previously known as UASC) from transition flats to alternate accommodation, freeing up flats for residential step downs could reduce the in-year forecast by a further £0.277m, a property has been located and agreements are currently being finalised. The original proposal sought to rehouse 6 Separated Migrant Children from October 2023 saving an estimated £0.831m and whilst this had progressed and a property had been sourced, unfortunately the landlord found alternative occupants for their property before entering a contract with the Council.

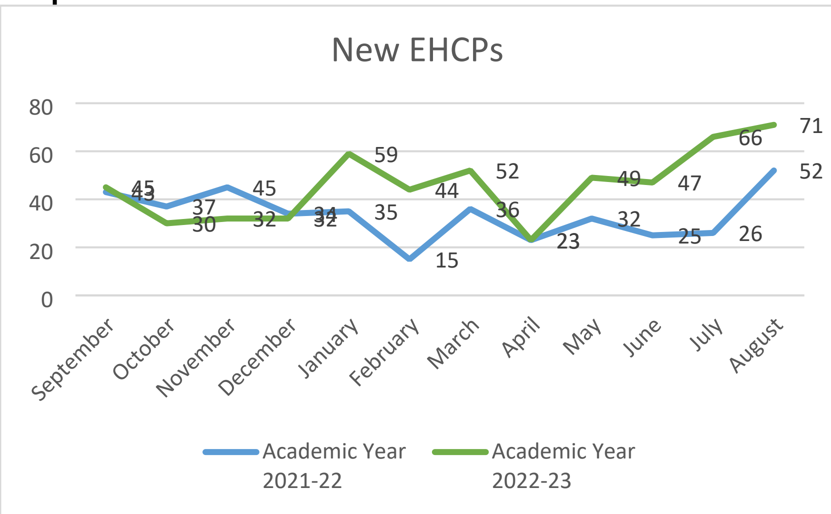
2.39 Based on the positive movement seen in respect to stepping down high cost placements in Period 6 a forecast reduction has been estimated for further potential step downs of £0.500m by the end of the financial year. This includes the priority consideration to stepping down as many 16-17 year olds as possible from external residential placements into lower cost semi-independent provisions. A cost reduction forecast tool has been developed and shared with commissioning and social care colleagues in order to help model the financial impact of any proposed step-downs from a given date.

Education – Underlying overspend £0.695m, £0.100m favourable movement
Reported position: £0.445m overspend

2.40 The underlying variance is an overspend of £0.695m and after management actions of £0.250m, there is a net variance of £0.445m. 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 and Care Plans including transport requirements.

2.41 Requests for Education, Health and Care Plans (EHCPs) have continued to increase. The average number of new EHCPs for the academic year 2021-22 was 34 per month. This average for the academic year 2022-23 has increased to 46 per month. This increases demand on the SEND Transport budget, with an average of approximately 30% of pupils with an EHCP receiving transport. Graph 4 shows the new EHCPs per month for the academic years 2021-22 and 2022-23 which demonstrate the increasing demand.

Graph 4: New EHCPs for Academic Years 2021-22 and 2022-23



2.42 It had been anticipated the new SEND transport routes being implemented in the Autumn term would see an increase to route group efficiencies for additional pupils, reducing average cost per pupil and leading to a potential reduction in forecast expenditure of £0.250m. However, the additional demand for transport is likely to exceed these efficiencies and therefore it is unlikely the £0.250m will be realised. Benchmarking show that the price per pupil in 2022/23 for England is £102 per child and Tameside is £75 per child, however the Council's numbers of EHCP per capita have risen so sharply that the low unit cost is immaterial due to activity. It should be noted that unit costs have risen more sharply than other authorities, so there is a lack of grip and control over both activity and pricing that must be rectified in the financial recovery plan.

2.43 The application evaluation process for the Autumn term is still in progress due to the increased number of requests. A more accurate reflection of the actual pressure is anticipated in late October 2023 once the application evaluation process has concluded. A review of the use of personal budgets is currently being worked through including investigating other potential efficiency ideas such as commissioning more Yellow Buses, increasing the travel training contract, and commissioning special schools to deliver their own travel services.

2.44 As a result of the increased number of EHCP requests, there is an increase this year in the use of Associates (private practice EPs) on the Educational Psychology Service for the delivery of statutory assessments producing a pressure of £0.297m. The service is currently working on a strategy to meet demand now and to support future needs.

