

Wiltshire Council

Cabinet

14 November 2023

Subject: Financial Year 2023/24 - Quarter Two Revenue Budget Monitoring

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

Key Decision: Non-Key

Executive Summary

This report informs members of the second quarterly revenue budget monitoring forecast for the financial year 2023/24 based on the position at the end of September 2023. It also provides an update on the Medium-Term Financial Strategy (MTFS) and budget gap for the financial year 2024/25 and beyond.

Quarter Two Revenue Budget Monitoring

Quarter Two budget monitoring forecasts are based on information known as at 30 September 2023. These are forecasts and are 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 2023/24 was £465.874m, and recommendations approved by Full Council at their meeting on 17 October 2023, included as part of the quarter one report increased this to £469.029m. This reflects the increased grant and funding from the additional Market Sustainability Improvement Fund grant of £2.773m and the £0.382m additional share of retained Business Rates for Council assets. The 2023/24 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 over £26m of savings that need to be delivered in 2023/24.

The quarter two position forecasts a net underspend for the year of £0.402m. As the forecast variance is small and still exposed to change it is proposed at this stage that the variance is managed within the financial year and no proposal is made to transfer funds to reserves.

This position will need to continue to be carefully monitored as there are a number of risks that the council are exposed to, including sustained higher inflation than budgeted, the 2023/24 pay award, increased demand and higher package costs in People Services, SEND (Special Educational Needs and Disabilities) transport and underachievement of income across Place services.

For quarter two it is forecast that these pressures in services can be mainly offset by activity in corporate services through finance and investment income and levies and the overachievement of income in Leisure Services due to the earlier than forecast delivery of the saving from VAT changes confirmed by HMRC. In addition, Highways and Transport has increased income from Street Works and Permits and Public

Transport is maximising the use of Government grant, Bus Service Improvements Plan plus to manage the increasing pressures on Public Transport.

Proposals

Cabinet is asked to approve:

- a) the transfer of Education and Skills reserves totalling £0.160m to reflect the estimated usage in year, these relate to grant funded schemes which straddle more than one financial year.
- b) the transfer of Families and Childrens programmes of pastoral support reserve of £0.524m to fund scheduled activity this financial year.
- c) The transfer of the anticipated deficit on the DSG reserve of £18.583m reflecting the planned use of this reserve for this financial year.
- d) The transfer of £1.661m from the Transformation Reserve to reflect the planned usage in year.

Cabinet is asked to note:

- a) the current revenue budget is forecast to underspend by £0.402m by the end of the financial year;
- b) the current forecast savings delivery performance for the year

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 2023/24 as at quarter two (30 September 2023), including delivery of approved savings for the year.

Terence Herbert
Chief Executive

Andy Brown
Deputy Chief Executive and Corporate Director of Resources

Wiltshire Council

Cabinet

14 November 2023

Subject: Financial Year 2023/24 - Quarter Two Revenue Budget Monitoring

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

Key Decision: Non-Key

Purpose of Report

1. To advise Members of the Revenue Budget Monitoring forecast position 2023/24 quarter two (30 September 2023) for the financial year 2023/24 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.

Background

Revenue Budget Monitoring 2023/24 – Quarter Two

3. The Council approved a net budget for 2023/24 of £465.874m at its meeting on 21 February 2023. Recommendations included within the quarter one budget monitoring report were approved by Full Council at their meeting on 17 October 2023 that increased the net budget to £469.029m. This reflects the increased grant and funding from the additional Market Sustainability Improvement Fund grant of £2.773m and the £0.382m additional share of retained Business Rates for Council assets.
4. This is the second report for the financial year and includes a summary of the movements to the original budget since it was set by Full Council in February 2023. This summary can be seen in Appendix A.
5. The following paragraphs focus on forecast full year variances against the approved budget based on information as at 30 September 2023. They also set out the underlying pressures currently estimated within the service areas.
6. The forecasts at this stage of the year are subject to movement as the year progresses, 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. The current economic position and volatility exposes the council to continued risk that forecasts move during the year due to continued high inflation rates.

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 2023/24

	<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>
	A	B	C	D (C-B)		
	£m	£m	£m	£m	£m	£m
Corporate Director People						
Adult Services	178.684	180.514	183.722	3.208	2.189	1.019
Public Health	0.862	-	-	-	-	-
Education & Skills	29.269	29.278	30.432	1.154	1.549	(0.395)
Family & Children Services	62.723	64.247	65.622	1.375	(0.400)	1.775
TOTAL PEOPLE	271.538	274.039	279.776	5.737	3.338	2.399
Corporate Director Resources						
Finance	6.367	6.467	6.611	0.144	-	0.144
Pensions	-	-	-	-	-	-
Assets	16.799	17.707	17.184	(0.523)	0.382	(0.905)
HR&OD	3.573	4.123	3.874	(0.249)	(0.200)	(0.049)
Transformation & Business Change	0.533	0.560	0.575	0.015	-	0.015
Information Services	11.808	11.900	11.465	(0.435)	(0.291)	(0.144)
Commissioning	3.405	2.800	3.762	0.962	1.014	(0.052)
TOTAL RESOURCES	42.485	43.557	43.471	(0.086)	0.905	(0.991)
Corporate Director Place						
Highways & Transport	40.634	40.148	40.041	(0.107)	-	(0.107)
Economy & Regeneration	2.520	2.520	2.520	-	-	-
Planning	3.396	3.396	3.451	0.055	(0.350)	0.405
Environment	48.283	48.485	48.411	(0.074)	0.290	(0.364)
Leisure Culture & Communities	6.880	6.581	5.081	(1.500)	(1.070)	(0.430)
TOTAL PLACE	101.713	101.130	99.504	(1.626)	(1.130)	(0.496)
Chief Executive Directorates						
Legal & Governance	9.964	10.168	10.414	0.246	0.108	0.138
Corporate Directors & Members	3.147	3.147	3.282	0.135	0.060	0.075
TOTAL CEX DIRECTORATES	13.111	13.315	13.696	0.381	0.168	0.213
Corporate						
Movement on Reserves	2.457	2.457	2.457	-	-	-
Finance & Investment Income & Expense	25.043	25.004	20.795	(4.209)	(2.446)	(1.763)
Corporate Costs	4.034	5.434	4.934	(0.500)	-	(0.500)
Corporate Levies	5.493	4.093	3.994	(0.099)	(0.142)	0.043
Covid	-	-	-	-	-	-
TOTAL CORPORATE	37.027	36.988	32.180	(4.808)	(2.588)	(2.220)
TOTAL GENERAL FUND	465.874	469.029	468.627	(0.402)	0.693	(1.095)
Funding						
General Government Grants	(77.393)	(80.166)	(80.166)	-	-	-
Council Tax	(332.187)	(332.187)	(332.187)	-	-	-
Collection Fund Surplus	(6.850)	(6.850)	(6.850)	-	-	-
Business Rates Retention Scheme	(49.444)	(49.826)	(49.826)	-	(0.382)	0.382
TOTAL FUNDING	(465.874)	(469.029)	(469.029)	-	(0.382)	0.382
TOTAL VARIANCE	(0.000)	0.000	(0.402)	(0.402)	0.311	(0.713)

Overview of Quarter Two Monitoring

8. Overall, the quarter two report forecasts a net underspend of £0.402m, and details of the significant variances within service areas are included below.
9. As reported as part of setting the budget in February 2023 the Pay Award for 2023/24 was budgeted for at 4.5%. The pay award has now been agreed and is higher than this, and an average increase across all council staff of around 5.8% for 2023/24, which is an additional pressure of £2m.
10. For quarter two the pay award pressure has been included within service forecasts alongside saving proposals to mitigate the pay award pressure on the base budget. These proposals will deliver a permanent solution for the 2023/24 pay award pressure in 2024/25.
11. As part of the outturn report for 2022/23 an earmarked reserve was prudently set aside for £2m to mitigate the pressure for 2023/24, however the quarter two forecast does not include a draw from this reserve at this stage.
12. Inflation is currently running around 2% higher than the average CPI increase estimated and included in the 2023/24 budget. Services are managing these pressures through contract negotiations or where the pressure is not able to be managed, have reported the pressure in the service forecast for 2023/24 and the MTFS update.
13. In addition, the Council is seeing 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 and Car Parking. For quarter two it is forecast that these pressures in services can be offset by savings in Corporate services on Financing and Investment Income and Levies and the overachievement of income in Leisure Services due to the earlier than forecast delivery of the saving from VAT changes confirmed by HMRC, Street Works and Permits from price increases implemented and by the use of Government grant, significantly the Bus Service Improvements Plan Plus to manage the increasing pressures on Public Transport.

