



## Report to Policy Committee

**Author/Lead Officer of Report:** Philip Gregory,  
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**Report of:** *Philip Gregory, Director of Finance & Commercial Services*

**Report to:** *Housing Policy Committee*

**Date of Decision:** *14<sup>th</sup> December 2023*

**Subject:** *2023-24 Q2 Budget Monitoring Report*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

### Purpose of Report:

*This report brings the Committee up to date with the Council's General Fund Revenue and Housing Revenue Account outturn position for 2023/24 as at Quarter 2.*

### Recommendations:

#### The Committee is recommended to:

Note the updated information and management actions on the 2023/24 Revenue Budget Outturn as described in this report.

**Background Papers:**  
[2023/24 Revenue Budget](#)

<b>Lead Officer to complete: -</b>		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Philip Gregory, <i>Director of Finance and Commercial Services</i>
		Legal: <i>Sarah Bennett, Assistant Director, Legal and Governance</i>
		Equalities & Consultation: <i>Adele Robinson, Equalities and Engagement Manager, Policy, and Performance.</i>
		Climate: n/a
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	<b>SLB member who approved submission:</b>	<i>Philip Gregory, Director of Finance and Commercial Services</i>
3	<b>Committee Chair consulted:</b>	<i>Cllr Zahira Naz, Chair of the Finance Committee</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b> <i>Philip Gregory</i> <i>Jane Wilby</i>	<b>Job Title:</b> <i>Director of Finance and Commercial Services</i> <i>Head of Accounting</i>
<b>Date:</b> 30 <sup>th</sup> November 2023		

## 1. PROPOSAL

1.1. This report provides an update on the current outturn position for Sheffield City Council's revenue budget for 2023/24.

### 2023-24 Q2 Financial Position by Directorate

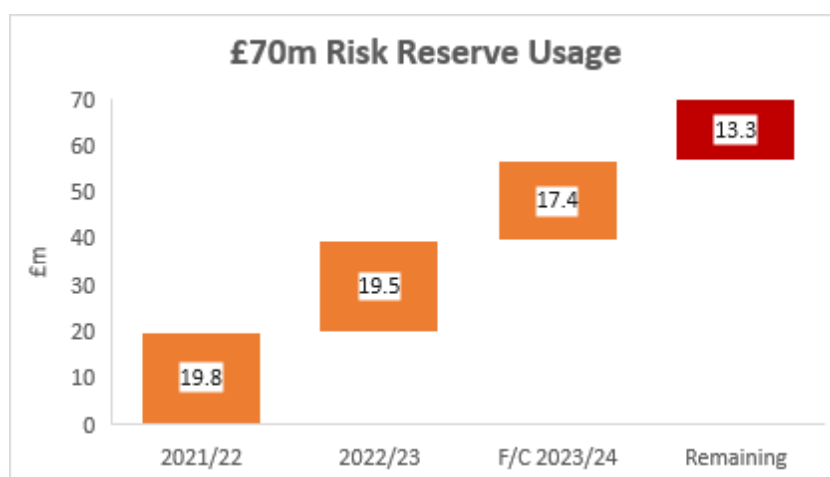
1.2. At the end of the second quarter of 2023-24, the Council's revenue budget shows a forecast overspend of £17.4m. This was a movement of £200k from the previous quarter's outturn position.

Full Year £m	Q2 Outturn	Q2 Budget	Q2 Variance	Q1 Variance	Move- ment
Neighbourhood Services	149.2	145.9	3.3	3.2	0.1
Adults	146.8	143.4	3.4	3.5	(0.1)
Children's	138.9	130.1	8.8	8.7	0.0
City Futures	49.1	48.2	1.0	0.6	0.3
Public Health & Integrated Commissioning	14.2	12.4	1.8	(0.2)	2.0
Strategic Support	14.1	9.7	4.4	4.7	(0.3)
Corporate	(494.9)	(489.7)	(5.2)	(3.0)	(2.2)
<b>Total</b>	<b>17.4</b>	<b>(0.0)</b>	<b>17.4</b>	<b>17.6</b>	<b>(0.2)</b>

1.3. This overspend is due to a combination of factors. Agreed Budget Improvement Plans ("BIPs") are not forecast to fully deliver within the year. There are underlying cost and demand pressures faced by services that are partially offset by one-off items. These "one-offs" consist of grant income, draws from specific reserves or provisions and income from central government or external sources.

Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Neighbourhood Services	(4.0)	2.5	4.8	3.3
Adults	(9.9)	2.7	10.7	3.4
Children's	(3.9)	4.0	8.8	8.8
City Futures	0.5	0.4	0.0	1.0
Public Health & Integrated Commissioning	0.0	0.0	1.8	1.8
Strategic Support	(0.2)	0.0	4.6	4.4
Corporate	0.0	0.0	(5.2)	(5.2)
<b>Total</b>	<b>(17.5)</b>	<b>9.6</b>	<b>25.4</b>	<b>17.4</b>

1.4. In 2021/22, the Council set aside £70m of reserves to manage the financial risks associated with delivering a balanced budget position. Overspends against budgets in 2021/22 and 2022/23 have meant we have drawn almost £40m from this reserve already leaving just over £30m to manage any future budget deficits. If we overspent by £17.4m as this current forecast outturn position suggests, just £13m would be left to mitigate future budget pressures.



### 1.5. 2023-24 Q2 Financial Position by Committee

1.5.1. The major budget risk areas are in Childrens & Adults Social Care and in Homelessness services:

Full Year £m	Q2 Outturn	Budget	Q2 Variance	Q1 Variance	Move- ment
Adult Health & Social Care	155.4	152.3	3.1	3.2	(0.1)
Communities Parks and Leisure	47.4	46.6	0.8	0.3	0.5
Economic Development & Skills	10.9	10.9	(0.0)	0.1	(0.1)
Education, Children & Families	142.9	132.1	10.9	8.9	2.0
Housing	11.2	8.1	3.2	3.2	(0.0)
Strategy & Resources	(459.4)	(460.0)	0.6	3.1	(2.5)
Transport, Regeneration & Climate	43.1	43.1	(0.0)	(0.4)	0.4
Waste & Street Scene	65.8	66.9	(1.1)	(0.8)	(0.3)
<b>Total</b>	<b>17.4</b>	<b>(0.0)</b>	<b>17.4</b>	<b>17.6</b>	<b>(0.2)</b>

1.5.2. In 22/23, the Council's overspend improved by over £14m from the first quarter's forecasts to final outturn. This was mainly due to additional income received rather than underlying improvements in budgets and cost reductions. A big contributor to this was the Government's £500m discharge fund announced in November 2022.

Many underlying budget issues in social care services still remain and this is reflected in the current forecast position. Following the chancellor's Autumn Statement, our expectation is that no further funding will be available for local government. Services must continue to work hard to deliver within the budgets available and work pro-actively to deliver on the savings we have committed to.

1.5.3. Most of the overspend is due to underlying cost and demand pressures in services. We estimate that £26m is embedded in the baseline costs but is somewhat mitigated by one-off income, this includes the in-year social care grant:

Full Year Variance £m	One- off	BIPs	Trend	Total Variance
Adult Health & Social Care	(9.9)	2.7	10.3	3.1
Communities Parks & Leisure	0.0	0.2	0.6	0.8
Economic Dev & Skills	0.0	0.0	(0.0)	(0.0)
Education, Children & Families	(3.9)	4.0	10.9	10.9
Housing	(1.7)	0.2	4.7	3.2
Strategy & Resources	(2.0)	2.2	0.4	0.6

Transport, Regen & Climate	0.0	0.1	(0.2)	(0.0)
Waste & Street Scene	(0.5)	0.3	(0.9)	(1.1)
<b>Total</b>	<b>(18.0)</b>	<b>9.6</b>	<b>25.9</b>	<b>17.4</b>

1.5.4. Balancing the General Fund 2023/24 budget was only possible because the Council identified £47.7m of savings:

**General Fund Budget Improvement Plans (in £m)**

Committee	Total Savings	Financial Savings Deliverable in Year	In Year Gap	Financial Savings Deliverable Next Year (Slippage)	Undeliverable Savings
Adult Health & Social Care	31.6	28.9	2.7	3.3	0.6
Comm, Parks & Leisure	2.0	1.9	0.2		0.2
Economic Dev & Skills	0.5	0.5	0.0		0.0
Ed, Children & Families	6.9	2.9	4.0	0.3	3.6
Housing	0.6	0.5	0.2		0.2
Strategy & Resources	4.1	1.9	2.2	2.1	0.2
Transport, Regen & Climate	0.8	0.7	0.1		0.1
Waste & Street Scene	1.1	0.8	0.3		0.3
<b>Grand Total</b>	<b>47.7</b>	<b>38.1</b>	<b>9.6</b>	<b>5.7</b>	<b>3.9</b>
<b>Delivery %</b>		<b>80%</b>		<b>12%</b>	<b>8%</b>

The current forecasts show £9.6m savings plans are undeliverable this year. This represents an in-year delivery rate of 80% against target. A further 12% of targeted savings will be made in 24/25 leaving just 8% undeliverable.