2.45 The £0.100m favourable movement of the underlying variation relates to a £0.057m increase in forecast penalty notice income for unauthorised absences; £0.013m reduction to forecast expenditure on the Teachers retirement pensions due to reducing demand and a forecast increase of £0.030m for traded schools income and parental income.

2.46 There is potential that penalty notice income for unauthorised absences could further increase but as this is not a stable income stream it is difficult to predict. £0.050m is built into the management actions as a result of this. Other mitigations within management actions include maximisation of grant income of £0.120m and reserve support for teachers' retirement pensions of £0.080m.

Place – Underlying forecast overspend of £5.060m, £0.156m adverse movement
Reported position: £4.051m overspend

2.47 The forecast position as at period 6 is showing a net overspend of £5.060m for the Place Directorate. This is an adverse movement on the underlying position reported at period 5. Identified management actions of £1.009m reduce the overspend to £4.051m. This change is mainly due to increases in demand for nightly paid temporary accommodation, confirmation of the expected pressure from energy costs across the corporate estate and a further increase in the forecast cost of reactive maintenance and risk management within Engineers and Highways. As detailed in previous reports, 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 mitigate the gross overspends in pressure areas. Significant management action will be needed to reduce the potential overspend in this financial year.

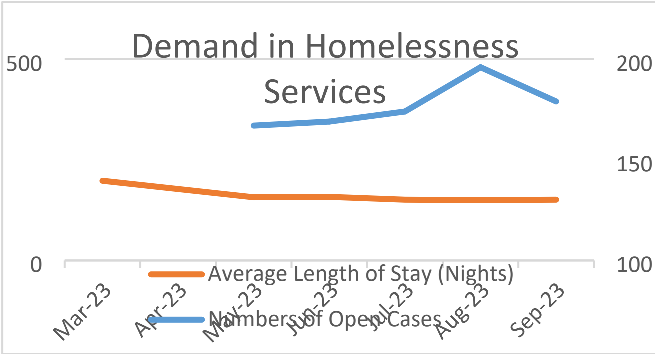
2.48 The key areas of overspend driving this position are as follows:

2.49 **Corporate Landlord £2.704m** – The majority of the overspend relates to Facilities Management costs where the forecast expenditure of £4.603m exceeds the available budget of £2.829m, resulting in an overspend of £1.775m. The budget has been reduced in each of the last 3 years in respect of savings which have not been delivered, although some one off savings are expected in 2023/24. The 2023/24 savings target linked to rationalising the corporate estate of £0.920m is now expected to deliver £0.490m in year. Service capacity issues earlier in the year resulted in delays to the asset rationalisation work, however an interim Asset Rationalisation Surveyor has been in post for 3 months and this is now progressing.

2.50 Due to increased prices, gas and electricity costs are expected to be in excess of budget by £0.976m. This is exacerbated by prior year reductions in Council buildings not being achieved. This figure is net of the additional costs that will be recovered from external parties occupying space in the Council's buildings. Following the collapse of Wilkos, there is now an expected shortfall of rental income and additional business rates liability forecast for the retail unit at Tameside One totalling £0.293m. The situation is currently unclear and further updates will be provided when available. For additional context, the full year impact of this unit remaining empty would be a shortfall in income of £0.266m and business rates liability of £0.100m.

2.51 **Homelessness £1.944m –** Continuing increases in demand for services is resulting in higher forecasted costs for temporary accommodation. During this financial year, numbers of nightly paid temporary accommodation placements had increased by 7% and the average nightly rate has increased by 5%. Graph 5 shows the number of open cases have moved from 196 in Period 5 to 179 in Period 6 with the average length of stay holding flat at 151 days. However, winter pressures create seasonal spikes in demand and these are modelled into the forecast pressure.

Graph 5: Demand in Homelessness Services



Average length of stay is based on all cases in year, both open and closed. For those that are ongoing, an end date of 30 September has been used to calculate the length of stay.

2.52 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 have enabled the same number of families to move on from temporary accommodation resulting in reduction of 12,270 temporary accommodation nights. Following work undertaken with the Housing Strategy team, it is now clear that the levels of nomination rights to the Council will be lower than previously assumed, resulting in a lesser reduction to the forecasted costs of nightly paid temporary accommodation.

2.53 **Waste & Fleet £0.618m** – Staffing costs exceed the net budget due to the efficiency factor not being delivered as absence and annual leave must be covered to ensure service delivery using agency staff. The improvement in the Waste services forecast position is due to a forecast increase in Commercial Waste income. 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.

