

# Wiltshire Council

## Cabinet

19 November 2024

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**Subject:** Financial Year 2024/25 - Quarter Two Revenue Budget Monitoring

**Cabinet Member:** Cllr Nick Botterill - Cabinet Member for Finance, Development Management and Strategic Planning

**Key Decision:** Non-Key

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### **Executive Summary**

This report informs members of the second quarterly revenue budget monitoring forecast position for the financial year 2024/25 based on the position at the end of September 2024, updated for any known significant changes in October 2024. It also provides an update on the known pressures that are likely to impact the future years budgets and MTFS as well as an updated assessment of changes to assumption that affect the 2025/26 budget and the budget gap in future years.

### Quarter Two Revenue Budget Monitoring

Quarter two budget monitoring forecasts are based on information known as at 30 September 2024. These are forecasts and will be subject to movement during the remainder of the year as more certainty arises and less estimation is required, particularly on areas such as income, service demand and inflationary pressures.

The Net Budget set by Full Council for 2024/25 was £490.298m. This budget ensures that vital services to the residents, businesses and communities of Wiltshire continue to be provided and the council deliver on the commitments set out in the Business Plan. The budget includes almost £20m of savings that need to be delivered in 2024/25.

This quarter two position forecasts a net overspend for the year of £0.861m which is significant improvement from the previous £8.284m forecast reported at quarter one. Cost control measures have been implemented following the adverse forecast position previously reported. At this stage and considering the improved forecast position no proposal is made to fund the position from reserves. Directors are currently charged with the continuation of mitigating action to limit any need to draw from the council's reserves at the end of the year.

This position will need continued focus to ensure mitigating action delivers the required result for the rest of the year and there are a number of risks that the council is exposed to that need continuing oversight, including increased demand and higher package costs in People Services, continued pressures in SEND transport and an underachievement of income in some Place services.

### MTFS Update

This report also includes a high-level update and outlines to members the latest forecast position in respect to the Budget 2025/26 and the MTF5 following the setting of the 2024/25 budget in February 2024.

It sets out the changes since the budget was set, including an assessment of the ongoing impact of variances identified in the final year end position for 2023/24 and pressures presenting and identified as part of the quarter one budget monitoring process for 2024/25. At this stage the position does not include plans and actions to mitigate and contain the pressures and these will continue to be assessed as we lead in to the setting of next year's budget.

The Council set a balanced MTF5 for 2024/25 and 2025/26, with a budget gap remaining in year 3 of the MTF5 (2026/27) of £13.3m. The pressures presenting in the current year have been assessed to ascertain which are on-going and an assessment of the underspends and additional income is on-going. With the current position on government funding allocations unclear until we receive confirmation of the Provisional Local Government Finance Settlement full modelling of the financial position continues over the coming months as these approaches become more certain, along with updated assessments of demand and inflation those originally included.

If pressures are left unmitigated savings will be required over the next 2 years, however as stated in the quarter one position cost control measures will be implemented in year and cost mitigations will be proposed to manage the pressures on a permanent basis.

Further updates will be presented as risks and forecasts become more certain, and work will be required to identify mitigating action to manage demand and other pressures and to identify savings required to balance the budget in 2025/26 and across the 2 subsequent years.

The report also sets out the high-level timescales and key dates that will be required to set a balanced budget for the 2025/26 financial year.

## **Proposals**

Cabinet is asked to approve:

- a) A new reserve for £0.680m is requested to facilitate early support and adviser activity for schools and families in future years.

Cabinet is asked to note:

- b) the current revenue budget is forecast to overspend by £0.861m by the end of the financial year.
- c) the current forecast savings delivery performance for the year.
- d) the forecast overspend on the HRA of £1.042m and the impact on the HRA reserve.
- e) The forecast overspend against Dedicated Schools Grant (DSG) budgets of £14.942m and the impact on the cumulative DSG deficit.
- f) The transfer from earmarked reserves;
  - i. £0.121m from the Leisure reserve to fund Virtual Studios

- ii. £0.075m from Libraries reserve to fund Library pods and new windows
- iii. £0.050m for Q2 Enforcement Activity from the Business Plan Priority reserve
- iv. The use of £0.300m of earmarked reserves to enable Adults and Children's Services to undertake a feasibility study of potential sites for accommodation

### **Reason for Proposals**

To inform effective decision making and ensure sound financial management as part of the Councils overall control environment.

To inform Cabinet on the forecast revenue financial position of the Council for the financial year 2024/25 as at quarter two (30 September 2024), including delivery of approved savings for the year.

**Lucy Townsend**  
**Chief Executive**

**Lizzie Watkin**  
**Director - Finance and Procurement (S151 Officer)**

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**Subject:** Financial Year - Quarter Two Revenue Budget Monitoring

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### Purpose of Report

1. To advise Members of the Revenue Budget Monitoring position 2024/25 Quarter Two (30 September 2024) for the financial year 2024/25 with suggested actions as appropriate.

### Relevance to the Council's Business Plan

2. Budget monitoring and reporting supports effective decision making and the alignment of resources and financial performance to the Council's priorities and objectives as laid down in the Business Plan.
3. Providing updates on the medium term financial strategy and budget for future years supports effective decision making and the alignment of resources to the Council's priorities and objectives as laid down in the Business Plan.

### Background

#### Revenue Budget Monitoring 2024/25 – Quarter Two

4. The Council approved a net budget for 2023/24 of £490.298m at its meeting on 20 February 2024. This is the first report for the financial year.
5. The following paragraphs focus on forecast outturn variances against the approved budget based on information as at 30 September 2024. They also set out the pressures currently estimated within the service areas and mitigating action being taken to manage these.
6. The forecasts at this stage of the year are subject to movement during the year as more certainty arises and less estimation is required. They are however forecasts for known items and commitments and estimates for the remainder of the financial year.

### Main Considerations for the Council

## Revenue Budget

7. The following elements of this report reflect the management responsibility in line with the current management structure. The breakdown of the projected year end position is set out in table 1 below.

Table 1 – Summary forecast for Quarter Two 2024/25

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>	<i>Variance Qtr 1</i>	<i>Movement From Qtr 1 to Qtr 2</i>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D (C-B)</b>		
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Corporate Director People</b>						
Adult Services	179.437	179.437	185.736	6.299	7.930	(1.631)
Public Health	-	-	-	-	-	-
Education & Skills	38.901	38.844	38.422	(0.422)	(0.777)	0.355
Family & Children Services	70.852	70.852	71.179	0.327	0.596	(0.269)
Commissioning	4.306	4.306	3.801	(0.505)	-	(0.505)
<b>TOTAL PEOPLE</b>	<b>293.496</b>	<b>293.439</b>	<b>299.138</b>	<b>5.699</b>	<b>7.749</b>	<b>(2.050)</b>
<b>Corporate Director Resources</b>						
Finance	7.622	7.622	7.622	-	-	-
Pensions	-	-	-	-	-	-
Assets	18.197	18.355	18.355	-	-	-
HR&OD	4.293	3.969	3.846	(0.123)	(0.076)	(0.047)
Transformation	-	-	-	-	-	-
Information Services	12.383	12.659	12.659	-	0.100	(0.100)
<b>TOTAL RESOURCES</b>	<b>42.495</b>	<b>42.605</b>	<b>42.482</b>	<b>(0.123)</b>	<b>0.024</b>	<b>(0.147)</b>
<b>Corporate Director Place</b>						
Highways & Transport	43.063	43.623	43.055	(0.568)	(0.541)	(0.027)
Economy & Regeneration	2.525	2.526	2.509	(0.017)	(0.018)	0.001
Planning	2.808	2.677	2.901	0.224	0.453	(0.229)
Environment	49.635	49.634	47.958	(1.676)	(0.573)	(1.103)
Leisure Culture & Communities	5.932	5.394	4.320	(1.074)	(0.825)	(0.249)
<b>TOTAL PLACE</b>	<b>103.963</b>	<b>103.854</b>	<b>100.743</b>	<b>(3.111)</b>	<b>(1.504)</b>	<b>(1.607)</b>
<b>Chief Executive Directorates</b>						
Legal & Governance	10.380	10.437	10.420	(0.017)	0.318	(0.335)
Corporate Directors & Members	3.292	3.292	3.822	0.530	0.525	0.005
<b>TOTAL CEX DIRECTORATES</b>	<b>13.672</b>	<b>13.729</b>	<b>14.242</b>	<b>0.513</b>	<b>0.843</b>	<b>(0.330)</b>
<b>Corporate</b>						
Movement on Reserves	3.910	3.910	3.910	-	-	-
Finance & Investment Income & Expense	25.786	25.786	26.343	0.557	1.172	(0.615)
Corporate Costs	3.411	3.411	2.687	(0.724)	-	(0.724)
Corporate Levies	3.564	3.564	3.614	0.050	-	0.050
<b>TOTAL CORPORATE</b>	<b>36.671</b>	<b>36.671</b>	<b>36.554</b>	<b>(0.117)</b>	<b>1.172</b>	<b>(1.289)</b>
<b>TOTAL GENERAL FUND</b>	<b>490.298</b>	<b>490.298</b>	<b>493.159</b>	<b>2.861</b>	<b>8.284</b>	<b>(5.423)</b>
<b>Funding</b>						
General Government Grants	(84.265)	(84.265)	(84.265)	-	-	-
Council Tax	(351.076)	(351.076)	(351.076)	-	-	-
Collection Fund (Surplus) / Deficit	1.503	1.503	1.503	-	-	-
Business Rates Retention Scheme	(56.460)	(56.460)	(58.460)	(2.000)	-	(2.000)
<b>TOTAL FUNDING</b>	<b>(490.298)</b>	<b>(490.298)</b>	<b>(492.298)</b>	<b>(2.000)</b>	<b>-</b>	<b>(2.000)</b>
<b>TOTAL VARIANCE</b>	<b>-</b>	<b>-</b>	<b>0.861</b>	<b>0.861</b>	<b>8.284</b>	<b>(7.423)</b>

### Overview of Quarter Two Monitoring

8. Overall, the quarter two report forecasts a net overspend of £0.861m. This is the second report of the year 2024/25 and shows significant improvement from the quarter one forecast earlier in the year. Details of the significant variances within service areas are included in the service specific paragraphs below.
9. The council budgeted for an average increase of 4.5% for the pay award for 2024/25. The National Employers made a full and final offer of £1,290 to all NJC pay points to the Staff Sides of the four negotiating groups. In the previous reporting period risk remained on the pay award as it had not been agreed nationally however the National Employers offer has now been accepted and agreed. This results in a favourable variance for the council of approximately £1m and is reflected at this stage as part of the variance in Corporate Costs. In the next report it will be fully reflected within service variances.
10. The future year's pay award assumptions have been updated and are now set at 3.5% for 2025/26 and 2.5% for the following 2 years. This area of spend, due to the scale of costs is always an area of risk for the council, with small percentage variances having relatively large value impacts and a small amount (£0.700m) is held within a specific earmarked reserve to help mitigate this risk.
11. Inflation over the past couple of years has caused significant pressure and has not reduced in line with the Bank of England forecasts. This pressure was built into the budget for 2024/25 and currently services are not reporting any undue concern and are, on the whole managing any pressures within the budget increases that have been included.
12. The Council continues to see increasing demand and package costs in People Services largely from complex cases, pressure in SEND Transport and an underachievement of income for fees and charges in Planning.
13. Cost control measures were introduced as a result of the forecast position at quarter one, and action implemented to address the forecast overspend position. These include the active management of vacancies to manage the cost of staffing, challenging and halting non-essential and discretionary spend wherever possible, challenging orders and commitments or delaying spend. Directors were charged with assessing and implementing additional mitigating actions to bring the position back into balance to limit any draw from the council's reserves. The current forecast shows significant improvement to the position however cost control measures will remain in place to ensure the financial position is not adversely impacted before the end of the year.
14. The current forecast will continue to be be closely reviewed and action monitored to ensure that the scale of impact remains sufficient and both the financial and operational impact will be reported in future monitoring reports.