In 22/23, less than 65% of savings targets were delivered. Whilst we are improving upon overall delivery performance, we are still falling short of targets meaning further draws could be required from our financial contingency reserve to meet these overspends if they are not proactively managed and mitigated. Delivering in year budgets must be a key focus for all services for the Council to retain financial sustainability.

1.5.5. Inflation is continuing to fall; from April 2023 CPI at 7.8% to 6.3% in September (month 6). This fall in inflation does not mean that our cost base will now reduce, higher costs are now embedded in baseline expenditure. There is an increased demand for services alongside cost pressures in social care, home to school transport and homelessness services.

**1.6. Key Committee Overspends:**

1.6.1. **Adult Health and Social Care are forecast to overspend by £3.1m** The high cost of packages of care put in place during covid increased our baseline costs and this carries into 23/24. A huge amount of work has been done as part of an investment plan to tackle the underlying issues. One off funding has mitigated the position this year leaving a £0.5m overspend in the purchasing budgets. Work continues on the package reviews to reduce the baseline costs for the future. Recovery work is underway including establishment of Task & Finish groups and the development of business cases around invest to saves including focus on enablement, day services, reviewing high cost 1 to 1 support and maximising income.

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The main area of overspend in the service now sits in staffing budgets. Service improvements in the Short -Term Intervention Team (STIT) are underway to deliver a stable position.

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- 1.6.2. **Education, Children and Families are forecast to overspend by £10.9m**
- The key overspends in the service relate to placements with external residential placements a particular issue which are forecast to exceed the previous year's costs by £6.6m. The average placement cost is £5,400 per week but due to a limited number of places in the city, placements for the most complex children can cost a much more. Actions are being taken to ensure that the right costs for placements are being met by all elements including education and where possible health. High-cost placements are also being reviewed.
- The savings proposal for £1.6m to increase fostering placements this year is forecast to not be delivered. Marketing is taking place, but our number of foster carers remains static. Nationally this has been an issue since the pandemic as older foster carers decided to exit the market and there has not been the like for like recruitment to new foster carers.
- Further demand in home to school transport costs are forecast to create a £3m overspend against budgets this year. Whilst not included in the month 6 position, the new school year has increased this overspend with a further 89 children now requiring transportation to school. Sheffield City Council are now supporting over 2,360 children with transportation to school, this has increased by almost 1,000 children in 4 years. An overarching review of this area will commence in 2024.
- Integrated Commissioning budgets are forecast to overspend by £2m in recognition of the unachieved saving from 2022/23 relating to leveraging additional funding from Health partners.

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- 1.6.3. **Homelessness support in temporary and exempt accommodation is forecast to cost the Council £8.4m**
- The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay. In 2022/23, the Council incurred a loss of £5.9m as a result of the legislation relating to temporary homelessness and supported accommodation. The Council is essentially bridging the gap between the amount the accommodation costs to procure and the amount we are able to recover via housing benefits.
- In 2023-24, this is forecast to cost the Council £4.9m for temporary accommodation and £3.5m for supported accommodation. The shortfalls are split between the Housing General Fund and Strategy and Resources budgets respectively.

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- 1.6.4. This current forecast in-year overspend must be urgently managed and mitigated to avoid the risk that the Council has to look to our available financial contingency reserve (£30m) to balance at year end. Maintenance of a prudent level of contingency reserves is critical to ensure stability and sustainability for 2024/25 onwards.