2.54 **Engineers & Highways (£0.039m)** – Whilst the overall position for Engineers and Highways is forecast to be within budget there is a significant level of risk regarding reactive maintenance budgets. There is a £0.438m net forecast overspend on reactive maintenance to roads and footpaths (largely offset in year by forecast underspend against staffing budgets pending full implementation of a service redesign) The cost of materials associated with reactive maintenance jobs has increased by approximately 40% over the past 12 months. The Council has recently received confirmation of £0.515m pothole specific funding which has been factored into the forecast. It should be noted that the forecast also assumes use of £1.800m Highway Maintenance Capital Grant. This will mean however that the planned maintenance programme in 2023/24 will need to be scaled back significantly. A multi-year Highway Investment strategy is currently being produced which will set out investment requirements based on National toolkits and road condition surveys.

2.55 **Fees and Charges Income £0.418m –** Shortfalls in income from fees and charges across a number of service areas are resulting in pressures totalling £0.418m. This includes: Estates (£0.197m) due to shortfalls in rental income across the estate; Markets (£0.344m) where income from rents and services charges are not increasing at the same rate as increases in expenditure; and Planning (£0.195m) which continues to experience shortfalls in income from building regulation fees and planning fees. These pressures are partially being mitigated by additional fees and charges increases elsewhere in the Directorate.

2.56 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.

2.57 Management actions to be put in place across the Directorate total £1.009m and are as follows;

- £0.150m additional pay and display income from car parks following the increase in tariffs and installation of new machines
- £0.015m following a proposed review of the Staff Car Parking Pass scheme
- £0.015m reduction in costs from the removal of obsolete Watchman Cameras from the highway
- £0.030m reduction in nightly paid temporary accommodation costs
- £0.140m as a result of delaying recruitment to roles currently vacant within Strategic Property
- £0.159m reduction in costs at Clarence Arcade and Denton Centre once teams have moved to their new locations
- £0.500m review of earmarked reserves and further asset work

Resources – Underlying underspend £1.393m, £0.126m adverse movement

2.58 Resources has an underlying forecast underspend of £1.393m, which represents an adverse movement of £0.126m on the month 5 position.

2.59 There has been an increase to the forecast external audit fees by £0.137m relating to the audit of the Council's 2023/24 accounts, together with specified audits on housing benefit payments and teacher's pensions. This pressure represents an additional requirement in auditing, at a further cost of £18,000, and then an overall increase in the rater chargeable for external Audit fees of 151%, taking the costs of the main audit to £0.287m. The forecast on pay related expenditure has increased by £0.120m predominantly relating to temporary additional capacity within the service.

2.60 In additional there are increases to the forecast expenditure on correspondence distributed to residents and businesses within the borough of £0.068m and expenditure relating to a review of empty properties across the borough of £0.060m.

2.61 There has been a favourable improvement of £0.207m to the cost of the annual waste levy liability that is payable to the Greater Manchester Combined Authority when compared to the allocated budget.

2.62 On 9 June 2023 the Council was awarded new burdens grant of £0.022m via the Department For Levelling Up, Housing and Communities. The grant is awarded to support the administration of the Council Tax Support Fund. In addition, on 24 July 2023 the Council has been awarded new burdens grant of £0.028m via the Department for Energy Security and Net Zero. The grant is awarded to support the administration of the Energy Bills Support Scheme Alternative Funding and the Alternative Fuel Payment Alternative Fund schemes. The total of the grant allocations of £0.050m is to be allocated to the 2023/24 Resources Directorate revenue budget to support the expenditure incurred administrating the related schemes within Exchequer Services which is included in the month 6 forecast.

Governance – Underlying underspend £0.097m, favourable movement of £0.359m

2.63 Governance has an underlying forecast underspend of £0.097m, which represents a favourable movement of £0.359m on the month 5 position.

2.64 The favourable movement is predominantly related to the proposed virement of £0.333m contingency budget. The virement is to finance a legacy traded services income budget deficit of £0.119m primarily as a result of schools transferring to academies. In addition a virement of £0.214m is proposed to finance a health income budget deficit. This is as a result of the demise of NHS Clinical Commissioning Groups (CCG) and the formation of the Greater Manchester Integrated Commissioning Board (ICB). A number of former NHS CCG locality services have been centralised within the Greater Manchester ICB arrangements and are no longer delivered or supported by the Council.