## Corporate Director – People

Table 2 – Forecast as at Quarter Two 2024/25 Corporate Director People Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		<u>A</u> £m	<u>B</u> £m	<u>C</u> £m	<u>D (C-B)</u> £m
<b>Corporate Director People</b>					
Adult Services	Expenditure	267.207	267.207	279.870	12.663
	Income	(87.770)	(87.770)	(94.134)	(6.364)
	<b>Net Exp</b>	<b>179.437</b>	<b>179.437</b>	<b>185.736</b>	<b>6.299</b>
Public Health	Expenditure	23.454	23.620	26.337	2.717
	Income	(23.454)	(23.620)	(26.337)	(2.717)
	<b>Net Exp</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Education & Skills	Expenditure	161.527	217.516	217.270	(0.246)
	Income	(122.626)	(178.672)	(178.848)	(0.176)
	<b>Net Exp</b>	<b>38.901</b>	<b>38.844</b>	<b>38.422</b>	<b>(0.422)</b>
Families & Children Services	Expenditure	78.587	78.587	78.914	0.327
	Income	(7.735)	(7.735)	(7.735)	-
	<b>Net Exp</b>	<b>70.852</b>	<b>70.852</b>	<b>71.179</b>	<b>0.327</b>
Commissioning	Expenditure	7.504	8.780	8.275	(0.505)
	Income	(3.198)	(4.474)	(4.474)	-
	<b>Net Exp</b>	<b>4.306</b>	<b>4.306</b>	<b>3.801</b>	<b>(0.505)</b>
<b>TOTAL PEOPLE</b>	<b>Expenditure</b>	<b>538.279</b>	<b>595.710</b>	<b>610.666</b>	<b>14.956</b>
	<b>Income</b>	<b>(244.783)</b>	<b>(302.271)</b>	<b>(311.528)</b>	<b>(9.257)</b>
	<b>Net Exp</b>	<b>293.496</b>	<b>293.439</b>	<b>299.138</b>	<b>5.699</b>

Total People: Budget £293.439m, overspend £5.699

Adult Services: Budget £179.437m, £6.299m overspend

15. The Adult Services budget is forecast to overspend by £6.299m by the end of the year. This is a £1.631m favourable movement from quarter one. Quarter two would have reported an £11.295m overspend due to the impact of unachievable savings and increased package cost and demand, however the service mitigated this with £4.996m of cost mitigation actions through spend reviews and additional income to bring the quarter two position to that reported above.
16. This position includes £2.235m of unachievable savings. The details of these can be found in Appendix B. These savings and their replacements have been built into the MTFs position for 2025/26 – 2027/28. The market conditions have changed greatly over the last 18 to 24 months resulting in the need to evaluate and change the areas we focus on.
17. The majority of the overspend is due to the increased demand and costs of packages of care above that budgeted. There are a number of reasons for this including increased costs to sustain the market, a number of extremely high-cost packages coming through for existing and new service users. The customers that are being referred to the Whole Life Pathway services are increasing in complexity with a notable increase in the people who have autism and mental health needs.
18. Transforming Adult Social Care (TASC) continues to work through a number of priorities. The Self-Directed Support (SDS) project is focusing on improving people's access to

Direct Payments, Individual Service Funds, Personal Health budgets and community catalyst. TASC has a focus on prevention, and this is evident in the Technology Enabled Care (TEC), Practice development and quality assurance, and prevention and community projects. Practice development guidance is in place which ensures all staff within the department are using a strength based, preventative approach which will benefit people who use adult social care whilst at the same time delivering savings. TASC workstreams are focused on identifying further opportunities to prevent and delay need.

Public Health: Budget £0.000m, nil variance

19. In 2024/25 the Public Health Grant is £19.011m. The grant being spent on activities such as the Public Health Nursing service, Drug and Alcohol Substance Use services, Sexual Health services, Domestic Abuse services for Wiltshire and a wide range of health improvement services such as health improvement coaches. In addition, an estimated draw of £1.058m from the public health reserve is forecast to be required to fund these activities as well an estimated draw of £0.180m from the Domestic Abuse reserve.

Education & Skills (School Effectiveness, SEND & Inclusion): Budget £38.844m, £0.422m underspend

20. The services in this area fulfil numerous statutory duties with a mixture of local authority and Dedicated Schools Grant (DSG) funding. Much of the local authority funded services are forecast to largely be aligned with budget. The largest exceptions are outlined below.

21. Where eligible, 5–16-year-old school children with an Education, Health and Care Plan (EHCP) can take up free school transport. A revised approach to SEND transport spend has been adopted with much greater collaboration with colleagues across the organisation. There are monthly strategic meetings held to review savings proposals and ensure key strategic issues affecting transport are identified and growth considered. An early forecast based on 2024 academic year contracts estimated an underspend of £0.500m at quarter 1. Since this the new academic year new contracts have been taken into account and the quarter 2 forecast is a £0.070m overspend. This means that spend is more in line with the budget overall however, budgeted pupil numbers were 1,949 and the forecast pupil numbers are 2,153 so higher against an average budgeted unit cost per annum of £11,202 compared with a forecast average unit cost per annum of £9,846. The forecast includes £0.350m savings which have been achieved which are evidenced in the lower unit cost, above.

22. Schools on going pension costs are forecast to overspend by £0.174m. A slight improvement on the quarter 1 forecast.

23. Recruitment difficulties that services continue to face this year lead to projected underspends for School Effectiveness, Targeted and SEND and Inclusion service areas resulting in a £0.277m underspend. The recruitment of education psychologists is particularly challenging both nationally and locally - recruitment is ongoing.

24. The income in the education welfare service is forecast to be £0.176m higher than planned. This is in relation to grant income; penalty notice income and traded income.

25. Cost containment measures include reduced spend on new cases of redundancy costs in schools with deficits, estimated at £0.175m which is manageable, based on current



information from schools. A vacancy held until the end of the financial year will achieve savings of £0.019m.

26. MTFS savings in this service total £0.687m. The majority of these are fully achieved, on track or have alternative funding arrangements in place for 2024/25 however, due to the change in the DfE directive for all maintained schools to academise by 2030, the number of maintained schools is not expected to reduce at the level anticipated and the savings of £0.123m in Schools Effectiveness are unable to be achieved. A drawdown from the School Effectiveness reserve will mitigate against this in 2024/25 financial year.
27. As part of the early help programme and in order to facilitate programmes longer than one year it is requested that £0.680m of grant funding is transferred to a new reserve and is approved to facilitate the early support and adviser activity in 2025/26 financial year.

Families & Children Services: Budget £70.852m, £0.327m overspend

28. This service protects, cares for and supports vulnerable children and families with the greatest needs, including children in care, disabled children, and those at risk of harm in a demand driven service area, offset by successful prevention.
29. The budgeted number of children in care for 2024/25 financial year is 464. The actual number of children in care is 462 (September 2024) which is within the service set target range of 407-469. The proportion of children and young people in external residential placements is 9% and remains within the target range of 9-11%. All placement types remain consistent and broadly within expected ranges with the following exceptions:
30. The main factor causing budget pressure and overspend is the cost of individual residential placements, in the context of a national placement sufficiency crisis. Whilst Wiltshire has been able to keep the number of children in care stable due to its successful prevention work, other neighbouring Local Authorities have not; meaning an overall increased demand for placements in a market that cannot meet the demand. This results in significant competition for placements and has led to the market increasing prices. The government's strategy Stable Homes, Built on Love recognises the challenge is a national one, locally we are progressing plans to reduce pressure and associated costs, as set out. The main strategy is to reduce residential placement costs is the new contract that will deliver residential placements from properties owned by the Council within Wiltshire, as previously approved by Cabinet.
31. The provider was originally expected to commence delivery in October 2023 however there have been delays due to procurement timeframes and Ofsted registration the first of four homes in Melksham opened in September 2024, a second planned for opening in December 2024: pending an Ofsted registration visit. A third property in Salisbury is currently undergoing construction works. Purchase of a fourth property, an assessment home in Devizes is being purchased by the provider and this is not yet complete. These delays have subsequently had a negative impact on 2023/24 and 2024/25 savings not achieved and therefore increased expenditure in external residential placements. A further capital programme bid, and tender process has been agreed, to provide 4 further specialist children's home placements in an attempt to further reduce expenditure in this area.