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## **The Budget Implementation Group**

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- 1.6.5. **A working group has been set up to drive improvements in budget delivery** A senior officer working group has been established to help drive delivery of the budget. The purpose of the Budget Improvement Group (BIG) is to improve the delivery of the Council's annual Revenue Budget (both General Fund and Housing Revenue Account) and in particular the delivery of the Budget Improvement Plans (BIPs). It will look to facilitate Council wide learning. The group is jointly chaired by the Director of Finance and Commercial Services and the Chief Operating Officer. The group has a nominated core member from each Directorate: Adults, Children's, City Futures, Neighbourhoods and Strategic Support Services.
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## **Transformation Funding**

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- 1.6.6. **The Council identified £4m to support transformation activity** As part of 2023-24 budget setting, the Council identified a £4m fund that would be used to support programmes of change in the organisation, expedite the delivery of savings plans or support where delivery of savings has become "stuck". The "BIG" group has provided advice, challenge, and recommendations for allocation of the transformation funding to the Council's Performance and Delivery Board.

In August 2023, the Performance & Delivery board approved bids to support delivery of programmes in Adult Social Care, Housing, Children's services, ICT, HR, and Organisational Strategy to build upon the Future Sheffield programme. These key projects will help stabilise the organisation and bring budgets back to a steady footing for the future. Each programme of work will be monitored, and progress reported to the Council's Performance & Delivery board to ensure activity remains on track. Overall performance will be reported to S&R committee and finance committee as part of in-year budget monitoring, with relevant policy committees overseeing progress on programmes in their areas.

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## **Medium Term Financial Analysis (MTFA)**

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- 1.6.7. **The MTFA presented to S&R Committee on 7<sup>th</sup> September detailed committee budget savings targets** The Council is facing a challenging financial position. The Strategy and Resources Committee on 5<sup>th</sup> September received the Council's Medium-Term Financial analysis, highlighted the financial pressures facing the Council over the coming 4 years and the potential gap of £61.2m in resources.
- Each Committee was set a target to ensure a balanced budget for 2024/25, which requires them to find mitigations for any service pressures over above the additional resources allocated to them. The purpose of this is to allow the Council to achieve a balanced position for 2024/25 by the time the Strategy and Resources meets on 21st December 2023.
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### **Timetable to 2024/25 Budget Setting**

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- 1.6.8.
- Services have been developing solutions to bridge the budget gap for 2024/25 and brought forward proposals recent policy committee meetings.
  - All Policy Committees will make their final decisions in December.
  - Consultation on the existing proposals and overall budget will need to take place.
  - Further budget balancing options will need to be developed.
  - The impact of the Local Government Financial Settlement to be assessed and reported.
  - On December 21<sup>st</sup> 2023, Strategy and Resources will be asked to make a recommendation on savings to date to Council.
  - On February the 21<sup>st</sup> 2024, Strategy and Resources will be asked to recommend the full Budget Report to Council
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## 23-24 Q2 Committee Budget Outturn Position

### 1.7. Housing Committee - General Fund Overspend of £3.2m & Housing Revenue Account overspend of £1.9m

1.7.1.	The Housing General Fund is forecast to overspend by £3.2m against budget.	Full Year £m	Outturn	Budget	Variance
		Housing General Fund	11.1	7.9	3.2
		Regeneration And Development (Housing Growth - General)	0.2	0.2	(0.0)
		<b>Total</b>	<b>11.2</b>	<b>8.1</b>	<b>3.2</b>
		The majority of the overspend in the Housing General Fund relates to homeless temporary accommodation and the loss the Council incurs as a result of Government subsidy rules.			
1.7.2.	<b>An increase in demand for Supported Accommodation &amp; Housing Benefit Regulations have created a budget problem for the Council</b>	<p>The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay.</p> <p>In 2022/23, the Council incurred a loss of £2.8m as a result of the legislation relating to temporary homelessness accommodation. The Council is essentially bridging the gap between the amount the accommodation costs, in this case using hotels and B&amp;Bs, and the amount we are able to recover via housing benefits from DWP, "subsidy loss".</p> <p>In 2023/24 based on current demand and costs, the forecast subsidy loss is expected to reach £4.9m. There is no budget to support this. The in-year position has been mitigated by the use of prior year Homelessness grants totalling £1.7m, the team are working through the detail to ensure we are maximising use of grant funding towards the issue and clarifying eligibility on a number of other funding streams. Use of this funding could create pressures on staffing budgets in the next 2 years, but teams are looking for ways to resolve this. This particular mitigation is a one-off and is not an option for future years. Urgent action must be taken to reduce the loss incurred by the Council in this area.</p>			
1.7.3.	<b>The Housing Solutions team are developing short- and long-term strategies to deal with the problems</b>	<p>Ultimately, we need to stop using hotels and B&amp;Bs as Temporary Accommodation for a variety of reasons, not just because of the financial cost. The service is developing a Temporary Accommodation strategy that will set out our approach, and options including commissioning models or recommendations for policy decisions.</p> <p>The situation has arisen post lockdown and following the introduction of the Homelessness Reduction Act in 2017 coupled with the shortage of affordable housing in the city and a limited range of options, our use of hotel and B&amp;B accommodation has reached an unsustainable and unaffordable level. The increase in Homelessness is a national issue and there are now more than 100,000 households in Temporary Accommodation which is the highest level for 20 years.</p>			