Write offs of irrecoverable debts over £5000

2.65 Appendix 1 and 2 lists those debts scheduled for write off as irrecoverable in the periods 1 April to 30 June (Appendix 1) and 1 July to 30 September (Appendix 2).

Contingency budget virements to fund specific earmarked pressures

2.66 As part of the 2023/24 budget, approved at budget council, earmarked budgets were set aside in Contingency for emerging pressures. The proposal is that budget is transferred from earmarked Contingency to directorates to fund the following pressures;

i. £0.185m to Place directorate for increased fuel costs for the Council's fleet. This is as a result of national fuel cost rises.

ii. £0.475m to Place directorate to correct a historic imbalance between income and expenditure budgets for internal estates charges.

iii. £0.119m to Governance directorate to correct a traded services income budget deficit. This is primarily as a result of schools transferring to academies

iv. £0.214m to Governance directorate to correct a health income budget deficit. This is as a result of the demise of NHS Clinical Commissioning Groups (CCG) and the formation of the Greater Manchester Integrated Commissioning Board (ICB). A number of former NHS CCG locality services have been centralised within the Greater Manchester ICB arrangements and are no longer delivered or supported by the Council.

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 9 overleaf.

Table 9: Saving Programme in 2023/24 Budget at month 6

2023/24 Budget Reductions	Opening Target £m	Red £m	Amber £m	Green £m	Achieved £m
Adults	2.550	0.910	0.222	0.793	0.625
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	0.641	0.713	0.275	0.474
Governance	0.000	0.000	0.000	0.000	0.000
Resources	1.776	0.000	0.000	1.085	0.691
Total	**10.554**	**3.296**	**2.414**	**2.899**	**1.945**
%		**31.2%**	**22.9%**	**27.5%**	**18.4%**

3.2 At month 6, 45.9% (47.2% at month 5) of the programme is considered to be achieved, or on track to be delivered, a total of £4.844m. A further £2.414m is classed as Amber, with some issues or delays in delivery with £3.296m or 31.2% (23.9% at month 5), with serious concerns of delivery (red rated savings are detailed in Table 11). 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 5 and month 6 is shown in Table 10 below.

Table 10: Change in Savings Programme RAG rating between month 5 and 6

	Opening Target £m	Red £m	Amber £m	Green £m	Achieved £m
Month 5 Total	**10.554**	**2.523**	**3.046**	**3.283**	**1.702**
Month 6 Total	**10.554**	**3.296**	**2.414**	**2.899**	**1.945**
Change from M6 to M5		**0.773**	**(0.632)**	**(0.384)**	**0.243**
Month 5 %		**23.9%**	**28.9%**	**31.1%**	**16.1%**
Month 6 %		**31.2%**	**22.9%**	**27.5%**	**18.4%**

Table 11: Red rated savings at month 6

Directorate	Scheme	Savings Ref No.	Opening Target £m	Red £m
Adults	Non Residential Client Income – Realignment of Fees & Charges for Support at Home	AD1	0.550	0.550
Adults	Support individuals in a way that increases independence and reduces reliance on services	AD3	0.750	0.360
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	0.430
Place	Corporate Building Room Hire Income Review	PL4	0.010	0.010
	Total		**5.165**	**3.296**

4. DEDICATED SCHOOLS GRANT

4.1 As reported at period 5, there was a significant increase in the high needs pressure due to unprecedented levels of growth in EHC plans in the summer term. As such, the position on the DSG remains unchanged for Period 6. The in-year forecast position on the overall DSG is a deficit of £5.317m, details are included in Table 12 below. The deficit predominantly relates to the ongoing pressure on High Needs. 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 £8.627m. 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.

4.2 The DSG already contributes to education costs within the general fund for the children in cares educational needs. There is a review underway of children's social care placements where there is an educational element included. The review will look to ensure all partner contributions, including Health, Education and Social Care are applied fairly in accordance with the specific individual placement requirements. This may identify additional contributions required from the High Needs Block within the DSG. Once the review is complete further information will be included within this report.