Corporate Director – People

Table 2 – Forecast as at Quarter Two 2023/24 Corporate Director People Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		A	B	C	D (C-B)
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Corporate Director People					
Adult Services	Gross Income	259.282 (80.598)	266.475 (85.961)	271.380 (87.658)	4.905 (1.697)
	Net Exp	178.684	180.514	183.722	3.208
Public Health	Gross Income	21.516 (20.654)	21.334 (21.334)	21.334 (21.334)	- -
	Net Exp	0.862	-	-	-
Education & Skills	Gross Income	142.634 (113.365)	149.088 (119.810)	150.147 (119.715)	1.059 0.095
	Net Exp	29.269	29.278	30.432	1.154
Families & Children Services	Gross Income	68.239 (5.516)	70.318 (6.071)	71.693 (6.071)	1.375 -
	Net Exp	62.723	64.247	65.622	1.375
TOTAL PEOPLE	Gross Income	491.671 (220.133)	507.215 (233.176)	514.554 (234.778)	7.339 (1.602)
	Net Exp	271.538	274.039	279.776	5.737

Adult Services: Budget £180.514m, £3.208m overspend

14. The Adult Services forecast overspend of £3.208m includes £0.500m of unachievable savings. These savings, £0.300m Wiltshire Care Home Efficiency and £0.200m Day Services Utility, have faced delays in contract negotiations. The savings will be made in full over the 2 years, but the timing is likely to all be in 2024/25. Commissioners continue to look at options for mitigating this saving in 2023/24.
15. The overspend totalling £3.666m is due to the increased costs of packages of care above that budgeted as a result of increased provider staffing costs and the areas of the care market that are less sustainable. This is also the in the main the reason for the £1.019m adverse movement from quarter 1.
16. In Whole Life Pathway it has been necessary to increase the price of packages of care to keep the market sustainable. As previously reported, there are a number of extremely high-cost packages coming through for existing and new service users. The customers that are being referred to the service are increasing in complexity with a notable increase in the people who have autism and mental health needs. Supporting the market by paying increased prices has been possible due to the receipt of the additional Market Sustainability funding.
17. The Reablement Service is forecasting a £0.082m underspend due to staff vacancies. The service continues to have recruitment difficulties and has had to use locums to cover long standing vacancies to maintain safe levels of staff. However, recruitment is more recently proving successful, and it is hoped it will continue to improve. The remaining underspends totalling £0.346m in Housing & Migration and

Safeguarding and Prevention are also as a result of underspends on staffing budgets.

18. Transforming Adult Social Care (TASC) has recently been relaunched following the appointment of the new Head of TASC and Quality. The relaunch has revisited the vision for TASC and identified priorities for the programme. 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 being developed to ensure that 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.

Public Health: Budget £0.000m, nil variance

19. In 2023/24 the Public Health Grant is £18.602m. This is 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 £1.698m 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. Public Health have achieved the £0.616m of savings in the budget for 2023/24

Education & Skills (School Effectiveness, SEND & Inclusion): Budget £29.278m, £1.154m overspend

20. The services in this area fulfil numerous statutory duties with a mixture of local authority and Dedicated Schools Grant (DSG) funding. The majority 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. The forecast expenditure for school transport for learners with an EHCP is £1.479m overspent representing 8.7% of the SEND transport budget which is a slight improvement on the Q1 forecast. The travel savings of £0.500m have been achieved to date following route planning and re-contracting. The budgeted numbers of pupils are not significantly different from forecast however the average unit cost has increased from a budgeted £8,743 to a forecast £10,719 per pupil. This forecast includes estimates of cost for the new operating arrangements with leased vehicles and council drivers to support Silverwood school campuses which have had a positive impact on both sufficiency of transport provision and pricing in the wider marketplace.
22. Premature retirement costs for schools are forecast to overspend by £0.179m where restructure costs are funded for schools in deficit.
23. Recruitment difficulties that services have faced this year have resulted in projected underspends for both Targeted and SEND and Inclusion service areas (£0.700m underspend). Recruitment is ongoing.

24. MTFs savings in this service total £1.141m. The majority of these are fully achieved, on track or have alternative funding arrangements in place for 2023/24.
25. Cabinet is requested to approve the draw from reserves to fund the following estimates of activity:
- a. The DfE LAMB grant which straddles more than one financial year £0.100m
 - b. The DfE Virtual School Extended Duties Grant £0.60m

Families & Children Services: Budget £64.247m, £1.375m overspend.

26. 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 and a demand driven service area.
27. The budgeted number of children in care for 2023/24 financial year is 464. The actual number of children in care is 458 (Sept 2023) which is within the service set target range of 407-469. The proportion of children and young people in external residential placements is 10% (equivalent 44 young people) all placement types remain consistent.
28. 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. This issue is being addressed within the government's reforms and strategy Stable Homes, Built on Love, but this is yet to see impact. The main strategy to reduce residential placement costs is the new contract that will deliver residential placements in Wiltshire, as previously approved by Cabinet. This provider was originally expected to commence delivery in October 2023 however, delays including Ofsted registration mean this is now expected from early next year and this has subsequently had a negative impact on forecast expenditure in external residential placements in quarter two. Expansion of this contract is being explored to ensure additional capacity in Wiltshire.
29. There are a number of over 18 young people who are supported as care leavers (and included in the table below) 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.
30. 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) (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 £1.201m, there is a net forecast underspend across all teams of £0.616m. 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.

Table 3 - Comparison of planned and Quarter Two Childrens Placements

	Budgeted Number of Children & Young People	Current Number of children 2023/24 as at Q2
Mainstream In House Foster Carer Payment	277	250
Independent Fostering Agency (includes some over 18s)	101	75
External Residential Placements (includes some over 18s)	44	43
16 - 25 Support & Accommodation/ Leaving Care (majority over 18s)	43	42
Staying Put (All over 18s)	40	28
CiC Placements & Fostering	504	438
Special Guardianship	358	318
Residence Orders	4	4
Adoption Allowances	22	22
Total Permanence non CiC	384	344
0-17 years SEND Residential	146	127

31. 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 £2.863m for social care placements largely for external residential placements and also, support and accommodation costs of 16- to 25-year-old young people. These base budget pressures are partially offset by a forecast underspend of £0.825m for foster care placements. 59% of our children are placed with in house foster carers, the target being 65%. 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. We have recently been informed that the South West has successfully passed stage 2 of the Department for Education Fostering Recruitment and Retention programme application which is being led by Wiltshire and Cornwall. This should support the increase of in house foster carers, reducing the budget pressures and need to use residential placements.

Table 4 - Comparison of planned and Quarter Two Childrens Placements Average Weekly Prices

	2023/24 Budgeted Weekly Price £	2023/24 Average Forecast Weekly Price £	Forecast Price Variance £
Mainstream In House Foster Carer Payment	459	466	7
Independent Fostering Agency (includes some over 18s)	896	998	102
External Residential Placements (includes some over 18s)	3,800	4,800	1,000
16 - 25 Support & Accommodation/ Leaving Care (majority over 18s)	613	1,097	484
Staying Put (All over 18s)	184	186	2
CiC Placements & Fostering			
Special Guardianship	159	156	(3)
Residence Orders	184	179	(4)
Adoption Allowances	221	209	(12)
Total Permanence non CiC			
0-17 years SEND Residential	630	628	(2)

32. Assumptions made around increases in special guardianship and adoption orders have not come to fruition presenting a forecast underspend of £0.313m in these areas. It is possible these areas could still increase as per budget planning assumptions the impact of which would be the forecast underspend reduces whilst there is a positive counter effect on the placements budget.