32. There are a number of over 18 young people who are supported as care experienced adults and the length of time these young people remain supported and the price of their packages of care are also leading to a significant cost pressure, as many of them are resident outside Wiltshire. As a result, the budget was increased for 2024/25 until savings can be achieved via the longer-term strategy - a capital budget to facilitate the purchase of supported accommodation and accommodation for care experienced young people. A tendering process is underway and will be completed in February 2025, and the savings target for 2025/26 is based on local provision specifically commissioned at a reduced cost. The accommodation is anticipated to open later than planned in 2025/26.
33. In addition, the national social work recruitment and retention challenge continues. A specific workforce strategy is in place and remains a priority. As part of this campaign, Wiltshire is committed to "growing its own" social workers so a greater number of staff on the ASYE (Assessed and Supported Year in Employment) for newly qualified social workers are employed. The result of this approach is that these staff are at the beginning of their careers and there are reduced salary costs. Despite forecast agency spend of £0.783m, there is a net forecast underspend across all teams of £1.149m. This reflects the challenge in recruiting high calibre agency staff to manage the permanent vacancies, rather than a lack of desire to recruit. Creative approaches, such as recruiting non-social work qualified staff to support work temporarily are adopted. There is a clear plan to reduce agency costs in the coming months.
34. Placement saving plans are on-going but are offset by significant market price increase pressures which, despite steady numbers of children in care lead to a forecast overspend of £2.581m for social care, SEN placements and special guardian permanence arrangements. This is an increase since quarter 1. The pressure remains largely for external residential placements and, support and accommodation costs of 16 to 25-year-old young people. These base budget pressures include a forecast underspend of £0.396m for foster care placements. 53% of our children are placed with in house foster carers or connected carers and are the lowest cost placements, when including those children placed in independent fostering agencies this increases to 78%. The recruitment of foster carers remains a challenge, despite best efforts. This is due to a national sufficiency crisis in the placement market. This challenge applies to independent fostering agencies also, meaning that more children are being placed in residential care which have significantly increased in unit cost post pandemic. A placement sufficiency strategy action plan is in place, led and reviewed monthly by the Director to ensure tight grip on the progress and spend in this area.
35. There is also a piece of work underway to review funding arrangements for placements across Bath and North East Somerset, Swindon and Wiltshire Integrated Care Board (ICB).
36. The Southwest Fostering Recruitment and Retention Hub funded by the DfE was launched at the end of May. This programme runs until March 2025 and is expected to support the increase of in house foster carers, reducing the budget pressures and need to use residential placements. The on-going government funding for this programme is still unknown and may provide an additional cost to the Council should we continue it, based on evidence from the pilot.

37. Young people can be supported as Care Experienced young people until 25 years, and we are seeing higher numbers of young people choosing to be supported for longer periods due to the current challenging economic climate, which is resulting in additional support costs, leading to a forecast overspend of £0.150m however the support and placement cost is forecasting an underspend of £0.069m included in the overall placement pressure above. Work is on-going to ensure consistent support and for all young people. These additional burdens are not funded by central government and despite additional MTFs growth in this area, the length of time young people is supported continues to grow and push costs up.
38. Cost containment activity included a review of client spend, increased controls have been put into place and reduced spending plans of £0.497m as well as holding vacancies and not backfilling where external income has been received for specific activity; £0.398m
39. The council provides placements for unaccompanied asylum-seeking children (UASC) and current numbers of these young people under 18 years of age are 39. In addition to this we have 89 unaccompanied asylum-seeking young people who are care experienced. Based on our quota of 0.1% of Wiltshire's population we should be taking 106 UASC who are under 18 years of age from the National Transfer Scheme (NTS) scheme so we can expect a further 67, although the timing of this is unclear at this point. Regional arrangements may change in this and the next few financial years. This is in addition to any spontaneous arrivals. Grant funding is available for under 18s is a daily rate which on average, covers support and accommodation costs where young people can be placed with in house carers. Grant funding for over 18s is a weekly rate which does not cover costs adequately. There is pressure on Wiltshire support and accommodation marketplace due to lack of available independent housing options for these young people to move onto once they have right to remain – this work is part of the overall placement strategy programme.
40. Total savings approved for 2024/25 are £1.264m for this service, and due to factors described above, delivery of these is challenging. Robust delivery plans are in place and savings relating to the placement strategy, risk rated as red were unmet in 2023/24 and this subsequently impacts 2024/25 estimated at £0.400m and included in the placement forecast above.
41. A number of small other variances comprise the balance of the forecast overspend.

Commissioning: Budget £4.306m, £0.505m underspend

42. Commissioning is forecasting an underspend of £0.505m by the end of the financial year. The majority of this position is due to the service holding staff vacancies. This is only an in year underspend as the service will need to fully recruit the team to be able to support Adults and Childrens commissioning activity to achieve their strategic aims and savings activities in future years.

43. This position will be regularly reviewed, it is a priority to maintain capacity to deliver a functional commissioning service to support People Services.

### **Corporate Director - Resources**

Table 6 - Forecast as at Quarter Two 2024/25 Corporate Director Resources Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D (C-B)</b>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Corporate Director Resources</b>					
Finance	Expenditure	78.030	78.087	78.087	-
	Income	(70.408)	(70.465)	(70.465)	-
	<b>Net Exp</b>	<b>7.622</b>	<b>7.622</b>	<b>7.622</b>	-
Pensions	Expenditure	2.057	2.057	2.057	-
	Income	(2.057)	(2.057)	(2.057)	-
	<b>Net Exp</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Assets	Expenditure	25.163	25.352	26.137	0.785
	Income	(6.966)	(6.997)	(7.782)	(0.785)
	<b>Net Exp</b>	<b>18.197</b>	<b>18.355</b>	<b>18.355</b>	<b>-</b>
HR&OD	Expenditure	6.835	6.480	6.736	0.256
	Income	(2.542)	(2.511)	(2.891)	(0.380)
	<b>Net Exp</b>	<b>4.293</b>	<b>3.969</b>	<b>3.846</b>	<b>(0.123)</b>
Information Services	Expenditure	15.231	15.507	15.507	-
	Income	(2.848)	(2.848)	(2.848)	-
	<b>Net Exp</b>	<b>12.383</b>	<b>12.659</b>	<b>12.659</b>	<b>-</b>
Transformation	Expenditure	2.229	2.229	2.617	0.388
	Income	(2.229)	(2.229)	(2.617)	(0.388)
	<b>Net Exp</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>Expenditure</b>	<b>129.545</b>	<b>129.712</b>	<b>131.142</b>	<b>1.430</b>
	<b>Income</b>	<b>(87.050)</b>	<b>(87.107)</b>	<b>(88.660)</b>	<b>(1.553)</b>
	<b>Net Exp</b>	<b>42.495</b>	<b>42.605</b>	<b>42.482</b>	<b>(0.123)</b>

Total Resources: Budget £42.605m, underspend £0.123m

Finance: Budget £7.622m, nil variance

44. Finance continues to forecast a balanced position at Quarter 2. This forecast accounts for both overspends and underspends in staffing across various teams that off-set, each other.
45. The service is projecting an overspend of £0.290m against the Housing Benefit Subsidy budget for quarter two. This includes a shortfall against Housing Benefit overpayments recovered due to a reduction in the number of Housing Benefit claimants as they switch over to Universal Credit which makes recovery of these amounts more challenging for the service. Additionally, a pressure is being reported against the Local Welfare Provision which has been identified as an area of demand in the MTFs. The removal or reduction of this provision could increase demand in other service areas, and also potentially affecting debt levels.
46. Officers will be monitoring the position for Housing Benefit Subsidy throughout the year; however, this budget continues to see increased pressure from an increase in the use of temporary accommodation (when people are housed in hotels) and supported living accommodation (which is not provided by a registered charity or Registered Social

Landlord) which results in a loss of subsidy. These housing approaches are more cost effective for the Council and mitigate increased pressure in Housing and Adults Services. Furthermore, as the number of claimants for Housing Benefit decreases due to the transition to Universal credit, it is expected to impact on the amount of Benefit Administration Subsidy grant the Council receives and the service will mitigate this where possible with holding vacancies and re-shaping the service.

47. A draw of £0.040m from the Enforcement Reserve is being projected for quarter two to support staffing costs in Council Tax & Business Rates Team enforcement activity. Additionally, it has been confirmed that the service is to receive extra £0.040m towards the cost of administration for the Household Support Fund, as well as £0.020m towards the provision of white goods provided via Local Welfare Provision scheme. Furthermore, it has been confirmed that the service is to receive an additional £0.042m from the Homes for Ukraine grant to cover additional staff time that has been dedicated to this area. Vacancies are being held where possible to manage the risk in Housing Benefit subsidy.
48. Other smaller variances contribute to the overall position, including additional court fee income and alongside staffing vacancies and the additional income and funding the service overall is projecting a balanced position. The service will continue to monitor opportunities for cost containment within the service including opportunities for contract savings.

Assets: Budget £18.355m, nil variance

49. Assets is continuing to report a balanced position at quarter 2. This projection mainly comprises additional required spend on maintenance as previously reported and the pressure is being mitigated by one-off surpluses that have been built up on the utility contracts. The service has generated an annual income stream through the installation of PV solar panels across the estate. It has also benefited from energy hedging which has protected the Council from increases in utility costs. The service continues to implement a Property Carbon Reduction (PCRP) programme which has lowered the council's carbon emissions and generated utility cost savings.
50. The service is projecting increased spend on health and safety due to planned investment in service improvements including personal safety devices and updated software. Overspend on this service will be covered via drawdown from the Health and Safety reserve in 2024/25.

Information Services: Budget £12.659m, nil variance

51. Information services is reporting a balanced position at quarter 2. The Evolve Project Team has identified a need for continued support from Mastek after the Hypercare support arrangement has ended until the workforce becomes proficient in the use of Oracle. This support is expected to be required for a period of three years, with an estimated annual cost of £0.200m. This requirement accounted for £0.100m of the reported overspend at quarter 1. This has now moved to a balanced position at quarter 2 as the service is holding on to non-critical vacancies and costs are being contained through contract management and negotiation of preferential rates.
52. A number of pressures have been identified which have been added into the MTFs and are being managed within the service in 2024/25. These include the cost of SAP licenses and SAP maintenance, £0.544m, cost of Oracle licences £0.135m, cost of support from Mastek (£0.100m in 2024/25), changes to inflation assumptions £0.199m and other smaller pressures £0.062m. The original business plan for Oracle assumed staff savings

from across Resources to fund these however, these have not been possible to achieve and therefore further work will be required to find a solution which will require cost containment or savings via reductions in use of IT across the Council.

Human Resources & Organisational Development: Budget £3.969m, £0.123m underspend

53. An underspend of £0.123m is being forecast at quarter two. This position includes a net underspend of £0.164m related to staffing, due to vacancy savings and the recruitment freeze in 2024/25. Underspends are also reported for staff training costs, at £0.048m, and job advertising, at £0.034m, as the service anticipates reduced demand because of the vacancy freeze. Additionally, a shortfall of £0.036m is projected for HR advisory income from schools and other external organizations, as well as a shortfall of £0.019m for payroll advisory income purchased by schools through Right Choice, both due to reduced demand. The difference comprises a net overspend of £0.068m, which consists of variances across various other lines.
54. This position is more accurate than what was reported in the first quarter because a more detailed salary projection was available. Additionally, by the second quarter, more accurate information regarding demand and vacancy savings became available.
55. The final outturn position will depend upon the availability of capital funding for the EVOLVE programme and this is being finalised currently.