Table 12: 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	(0.010)
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**

4.3 The service is currently completing a self-evaluation following a diagnostic review and is strengthening the SEND Improvement Plan. £1 million of grant monies from the Delivering Better Value (DBV) programme will support a range of work and innovations around inclusion and transitions. Part of this grant will be used for work on the review of plans and will mean that more appropriate, cost-effective placements can be secured including ceasing some plans. In addition, the funding will drive programmes to improve provision and the service offering in mainstream schools helping them to meet SEND needs better and reduce the pressure out high-cost placements. The review of SEND sufficiency information and strategy is also concluding and will feed into this plan. Over the next five years, verified forecasts predict that our DBV plan will reduce the High Needs Block deficit by between £5.2 and £7 million.

5 REVENUES AND DEBT

Council Tax

Table 13: Council Tax in year Collection Performance

Period	Net Collectable debit £m	Cash collected £m	In year collection percentage %
September 2022	129,363	71,533	55.30
September 2023	136,894	74,099	54.13

5.1 Current year collection has been compared against the same period in 2022/23 to enable a visible comparison to be made. The in-year collection rate in September 2023 was 54.13% compared with 55.30% for the same period last year, and this reduced in year collection mirrors the Greater Manchester benchmarking position. However, the current year cash collected exceeds cash collected for the same period last year by £2.56m. This is expected as the level of Council Tax has increased from last year.

5.2 Council Tax arrears continues to be collected after the year in which Council Tax was due as table 14 below demonstrates:

Table 14: Council Tax Arrears Collection Performance

Financial Year	% Collected in year raised	Actual % collection as at 01 September 23	% Budget collection	Collection +/- to Budget %
2014/15	94.07%	98.01%	95%	3.01%
2015/16	94.17%	97.71%	95%	2.71%
2016/17	93.69%	97.34%	95%	2.34%

2017/18	93.40%	96.92%	96.5%	0.42%
2018/19	93.41%	96.59%	98.0%	-1.41%
2019/20	93.52%	96.12%	98.0%	-1.88%
2020/21	93.95%	96.27%	98.0%	-1.73%
2021/22	94.03%	95.55%	97.0%	-1.45%
2022/23	93.66%	95.02%	97.0%	-1.98%

Business Rates

Table 15: Business Rates Tax in year Collection Performance

Period	Net Collectable debit £m	Cash collected £m	In year collection percentage %
September 2022	56,016	31,689	56.57
September 2023	55,245	31,094	56.28

5.3 The Business Rates collection rate in September 2023 shows a reduction of 0.29% when compared to the same period last year. In cash terms, the current collection level is £595k lower than the same period last year. The cash collection is impacted by the Net Collectible debit (NCD) in each year which is impacted for example, by the award of mandatory reliefs.

Sundry Debts

Table 16: Comparison of Sundry Debt Invoices Raised, Value and Collection

Period	% Collected (includes Adults & Sundry Debt)	Value of invoices raised £m	Money Collected £m	Balance £m
August 2022	84.67%	34,345	29,079	5,266
August 2023	74.90%	27,691	20,742	6,949
September 2022	84.49%	37,286	31,502	5,784
September 2023	82.25%	32,534	26,760	5,774

5.4 Between September 2023 and September 2022, the overall sundry debt to be collected reduced by £4.724m. It should be noted that this information is a snapshot as at that date and the overall position varies as invoices are raised throughout the year. Collection is dependent on the date invoices are raised, number raised and value.

5.5 The table below gives detail of the top ten individual debts by service area and debtor totalling £2.492m.

Table 17: Top 10 Highest Value Debt as at 17.10.23 (Includes Adults and Sundry Debt)

SERVICE AREA	INVOICE DESCRIPTION	DEBT VALUE	DAYS OVERDUE
Executive Support	2 invoices, MH Crisis funds from NHS Greater Manchester to support mental health and ASC transformation funds from NHS Greater Manchester to support mental health.	£505,603.00	30-60 days
Adults Joint Commissioning	Cost of equipment transferred to Medequip as part of provision of community	£451,950.65	30-60 days

Financial Management/Early Education Funding/ Highways & Transport Invoices	Multiple invoices for various service fees in respect of Greater Academy Ashton.	£402,007.03	Over 90 days
Estates	Multiple invoices for quarterly rent in respect of Droylsden Football Ground	£250,928.26	Over 90 days
Children's Education	Pennine Care support for neurodevelopment pathway from Tameside Specialist outreach support service.	£161,976.00	0-30 days
Adults	Residential Care Fees multiple invoices	£158,309.14	Over 90 days
Adults	Residential Care Fees multiple invoices	£152,245.05	Over 90 days
Adults	Residential Care Fees multiple invoices	£141,995.44	Over 90 days
Adults	Residential Care Fees multiple invoices	£136,151.61	Over 90 days
Adults	Residential Care Fees multiple invoices	£130,481.36	Over 90 days
TOTAL		**£2,491,647.54**	