33. 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 £0.165m in addition to the support and placement cost pressure of £1.492m. 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. Market expansion and sufficiency in this area is being explored including more preparation for independent living placements within Wiltshire.

Table 5 - Budgeted and Current Spend forecasts of Children & Young People in Care

	2023/24 Budget £'m	2023/24 Forecast Spend as at Q2 £'m	Forecast Variance £'m
Mainstream In House Foster Carer Payment	6.614	5.758	(0.857)
Independent Fostering Agency (includes some over 18s)	4.711	4.743	0.031
External Residential Placements (includes some over 18s)	8.660	10.950	2.290
16 - 25 Support & Accommodation/ Leaving Care (majority over 18s)	1.355	2.847	1.492
Staying Put (All over 18s)	0.379	0.286	(0.094)
CiC Placements & Fostering	21.720	24.582	2.863
Special Guardianship	2.969	2.663	(0.306)
Residence Orders	0.038	0.038	0.000
Adoption Allowances	0.253	0.245	(0.007)
Total Permanence non CiC	3.259	2.946	(0.313)
0-17 years SEND Residential	4.798	4.467	(0.332)

34. The council provides placements for unaccompanied asylum-seeking children (UASC) and current numbers of these young people under 18 years of age are 48. In addition to this we have 77 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 58, 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. 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.

35. New Home Office guidance for unaccompanied minors travelling from Ukraine, means that they will be eligible for a private fostering service up until they are 18 (the mainstream service is up to 16). We have 15 children subject to private fostering arrangements currently and 4 of these are from the Ukraine. Home Office funding has been provided to contribute to the staff cost of supporting these children.

36. Total savings approved for 2023/24 are £1.110m for this service, and due to factors described above, delivery of these is challenging. Robust delivery plans are in place and two staff savings, within the families and children's service, risk rated as red have mitigations proposed for 2023/24 until these savings are achieved in full in 2024/25.

37. Cabinet is requested to approve a draw down from the children's programmes of pastoral support reserve of £0.524m to fund scheduled activity this financial year.

38. A number of small other variances comprise the balance of the forecast overspend.

Corporate Director - Resources

Table 6 - Forecast as at Quarter Two 2023/24 Corporate Director Resources 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	D (C-B) £m
Corporate Director Resources					
Finance	Gross	80.550	80.732	83.472	2.740
	Income	(74.183)	(74.265)	(76.861)	(2.596)
	Net Exp	6.367	6.467	6.611	0.144
Pensions	Gross	1.733	2.533	2.461	(0.072)
	Income	(1.733)	(2.533)	(2.461)	0.072
	Net Exp	-	-	-	-
Assets	Gross	23.185	24.060	23.775	(0.285)
	Income	(6.386)	(6.353)	(6.591)	(0.238)
	Net Exp	16.799	17.707	17.184	(0.523)
HR&OD	Gross	5.706	6.433	6.109	(0.324)
	Income	(2.133)	(2.310)	(2.235)	0.075
	Net Exp	3.573	4.123	3.874	(0.249)
Information Services	Gross	12.229	14.748	14.402	(0.346)
	Income	(0.421)	(2.848)	(2.937)	(0.089)
	Net Exp	11.808	11.900	11.465	(0.435)
Commissioning	Gross	5.217	3.465	4.040	0.575
	Income	(1.812)	(0.665)	(0.278)	0.387
	Net Exp	3.405	2.800	3.762	0.962
Transformation & Business Change	Gross	0.539	0.566	0.581	0.015
	Income	(0.006)	(0.006)	(0.006)	-
	Net Exp	0.533	0.560	0.575	0.015
TOTAL RESOURCES	Gross	129.159	132.537	134.840	2.303
	Income	(86.674)	(88.980)	(91.369)	(2.389)
	Net Exp	42.485	43.557	43.471	(0.086)

Total Resources: Budget £43.557m, underspend £0.086m

Finance: Budget £6.467m, £0.144m overspend

39. Accountancy has additional resources in place to support the ongoing work on managing the backlog of work associated with the Statement of Accounts and Audit and in addition the quarter two forecast also includes the revised pay award pressure. This pressure is largely offset by vacancies in other teams across Finance however a pressure of £0.146m remains.

40. Revenues and Benefits Subsidy is forecasting an increased net pressure of £0.262m, above the pressure built into the budget for 2023/24 for supported living accommodation costs with non-registered providers. The Council is only able to claim the rent element from Government and must cover the cost of support direct. Supported Living is used to support vulnerable people, including those with Drug and Alcohol addictions and help them transition back into the community.
41. The council received £2.524m grant for the Energy Bill Support Scheme (EBSS) in 2022/23 which it continues to administer on behalf of government and pass on. This scheme provides a one off £400 non repayable support payment for eligible households that were facing increased energy costs but had not received any other support payment to help with their bills between 1st October 2022 and 1st March 2023. Government extended the deadline on the scheme, and this is now expected to close in September 2023. New Burdens grant of £0.105m is due to be received in 2023/24 to cover the administration costs of the scheme .and is helping to offset the above pressures.
42. Pressures have been further mitigated by forecast savings from additional income and reductions on spend on various expenditure budgets including cash collection and court fees.

Assets: Budget £17.707m, £0.523m underspend

43. The forecast at quarter two shows an improvement of £0.902m to an overall £0.523m underspend, largely due to the change in forecast for utilities and the approved move of increased retained share of Business Rates.
44. As approved by Full Council in quarter one, the 2023/24 saving for increased retained share of funding from Business Rates for Council Assets of £0.382m has been moved to the funding section removing the variance reported against Assets and increasing the overall Net Budget of the council, this is fully funded by the additional income from Business Rates.
45. Utility costs are forecast to underspend by £0.757m at quarter two. Energy consumption during the year has been lower than expected and energy improvement projects being delivered through the carbon reduction programme have exceeded their forecast performance this year resulting in lower consumption. A relatively cool spring and summer has also contributed to lower consumption.
46. Due to increased inflation and demand, the maintenance budget is already under pressure and the forecast for quarter two is that the budget will overspend by £0.460m. There are multiple variables that impact the maintenance spend aside from inflation, including the availability of materials, contractor capacity, weather and condition of the buildings that have both favourable and adverse financial impacts.
47. As part of 2023/24 budget, a saving proposal in relation to income generation from letting space at County Hall was approved for £0.313m. To date there has been little demand for this and opportunities continue to be progressed but there is a risk this will not deliver as originally planned. In addition, the NHS has recently withdrawn from the ICB lease agreement which will also impact on income for 2023/24. This is offset by various unbudgeted income windfalls from sources such as Network Rail,

NHS, Rural Lettings, various Council contractors paying for space and an increase in rent from commercial asset rent reviews resulting in an overall underspend of £0.042m.

48. The Business Rates revaluation for the Council's estate have been consistently lower than forecast last year so the service is forecasting an underspend against the cost of Business Rates of £0.343m, which is being partially offset by overspends on various expenditure lines totalling £0.159m including systems development and information services licences.

Human Resources & Organisational Development: Budget £4.123m, £0.249m underspend

49. An underspend of £0.249m has been forecast, largely due the redeployment of staff to support key capital and transformational programmes such as Evolve and Adult Social Care.
50. In addition, the pilot of a new training provision has reduced costly demand resulting in a current underspend. With the introduction of the new Oracle system and improved talent management it is anticipated demand will increase for future years.