Transformation

56. This service brings together the systems thinking and programme office to create a transformation and business change service that is at the heart of supporting the delivery of the Council's business plan priorities. No variance is forecast however where cost pressures are greater than budgeted, these are absorbed and mitigated via savings against other budget lines or through use of the reserve.

Housing Revenue Account: £1.042m adverse variance

57. The Housing Revenue Account is continuing to forecast an overspend of £1.042m at quarter 2 means that projected transfer to HRA reserves is £1.071m against the budgeted figure of £2.113m.
58. The overspend is caused by a forecast £1.2m pressure on the Responsive Repairs maintenance budget, mitigated by underspend relating to vacancies in the service. All other lines have been forecast as on budget at quarter 2.
59. The service has been signalling for some time the risk of inflationary pressure on construction related costs, and it appears that some of the increased costs are inflation related and have had a significant impact on the business. In addition, the service is seeking to undertake more activity for example in relation to landlord compliance as we respond to the increasing requirements of the social housing regulatory agenda
60. Responsive repairs are demand driven and must be undertaken as such cost containment is challenging, works volumes have also substantially increasing over recent years. Lastly, works on empty properties (voids) will expediate new tenancies and income, the service is working hard to address the historic backlog arising from multiple contract failure, in addition we are generally seeing more works required when properties are handed back, increasing cost and time.

61. Repairs and maintenance cost pressures and volume increases are being seen across the wider social housing sector. A full review of maintenance spend is underway, mitigating measures being considered to control spend and officers will continue to monitor this area closely going forwards. Along with a review of the business plan to determine the treasury and borrowing implications of our changed reserve expectation.

### **Corporate Director – Place**

Table 7 - Forecast as at Quarter Two 2024/25 Corporate Director Place Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		<b>A £m</b>	<b>B £m</b>	<b>C £m</b>	<b>D (C-B) £m</b>
<b>Corporate Director Place</b>					
Highways & Transport	Expenditure	61.336	63.693	65.532	1.839
	Income	(18.273)	(20.070)	(22.477)	(2.407)
	<b>Net Exp</b>	<b>43.063</b>	<b>43.623</b>	<b>43.055</b>	<b>(0.568)</b>
Economy & Regeneration	Expenditure	4.191	4.677	4.555	(0.122)
	Income	(1.666)	(2.151)	(2.046)	0.105
	<b>Net Exp</b>	<b>2.525</b>	<b>2.526</b>	<b>2.509</b>	<b>(0.017)</b>
Planning	Expenditure	10.557	10.426	10.496	0.070
	Income	(7.749)	(7.749)	(7.595)	0.154
	<b>Net Exp</b>	<b>2.808</b>	<b>2.677</b>	<b>2.901</b>	<b>0.224</b>
Environment	Expenditure	61.147	61.183	60.377	(0.806)
	Income	(11.512)	(11.549)	(12.419)	(0.870)
	<b>Net Exp</b>	<b>49.635</b>	<b>49.634</b>	<b>47.958</b>	<b>(1.676)</b>
Leisure Culture & Communities	Expenditure	22.568	23.768	23.948	0.180
	Income	(16.636)	(18.374)	(19.628)	(1.254)
	<b>Net Exp</b>	<b>5.932</b>	<b>5.394</b>	<b>4.320</b>	<b>(1.074)</b>
<b>TOTAL PLACE</b>					
	<b>Expenditure</b>	<b>159.799</b>	<b>163.747</b>	<b>164.908</b>	<b>1.161</b>
	<b>Income</b>	<b>(55.836)</b>	<b>(59.893)</b>	<b>(64.165)</b>	<b>(4.272)</b>
	<b>Net Exp</b>	<b>103.963</b>	<b>103.854</b>	<b>100.743</b>	<b>(3.111)</b>

Total Place: Budget £103.854m, underspend £3.111m

62. As shown above £59.893m of the Place Directorates revised budget is derived from income, the table below breaks this down further by department.

Table 8 – Place Income Budgets by Department

Service	Fees & Charges, Other Income £'m			Grants, Contributions, Recharges £'m			Total Income Budgets £'m			
	Budget	Forecast Outturn	Forecast Variance	Budget	Forecast Outturn	Forecast Variance	Budget	Forecast Outturn	Forecast Variance	
Highways & Transport	Highways	4.952	6.342	1.390	2.394	2.446	0.052	7.346	8.788	1.442
	Car Parking	8.409	8.566	0.157	-	-	-	8.409	8.566	0.157
	Passenger Transport	0.456	0.952	0.496	3.859	4.171	0.312	4.315	5.123	0.808
		13.817	15.860	2.043	6.253	6.617	0.364	20.070	22.477	2.407
Economy & Regeneration	Enterprise Network	1.730	1.659	(0.071)	-	-	-	1.730	1.659	(0.071)
	Major Projects	-	-	-	0.207	0.207	-	0.207	0.207	-
	Economic Regeneration	-	-	-	0.214	0.180	(0.034)	0.214	0.180	(0.034)
		1.730	1.659	(0.071)	0.421	0.387	(0.034)	2.151	2.046	(0.105)
Planning	Building Control	1.156	1.017	(0.139)	(0.005)	(0.009)	(0.004)	1.151	1.008	(0.143)
	Development Management	5.818	5.141	(0.677)	(0.004)	(0.010)	(0.006)	5.814	5.131	(0.683)
	Local Land Charges	0.734	0.861	0.127	-	-	-	0.734	0.861	0.127
	Spatial Planning	-	-	-	0.050	0.595	0.545	0.050	0.595	0.545
		7.708	7.019	(0.689)	0.041	0.576	0.535	7.749	7.595	(0.154)
Environment	Public Protection	0.847	0.945	0.098	0.018	0.118	0.100	0.865	1.063	0.198
	Natural & Historic Environment	0.063	0.082	0.019	0.027	0.639	0.612	0.090	0.721	0.631
	Climate Programme	-	0.034	0.034	-	0.061	0.061	-	0.095	0.095
	Waste	10.554	10.500	(0.054)	0.040	0.040	-	10.594	10.540	(0.054)
		11.464	11.561	0.097	0.085	0.858	0.773	11.549	12.419	0.870
Leisure Culture & Communities	Leisure	15.955	17.069	1.114	1.826	1.933	0.107	17.781	19.002	1.221
	Libraries & Heritage	0.361	0.370	0.009	0.232	0.256	0.024	0.593	0.626	0.033
		16.316	17.439	1.123	2.058	2.189	0.131	18.374	19.628	1.254
<b>TOTAL PLACE</b>		51.035	53.538	2.503	8.858	10.627	1.769	59.893	64.165	4.272

63. Fees & Charges income is more difficult to forecast as it is influenced by many different factors outside of the council's control and can fluctuate. Quarter two has continued as reported in quarter one with Street Works and Leisure Centres forecasting to exceed budget along with an increase in Car Parking and Public Protection income forecast. These are offsetting other pressures across the directorate explained in the paragraphs below and the underachievement of income in Planning.

Highways & Transport: Budget £43.623m, £0.568m underspend

64. The Highways and Transport service is reporting a forecast net £0.568m underspend at quarter two. This is largely due to additional income from Street Works and Electricity savings on Street Lighting.

65. Highways contracts and staff costs are currently forecasting no significant variances. Local Highways have been allocated an additional £1.000m of funding for Highways and Flooding prevention, this additional investment is being used for enhanced gully cleansing operations and additional pressure jetting units for reactive drainage works. Highways Operations have additional funding of £0.603m for Rural Play Areas and are in the process of allocating this. Focus also continues on the Business Plan Priorities as detailed further below.

66. Car Parking income is being closely monitored and is currently forecast to achieve budget. New parking machines have now been installed across the County, this is currently creating some pressure on the processing fees which is being kept under review.

67. From January 2025 it has been agreed that Wiltshire Council will delegate certain services to Westbury Town Council who will deliver all the litter, grounds, allotment and cemetery services within their boundary. This will result in reductions in the Streetscene contract costs of £0.059m in 2024/25 and £0.235m in future years.

68. The Council has been awarded a Bus Service Improvement Plan plus (BSIP plus) grant of £2.100m per year for both 2023/24 and 2024/25. This funding is to improve, enhance



and support bus services and assist contractors facing commercial failure to ensure services are maintained. The Passenger Transport service were able to manage contract pressures within the service for 2023/24 and so have been able to roll forward the full 2023/24 allocation for use in 2024/25 and 2025/26.

69. A key condition of the grant is that the Council cannot reduce Public Transport budgets in this period, and the delivery of the savings proposals relating to the review, repatterning and reduction of less well used bus services, out of area services and the removal of Saturdays from the supported services timetable for 2023/24 and 2024/25 totalling £0.590m have been delayed. The council is currently reviewing its Public Transport policy to ensure a sustainable and financially viable network from 2025/26 and these proposals will be considered again as part of this. The pressure from delaying the savings will be covered from the BSIP Plus grant funds.
70. In September 2023 the Capital Investment Programme Board approved a feasibility funding request of £0.068m for the Passenger Transport service to assess the bus infrastructure and service improvements required to deliver the preferred priority Super Bus route. Approval was given as part of the 2023/24 quarter 3 budget monitoring to fund this from the corporate Feasibility Studies reserve and the work is now underway and the funds will be drawn down to cover this.

Economy & Regeneration: Budget £2.526m, £0.017m underspend

71. From 1 April 2024 Local Enterprise Partnership (LEP) functions have been transferred back to local authority responsibility, revenue grant funding has been provided for 2024/25 to support the delivery of their functions but funding beyond 2024/25 is subject to future Spending Review decisions and yet to be confirmed.
72. The Enterprise Network (TEN) Centres are facing increasing pressure on their budgets from premises maintenance and running costs, this is currently being managed by the service who are working on a review of the TEN model that will help to resolve this going forward.

Planning: Budget £2.677m, £0.224m overspend

73. Government set planning application fees increased from December 2023 and in line with this the Development Management income budget was increased by £1.176m for 2024/25, based on assumptions made about the number of different types of planning applications that Wiltshire Council will receive. Applications received during 2024/25 have reduced and if this trend continues, an underachievement of £1.443m could be anticipated. However, there is a strong possibility that because of the new government's pro-growth policy, an improved economic outlook and the Local Plan reaching a more advanced stage that more large-scale planning applications will be received during the year and a more optimistic underachievement of £0.677m is forecast to reflect this.
74. This pressure is being offset by a forecast £0.526m underspend on staffing. A full-service restructure was undertaken in 2023/24. 19 of 42 vacant posts have so far been filled during 2024/25. The recruitment to these remaining vacant posts will help to reduce the reliance on agency staff.
75. Building Control is currently forecasting an underachievement against income of £0.139m but this is being offset by an overachievement against Local Land Charges

income of £0.127m due to expected reductions in income as a result of HMLR digitalisation not yet coming to fruition.

