

Wiltshire Council

Cabinet

6 February 2024

Subject: Financial Year 2023/24 - Quarter Three 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 third quarterly revenue budget monitoring forecast position for the financial year 2023/24 based on the position at the end of November 2023, updated for any known significant changes in December 2023.

Quarter Three Revenue Budget Monitoring

Quarter three budget monitoring forecasts are based on information known as at 31 December 2023. These are still forecasts and will be subject to movement until the end of the financial year. As such they are still not certain and include estimation, particularly on areas such as income, 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 three position forecasts a net underspend for the year of £0.634m. As the forecast variance is small and still exposed to change no proposal is made for this balance, and treatment will be requested at outturn when the final year end position is known. If an underspend position remains there will be a request to transfer funds to reserves.

This position will continue to be carefully monitored as we approach the end of the financial year.

For quarter three it is forecast that remaining 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 £0.068m from the Feasibility earmarked reserve to fund a feasibility study for the Super Bus Network;
- b) The transfer of £0.250m budget from the overachievement of income in Leisure operations to Libraries to address the £0.182m staffing overspend and increase the book fund by £0.068m;
- c) The transfer of £0.130m in 2023/24 from the Libraries and Leisure Programmes reserve to contribute to the Holiday Activity Food Programme;
- d) The gain in income Business Rates in 2023/24 of £8.666m be transferred into a new High Needs reserve;
- e) The transfer from the Collection Fund Volatility reserve, as follows:
 - I. £6m to the General Fund reserve
 - II. £6m to the Insurance reserve
 - III. £2.572m to the High Needs Reserves
- f) The transfer of £2.007m balance of the Latent Demand reserve to the Transformation reserve
- g) The movement in DSG reserve as tabled in table 12 bringing the total DSG reserve to a £56.247m deficit position.

Cabinet is asked to note:

- h) the current revenue budget is forecast to underspend by £0.634m by the end of the financial year.
- i) 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 3 (31 December 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

6 February 2024

Subject: Financial Year - Quarter Three 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 position 2023/24 Quarter 3 (31 December 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.
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 2023/24 – Quarter Three

4. 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.
5. This is the third 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.
6. The following paragraphs focus on forecast outturn variances against the approved budget based on information as at 31 December 2023. They also set out the underlying pressures currently estimated within the service areas.

7. The forecasts at this stage of the year have helped inform the base budget requirements for the following year and they also ensure that the budget papers can clearly set out the plans for the reserves. The forecasts still contain an element of uncertainty and are forecasts for known items and commitments and estimates on a forecast for the remainder of the financial year. The current economic position and inflation continues to expose council services and the financial position to additional risk of changes in some areas.

Main Considerations for the Council

Revenue Budget

8. Since the quarter two report the Council has continued to manage its overall financial position effectively and the forecast underspend has moved favourably by £0.232m to £0.634m as at quarter three. Table 1 below shows the movement in variance from quarter two to quarter three.

Table 1 – Summary forecast for Quarter Three 2023/24

	Original Budget	Revised Budget	Forecast	Variance	Variance Qtr 2	Movement From Qtr 2 to Qtr 3
	A £m	B £m	C £m	D (C-B) £m	£m	£m
Corporate Director People						
Adult Services	178.684	180.514	184.492	3.978	3.208	0.770
Public Health	0.862	-	-	-	-	-
Education & Skills	29.269	29.278	30.299	1.021	1.154	(0.133)
Family & Children Services	62.723	64.247	65.636	1.389	1.375	0.014
TOTAL PEOPLE	271.538	274.039	280.427	6.388	5.737	0.651
Corporate Director Resources						
Finance	6.367	6.458	6.472	0.014	0.144	(0.130)
Pensions	-	-	-	-	-	-
Assets	16.799	17.767	17.398	(0.369)	(0.523)	0.154
HR&OD	3.573	4.120	3.871	(0.249)	(0.249)	-
Transformation	0.533	0.560	0.575	0.015	0.015	-
Information Services	11.808	11.903	11.648	(0.255)	(0.435)	0.180
Commissioning	3.405	2.800	3.816	1.016	0.962	0.054
TOTAL RESOURCES	42.485	43.608	43.780	0.172	(0.086)	0.258
Corporate Director Place						
Highways & Transport	40.634	40.157	39.473	(0.684)	(0.107)	(0.577)
Economy & Regeneration	2.520	2.520	2.527	0.007	-	0.007
Planning	3.396	3.396	3.583	0.187	0.055	0.132
Environment	48.283	48.485	47.873	(0.612)	(0.074)	(0.538)
Leisure Culture & Communities	6.880	6.581	5.042	(1.539)	(1.500)	(0.039)
TOTAL PLACE	101.713	101.139	98.498	(2.641)	(1.626)	(1.015)
Chief Executive Directorates						
Legal & Governance	9.964	10.168	10.293	0.125	0.246	(0.121)
Corporate Directors & Members	3.147	3.147	3.287	0.140	0.135	0.005
TOTAL CEX DIRECTORATES	13.111	13.315	13.580	0.265	0.381	(0.116)
Corporate						
Movement on Reserves	2.457	2.457	11.123	8.666	-	8.666
Finance & Investment Income & Expense	25.043	24.944	20.735	(4.209)	(4.209)	-
Corporate Costs	4.034	5.434	4.924	(0.510)	(0.500)	(0.010)
Corporate Levies	5.493	4.093	3.994	(0.099)	(0.099)	-
Covid	-	-	-	-	-	-
TOTAL CORPORATE	37.027	36.928	40.776	3.848	(4.808)	8.656
TOTAL GENERAL FUND	465.874	469.029	477.061	8.032	(0.402)	8.434
Funding						
General Government Grants	(77.393)	(80.548)	(80.548)	-	-	-
Council Tax	(332.187)	(332.187)	(332.187)	-	-	-
Collection Fund Surplus	(6.850)	(6.850)	(6.850)	-	-	-
Business Rates Retention Scheme	(49.444)	(49.444)	(58.110)	(8.666)	-	(8.666)
TOTAL FUNDING	(465.874)	(469.029)	(477.695)	(8.666)	-	(8.666)
TOTAL VARIANCE	(0.000)	0.000	(0.634)	(0.634)	(0.402)	(0.232)