Information Services: Budget £11.900m, £0.435m underspend

51. The service continues to carry several vacancies, particularly in the Applications Team and has forecast increased staff savings from vacancies of £0.296m for quarter two.
52. The service has undertaken work to ensure that the Council is benefiting from the most competitive phone tariffs that are available. At quarter two it is estimated that this will lead to an underspend against budget of approximately £0.163m, this assumes that usage remains at current levels and does not increase.
53. The service is currently working through a number of contract renegotiations for network maintenance contracts, applications and Microsoft Support, which the service is projecting will result in an underspend of £0.456m in 2023/24.
54. The delay with the implementation of Oracle will require Oracle and SAP systems to be dual run for 2023/24. The net cost at quarter two is estimated to be £0.480m, this is being offset by the above savings.

Commissioning Budget £2.800m, £0.962m overspend

55. In light of the 2022/23 outturn overspend position a base budget review has been undertaken. The outcome has identified pressure across the service in terms of staffing establishment not fully funded and identified income budgets that will not be achieved.
56. A priority is to maintain capacity to deliver a functional commissioning service to support People services. Income sources are mainly derived from Government grants e.g., Improved Better Care Fund, and whilst these have not been allocated,

funds will be reviewed with a potential for in year allocations to be made to bridge the forecast gap.

Housing Revenue Account: £0.597m adverse variance

57. The Housing Revenue Account is a ringfenced account, and for 2023/24 the budget was set to transfer a surplus of £2.113m to the housing revenue account reserve. Due to the pressures and mitigation set out below the quarter two forecast is showing a transfer to reserves of £1.516m, which is £0.597m less than budget.

58. Rents are forecast to be lower than budget in 2023/24 due to higher numbers of void dwellings. The service has been using external contractors as part of efforts to help clear the voids backlog, however this has driven up costs on HRA operations maintenance spend. These pressures are offset in part by vacancy savings across the service and an underspend against repairs contracts as the current contracts are winding down and new contracts are not due to mobilise until October 2023. This will not impact the planned maintenance works for tenants. Progress is being closely monitored by officers.

59. A review of depreciation methodology is being undertaken to ensure assets are being depreciated in line with the assets' life. The outcome of the review may result in a different depreciation charge for 2023/24, and an update will be provided once the review has completed which is expected in quarter three.

Corporate Director – Place

Table 7 - Forecast as at Quarter Two 2023/24 Corporate Director Place Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		A	B	C	D (C-B)
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Corporate Director Place					
Highways & Transport	Gross	55.537	55.051	57.954	2.903
	Income	(14.903)	(14.903)	(17.913)	(3.010)
	Net Exp	40.634	40.148	40.041	(0.107)
Economy & Regeneration	Gross	3.749	3.749	3.749	-
	Income	(1.229)	(1.229)	(1.229)	-
	Net Exp	2.520	2.520	2.520	-
Planning	Gross	10.083	10.083	9.591	(0.492)
	Income	(6.687)	(6.687)	(6.140)	0.547
	Net Exp	3.396	3.396	3.451	0.055
Environment	Gross	59.562	59.804	59.155	(0.649)
	Income	(11.279)	(11.319)	(10.744)	0.575
	Net Exp	48.283	48.485	48.411	(0.074)
Leisure Culture & Communities	Gross	20.885	21.785	22.273	0.488
	Income	(14.005)	(15.204)	(17.192)	(1.988)
	Net Exp	6.880	6.581	5.081	(1.500)
TOTAL PLACE	Gross	149.816	150.472	152.722	2.250
	Income	(48.103)	(49.342)	(53.218)	(3.876)
	Net Exp	101.713	101.130	99.504	(1.626)

Total Place: Budget £101.130m, underspend £1.626m

60. As shown above the £49.342m of Place & Environment 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	Forecast Income Quarter 2 £'m	Variance £m
Highways & Transport	Highways	4.932	0.016	4.948	6.203	1.255
	Car Parking	8.379	-	8.379	8.260	(0.119)
	Passenger Transport	0.452	1.124	1.576	3.450	1.874
		13.763	1.140	14.903	17.913	3.010
Economy & Regeneration	Enterprise Network	1.229	-	1.229	1.229	-
	Major Projects	-	-	-	-	-
	Economic Regeneration	0.000	0.000	0.000	0.000	-
	1.229	0.000	1.229	1.229	-	
Planning	Building Control	1.156	-	1.156	1.056	(0.100)
	Development Management	4.597	-	4.597	4.208	(0.389)
	Local Land Charges	0.884	-	0.884	0.826	(0.058)
	Spatial Planning	-	0.050	0.050	0.050	-
	6.637	0.050	6.687	6.140	(0.547)	
Environment	Public Protection	0.828	0.018	0.846	0.872	0.026
	Natural & Historic Environment	0.055	0.017	0.072	0.487	0.415
	Climate Programme	-	-	-	0.071	0.071
	Waste	10.398	0.003	10.401	9.314	(1.087)
	11.281	0.038	11.319	10.744	(0.575)	
Leisure Culture & Communities	Leisure	13.130	1.491	14.621	16.553	1.932
	Libraries & Heritage	0.350	0.233	0.583	0.639	0.056
		13.480	1.724	15.204	17.192	1.988
TOTAL PLACE		46.390	2.952	49.342	53.218	3.876

61. 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 in year. For quarter two, forecasts for Street Works, Permits and Leisure Centre are all forecast to exceed budgets, including the stretch target and detailed explanations are provided below. These are offsetting other pressures across the directorate including pay award, various contract issues explained in the below paragraphs and the underachievement of income for Planning and Waste.

Highways & Transport: Budget £40.148m, £0.107m underspend

62. The Highways and Transport service is managing several emerging pressures to report a forecast net £0.107m underspend at quarter two. Due to the delay to the start of the street scene contract and the significant rainfall, additional grass cutting was undertaken to meet highways visibility standards. Alongside this the new maintenance contract has commenced and the first quarter is showing spend pressures, which are largely due to the type of works currently being undertaken. Overall the gross spend pressure on contract and expenditure budgets is £0.797m.

63. In finalising the Trowbridge Service Devolution & Asset Transfer Package, negotiations concluded with the Down cemetery transfer which is delayed to 2024/25. The £0.090m saving in relation to this element will therefore not be achieved in

2023/24. The saving proposal to advertise on bus shelters approved in 2022/23 for £0.100m will be delayed further, in line with the Public Transport review.

64. Stretch income targets for Car Parking are being closely monitored and at present income is below target and forecast to underachieve by £0.119m despite the increased use of the car parks.

65. The above pressures are being mitigated by a forecast increased income across the service of £0.911m, principally from Street works and Permits. In addition, the service has vacancy savings for the first half of the year from difficulties with recruiting and retaining staff forecast at £0.329m. The service is actively recruiting as this is key to delivering business priorities and capital improvement programmes.

66. The Council has been awarded a Bus Service Improvement Plan plus (BSIP plus) grant of £2.1m per year for 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.

67. A key condition of the grant is that the Council cannot reduce Public Transport budgets in this period, and delivery of the savings proposals for 2023/24 and 2024/25 will therefore be delayed until 2025/26. This will allow the Council to review its Public Transport policy and ensure a sustainable and financially viable network for 2025/26. The savings impacted for 2023/24 total £0.448m with a further £0.142m for 2024/25, relating to the review, repatterning and reduction of less well used bus services, out of area services and the removal of Saturdays from supported services timetable. The pressure from delaying the savings will be covered in 2023/24 and 2024/25 by the Extended Rights to Travel grant of £0.635m. These changes are also included with the MTFs update later in the report.

68. The Passenger Transport services continue to be under significant inflationary pressure when tendering contracts due to their early termination by contractors. This is affecting both school and public transport contracts and is forecast to be £1.453m pressure for 2023/24. For public transport contracts it is possible to use the BSIP PLUS grant to cover the cost of the increase and £0.760m grant has been included with the forecast. In addition, further income of £0.478m has been forecast, most significantly from increased income through concessionary fares where the Council has now taken back routes from providers.