Environment: Budget £49.634m, £1.676m underspend

76. The net underspend forecast of £1.676m is an increase of £1.103m from the £0.573m underspend reported for quarter one. This is largely due to Waste but also due to improved income projections in Public Protection who are now forecasting an over achievement against income budgets of £0.198m across Environmental Protection, Pest Control, Animal Welfare and Trading Standards.
77. Waste Services typically face pressures arising from the known volatility of prices paid for materials collected for recycling, and from changes in tonnages of collected materials which can be influenced by the economy and seasonal factors. As in previous years, the level of income generated remains difficult to predict, but the modest recovery of material prices compared with the previous year shown in quarter one has continued in quarter two. The forecast is based on the actuals received for April to September 2024 and an average for the remainder of the year (also accounting for historic waste flows) and shows that income arising from kerbside collected material is expected to overachieve by £0.097m if material prices remain at current levels. The council's ongoing "Recycling – Let's Sort It!" campaign aims to educate residents on the importance of sorting their recyclables so that the best prices for sold materials are achieved, and less unrecyclable waste is handled which has to be rejected by the sorting process after collection.
78. Income generated by the Chargeable Garden Waste collection service continues to be strong for quarter two, with forecasts showing that the revised income target of £5.860m should be achieved in-year, and which will allow for much of the cost associated with the delivery of this optional service to be offset by subscription receipts, and support the service's other MTFS commitments where implementation delays may result in modest shortfalls.
79. Pressures include an overspend on the Lakeside Energy from Waste contract due to higher inflation than forecast and some additional costs from a new bulky waste shredding initiative. The MBT contract is forecasting an overspend of £0.189m partly due to the application of new environmental taxes by the German and Dutch authorities. As garden waste subscriptions have now stabilised the requirement for additional garden waste resource has been removed and the Waste Collection contract is now forecasting an underspend of £0.081m.
80. The above pressures are being mitigated by a forecast underspend on landfill tax of £0.983m as landfill tonnage is expected to significantly reduce due to the purchase of a new waste shredder which will make more of our bulky residual household waste from HRCs suitable for the councils Lakeside and MBT contracts. Forecast underspends of £0.758m on fuel and third-party haulage costs on the HRC contract are also contributing to the overall position.

Table 9 – Waste Contracts

		2024/25 BUDGET								
Budget:	Service:	Tonnes				£/Tonne *				Budget Forecast Variance (£m)
		Budget setting F'cast (T)	Current Yr End F'cast (T)	Var (T)	Var (%)	£/Tonne (Budget Setting)	£/Tonne (Forecast)	Var (£)	Var (%)	
Lot1	Provision and operation of Waste Transfer Stations (WTS), a Materials Recovery Facility (MRF) and two Household Recycling Centres (HRCs)	75,200	74,694	-506	-0.7%	£84.69	£79.83	£-4.86	-5.7%	-0.277
Lot2	Management and operation of 8 council-owned HRCs									-0.758
Lot 3	Composting services (0-25,000 tonnes pa)	40,300	40,778	477	1.2%	£48.39	£ 48.39	£-0.00	0.0%	-0.122
	Composting services (>25,000 tonnes pa)					£29.50	£ 27.66	£-1.84	-6.2%	
Lot 4	Residual waste - Non-haz waste to LF	12,542	5,258	-7,284	-58.1%	£25.62	£23.51	£-2.11	-8.2%	-0.035
	Residual waste - Haz waste - to LF	100	80	-20	-19.7%	£96.76	£97.51	£0.75	0.8%	
	Residual waste - Street sweepings	300	203	-97	-32.4%	£100.39	£84.41	£-15.98	-15.9%	
	Residual waste - Shredding to EFW	0	7,765	7,765	0.0%	£0.00	£ -	£0.00	0.0%	
	Residual waste - POPs waste	1,700	1,747	47	2.8%	£269.00	£293.52	£24.52	9.1%	
Lot 5	Waste and recycling collections									-0.081
Landfill Tax	Tax payable on all waste sent to landfill	31,342	22,328	-9,014	-28.8%	£106.18	£103.70	£-2.48	-2.3%	-0.983
Lakeside	Energy from waste landfill diversion contract.	50,000	50,000	0	0.0%	£153.73	£162.47	£8.74	5.7%	0.437
MBT	Mechanical biological treatment (MBT) Landfill diversion contract (exc LFT)	56,037	54,624	-1,413	-2.5%	£199.33	£208.05	£8.72	4.4%	0.189

\* £/T excludes income

Leisure Culture & Communities: Budget £5.394m, £1.074m underspend,

81. The net underspend of £1.074m in Leisure Culture & Communities is an increase of £0.249m from the £0.825m position reported at quarter one. The underspend is largely due to Leisure Operations which is currently forecasting an overachievement against income of £1.114m as a result of continued growth in fitness memberships in certain areas and an underspend on salaries. This position assumes the drawdown of Leisure funding from reserves for Virtual Studios and Pool Pods.

82. The Library Service is currently forecasting an overspend of £0.097m on staffing due to the use of relief staff to ensure the libraries remain open. The service has been through a peer challenge and is working through the actions resulting from this.

## Chief Executive Directorates

Table 10 - Forecast as at Quarter Two 2024/25 Chief Executive Directorates Position

		Original Budget	Revised Budget	Forecast	Variance	
		A	B	C	D (C-B)	
		£m	£m	£m	£m	
<b>Chief Executive Directorates</b>						
Legal & Governance	Expenditure	13.231	13.248	16.047	2.799	
	Income	(2.851)	(2.811)	(5.627)	(2.816)	
	<b>Net Exp</b>	<b>10.380</b>	<b>10.437</b>	<b>10.420</b>	<b>(0.017)</b>	
Corporate Directors & Members	Expenditure	3.306	3.306	3.836	0.530	
	Income	(0.014)	(0.014)	(0.014)	-	
	<b>Net Exp</b>	<b>3.292</b>	<b>3.292</b>	<b>3.822</b>	<b>0.530</b>	
<b>TOTAL CEX DIRECTORATES</b>		<b>Expenditure</b>	<b>16.537</b>	<b>16.554</b>	<b>19.883</b>	<b>3.329</b>
		<b>Income</b>	<b>(2.865)</b>	<b>(2.825)</b>	<b>(5.641)</b>	<b>(2.816)</b>
		<b>Net Exp</b>	<b>13.672</b>	<b>13.729</b>	<b>14.242</b>	<b>0.513</b>

Total Chief Executives: Budget £13.729m, overspend £0.513m

Legal & Governance: £10.437m, £0.017m underspend

83. The quarter two position is an improved position from the £0.318m forecast overspend reported at quarter one. The service put cost mitigations in place to bring this budget

back to a forecast underspend position. This has been delivered through reducing agency spend, staff vacancy savings and increased income.

Corporate Directors & Members: Budget £3.292m, £0.530m overspend

84. The overspend in Corporate Directors & Members is a result of historic cost pressures. This has been built into the MTFs as part of the quarter two review.

### Corporate Expenditure

Table 11 - Forecast as at Quarter Two 2024/25 Corporate Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D (C-B)</b>
		<b>£m</b>	<b>£m</b>		<b>£m</b>
<b>Corporate</b>					
Movement on Reserves	Expenditure	3.910	3.910	3.910	-
	Income	-	-	-	-
	<b>Net Exp</b>	<b>3.910</b>	<b>3.910</b>	<b>3.910</b>	<b>-</b>
Finance & Investment Income & Expense	Expenditure	30.231	30.231	33.200	2.969
	Income	(4.445)	(4.445)	(6.857)	(2.412)
	<b>Net Exp</b>	<b>25.786</b>	<b>25.786</b>	<b>26.343</b>	<b>0.557</b>
Corporate Costs	Expenditure	6.082	6.082	5.368	(0.714)
	Income	(2.671)	(2.671)	(2.681)	(0.010)
	<b>Net Exp</b>	<b>3.411</b>	<b>3.411</b>	<b>2.687</b>	<b>(0.724)</b>
Corporate Levies	Expenditure	7.221	7.221	7.271	0.050
	Income	(3.657)	(3.657)	(3.657)	-
	<b>Net Exp</b>	<b>3.564</b>	<b>3.564</b>	<b>3.614</b>	<b>0.050</b>
	<b>Net Exp</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CORPORATE</b>	<b>Expenditure</b>	<b>47.444</b>	<b>47.444</b>	<b>49.749</b>	<b>2.305</b>
	<b>Income</b>	<b>(10.773)</b>	<b>(10.773)</b>	<b>(13.195)</b>	<b>(2.422)</b>
	<b>Net Exp</b>	<b>36.671</b>	<b>36.671</b>	<b>36.554</b>	<b>(0.117)</b>

Total Corporate: Budget £36.671m, underspend £0.117m

Corporate Costs: Budget £3.441m, underspend £0.724m

85. This underspend position is a result of additional External Audit fees offset by the agreed national pay award that is approximately £1m less than budgeted. For ease and due to lateness of the agreement of the pay award it is shown within this area of the budget, however in the next reporting period it will be more accurately reflected in services forecasts.

Finance & Investment, Income & Expenditure: Budget £25.786m, £0.557m overspend

86. The final value of capital spend funded by borrowing figure for 2023/24 sets the Minimum Revenue Provision (MRP) charge for year 2024/25. As a result of the increased spend in the 2023/24 capital programme funded by borrowing, the MRP is £1.390m higher than budgeted. As reported in the Quarter 3 Capital report we were expecting the MRP to be higher. We reported a provisional charge of £22.634m for 2024/25, however the final charge will be £20.332m.

87. This is offset by a net impact of interest payable and receivable. There is a forecast overachievement of interest receivable income of £2.412m that is offset in part by £1.546m additional cost on interest payable. This results in a net £0.866m which offsets the MRP pressure detailed in the paragraph above.

Corporate Levies: Budget £3.564m, underspend £0.050m

88. The £0.050m overspend is as a result of the increased salary budgets and impact on the Apprenticeship Levy.

**Dedicated Schools Grant – Total Grant £494.619m, planned transfer from reserves plus forecast variance £43.196m**

89. The overall in year forecast for dedicated schools grant (DSG) is an overspend of £14.942m after the transfer of £28.254m from the deficit reserve, agreed at budget setting and in line with the Safety Valve agreement. This is an adverse movement of £5.049m compared with the Q1 forecast. This movement is accounted for by a reduction in the early years block underspend of £2.2m and an increase of £2.8m in the projected overspend against the high needs block. The overspend against the high needs block is now projected to be £17.489m.