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Some of the immediate measures in place to contain the problem include:

- **VOIDS** – working with the recently established team in housing to ensure we are utilising our stock to maximum effectiveness,
- Investigating **private sector** capacity and alternative delivery models to better use private sector rental as interim housing options
- Introduction of temporary **new management** resource in the housing solutions team focussing on strengthening process and challenge
- Recruiting **additional temporary staff** to deal with backlogs of cases and increasing the number of staff in the prevention team,
- Encouraging **partnering** of exempt supported accommodation providers with registered providers and social landlords to maximise claim eligibility.
- Commissioned end-to-end independent **process reviews** of placements to ensure rapid re-housing is taking place and challenging the robustness process and placement decisions,
- Reviewing, and moving on, **longer term placements in temporary and supported accommodation** to provide more cost-effective options to those at immediate risk of hotel accommodation,
- Developing business cases to strengthen the bolster resource in the **claims review team**,
- Working with **other Authorities** to understand potential localised solutions within the sub-region.

In the longer term, other actions are also underway:

- Current construction costs have made planned new TA schemes unaffordable in their current form. **Value engineering** work on capital investment opportunities for Temporary Accommodation are underway to find ways to make investments financially viable.
- Becoming more **creative** with our acquisition approach including repurposing alternative accommodation or leasing opportunities
- Working with **partner organisations**, including the South Yorkshire Housing Partnership to expand housing that is available
- Focus towards improving earlier **prevention** levels and focus on prevention activities including supporting residents to maintain tenancies and better targeted support.
- Our work with the **Royal Foundation** offers greater opportunities and access to resources with the aspiration to eliminate family homelessness.

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1.7.4.	<b>There is further demand risk to</b>	The Home Office are accelerating decisions on backlogs of asylum cases, and this is likely to start being felt in the next month. This will mean more people will be presenting as
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**Housing General Fund budgets**

homeless following positive decisions in addition to the usual flow. This would result in a higher than usual number of people who have No Recourse to Public Funds (NRPF) with negative decisions. Partner organisations are signposting to Supported Exempt Accommodation (SEA). Both are likely to add pressures to the use of hotels and SEA. We are working with Migration Yorkshire and Home Office to try and understand the scale of the issue and what the impact will be and looking for any alternative options.

1.7.5.	<b>The Housing Revenue Account is forecast to overspent by £0.5m</b>	<b>Full Year £m</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance</b>
		Net Income – Dwellings	(160.1)	(161.6)	1.4
		Other income	(7.7)	(6.9)	(0.8)
		Repairs & Maintenance - Responsive repairs	50.2	46.9	3.3
		Repairs & Maintenance - Other	1.3	1.9	(0.6)
		Depreciation	25.0	25.0	0.0
		Tenant Services	54.5	55.9	(1.5)
		-Council Tax	1.9	1.9	0.0
		-Disrepairs	4.7	3.9	0.7
		Interest on borrowing	12.9	13.6	(0.7)
		Contribution to Capital Programme	17.5	19.3	(1.9)
		<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
1.7.6.	<b>The key variance is rent loss of £1.4m from vacant properties</b>	£1.4m of the variance relates rent loss from vacant properties including an undelivered BIP saving to implement measures to improve void rent loss. A multi-functional voids team is now in place to address this. This is offset by (£334k) lower bad debt provision than budget.			
1.7.7.	<b>Other income is £800k higher than anticipated</b>	Furnished accommodation service charges have overachieved by over £430k against budgeted levels and the service has benefitted from additional interest of £470k			
1.7.8.	<b>Repairs and maintenance costs are £3.3m over budget</b>	There are overspends in responsive repairs of over £3.3m. Key variances include overspends of £4.6m in subcontractor costs due to workflow increases in voids and working at height, £1.28m on equipment and materials, £1.7m agency costs, offset by (£3.6m) forecast capital income recharges mainly relating to firestopping, voids and working at height. The total overspend is largely represented by the unachieved BIP as show in 1.11.12.			
1.7.9.	<b>Tenant Services is forecast to underspend by £1.5m</b>	There are a variety of overspends in tenant services largely offset by lower recharges, additional capital management fee income £346k and vacancies in fire safety £407k, Asset Management Programme £231k and Housing Employability Project £227k, Tenancy enforcement team £284k and communal areas £229k.			
1.7.10.	<b>Disrepair claims are continuing to</b>	Legal fees on disrepair cases are still high, partly due to an unachieved BIP, though an improvement plan is in place to reduce claims and further cost escalations.			