Planning: Budget £3.396m, £0.055m overspend

69. Planning is reporting a net overspend position of £0.055m, which is a movement of £0.405m from quarter one and is in part due to the revised assumption on Government set planning application fee increases that has been revised from the summer of 2023 to April 2024 in line with latest Government announcements. The first half of the year is showing significant underachievement of income across Development Management, Building Control and Local Land Charges, and the forecast for the year is an underachievement of £0.547m. This follows from continuing pressure on the housing market as a national issue.

70. In addition, ongoing pressures exist on appeals and legal costs, including counsel advice budgets, which are forecast to overspend by £0.204m. This continues to be a risk area for the service and is being monitored closely.

71. These pressures are being offset by a forecast £0.700m underspend on staffing. A full-service restructure is being undertaken in 2023/24 following on the outcome of the Planning Peer Review earlier this year. The restructure will address structural and capacity issues across the service and will help to resolve recruitment and retention difficulties, reducing reliance on agency staff.

Environment: Budget £48.485m, £0.074m underspend

72. Environment services are forecasting a net underspend of £0.074m. There is significant pressure on Waste services income due to the national economic position and its impact on volumes and sales income from the sale of recyclable waste materials. As seen in previous financial years this income is extremely volatile and hard to predict. The forecast is based on the actuals received for April to September and an average for the remainder of the year and the income is forecast to underachieve by £0.987m.

73. Government have announced intended changes to legislation and guidance following a consultation on preventing councils from applying charges for the acceptance of DIY waste at household recycling centres (HRCs). Crucial detail is awaited to inform when and how charges might still be applied, but in the immediate term this impacts directly on the savings target that was agreed for 2022/23 for charging of £0.100m which was not delivered and delayed to 2023/24 and the 2024/25 savings proposals for phase two of charging for £0.600m. There may also be an indirect impact on the saving proposal in 2024/25 for the reduction to HRCs opening hours of £0.200m, as this was in part based on a reduction in demand at HRCs as a result of charging.

74. The above pressures are being mitigated by various underspends across the directorate totalling £0.113m. The most significant elements are a forecast £1.049m saving across the Waste management contracts due to tonnages being less than budgeted, a better rate than forecast for Landfill tax and a realignment on collection services contract from finalising financial models and indexation increases. Indexation pressure for 2023/24 is currently being mitigated by this reduced tonnage. The table below shows the forecast tonnages and rates for the significant Waste contracts against the budgeted position, which are the main cost drivers for the Waste service.

Table 9 – Waste contracts

Service:	2023-24 BUDGET						Budget Forecast
	Tonnes			£/Tonne *			
	Budget setting	Current Yr End F'cast	Var (T)	£/Tonne (Budget)	£/Tonne (Forecast)	Var (£)	
Provision and operation of Waste Transfer Stations (WTS), a Materials Recovery Facility (MRF) and two Household Recycling Centres (HRCs)	81,600	72,942	-8,658	£72.95	£80.20	£7.24	-0.103
Composting services (0-25,000 tonnes pa)	39,700	40,440	740	£44.34	£46.40	£2.06	0.073
Composting services (>25,000 tonnes pa)				£25.45	£29.27	£3.82	0.025
Residual waste - Non-haz waste to LF	14,500	13,345	-1,155	£23.67	£25.10	£1.43	-0.012
Residual waste - Haz waste - to LF	100	96	-4	£86.84	£95.54	£8.70	0.000
Residual waste - Street sweepings	3,900	0	-3,900	£90.20	£0.00	£-90.20	-0.350
Residual waste - POPs waste	1,800	1,756	-44	£250.00	£305.27	£55.27	0.017
Tax payable on all waste sent to landfill	34,300	30,951	-3,349	£104.34	£102.10	£-2.24	-0.396
Energy from waste landfill diversion contract.	50,000	50,000	-0	£143.42	£144.39	£0.96	-0.131
Mechanical biological treatment (MBT) Landfill diversion contract (exc LFT)	58,850	57,635	-1,215	£177.22	£185.98	£8.77	0.301

* £/T excludes income

Leisure Culture & Communities: Budget £6.581m, £1.500m underspend

75. The net underspend of £1.500m in Leisure Culture & Communities is largely due to a forecast overachievement of Leisure Centre operations income of £1.931m due to the change in VAT treatment. This forecast has continued to improve since quarter one and reflects good summer performance notably from swimming sessions in the poor weather. This brings forward the saving proposal from 2025/26 of £1.172m and is included in the MTFS update below. This is offsetting pressures across the directorate largely on staffing from pay award totalling £0.431m.

76. Included within the above directorate pressure is the overspend on the library service forecast at £0.184m, which is mainly on staffing due to difficulties meeting the corporate 6.5% vacancy factor and the use of relief staff to ensure Libraries open. The service has been through a peer challenge and is working towards a service review and restructure to address the recommendations.

Chief Executive Directorates

Table 10 - Forecast as at Quarter Two 2023/24 Chief Executive Directorates Position

		Original Budget	Revised Budget	Forecast	Variance	
		A	B	C	D (C-B)	
		£m	£m	£m	£m	
Chief Executive Directorates						
Legal & Governance	Gross	12.851	12.890	14.091	1.201	
	Income	(2.887)	(2.722)	(3.677)	(0.955)	
	Net Exp	9.964	10.168	10.414	0.246	
Corporate Directors & Members	Gross	3.161	3.161	3.296	0.135	
	Income	(0.014)	(0.014)	(0.014)	-	
	Net Exp	3.147	3.147	3.282	0.135	
TOTAL CEX DIRECTORATES		Gross	16.012	16.051	17.387	1.336
		Income	(2.901)	(2.736)	(3.691)	(0.955)
		Net Exp	13.111	13.315	13.696	0.381

Total Chief Executives: Budget £101.130m, underspend £1.626m

Legal & Governance: £10.168m, £0.246m overspend

77. Legal and Governance are projecting a £0.246m overspend. This is a result of the continued increased use of agency staff in legal services due to recruitment issues, and increased Coroners costs as a result of price increases. However, this is offset in part by income being higher than anticipated across the service and underspends in staffing budgets. This position is an adverse movement of £0.138m from Quarter one due to the inclusion of the impact of the pay award and other staffing pressures. There is a red saving of £0.050m for the restructure of the Communications team, which is being covered in year by staff vacancies and options are being looked at for a permanent replacement saving.

Corporate Directors and Members: Budget £3.147m, £0.135m overspend

78. The forecast overspend is largely due to £0.061m non-delivery of the vacancy factor and £0.046m for the pay award pressure.

79. Corporate Expenditure

Table 11 - Forecast as at Quarter Two 2023/24 Corporate Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		A £m	B £m	C	D (C-B) £m
Corporate					
Movement on Reserves	Gross Income	2.457	2.457	2.457	-
		-	-	-	-
	Net Exp	2.457	2.457	2.457	-
Finance & Investment Income & Expense	Gross Income	29.513	30.800	28.734	(2.066)
		(4.470)	(5.796)	(7.939)	(2.143)
	Net Exp	25.043	25.004	20.795	(4.209)
Corporate Costs	Gross Income	5.105	6.505	5.645	(0.860)
		(1.071)	(1.071)	(0.711)	0.360
	Net Exp	4.034	5.434	4.934	(0.500)
Corporate Levies	Gross Income	8.150	6.750	7.151	0.401
		(2.657)	(2.657)	(3.157)	(0.500)
	Net Exp	5.493	4.093	3.994	(0.099)
TOTAL CORPORATE	Gross Income	45.225	46.512	43.987	(2.525)
	Income	(8.198)	(9.524)	(11.807)	(2.283)
	Net Exp	37.027	36.988	32.180	(4.808)

Total Corporate: Budget £36.988m, underspend £4.808m

Finance & Investment, Income & Expenditure: Budget £25.004m, £4.209m underspend

80. The final value of capital spend funded by borrowing figure for 2022/23 sets the Minimum Revenue Provision (MRP) charge for year 2023/24. As a result of the

slippage in the 2022/23 capital programme there is a £2.549m MRP underspend in 2023/24.