6 CAPITAL PROGRAMME

6.1 A full monitoring report is produced for Capital each quarter, with the month 3 report updating on significant reprofiling of budgets into 2024/25. A full capital update is also provided to Strategic Planning and Capital Monitoring panel, with the next meeting scheduled for the end of November. In previous months, separate reports have been drafted for each Group, in addition to the overarching Corporate report. In order to streamline this, a single report has been produced, that includes highlight reports for each project as part of the appendices. As this report is also being presented to Board and to avoid duplication, this report contains only a top level summary of the Capital programme at month 6.

6.2 The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2023/24 financial year. In addition to fully approved projects the Programme also includes earmarked schemes which have been added to the programme but not specifically allocated yet, for example contingency budgets.

6.3 The Council's Capital Programme for 2023/24 to 2025/26 contains £118.794m of schemes, of which £113.956m 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.

6.4 Table 18 below shows the full Capital Programme by Service area.

Table 18 – Capital Programme 2023/24 – 2025/26

	2023/24	2024/25	2025/26	Earmarked	Total
	£m	£m	£m	£m	£m
Place: Property, Development and Planning					
Development & Investment	14.024	34.702	8.007	1.542	58.275
Corporate Landlord	0.993	-	-		0.993
Vision Tameside	0.073	-	-		0.073

Active Tameside	0.102	-	-		0.102
Place: Operations and Neighbourhoods					
Engineers, Highways & Traffic Management	4.826	-	-		4.826
Operations & Greenspace	1.925	0.116	-		2.041
Waste & Fleet Management	-	0.826	-		0.826
Estates	0.008	-	-	0.095	0.103
Children					
School Related Works	22.318	11.448	-		33.766
Children's Social Care Safeguarding & Quality Assurance	1.322	2.524	-		3.846
Adults Social Care					
Adults Commissioning Service	4.195	6.495	0.020		10.710
Governance					
Governance	0.032	-	-	0.440	0.472
Total Approved	**49.818**	**56.111**	**8.027**	**2.077**	**116.033**
Contingency	-	-	-	2.800	2.800
Total	**49.818**	**56.111**	**8.027**	**4.877**	**118.833**

The total approved budget for 2023/24 is £49.818m, as outlined in Table 19 overleaf.

Table 19 – 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						
Development & Investment	14.024	1.452	8.502	(5.522)	(1.110)	(4.412)
Corporate Landlord	0.993	0.176	0.992	(0.001)	-	(0.001)
Vision Tameside	0.073	-	0.073	0.000	-	-
Active Tameside	0.102	0.103	0.103	0.001	-	0.001
Place: Operations and Neighbourhoods						
Engineers	4.826	0.463	4.248	(0.578)	(0.564)	(0.014)
Ops & Greenspace	1.925	0.347	1.395	(0.530)	(0.562)	0.032
Fleet Replacement	0.000	-	-	-	-	-
Estates	0.008	0.057	0.057	0.049	-	0.049
Children's Social Care						
Education	22.318	8.850	26.377	4.059	3.610	0.449
Children	1.322	0.041	1.234	(0.088)	(0.088)	-
Resources						
Digital Tameside						
Adults Social Care						
Adults	4.195	0.964	3.933	(0.262)	(0.262)	-
Governance						
Governance	0.032	0.029	0.032	0.000	0.000	-
Total	**49.818**	**12.482**	**46.946**	**(2.872)**	**1.024**	**(3.896)**

6.5 Services are projecting expenditure of £2.872m less than the current capital budget for the year. Reprofiling of £1.024m has been requested.

Budget reprofiling of projects

6.6 Total reprofiling is reported as £1.024m at month 6, as illustrated in table 19. It should be noted that while the net reprofiling is £1.024m, there is movement both to and from the next financial year, with a significant reprofiling of funds into 2023/24 due to Hawthorns Primary progressing faster than previously anticipated and monies originally reprofiled into 2024/25 are now proposed to be brought back into 2023/24. This is then offset by further reprofiling of Levelling up for Ashton and various smaller variations into 2024/25. More detailed narratives around the variations are provided within the separate report for Capital Monitoring.