Overview of Quarter Three Monitoring

9. Overall, the quarter three report forecasts a net underspend of £0.634m, and details of the significant variances within service areas are included below. This is the third report of the year 2023/24 and shows an improved forecast financial position and details of the significant variances within service areas are included below. There are some variances that affect all service areas, and an explanation is given below for these.
10. 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.

11. For quarter three 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. Where these proposals are not able to be delivered to meet the pressure in this financial year other compensating management action has been taken, such as delaying recruitment to ensure the financial position is managed.
12. As part of the outturn report for 2022/23 an earmarked reserve was prudently set aside for £2m to mitigate any pressure over and above the amount added to the budget for 2023/24. The quarter three forecast does require a draw from this reserve due to the mitigating management action described above.
13. Inflation is currently running around 2% higher than the average CPI increase estimated and included in the 2023/24 budget and has remained higher than forecasts during the year. Services continue to manage these inflationary pressures 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.
14. The Council also 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 and Car Parking. For quarter three 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 Three 2023/24 Corporate Director People Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		A <i>£m</i>	B <i>£m</i>	C <i>£m</i>	D (C-B) <i>£m</i>
Corporate Director People					
Adult Services	Gross	259.282	266.475	275.305	8.830
	Income	(80.598)	(85.961)	(90.813)	(4.852)
	Net Exp	178.684	180.514	184.492	3.978
Public Health	Gross	21.516	21.334	21.334	-
	Income	(20.654)	(21.334)	(21.334)	-
	Net Exp	0.862	-	-	-
Education & Skills	Gross	142.634	149.088	150.014	0.926
	Income	(113.365)	(119.810)	(119.715)	0.095
	Net Exp	29.269	29.278	30.299	1.021
Families & Children Services	Gross	68.239	70.318	71.707	1.389
	Income	(5.516)	(6.071)	(6.071)	-
	Net Exp	62.723	64.247	65.636	1.389
TOTAL PEOPLE	Gross	491.671	507.215	518.360	11.145
	Income	(220.133)	(233.176)	(237.933)	(4.757)
	Net Exp	271.538	274.039	280.427	6.388

Adult Services: Budget £180.514m, £3.978m overspend

15. The Adult Services forecast overspend of £3.978m includes £0.242m of unachievable savings. £0.200m Day Services Utility and £0.042m of the £0.300m Wiltshire Care Home Efficiency saving is also as a result of contract negotiation delays and is being mitigated through savings made on the reduced need to purchase 24 and 12 hour care.
16. The majority of the overspend 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, in the main, the reason for the £0.770m adverse movement from quarter two.
17. 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.
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 £18.718m, this is an increase from the £18.602m reported at quarter two due to an uplift given for Non-NHS pay. 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 £1.410m 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 £29.269m, £1.021m 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 £1.530m overspent representing 8.99% 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 £0.108m 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 School Effectiveness, Targeted and SEND and Inclusion service areas (£0.617m 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.