81. A treasury management decision to borrow £80m was made in March 2022 and based on the current cashflow forecast the council will not need to borrow again in 2023/24. Interest payable and interest receivable budgets were realigned as part of 2023/24 budget however interest rates are currently higher than forecast, which is resulting in an overachievement on interest receivable income of being £2.143m variance. Loan interest from Stone Circle are included within the current forecast. Interest expense is higher than budget at £0.294m.
82. An overspend of £0.198m has been forecast for Monkton Park financing costs in line with 2022/23 final year end position due to higher-than-expected interest rates.

Corporate Costs: Budget £5.434m, £0.500m underspend

83. The forecast underspend of £0.500m is in relation to the redundancy budget. The forecast is dependent on the timing of restructures and any redundancy decisions and there is potential that this underspend will increase by year end as more certainty arises on the timing and scale of restructures being implemented.

Corporate Levies: Budget £4.093m, £0.099m underspend

84. An overachievement of £0.500m of income is forecast for the retained income from Renewable Energy Business rates, which is offsetting forecast pressures largely on Pension Deficit lump sum payment of £0.212m and the Care Leavers discretionary Council Tax support scheme of £0.194m.

Dedicated Schools Grant – Total Grant £452.308m, planned transfer from reserves plus forecast variance £18.619m

85. The overall in year forecast for dedicated schools grant (DSG) is an overspend of £18.619m which is an increase of £4.876m from the quarter one anticipated deficit position. The increase in expenditure is driven by increases in activity across high needs block budgets. Forecast expenditure against the high needs block is £93.8m compared with a funding allocation of £70.9m.

Table 12 – DSG Block Summary

	DSG Allocation from the DfE	Agreed transfers between DSG Blocks	Current Budget	Forecast Outturn	Forecast Outturn Variance	% Variance
	£m	£m	£m	£m	£m	
Early Years Block	32.563	0.180	32.743	30.336	(2.407)	-7.3%
Schools Block	346.293	(1.717)	344.577	344.487	(0.090)	0.0%
High Needs block	70.852	1.797	72.648	93.757	21.109	29.1%
Central Block	2.600	(0.260)	2.340	2.346	0.006	0.3%
Overall	452.308	0.000	452.308	470.926	18.619	4.1%

86. A The reason for the overall spend above grant continues to be driven by demand from parents and schools 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 2022/23 was 4,595; quarter two in 2023/24 is 5,314; an increase of 719 plans (15.6%). This includes a significant amount of post pandemic processing. Additionally, increased numbers of post 16 learners (1,205 / 22.7%) continue to put pressure on the budget as the impact of the 2014 Act when the local authority duty to provide support to learners up to the age of 25 years was introduced.

87. As shown in Table 13, the forecast total outturn will result in a forecast cumulative year end deficit of £53.832m, an increase of £18.583m from the start of the year.

Table 13 – Impact on the Dedicated schools Grant Deficit Reserve

	Total 23/24 FY £M
Balance brought forward from 2022/23	35.249
Early Years adjustment (prior year)	(0.035)
Q1 reported variance	13.743
Q2 increase in variance	4.876
Balance carried forward 2023/24	53.832

88. 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.

89. The Department for Education (DfE) currently has two programmes for supporting councils with DSG deficits. The Delivering Better Value in SEND (DBV) Programme is to support those councils with substantial deficits. Those authorities with more significant deficits, have been enrolled in the “Safety Valve” programme. From August 2023 Wiltshire Council has moved from the DBV programme to become part of the Safety Valve programme. Under Safety Valve the DfE will look to reach an agreement with the council through which the DfE will provide additional DSG to offset an element of the historic deficit if the council can develop a plan to bring the DSG into in-year financial balance.

90. The council has invested in the High Needs Sustainability Programme through its transformation reserve. Through this work, aligned with the requirements of the Safety Valve programme, the council is further developing its DSG Management Plan. The plan is being designed and implemented in partnership with stakeholders. Through the plan a range of activity is already taking place and further proposals are being developed in order to reach a sustainable position.

Savings Delivery 2023/24 as at Quarter Two

91. For 2023/24 a large amount of savings were required to deliver a balanced revenue budget totalling £26.099m (with £14.424m budgeted for 2024/25 and £10.697m budgeted for 2025/26). The 2023/24 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.
92. 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 two 2023/24 is shown in the tables below, and these assessments are included in the General Fund figures set out in this report.
93. For 2023/24 of the £26.099m savings targets £7.005m (26.84%) is assessed as having been fully delivered as at the end of September. £14.878m (57.01%) is forecast to be achieved by the end of the year. £1.794m (6.87%) is considered to have some deliverability risk, being that they may be achieved this year. This leaves £2.422m (9.28%) 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 B and a table providing further detail on the proposals categorised as significant risk is shown in Appendix C.
94. 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.
95. Based on the review of savings and to inform the MTFS, some savings are re-profiled and £0.900m have been removed to represent the pressure associated with forecast delivery assumptions. The details for this were included within the MTFS section of the update included in the quarter one budget monitoring report. There are no changes to savings included in the MTFS update within this report.

Table 14 - Savings delivery BRAG rating by year 2023/24-2025/26 as at Quarter Two

Directorate	2023/24 Budgeted Savings Target £'m	Blue £'m	Green £'m	Amber £'m	Red £'m	£'m
		Fully Achieved	On Track	Some issues	Significant issues	Not Risk Rated
Increment Freeze	0.454	0.454	0.000	0.000	0.000	0.000
Chief Executive	1.767	1.298	0.127	0.292	0.050	0.000
Corporate	5.011	0.019	4.992	0.000	0.000	0.000
People	8.706	1.103	6.125	0.525	0.953	0.000
Place	6.730	1.849	2.920	0.920	1.041	0.000
Resources	3.431	2.282	0.714	0.057	0.378	0.000
Total £'m	26.099	7.005	14.878	1.794	2.422	0.000
% of total Budget		26.84%	57.01%	6.87%	9.28%	0.00%

Directorate	2024/25 Budgeted Savings Target £'m	Blue £'m	Green £'m	Amber £'m	Red £'m	£'m
		Fully Achieved	On Track	Some issues	Significant issues	Not Risk Rated
Increment Freeze	0.000	0.000	0.000	0.000	0.000	0.000
Chief Executive	0.205	0.000	0.155	0.050	0.000	0.000
Corporate	1.428	0.000	1.428	0.000	0.000	0.000
People	8.493	0.248	8.073	0.049	0.123	0.000
Place	3.583	0.000	2.249	0.692	0.642	0.000
Resources	0.715	0.070	0.576	0.019	0.050	0.000
Total £'m	14.424	0.318	12.481	0.810	0.815	0.000
% of total Budget		2.20%	86.53%	5.62%	5.65%	0.00%

Directorate	2025/26 Budgeted Savings Target £'m	Blue £'m	Green £'m	Amber £'m	Red £'m	£'m
		Fully Achieved	On Track	Some issues	Significant issues	Not Risk Rated
Increment Freeze	0.000	0.000	0.000	0.000	0.000	0.000
Chief Executive	0.640	0.000	0.640	0.000	0.000	0.000
Corporate	-1.400	0.000	-1.400	0.000	0.000	0.000
People	7.338	0.000	7.338	0.000	0.000	0.000
Place	3.504	0.114	2.260	1.090	0.040	0.000
Resources	0.615	0.000	0.365	0.000	0.250	0.000
Total £'m	10.697	0.114	9.203	1.090	0.290	0.000
% of total Budget		1.07%	86.03%	10.19%	2.71%	0.00%

Capital Receipts Flexibilities 2023/24

96. 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.
97. At 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.