Full Scheme Variations

6.7 Along with the in-year variations above there are a number of schemes forecasting lifetime variations as follows:

Education

6.8 **Devolved Schools Capital - £0.448m** - Schools undertake their own capital projects which they fund from revenue (as a revenue contribution to capital). At present £0.252m of requests for revenue funded projects have been submitted which need to be added to the Capital Programme. A new funding stream for schools, Connect the Classroom, has been introduced to improve internet speed in schools. To date, Tameside maintained schools have bid and been granted £0.197m to upgrade their networks in 2023/24. This needs to be added to the Capital Programme.

Development and Investment

6.9 **Godley Garden Village – (£4.182m) 2023/24 and (£5.304m) 2024/25** - Delays to planning determination, mean that the Council remains in breach of its Housing Infrastructure Funding (HIF) Grant Funding Agreement (GFA) with Homes England. It is now clear that the Council will not be in a position to draw down the full allocation of £10m, prior to the expenditure deadline of March 2024 and, despite best efforts, the project team have been unable to negotiate a further extension to the existing GFA. Homes England has confirmed, in principle, that the £0.720m already drawn down and expended, along with the £0.500m of revenue capacity funding, in preparation the planning application will not be subject to clawback.

Capital Financing

6.10 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.

6.11 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 20: 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	43,324	57,589	**100,913**	**-**	**100,913**
Revenue Contributions	325	-	**325**	**-**	**325**
Prudential Borrowing	31	2,415	**2,446**	**-**	**2,446**
Receipts & Reserves	6,099	4,134	**10,233**	4,877	**15,110**
Total	**49,779**	**64,138**	**113,917**	**4,877**	**118,794**

Capital Reserves and Receipts

6.12 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 21 Capital Reserves

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

6.13 The low level of capital reserves is in part consequence of the low level of capital receipts available in prior years. In the current year, capital receipts total £1.897m.

6.14 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.

6.15 The latest disposal programme forecasts £21.807m 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', £3.037m is rated as 'amber' with conditions to be satisfied, and £0.945m is rated as 'red' with significant uncertainty over delivery. There is a further £4.897m of projected capital receipts in 2024/25 and £11.260m in 2025/26. Of the full three year disposal programme, £17.439m is rated amber and £2.721m is rated red.

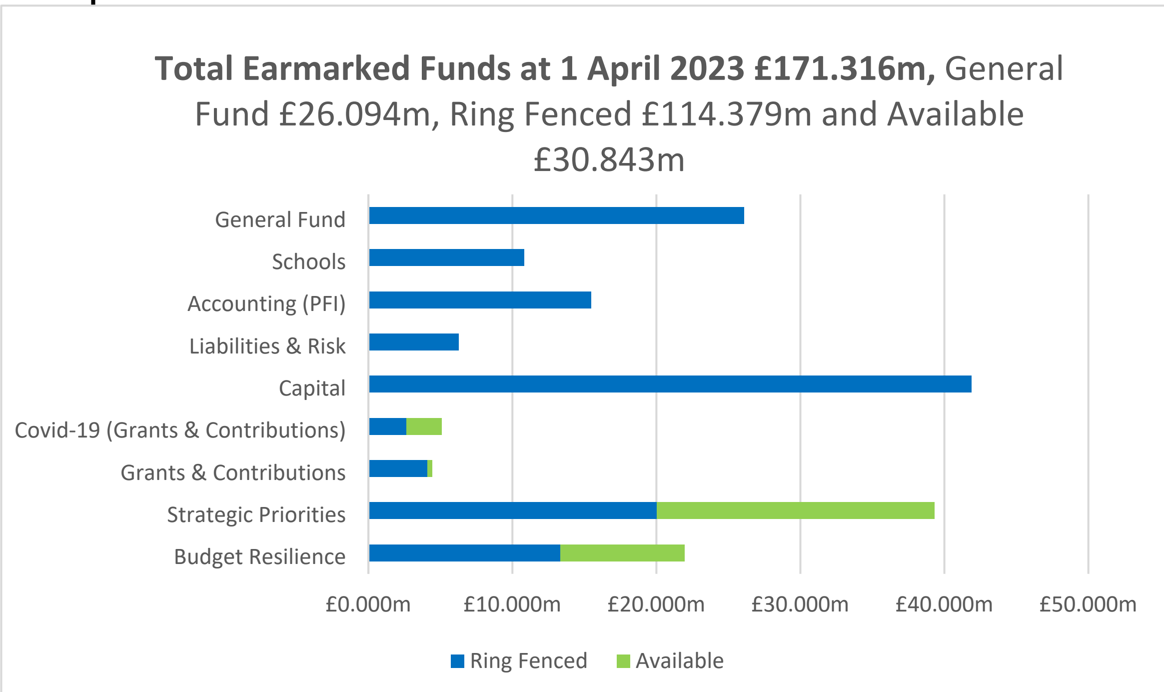
6.16 The failure to deliver these receipts would have an adverse effect on the delivery of the capital programme, meaning either schemes would have to be delayed or alternative financing, such as borrowing, would have to be sought. Borrowing incurs both interest and minimum revenue position (MRP) charges which would be additional revenue costs to the Council. Although there are currently schemes on the programme to be funded by borrowing (see table 3), these are amongst those requested to be reprofiled into 2024/25 and it is not anticipated that any new borrowing will be taken up in year.