Table 12 – DSG Block Summary

	DSG Allocation from the £m	Wiltshire Transfers £m	Current Annual Budget £m	Forecast Outturn £m	Forecast Outturn Variance £m	% Variance
Early Years Block	52.205	0.180	52.385	50.074	(2.311)	-4%
Schools Block	364.468	(2.000)	362.468	362.391	(0.077)	0%
High Needs block	74.445	1.984	104.683	122.172	17.489	17%
Central Block	2.644	(0.164)	2.480	2.320	(0.160)	-6%
<b>Overall</b>	<b>493.761</b>	<b>0.000</b>	<b>522.015</b>	<b>536.957</b>	<b>14.942</b>	<b>3%</b>
<b>Planned transfer to DSG reserve (overspend)</b>					<b>28.254</b>	
<b>Net in year forecast movement to the DSG reserve</b>					<b>43.196</b>	

90. The projected underspend against the early years block reduces the overall deficit however there is risk that this could be clawed back, in part or total, by the Department for Education (DfE) if the early years census in January shows that uptake of places is below their estimate. This financial year is the introduction of the rollout of both the 9 months to 2 years and universal 2 year old funding and therefore parental take up of the offer is largely unknown.

91. The reason for the overall spend above grant continues to be driven by demand for statutory support for vulnerable children with SEND, reflected in increased numbers of education health and care plans (EHCPs.) The number of EHCPs at the end of quarter two in 2024/25 is 6,060. This continues to be ahead of the forecast number of plans for this year.

92. The Council has a Safety Valve agreement in place and performance against that agreement is monitored on a quarterly basis by the DfE. Additional actions will need to be put into place in order to ensure that the Council can still deliver on the agreement to achieve in year balance against its high needs budgets by April 2029. As previously reported to Cabinet, the plan is being rebased prior to submission of the next monitoring report to the DfE at the end of November.

93. The impact of the quarter 2 forecast on the overall DSG deficit, and therefore on the performance against the Safety Valve agreement, is summarised as follows:

Table 13 – Impact on the Dedicated schools Grant Deficit Reserve

	<b>Safety Valve Agreement £m</b>	<b>Total 24/25 FY £m</b>
Balance Brought Forward from 23/24	29.447	28.706
Early Years Adjustment (prior year)	0.000	1.030
Planned drawdown from reserve	28.280	28.254
Actual Variance 24/25	0.000	14.942
In year Safety Valve payments	(6.700)	(6.700)
<b>Balance CFWD 2024/25</b>	<b>51.027</b>	<b>66.233</b>

94. Table 13 shows that the projected deficit for 2024/25 continues to be higher than the maximum allowable deficit in the council's Safety Valve agreement.

95. A statutory override for DSG deficits is currently in place until the end of the 2025/26 financial year. The statutory override, whilst in place, protects the council from having to make good any DSG deficit from its own reserves. As it currently stands, local authorities will need to demonstrate their ability to cover DSG deficits from their available reserves from 2026/27 onwards unless the override is extended. This continues to present a significant financial risk to the Council.

### **Savings Delivery 2023/24 as at Quarter Two**

96. For 2024/25 savings were required to deliver a balanced revenue budget totalling £19.673m (with £14.151m approved for 2025/26 and £1.5m approved for 2026/27 leaving a budget gap of £13.340m). The 2024/25 savings are already reflected in the revenue budget aligned to services and must be met in full or they will result in an overspent position by the year end and will have a direct impact on the scale of savings to be delivered in future years. As such, a significant risk remains should there be a shortfall in the saving achieved, not only for the current financial year but also for future years. It is therefore critical to continue robust monitoring of the revenue budget and reporting the achievement of the savings required.

97. Following detailed monitoring by each manager responsible for a revenue budget saving, it is possible to quantify the amount and status of savings and the inherent risks associated with them. The assessment on the deliverability of the savings at the end of quarter one 2024/25 is shown in the tables below, and these assessments are included in the General Fund figures set out in this report.

98. For 2024/25 of the £19.673m savings targets £8.457 (42.99%) is assessed as having been fully delivered as at the end of September. £6.196 (31.49%) is forecast to be achieved by the end of the year. £2.150m (10.93%) is considered to have some deliverability risk, being that they may be achieved this year. This leaves £2.871m (14.59%) which are currently forecast to not be achieved by the end of the year showing significant risk. These are included as overspends within the service forecasts reported in the above paragraphs. A table showing saving achievement at service level is shown

in Appendix A and a table providing further detail on the proposals categorised as significant risk is shown in Appendix B.

99. The delivery of savings remains a focus for the Council and the status of the undelivered savings is considered as part of the future year financial planning processes to ensure the budget remains robust and deliverable and any undelivered saving adversely affects any budget gap in future years if not addressed or mitigated on an on-going basis. Savings delivery will continue to be reviewed as part of the MTFs process and reprofiling or non delivery of savings will be factored in to the 2025/26 to 2027/28 budget.

Table 14 - Savings delivery BRAG rating by year 2024/25 – 2026/27 as at Quarter Two

Directorate	2024/25 Budgeted Savings Target £m	Blue £m	Green £m	Amber £m	Red £m
		<i>Fully Achieved</i>	<i>On Track</i>	<i>Some issues</i>	<i>Significant issues</i>
People	11.733	5.244	3.390	0.342	2.758
Resources	2.208	1.085	1.077	0.000	0.046
Place	3.712	0.394	1.510	1.808	0.000
Chief Executive	0.592	0.306	0.219	0.000	0.067
Corporate	1.428	1.428	0.000	0.000	0.000
<b>Total £'m</b>	<b>19.673</b>	<b>8.457</b>	<b>6.196</b>	<b>2.150</b>	<b>2.871</b>
<b>% of total Budget</b>		<b>42.99%</b>	<b>31.49%</b>	<b>10.93%</b>	<b>14.59%</b>

Directorate	2025/26 Budgeted Savings Target £m	Blue £m	Green £m	Amber £m	Red £m
		<i>Fully Achieved</i>	<i>On Track</i>	<i>Some issues</i>	<i>Significant issues</i>
People	10.308	0.000	6.589	1.057	2.662
Resources	1.072	0.000	0.327	0.000	0.745
Place	3.421	0.114	1.695	1.612	0.000
Chief Executive	0.750	0.000	0.000	0.490	0.260
Corporate	-1.400	-1.400	0.000	0.000	0.000
<b>Total £'m</b>	<b>14.151</b>	<b>-1.286</b>	<b>8.611</b>	<b>3.159</b>	<b>3.667</b>
<b>% of total Budget</b>		<b>-9.09%</b>	<b>60.85%</b>	<b>22.32%</b>	<b>25.91%</b>

Directorate	2026/27 Budgeted Savings Target £m	Blue £m	Green £m	Amber £m	Red £m
		<i>Fully Achieved</i>	<i>On Track</i>	<i>Some issues</i>	<i>Significant issues</i>
People	1.102	0.000	0.724	0.378	0.000
Resources	0.054	0.000	0.054	0.000	0.000
Place	0.344	0.000	0.140	0.204	0.000
Chief Executive	0.000	0.000	0.000	0.000	0.000
Corporate	0.000	0.000	0.000	0.000	0.000
<b>Total £'m</b>	<b>1.500</b>	<b>0.000</b>	<b>0.918</b>	<b>0.582</b>	<b>0.000</b>
<b>% of total Budget</b>		<b>0.00%</b>	<b>61.20%</b>	<b>38.80%</b>	<b>0.00%</b>

### **Capital Receipts Flexibilities 2024/25**

100. The government allows Local Authorities to fund transformational activity that is designed to deliver ongoing revenue savings and/or transform service delivery to reduce costs or reduce demand for services in the future. This is known as Capital Receipts flexibilities. It is important that any Local Authority using this flexibility is transparent in reporting its plans and the individual projects that are to be funded or part funded and

report the previous years' activity and whether the planned savings and/or service transformation have been or are being delivered as planned.

101. As part of budget setting the council planned to use £1m of Capital Receipts to fund transformational activity across the council in areas of priority such as Adults Transformation, Family and Children's Transformation and Customer Experience. For this financial year this funding solution will be used to fund elements of the Transformation and Business Change team costs, supporting the transformation programmes across the council.

### **Collection Fund 2024/25**

102. The Collection Fund is the ring-fenced fund which comprises all income and expenditure for both the Council Tax and Business Rates. Over the past few years, the Collection Fund has seen significant changes due to the changing economic backdrop including the impact of COVID-19 and the cost of living crisis and impacts of high levels of inflation on the economy and households. Due to the mechanism and regulations significant volatility has been seen in business rates, with s31 grant funding received to compensate councils where significant deficits arise. More recently the level of overdue debts is increasing and if this trajectory continues it will have a detrimental impact on the overall income received.
103. The approach the council has taken as a result of these uncertainties has been one of prudence. Further modelling of the income has been undertaken and an additional £2m of retained business rates is being recognised within this forecast. This income is likely to be ongoing and therefore will mitigate pressures presenting in services that impact the ongoing base budget and MTFS position.



## Reserves Position and Forecast

Table 15 - Reserves Summary

Reserve	Opening Balance 2024/25 £'m	Projected Closing Balance 2024/25 £'m	Projected Closing Balance 2025/26 £'m	Projected Closing Balance 2026/27 £'m	Projected Closing Balance 2027/28 £'m
<b>General Fund</b>	<b>34.056</b>	<b>34.056</b>	<b>34.056</b>	<b>34.056</b>	<b>34.056</b>
Latent Demand	2.570	0.123	-	-	-
Collection Fund Volatility	0.220	0.575	-	-	-
Public Health	6.328	5.741	5.167	4.581	4.581
Homes for Ukraine	10.284	5.004	5.004	5.004	5.004
Transformation	10.945	7.004	3.991	2.829	2.829
Business Plan Priority	2.446	0.771	-	-	-
Highways Improvements Works	5.705	-	-	-	-
Pay Award	0.700	0.700	0.700	0.700	0.700
PFI's	5.080	4.346	3.613	2.847	2.847
Insurance	9.042	8.016	7.516	7.016	7.016
Accommodation Needs	9.672	2.895	0.895	-	-
High Needs	11.238	18.209	18.209	18.209	18.209
Other Earmarked	21.305	16.429	13.768	12.678	12.678
<b>Total Earmarked</b>	<b>95.536</b>	<b>69.813</b>	<b>58.864</b>	<b>53.864</b>	<b>53.864</b>
<b>Schools Balances</b>	13.185	10.185	7.185	4.185	4.185
<b>DSG</b>	(28.706)	(61.184)	(95.764)	(117.643)	(118.371)
<b>TOTAL</b>	<b>114.070</b>	<b>52.870</b>	<b>4.340</b>	<b>(25.539)</b>	<b>(26.267)</b>

104. Reserves are an important element of the Council's finances, and a sufficient level of balances should be held, to mitigate risks within the budget and operations of the Council.
105. The level of general fund reserves and earmarked reserves (excluding DSG) held by the Council have seen increases as part of the approach of increasing the council's financial resilience. Contributions to the General Fund Reserve has brought the level of this reserve up to the value that was set out in risk assessed level of reserves required to support the council's budget for 2024/25 and included in the budget report in February 2024. This provides resilience to support the financial position in 2024/25, supports the financial risks within the budget and continues to allow lead in time for transformation and to reshape services to deliver on-going financial resilience and sustainability in future years.
106. The residual balances held in the Latent Demand reserve is committed and the reserve is fully used by the end of 2025/26 financial year. The residual balance of the Pay Award reserve and need for this balance will continue to be assessed. As risk remains in this area and assumptions for future years may not prove to be adequate it is expected that this balance will be carried forward in to future financial years.