Reserves Position and Forecast

Table 15 - Reserves Summary

Reserve	Opening Balance 2023/24 £'m	Projected Closing Balance 2023/24 £'m	Projected Closing Balance 2024/25 £'m	Projected Closing Balance 2025/26 £'m
General Fund	28.056	28.056	28.056	28.056
Latent Demand	7.794	4.366	2.961	2.838
Collection Fund Volatility	9.470	14.792	15.147	14.572
Public Health	6.964	5.266	4.564	3.990
Homes for Ukraine	13.209	6.604	-	-
Transformation	10.962	8.462	6.462	5.762
Business Plan Priority	3.844	2.039	1.321	1.321
Pay Award	2.000	0.700	0.700	0.700
PFIs	5.198	5.048	4.898	4.898
Insurance	3.019	3.045	2.019	2.019
Accommodation Needs	10.000	8.000	6.000	4.000
Other Earmarked	21.795	14.997	12.625	12.563
Total Earmarked	94.254	73.318	56.695	52.662
Schools Balances	14.148	12.225	9.225	6.225
DSG	(35.249)	(53.832)	(66.390)	(79.998)
TOTAL	101.209	59.766	27.586	6.944

98. 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.
99. The level of general fund reserves and earmarked reserves (excluding DSG) held by the Council were increased as part of the final financial year end position for 2022/23. This brought the level of the reserves up to the value that was set out in risk assessed level of reserves required to support the council's budget for 2023/24 and included in the budget report in February 2023. This provides additional capacity and resilience to support the financial position in 2023/24, supports the financial risks within the budget and allows lead in time for transformation and to reshape services to deliver on-going financial resilience and sustainability.
100. 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.
101. The significant aspects of financial risk within the budget for 2023/24 are in part mitigated by earmarked reserves set aside for both Latent Demand and Pay Award. £2m was set aside in a specific pay award reserve to support the expected pressure

in these costs for 2023/24. The quarter two forecast is showing that at this stage a draw from this reserve will not be required as permanent staff saving proposals have been delivered for 2023/24 or are replaced by vacancies and will balance the base for 2024/25. As this reserve is not required for its original purpose some of the reserve is being redirected to support the acquisition of Calder House as approved as part of the quarter one budget monitoring reporting.

102. The Latent Demand reserve has been available for demand that presents over and above the metrics included in the budget. £3.217m is included within the 2023/24 budget funded by the reserve, £1.527m has been planned for future years leaving a balance of £2.838m which will continue to be available should any additional demand present either during the remainder of this year or next financial year.
103. 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, allocated funding and expected spend profile.

Business Plan Priority Reserve	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m
Opening Balance	2.080	3.844	2.039	2.080
Gully Emptying	(0.168)	(0.497)	(0.335)	(1.000)
Fly Tipping	(0.041)	(0.259)	(0.150)	(0.450)
Parish Stewards	(0.076)	(0.391)	(0.233)	(0.700)
Road Signage	-	(0.500)	-	(0.500)
Litter Enforcement	-	(0.105)	-	(0.105)
Fly Posting	-	(0.056)	-	(0.056)
Litter - Communications Plan	-	(0.270)	-	(0.270)
Litter - Cameras & Picking	-	(0.079)	-	(0.079)
Approved additional funding	2.049	0.352	-	2.401
Closing Balance	3.844	2.039	1.321	1.321

Medium Term Financial Strategy (MTFS) and Budget 2024/25 Update

104. An update to the MTFS and Budget 2024/25 was included in the quarter one budget monitoring report. The forecast at that stage was an overall budget gap for the next financial year (2024/25) of £5.541m rising to £7.344m in 2025/26. Work continues in assessing any impact of the continued higher inflation rates, to reflect any updated assumptions in demand forecasts for future years and management action in addressing these pressures.
105. An update to the funding due to the council from local taxation sources of Council Tax and Business Rates is also being undertaken as calculations such as the draft council taxbase is underway. At this stage updates are not available until the work is complete.
106. The Chancellor of the Exchequer will present the Autumn Budget Statement 2023 to Parliament on 22 November 2023, which is the start of the confirmation of government funding position for the 2024/25 financial year and is expected to give

an indication of any changes to the quantum of funding for Local Government. The Local Government Provisional Finance Settlement 2024/25 is anticipated to be announced before the Christmas parliament recess on 19 December, however there is risk that due to the lateness of the Autumn Budget Statement this might not be announced until early January. Changes to government funding are not expected due to the commitment given in the Final Local Government Finance Settlement 2023/24.

Overview and Scrutiny Engagement

107. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position. This report is being considered at the meeting of Financial Planning Task Group on 10th November 2023 and Overview and Scrutiny Management Committee on 15th November 2023.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

111. 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

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

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

113. 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

114. 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

115. This report is the second report for the 2023/24 financial year and the forecast remains in a stable position with a small favourable movement forecast from quarter one, with a broadly balanced budget. This forecast includes the impact of the national pay award for 2023/24. This is approximately £2m higher than the original assumptions made when the budget was set.
116. The council's Extended Leadership Team acted quickly to formulate mitigation plans to ensure this additional cost is contained and both the additional pressure and cost mitigations are reflected in the forecast position. Mitigations for this financial year include a mix of different staffing saving plans and although these will not fully meet the additional costs this year, due to implementation timelines there is currently no planned need to draw on the £2m Pay Award reserve that was set aside to help manage this cost. The critical point is ensuring a £2m ongoing saving is delivered in full within the next financial year and this means that all management action is required and fully implemented before April 2024.
117. As stated in the report the ongoing cost of living crisis has seen the levels of inflation remain stubbornly high. Although there are signs these are now falling, the report clearly demonstrates that the Council is exposed to higher price rises than budgeted, and this has a knock-on effect into later financial years.
118. Following the MTFS update in the quarter one report work continues on updating the assumptions within the MTFS. In light of the ongoing levels of inflation and change in demand assumptions increases are expected in some services however Directors are identifying mitigation and cost containment action to manage in the financial gap the Council will have to close in order to balance its budget in future years. The Council yet again is demonstrating a strong delivery in savings with over 84% being delivered in this financial year and forecasts covering the next 2 financial years showing the vast majority of savings already put forward are on course. This supports the assurance that management action is taken so that the budget is managed, and strong financial management continues.
119. There remains a significant level of uncertainty and risk within the current year forecast. Whilst officers have worked hard to ensure the significant savings programme of £26m in this financial year is achieved, with % of being delivered high, there is the possibility that further savings not yet delivered fail to be delivered either at all or by their original time frame. In addition, ongoing persistent high inflation, rising service demand and falling income levels could all add further pressure to the current forecast.
120. At this time there are no proposals to transfer the forecast underspend to any specific reserve, and consideration of this will be made as part of the next report when the risks remaining in the current year will be more certain and the position for the next financial year clearer. The council's Extended Leadership Team will continue close scrutiny and challenge of the forecasts with ongoing mitigating actions to ensure the Council remain in a balanced position over the coming months as we lead into the budget setting period.

121. 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 expected to end in March 2026. As set out in paragraph 89 and 90 above, the Council is working closely with the DfE (Department for Education) to address the DSG deficit issue through its Safety Valve programme. The undertaking and the timelines set by the DfE for developing a plan that brings the DSG into a financially balanced annual position is challenging given the scale of the current position.
122. Although the Council has sufficient reserves to cover the current cumulative deficit, as forecast in table 13, the annual deficit, which is currently forecast to be in excess of £10m a year, is unsustainable. Any balance of the cumulative deficit that is not funded by the DfE will have to be made good by other reserves held by the Council and any annual deficit either reduced or covered by other general fund savings to the same value should the council fail to manage the in-year position effectively.

Legal Implications

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

Workforce Implications

124. 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.
125. The pay award for 2023/24 has now been agreed above the amount budgeted for. The Extended Leadership Team have been working proactively to identify permanent staff savings to address the pay award pressure. These proposals will deliver a permanent solution for the 2023/24 pay award pressure in 2024/25 and vacancies are being held where they are able to, to mitigate the pressure in 2023/24 and ensure that the impact on staff is minimised.

Options Considered

126. 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

127. 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 2023/24. This position has informed the proposed budget for 2024/25.