**cause  
overspends**

1.7.11. **Capital financing costs are lower than budget** HRA capital financing costs i.e., the interest payable on debt are lower than budget by £700k.

1.7.12. **Budget Savings (BIPS) £m**

Service	Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
<b>HOUSING GENERAL FUND</b>	<b>Red</b>	<b>0.2</b>		<b>0.2</b>		<b>0.2</b>
	<b>Green</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>		<b>0.0</b>
<b>HOUSING GENERAL FUND Total</b>		<b>0.4</b>	<b>0.3</b>	<b>0.2</b>		<b>0.2</b>
<b>REGENERATION &amp; DEVELOP</b>	<b>Green</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>		<b>0.0</b>
<b>REGENERATION AND DEVELOPMENT Total</b>		<b>0.2</b>	<b>0.2</b>	<b>0.0</b>		<b>0.0</b>
<b>HOUSING REVENUE ACCOUNT</b>	<b>Red</b>	<b>5.0</b>	<b>1.6</b>	<b>3.4</b>	<b>0.2</b>	<b>3.2</b>
	<b>Green</b>	<b>17.8</b>	<b>17.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>HOUSING REVENUE ACC Total</b>		<b>22.8</b>	<b>19.4</b>	<b>3.4</b>	<b>0.2</b>	<b>3.2</b>
<b>Grand Total</b>		<b>23.5</b>	<b>19.9</b>	<b>3.5</b>	<b>0.2</b>	<b>3.3</b>