7. EARMARKED RESERVES

7.1 The value and categories of earmarked reserves as at 1 April 2023 are summarised below in Graph 6. 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, however, as mentioned earlier in this paper, drawdown of unallocated reserves may be required should expenditure in year continue to exceed budget.

7.2 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 6: Earmarked reserves balances



8 TREASURY MANAGEMENT

8.1 Treasury Management is a critical activity to ensure Value for Money in the use of public funds. It is concerned with safely managing the working capital of an organisation, managing its cash flows, investments, money markets and banking.

8.2 The Council has substantial levels of both investments and borrowing, and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

8.3 On 30 September 2023 the Council had investments of £139.550m and borrowing of £139.269m. The position and change over the year is shown in table 24 below:

Table 24: Treasury Management Summary

	31.3.23 Balance £m	Movement £m	30.9.23 Balance £m
Long-term borrowing			
- PWLB	99.227	(0.202)	99.025
- Market Loans	40.000	-	40,000
- Other	0.244	-	0.244
Total borrowing	**139.471**	**(0.202)**	**139.269**
Long-term investments	-	-	-
Short-term investments	100.700	(75.700)	25.000
Cash and cash equivalents	23.910	90.640	114.550

Total investments	**124.610**	**14.940**	**139.550**
Net Borrowing	**14.861**	**(15.142)**	**(0.281)**

8.4 The borrowing position has remained consistent as the majority of the Council's loans are maturity loans with long durations. As it illustrated in the Prudential Indicators (Appendix 16) 93% of these loans do not mature for at least ten years. Further to this no additional borrowing has been taken up in year to date and none is planned for the remainder of the year due to the current high interest rate environment and the Council's already strong cash position. Any loans taken up would incur a cost of carry due to the interest rates on borrowing being higher than those available for investment. Further borrowing, and the resultant increase in cash balances, would also have the adverse effect of increasing the Council's exposure to credit risk.

8.5 Investment balances have increased over the year to date by £14,940m. This is largely as a result of the timing differences between the receipts of grants versus subsequent expenditure, as many grants are received earlier in the year whilst expenditure is spread more evenly. It is anticipated that investment levels will return to similar to the opening levels by the end of the financial year.

8.6 The performance of the Council's current investments is outlined in Table 25, below:

Table 25: Treasury Investment Position

	31.3.23 Balance £m	Net Movement £m	30.6.23 Balance £m	30.6.23 Weighted Average Return %	30.6.23 Weighted Average Maturity Days
Local Authorities	70.700	(55.700)	15.000	4.25	57
Banks	30.000	(20.000)	10.000	4.60	10
Money Market Funds	23.910	90.640	114.550	5.31	n/a
Total Investments	**124.610**	**14.940**	**139.550**		

8.7 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

8.8 The Bank of England base rate has increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. The Council still has a small number of investments which are shown in the returns below base rate on table 26. However, as these mature they will be replaced with low risk investments with higher returns.

8.9 The Council's advisors, Arlingclose, are recommending only shorter duration deposits when using banks, and an increasing number of local authorities have issued Section 114 notices or suggested they are in danger of having to do so. Against this backdrop there has been a move towards using more Money Market Funds (MMFs) which are highly secure and offer daily liquidity. The Council will still look to place fixed deposits when satisfied with both the level of security and return.

Prudential Indicators

8.10 As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures a number of prudential indicators. These are included in Appendix 4.

9. RECOMMENDATIONS

9.1 As stated on the front cover of the report.