107. The Transformation reserve provides funding for transformational activity across the council. The use of this reserve is overseen by the Transformation Executive Board, who agree the prioritisation of the activity and agree the funding.
108. As part of the Capital Bids process, the Capital Investment Programme Board has £0.600m available through earmarked reserves to support services with feasibility funding. This funding enables a service to investigate whether a scheme has a robust business case and is viable before a capital bid is submitted. At its meeting held on 26 September 2024, the Capital Investment Programme Board reviewed a feasibility funding request from Adults Commissioning to undertake a feasibility study of 10 potential Wiltshire Council owned sites that could potentially be used to provide a range of social care accommodation needs for adults and children. This feasibility supports the wider work of the Adults and Children’s Review. Pending the outcome of the feasibility study a subsequent request for capital funding would be made based on future need. The Board recommended that £0.300m of the reserve is used for this and Cabinet is asked to note the use of this earmarked reserve. Should feasibility funding result in a successful capital scheme the £0.300m will be capitalised as part of the request and the £0.300m returned to the earmarked reserves funds as revenue. £0.368m of the £0.600m has now been allocated to services for feasibility work, leaving £0.232m for services to bid for.
109. The Business Plan Priority Reserve was created to set aside funding to specific address the delivery of outcomes set out in the Business Plan where budget was not sufficient funding to deliver within the desired timescale. The funding has been allocated to specific activities and the table below sets out the opening balance, and spend profile for 2024/25 and 2025/26. As part of the budget setting proposals £0.250m was allocated for each of the next two financial years to increase the capacity of the planning enforcement team and address complex and contentious cases and ensuring the Council increases its presence and activity in this area. £0.821m of other elements of enforcement activity have been identified and will be delivered over the course of the next 2 years to ensure the safety of our communities remains priority.

<b>Business Plan Priority Reserve</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Opening Balance</b>	<b>2.446</b>	<b>0.771</b>	<b>2.080</b>
Gully Emptying	(0.335)	-	(1.000)
Fly Tipping	(0.150)	-	(0.443)
Litter - Cameras & Picking	-	-	-
Parish Stewards	(0.233)	-	(0.578)
Road Markings and Lining	-	-	-
Road Signage	-	-	(0.434)
Litter Enforcement	(0.105)	-	(0.105)
Fly Posting	(0.049)	-	(0.056)
Litter Picking + Communications Plan	(0.231)	-	(0.494)
Approved additional funding	-	-	2.401
Planning Enforcement	(0.250)	(0.250)	(0.500)
Council Wide Enforcement Activity Commitment	(0.300)	(0.521)	(0.821)
Armed Forces Covenant	(0.022)	-	(0.050)
<b>Closing Balance</b>	<b>0.771</b>	<b>0.000</b>	<b>0.000</b>

**Medium Term Financial Strategy (MTFS) and Budget 2025/26 Update**

110. The budget set by Full Council in February 2024 balanced the current 2024/25 financial year successfully with a Net Budget of £490.298m and the Medium MTFS set out funding assumptions and savings proposals to balance the budget for 2025/26 and a gap remained for 2026/27. The final year end financial position for 2023/24 was an underspend of £14.371m.
111. This has put the Council in a strong position for 2025/26 budget setting but it is important to formally review the assumptions within the estimates and it is important to do this early, considering the financial position and risks highlighted in the budget monitoring position reported in the above paragraphs. These mainly relate to increased demand, cost of care packages and a suggested change in approach for funding resources that support the delivery of transformation across the council.
112. The table below provides the MTFS position that was reported to Council in February 2024 when the budget was approved. It shows the balanced budget across the MTFS period.

Table 16 - MTFS February 2024

<b>MTFS Model</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Net Service Spend</b>	<b>490.298</b>	<b>500.984</b>	<b>528.898</b>
Council Tax Requirement	(12.201)	(10.566)	(10.886)
Social Care Levy	(6.687)	(3.546)	(3.688)
Rates Retention	(7.016)	(1.496)	-
Collection Fund (surplus) / deficit	8.353	(1.503)	-
Specific Grants	(3.718)	6.426	-
<b>Total Funding</b>	<b>(490.298)</b>	<b>(500.984)</b>	<b>(515.558)</b>
<b>GAP</b>	<b>-</b>	<b>-</b>	<b>13.340</b>

113. To balance the budget a number of savings proposals were agreed by Council and have been included in the MTFS, the table below set outs the total of savings in each.

Table 17 - MTFS Model Savings February 2024

<b>MTFS Model</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Savings Total</b>	<b>19.673</b>	<b>14.151</b>	<b>1.500</b>

114. As part of the quarterly budget monitoring process a review of the pressures presenting in 2024/25 has been carried out to assess the impact on future years budget. If these on-going pressures are not managed there will be a budget gap for the next financial year (2025/26) and savings would need to be found so that a balance budget is set. The below paragraphs set out the pressures presenting along with detail of further risks that are not able to be quantified at this stage with confidence but may come forward.
115. Generally, inflation is still not presenting a significant pressure in the current financial year which is a significantly different position in comparison to previous years.
116. During the budget setting process the national pay award assumption was an increase of 4.5% for the current year's budget and 2.5% for both 2025/26 and 2026/27. The employers full and final offer for 2024/25 of £1,290 per spinal column point and 2.5% for

HAY grades has now been agreed and this results in a saving in the current year and in the base budget in future years of approximately £1m. Assumptions for future years have been updated and the prudent approach for budgeting purposes is to increase the assumptions of the 2025/26 pay award from 2.5% to 3.5% and leave future years at 2.5%. This will continue to be reviewed as the budget setting process progresses.

117. On Wednesday 30 October 2024 the Chancellor of the Exchequer presented her Autumn Budget to Parliament. Included in that Budget were some commitments for funding for Local Government. At this stage the amounts of new funding that were announced were national figures and it is not clear what the allocation for the council will be. The following paragraph set out some of the confirmation and funding for Local Government.
118. The Household Support Fund and Discretionary Housing Payments have been confirmed to continue in 2025/26, with national funding confirmed at £1bn. UK SPF has also been announced to continue in 2025/26, however this is on a reduced basis, with £900m confirmed for next year. Funding for Bus Improvement Plans has been confirmed as continuing with £640m nationally. Confirmation of Council Tax Referendum thresholds was given, left at 5% for authorities with social care responsibilities.
119. An additional £1.3bn was announced for Local Government. Included in that was £600m specifically for social care, that will be allocated as part of the social care grant. This could be in the region of £3.5m for the council. An additional £233m was announced for tackling homelessness, alongside £40m for Kinship allowance pilots, £4m to create new foster placements through regional recruitment hub access, £1bn additional funding for SEND & AP, and various additional funding streams for capital.
120. There is an expectation that £1.1bn of new funding will flow through the Extended Producer Responsibilities to councils. The continuation of Business Rates reliefs for Retail, Hospitality and Leisure was announced with councils being fully compensated for the loss of this income.
121. Confirmation of the increases to the National Living Wage were announced alongside changes to the employers National Insurance (NI) thresholds for 2025/26, reducing from £9,100 to £5,000. Although it has been confirmed that councils will get compensated for the change in employers NI threshold for direct employed staff it is not clear the impact across the supply base and costs are expected to increase for the council's suppliers and provider markets. This could impact the council's ability to hold inflationary and price increases in next year and future years of the MTFs.
122. Further detail will be known when the Provisional Local Government Finance Settlement is issued, which is expected mid December. The settlement will include individual council allocations and it will then be clear the impact on the councils budget for next year. In light of the uncertainty services are being asked to ensure that cost containment measures address any residual gap and these along any additional savings proposals required to set a balanced budget for 2025/26 will be presented as part of the budget report. Assumptions will continue to be updated as we progress through the budget setting process.
123. Risk remains in the latter two years of the MTFs, with uncertainty on future government funding. There is an expectation that government will issue consultation on funding reform, and the budget included an announcement that there will be a long-term programme of recovery and reform for government, and this will start in 2025/26 with a

deprivation-based approach to funding followed by a broader redistribution of funding through a multi-year settlement from 2026/27.

124. The key date for the budget setting process above all else is the Council Meeting on 25 February 2025, and prior to that the Cabinet meeting currently planned for 4 February 2025 which will set out the Cabinet's final budget proposals in order to set a balanced budget. Papers will be made available early to allow consultations and scrutiny to take place during January.

#### **Budget 2025/26 Key Timescales:**

<b>Activity / Meeting</b>	<b>Date</b>
Cabinet – Draft Budget Proposals published	Early January 2025
Overview & Scrutiny Management Committee	28 January 2025
Statutory consultation with Businesses	January 2025
Cabinet – Final Budget Proposals	4 February 2025
Overview & Scrutiny Management Committee	13 February 2025
Full Council Budget & Council Tax setting	25 February 2025

#### **Overview and Scrutiny Engagement**

125. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position. This report is being considered at the meeting of Overview and Scrutiny Management Committee on 27 November 2024 and Financial Planning Task Group on 15 November 2024.

#### **Safeguarding Implications**

126. None have been identified as arising directly from this report.

#### **Public Health Implications**

127. None have been identified as arising directly from this report.

#### **Procurement Implications**

128. None have been identified as arising directly from this report.

#### **Equalities Impact of the Proposal**

129. None have been identified as arising directly from this report. As the MTFS process progresses any savings and mitigations identified to address any budget gap will be supported by relevant equalities impact assessments.