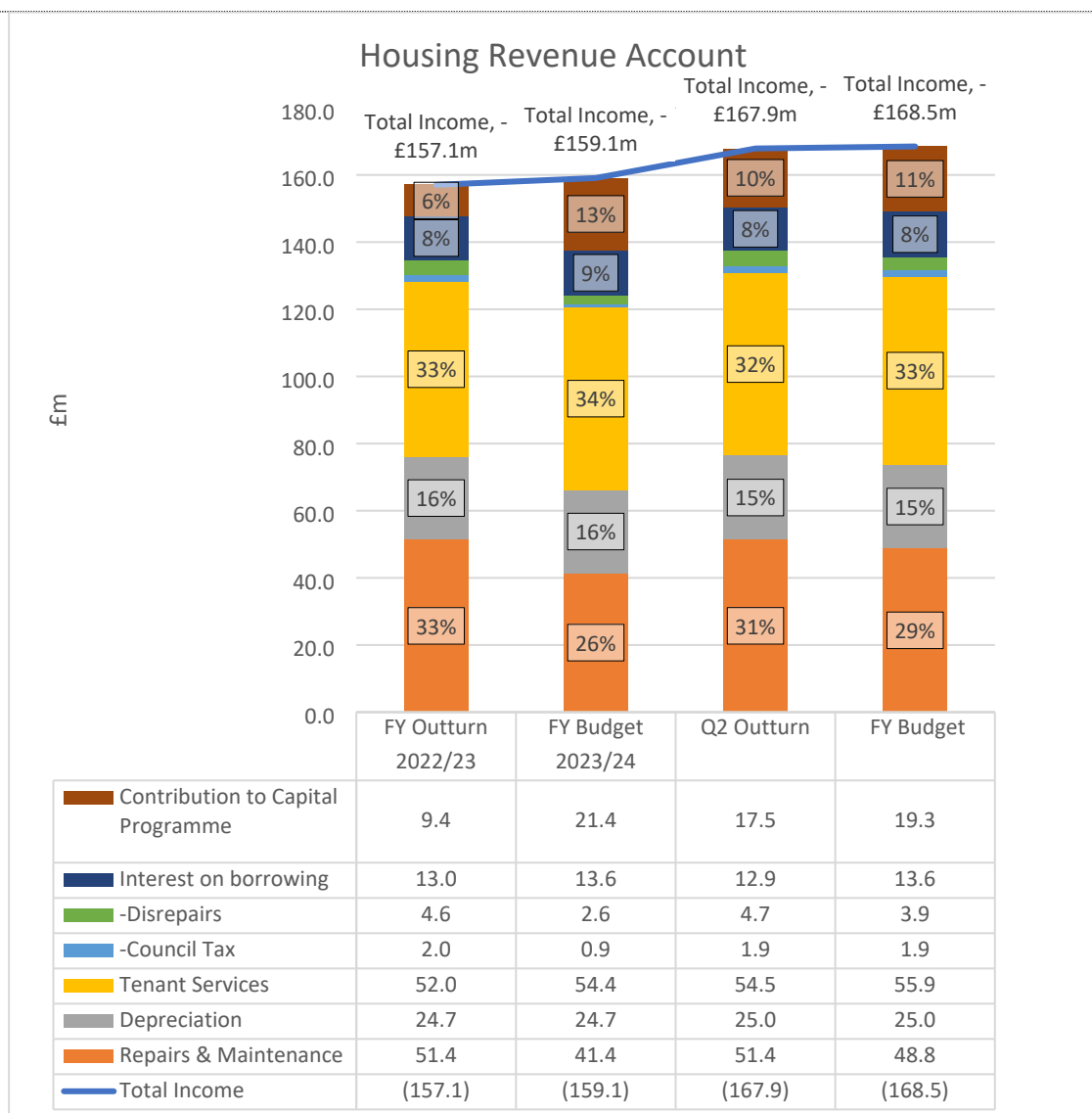
Of the £23.5m savings targets in place for 2023/24, £19.9m are forecast to be delivered. The £0.2m saving in the Housing General Fund relates to temporary accommodation which given the context of current budget pressures is not achievable this year.

Other red rated savings relate to the HRA, the main shortfall with repairs & maintenance:

Description	Total Savings	Savings Deliverable in Year	In Year Gap
Improvement in disrepair management	1.2	0.9	0.3
Improvement in void rent loss	1.8	0.1	1.6
Introduce recharges to tenants	0.3	0.1	0.3
Reduction in sub-contractor usage and a review of overheads in (RMS)	1.5	0.5	1.0
Review of Community Buildings	0.2		0.2
<b>Total</b>	<b>5.0</b>	<b>1.6</b>	<b>3.4</b>

1.7.13. The below chart shows the breakdown of the HRA in comparison to the prior year.

Uplifts to budgets in disrepairs, council tax, tenant services and most significantly repairs and maintenance should make contributing to the capital programme more achievable this financial year.



1.7.14.

**Community heating account underspent by £0.3m**

Full Year £m	Outturn	Budget	Variance
Income	(4.8)	(4.4)	(0.4)
Expenditure	4.4	4.3	0.2
<b>Total</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>(0.3)</b>

1.7.15.

**Overspends in the HRA impact the capital programme**

The forecast outturn position results in a reduced contribution to the future programme. A sustained improvement in revenue budgets in 2023/24 must be delivered to ensure the long-term capital programme and HRA business plan remains affordable.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The recommendations in this report are that the Policy Committee notes their 2023/24 budget forecast position and takes action on overspends.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### 4.1 Equality Implications

- 4.1.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

### 4.2 Financial and Commercial Implications

- 4.2.1 The primary purpose of this report is to provide Members with information on the City Council's revenue budget monitoring position for 2023/24.

### 4.3 Legal Implications

- 4.3.1 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:

- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
- the adequacy of the proposed financial reserves.

- 4.3.2 There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves.

- 4.3.3 By the law, the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

### 4.4 Climate Implications

- 4.4.1 There are no direct climate implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

### 4.4 Other Implications

4.4.1 No direct implication

**5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

**6. REASONS FOR RECOMMENDATIONS**

6.1 To record formally changes to the Revenue Budget.

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