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1 September 2023

Appendices

Appendix A: Revenue Budget Movements
Appendix B: Savings Delivery Targets by Service
Appendix C: Savings Delivery Targets 2023/24 with Significant Risk

Background Papers

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

Financial Year 2023/24 - Quarter Two Revenue Budget Monitoring – Cabinet 12
September 2023

[Agenda for Cabinet on Tuesday 12 September 2023, 10.00 am | Wiltshire Council](#)

Budget 2023/24 and Medium-Term Financial Strategy 2023/24 to 2025/26

[Agenda for Council on Tuesday 21 February 2023, 10.30 am | Wiltshire Council](#)

Appendix A – Revenue Budget Movements

	2023/24 Original Budget	Budget movements	Revised Budget Q2
	£m	£m	£m
Corporate Director People			
Adults Services	176.866	3.648	180.514
Public Health	0.862	(0.862)	0.000
Education & Skills	29.269	0.009	29.278
Families & Children Services	64.541	(0.294)	64.247
Corporate Director Resources			
Finance	6.367	0.100	6.467
Assets & Commercial Development	16.799	0.908	17.707
Information Services	11.808	0.092	11.900
Commissioning	3.405	(0.606)	2.799
HR&OD	3.573	0.550	4.123
Transformation & Business Change	0.533	0.027	0.560
Corporate Director Place & Environment			
Highways & Transport	40.634	(0.485)	40.149
Economy & Regeneration	2.520	0.000	2.520
Planning	3.396	0.000	3.396
Environment	48.282	0.203	48.485
Leisure Culture & Communities	6.881	(0.301)	6.580
Chief Executive Directorates			
Legal & Governance	9.964	0.204	10.168
Corporate Directors & Members	3.147	0.000	3.147
Corporate			
Movement on Reserves	2.457	0.000	2.457
Finance & Investment Income & Expense	25.043	(0.038)	25.005
Corporate Costs	4.034	(1.400)	2.634
Corporate Levies	5.493	1.400	6.893
General Fund Budget	465.874	3.155	469.029
Total	465.874	3.155	469.029
Funding			
General Government Grants	(77.393)	(2.773)	(80.166)
Council Tax	(339.037)	0.000	(339.037)
Business Rates Retention Scheme	(49.444)	(0.382)	(49.826)
Total Funding	(465.874)	(3.155)	(469.029)

Appendix B – Savings Delivery Targets 2023/24 by Service

Directorate	Service	2023/24 Budgeted Savings Target £'m	Blue £'m	Green £'m	Amber £'m	Red £'m	£'m
			<i>Fully Achieved</i>	<i>On Track</i>	<i>Some issues</i>	<i>Significant issues</i>	<i>Not Risk Rated</i>
Increment Freeze	Increment Freeze	0.454	0.454	0.000	0.000	0.000	0.000
Increment Freeze Total		0.454	0.454	0.000	0.000	0.000	0.000
	HR&OD	0.231	0.154	0.077	0.000	0.000	0.000
	Legal & Governance	0.540	0.154	0.050	0.286	0.050	0.000
	Public Health	0.616	0.616	0.000	0.000	0.000	0.000
	Transformation & Business Change	0.380	0.374	0.000	0.006	0.000	0.000
Chief Executive Total		1.767	1.298	0.127	0.292	0.050	0.000
Corporate	Corporate Costs	1.419	0.019	1.400	0.000	0.000	0.000
	Capital Financing	3.592	0.000	3.592	0.000	0.000	0.000
Corporate Total		5.011	0.019	4.992	0.000	0.000	0.000
People	Education & Skills	1.141	0.420	0.000	0.293	0.428	0.000
	Families & Children's Services	1.110	0.573	0.450	0.062	0.025	0.000
	Adults	6.455	0.110	5.675	0.170	0.500	0.000
People Total		8.706	1.103	6.125	0.525	0.953	0.000
Place	Car Parking	0.250	0.000	0.000	0.131	0.119	0.000
	Economy & Regeneration	0.255	0.000	0.255	0.000	0.000	0.000
	Environment	1.159	0.109	0.383	0.343	0.324	0.000
	Highways & Transport	3.539	1.740	0.836	0.365	0.598	0.000
	Leisure Culture & Communities	1.470	0.000	1.446	0.024	0.000	0.000
	Planning	0.057	0.000	0.000	0.057	0.000	0.000
Place Total		6.730	1.849	2.920	0.920	1.041	0.000
Resources	Assets	1.886	1.278	0.173	0.057	0.378	0.000
	Finance	0.550	0.550	0.000	0.000	0.000	0.000
	Information Services	0.629	0.088	0.541	0.000	0.000	0.000
	Procurement & Commissioning	0.366	0.366	0.000	0.000	0.000	0.000
Resources Total		3.431	2.282	0.714	0.057	0.378	0.000
Grand Total		26.099	7.005	14.878	1.794	2.422	0.000

Appendix C – Savings Delivery Targets 2023/24 with Significant Risk

Directorate	Service	Head of Service	Budget Challenge - Description of Saving	23/24 Budget £'m	Significant issues
Resources	Assets	Strategic Asset & Facilities Management	County Hall ICB/CCG - extra above budget for CCG	0.065	0.065
Resources	Assets	Strategic Asset & Facilities Management	Old County Hall 2nd Floor Wing Asda end	0.099	0.099
Resources	Assets	Strategic Asset & Facilities Management	County Hall AWP	0.214	0.214
Place	Environment	Public Protection	Restructure - seniors due to retirements of senior officers	0.024	0.024
Place	Environment	Waste Services	Positive income performance from recycling material sales, in excess of current forecasts - strictly a one off saving for 23/24, as market volatility remains a concern (HIGH RISK).	0.150	0.150
Place	Highways & Transport	Passenger Transport	Charge for temporary bus shelter closures -We are able to charge utilities and other companies when bus shelters are out of commission due to roadworks.	0.020	0.020
Place	Highways & Transport	Passenger Transport	Transfer monies from the government pot to home to school transport budget for Ukrainians - The figure of £180k may change dependent upon the number of Ukraine's in residence. This figure is accurate as at Oct 22	0.180	0.040
Place	Highways & Transport	Passenger Transport	To review and repattern those bus services that are less well used, following a permanent change in travel habits, post covid. WAS 'Services with a £7.00 per passenger subsidy or above - To review and repattern these services in a different way, in order to continue providing some sort of service to most - The general public will not like some of the changes and a proportion would be left with no service'	0.140	0.140
Place	Highways & Transport	Highways Operations	Trowbridge Service delegation (Streetscene, Markets, Burials) assumes in place from 1st April 23	0.364	0.090
Place	Highways & Transport	Passenger Transport	Service bus's carrying out of county / non designated / non-essential shoppers - A reduction / repatterning and in some cases cessation of services that have the least impact upon public transport users - There will be resistance to this from the public, but there will in most cases be a viable alternative. There may be an environmental impact as more cars will be driven to schools.	0.208	0.208
Place	Highways & Transport	Passenger Transport	Remove Saturdays from supported services timetables	0.100	0.100
People	Education & Skills	Helean Hughes	Staff Savings from 22-23 MTFS	0.115	0.115
People	Education & Skills	Cate Mullen / Gary Binstead	SEN Transport Saving from 23-24 MTFS	0.313	0.313
People	Families & Children's Services	Kat McJanet	PAUSE Co-ordinator	0.025	0.025
People	Adults	Living Well	Day Services Utility	0.200	0.200
People	Adults	Living Well	Wiltshire Care Home Efficiency	0.300	0.300
Chief Executive	Legal & Governance	Communications	Rationalise Communication roles	0.050	0.050
Place	Environment	Waste	Stretch Income Targets for Place Services	0.150	0.150
Place	Car Parking	Car Parking	Stretch Income Targets for Place Services	0.119	0.119
			People	TOTAL	0.953
			Resources	TOTAL	0.378
			Place	TOTAL	1.041
			Chief Executive	TOTAL	0.050
				Total Significant Issues	2.422