#### **Environmental and Climate Change Considerations**

130. None have been identified as arising directly from this report.

#### **Risks that may arise if the proposed decision and related work is not taken**

131. If the Council fails to take actions to address forecast shortfalls, overspends or increases in its costs it will need to draw on reserves. The level of reserves is limited and a one-off resource that cannot be used as a long-term sustainable strategy for financial stability.

**Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

132. Ongoing budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken. Risks associated with service delivery and the level of reserves will be raised as and when proposals are brought forward as part of the budget setting process.

**Financial Implications – Section 151 Officer Commentary**

133. This is the second report of the 2024/25 financial year and it shows significant improvement from the forecast as at quarter one to an almost balanced position. We must not be complacent about this improvement as cost control measures have been implemented and must stay in place to ensure the financial position does not deteriorate. Significant pressure remains in Adults Services where additional demand and price of care packages is not able to be contained.

134. Risk remains within this position, not only on whether the impact of cost control measures have the scale of impact needed but also some of the unknown areas of forecasting.

135. As stated in the narrative of the report the levels of inflation have reduced from the high levels in the previous year and are more in line with levels forecast by the Bank of England and the assumptions included when the budget was set. This is positive for the council's financial position following a period of significant inflationary pressure.

136. The MTFs has been updated in light of the pressure presenting and left unmitigated reflects a potential financial gap the Council will have to close in order to balance its budget in future years. This is in the context that significant levels of savings have already been identified for delivery in 2025/26 of £14m. Although the Council is demonstrating a strong delivery in savings there have been additional savings identified as having significant delivery issues since that reported at quarter one and this will have a detrimental impact on the budget moving forwards. Time allows for plans for alternative savings to replace those at risk and there is an expectation that where savings are not able to be delivered alternative savings will be brought forward to manage the financial position for the council. Whilst officers have worked hard to ensure the significant savings programme of approximately £20m in this financial year is achieved, there is the possibility that further savings not yet delivered fail to be delivered either at all or by their original time frame. Close monitoring and transparent reporting provides the focus on delivery of savings and remains key.

137. Although there are no specific management actions proposed at this time the council's Extended Leadership Team implemented cost control mechanisms following the previous report and ensuring close scrutiny and challenge of the forecasts and ongoing mitigating actions to ensure the Council comes back into a balanced position remains important. It is also critical that permanent solutions are found to ensure the council remains financially resilient.

138. The deficit on the DSG continues to present a significant risk to the Councils financial future resilience given the uncertainty over the Government's current override, which is set to end in March 2026. Although indications have been given by government that this override will be extended it has not been confirmed and at the point the override is currently due to end the council will not have sufficient reserves to fund the predicted cumulative deficit. The council is not alone in this. Nationally this is one of the most pressing funding issues for councils and it is imperative that government announce an extension to the override prior to the budget being set for 2025/26.
139. Additional funding was announced for SEND as part of the government's Autumn Budget on 30 October 2024. Although £1bn was announced this does not meet the expected pressures and funding gaps.
140. The council entered into a Safety Valve agreement with the DfE in March 2024, that includes a commitment from the DfE to contribute £67m towards the cumulative deficit over the 5 year plan period. A significant increase in the forecast deficit in 2024/25 was forecast at quarter one above the value included in the agreement and this forecast has again increased. Although it is understood that this does not put at risk the continuation of the agreement, risk remains. The council must focus on bringing the DSG into a financially balanced annual position as any residual deficit not funded by government through the Safety Valve agreement or any other additional funding mechanism must be funded by the council and it must be made clear that additional spend increases the residual deficit and will have to be made good by other reserves or covered by other general fund savings to the same value.
141. Although additional funding was announced within the government's Autumn Budget it is not clear at this stage the values that the council may receive. What is clear is that there will be additional funding but for 2025/26 only at this stage. Paragraph 123 above sets out risk associate with funding reform and it is clear that if changes to the distribution of funding is based on deprivation the council is likely to see reduced funding from government. This could result in either reductions or cessation of services or increases in local taxation, or both, to manage the council on a financial sustainable basis moving forwards. It will be critical for the council to respond to consultations as fair funding proposals are progressed by government.

### **Legal Implications**

142. None have been identified as arising directly from this report.

### **Workforce Implications**

143. If the Council fails to take actions to address in-year forecast shortfalls, overspends or increases in its costs it may need to implement further spend controls, or if the position is deemed critical unplanned service rationalisation may be required. This could impact on the workforce and may include changes to roles or redundancies. Ongoing budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken.

### **Options Considered**

144. Budget monitoring forms part of the financial control environment and it is important to provide reporting on all aspects of financial management and performance to Cabinet and the public, including delivery to plans, variances and risks and impacts.

## **Conclusions**

145. The report supports effective decision making, ensures a sound financial control environment and ensures members are updated on the latest position for the budget for 2024/25.

### **Lizzie Watkin - Director, Finance & Procurement Director (S.151 Officer)**

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Report Authors:

Lizzie Watkin, Director, Finance & Procurement Director (S.151 Officer)

Leanne Kendrick, Head of Finance, Growth, Investment & Place

Marie Taylor, Head of Finance, Children & Education

Sarah Rose, Head of Finance, Adults

## **Appendices**

Appendix A: Savings Delivery Targets by Service

Appendix B: Savings Delivery Targets 2024/25 with Significant Risk

## **Background Papers**

The following documents have been relied on in the preparation of this report:

Budget 2024/25 and Medium-Term Financial Strategy 2024/25 to 2026/27

[\(Public Pack\)Agenda Document for Council, 20/02/2024 10:30 \(wiltshire.gov.uk\)](#)



## Appendix A – Savings Delivery Targets 2024/25 by Service

Directorate	Service	2023/24 Budgeted Savings Target £'m	Blue £m <i>Fully Achieved</i>	Green £m <i>On Track</i>	Amber £m <i>Some issues</i>	Red £m <i>Significant issues</i>
<b>Corporate Director People</b>	Adult Services	9.721	4.313	3.083	0.091	2.235
	Public Health	0.000	0.000	0.000	0.000	0.000
	Education & Skills	0.688	0.213	0.151	0.201	0.123
	Families & Children Services	1.264	0.658	0.156	0.050	0.400
	Commissioning	0.060	0.060	0.000	0.000	0.000
<b>Corporate Director People TOTAL</b>		<b>11.733</b>	<b>5.244</b>	<b>3.390</b>	<b>0.342</b>	<b>2.758</b>
<b>Corporate Director Resources</b>	Finance	0.049	0.000	0.049	0.000	0.000
	Assets	0.457	0.045	0.366	0.000	0.046
	HR&OD	0.167	0.000	0.167	0.000	0.000
	Transformation	1.040	1.040	0.000	0.000	0.000
	Information Services	0.495	0.000	0.495	0.000	0.000
<b>Corporate Director Resources TOTAL</b>		<b>2.208</b>	<b>1.085</b>	<b>1.077</b>	<b>0.000</b>	<b>0.046</b>
<b>Corporate Director Place</b>	Highways & Transport	0.238	-0.030	0.268	0.000	0.000
	Economy & Regeneration	0.209	0.150	0.000	0.059	0.000
	Planning	1.347	0.126	0.045	1.176	0.000
	Environment	1.125	0.000	0.602	0.523	0.000
	Leisure Culture & Communities	0.793	0.148	0.595	0.050	0.000
<b>Corporate Director Place TOTAL</b>		<b>3.712</b>	<b>0.394</b>	<b>1.510</b>	<b>1.808</b>	<b>0.000</b>
<b>Chief Executive Directorates</b>	Legal & Governance	0.592	0.306	0.219	0.000	0.067
<b>Chief Executive Directorates TOTAL</b>		<b>0.592</b>	<b>0.306</b>	<b>0.219</b>	<b>0.000</b>	<b>0.067</b>
<b>Corporate</b>	Corporate Costs	1.428	1.428	0.000	0.000	0.000
<b>Corporate TOTAL</b>		<b>1.428</b>	<b>1.428</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Grand Total</b>		<b>19.673</b>	<b>8.457</b>	<b>6.196</b>	<b>2.150</b>	<b>2.871</b>
<b>% of total Budget</b>			<b>42.99%</b>	<b>31.49%</b>	<b>10.93%</b>	<b>14.59%</b>

## Appendix B – Savings Delivery Targets 2024/25 with Significant Risk

Directorate	Service	Head of Service	Saving	2024/25 Budget £m	Significant issues £m
People	Adult Services	Living & Ageing Well	Reduction in 12 hour block domiciliary care	0.380	0.380
People	Adult Services	Living & Ageing Well	Market Intervention into Home Care	0.500	0.500
People	Adult Services	Living & Ageing Well	TEC Transformation	0.075	0.075
People	Adult Services	Living & Ageing Well	Increase OTA activity to support adaptations and subsequent POC reductions	0.040	0.030
People	Adult Services	Living & Ageing Well	Transformation of Community Support	0.400	0.400
People	Adult Services	Living & Ageing Well	Help to Live at Home (homecare) Alliance	0.150	0.150
People	Adult Services	Whole Life Pathway	Increased use of Enablement service	0.150	0.150
People	Adult Services	Whole Life Pathway	Tec Enabled Care	0.050	0.050
People	Adult Services	Whole Life Pathway	Transitions service	0.500	0.500
People	Education & Skills	School Effectiveness	Review of School Effectiveness Service	0.123	0.123
People	Families & Children Services	Children in Care & Young People	Residential Step Forward Project	0.100	0.100
People	Families & Children Services	Children in Care & Young People	Childrens home Block Contract	0.150	0.150
People	Families & Children Services	Children in Care & Young People	Fostering Excellence	0.150	0.150
Resources	Assets	Strategic Asset & Facilities Management	Steamroom and sauna closures - multiple leisure sites	0.070	0.025
Resources	Assets	Estates & Development	SAM&FM County Hall Income Opportunities	0.050	0.021
Chief Executive	Legal & Governance	Executive Office	Staff Savings to cover 2023/24 pay award cumulative impact	0.092	0.052
Chief Executive	Legal & Governance	Registration & Coroner	Staff Savings	0.060	0.015
				<b>People TOTAL</b>	<b>2.758</b>
				<b>Resources TOTAL</b>	<b>0.046</b>
				<b>Place TOTAL</b>	<b>-</b>
				<b>Chief Executive TOTAL</b>	<b>0.067</b>
				<b>Corporate TOTAL</b>	<b>-</b>
				<b>TOTAL SIGNIFICANT ISSUES</b>	<b>2.871</b>