Families & Children Services: Budget £64.723m, £1.389m overspend

25. 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.
26. The budgeted number of children in care for 2023/24 financial year is 464. The actual number of children in care is 462 (December 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 46 young people) all placement types remain consistent and broadly within expected ranges.
27. 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 April 2024, and this has subsequently had a negative impact on forecast expenditure in external residential placements. Expansion of this contract is being explored to ensure additional capacity in Wiltshire.
28. There are a number of over 18 young people who are supported as care leavers 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. In response to this a capital budget is requested in the MTFs to facilitate the purchase of accommodation including solo use children's homes, supported accommodation and accommodation for care experienced young people. A tendering exercise is then planned, and the savings target for 2024/25 based on local provision specifically commissioned at a reduced cost.
29. 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 £1.158m, there is a net forecast underspend across all teams of £0.736m. 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.

30. 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 £2.742m for social care placements. 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 £1.233m for foster care placements. 58% 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.
31. We have recently been informed that the Southwest 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.
32. Assumptions made around increases in special guardianship and adoption orders have not come to fruition presenting a forecast underspend of £0.306m 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 £0.144m in addition to the support and placement cost pressure of £2.039m 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. Market expansion and sufficiency in this area is being explored including more preparation for independent living placements within Wiltshire.
34. The council provides placements for unaccompanied asylum-seeking children (UASC) and current numbers of these young people under 18 years of age are 44. In addition to this we have 78 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 62, 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 28 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. A number of small other variances comprise the balance of the forecast overspend.

Corporate Director - Resources

Table 6 - Forecast as at Quarter Three 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	<u>D (C-B)</u> £m
Corporate Director Resources					
Finance	Gross	80.550	80.723	83.394	2.671
	Income	(74.183)	(74.265)	(76.922)	(2.657)
	Net Exp	6.367	6.458	6.472	0.014
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	24.120	24.021	(0.099)
	Income	(6.386)	(6.353)	(6.623)	(0.270)
	Net Exp	16.799	17.767	17.398	(0.369)
HR&OD	Gross	5.706	6.430	6.106	(0.324)
	Income	(2.133)	(2.310)	(2.235)	0.075
	Net Exp	3.573	4.120	3.871	(0.249)
Information Services	Gross	12.229	14.751	14.585	(0.166)
	Income	(0.421)	(2.848)	(2.937)	(0.089)
	Net Exp	11.808	11.903	11.648	(0.255)
Commissioning	Gross	5.217	3.465	4.323	0.858
	Income	(1.812)	(0.665)	(0.507)	0.158
	Net Exp	3.405	2.800	3.816	1.016
Transformation	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	132.588	135.471	2.883
	Income	(86.674)	(88.980)	(91.691)	(2.711)
	Net Exp	42.485	43.608	43.780	0.172

Total Resources: Budget £43.608m, overspend £0.172m

Finance: Budget £6.458m, £0.014m overspend

38. Overall, Finance is forecasting costs to be largely online for quarter three. Within this, Accountancy has additional resources in place to support the ongoing work on the statement of accounts and this pressure of £0.079m is being partly offset by vacancies in other teams within Finance.

39. Revenues and Benefits is forecasting a net pressure of £0.262m mainly as a result of the 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 substance misuse dependencies and help transition back into the community. This is driven by the cost of temporary accommodation and the loss of subsidy when people are housed in hotels. Another factor influencing this position is a significant increase in the number of people housed in supported accommodation that is not provided by a registered charity or Registered Social Landlord.
40. 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 passport to residents. 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 closed in September 2023. New Burdens grant of £0.105m is to be received in 2023/24 to cover the administration costs of the scheme.
41. From quarter three, the Revenue and Benefits service is reporting additional court fees recovered of £0.077m due to the service making efforts to clear a backlog of amounts due relating to previous years.
42. The remaining balance, a net underspend against expenditure of £0.117m and income of £0.028m is due to some smaller adverse and favourable variances on costs such as professional fees, consultants, ICT and transport costs and underspends against cash collection, court and bailiff fees due to a reduction in cost and demand.
43. Overall, this represents an improvement in the position since quarter two of £0.130m. The main factors contributing to this improvement are the additional court fees recovered and a reduction in the staffing projection due to additional vacancies in the service.

Assets: Budget £17.767m, £0.369m underspend

44. Assets is forecasting a £0.369m underspend as at quarter three. This is a change in the position since quarter two of £0.153m.
45. Utility costs are forecast to underspend by £0.733m. Energy Consumption has been lower than expected, the 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 toward reduced utilities costs.
46. Due increased inflation and demand, the maintenance budget is already under pressure and the forecast for quarter three is that the budget will overspend by £0.435m. 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, opportunities continue to be progressed but this will not deliver as originally planned.
48. The above pressures are being mitigated and managed through some on going staffing savings, an underspend against Business Rates from revaluations and one-off unbudgeted income from across the rural and operational estate.

Information Services: Budget £11.903m, £0.255m underspend

49. Information Services are forecasting an underspend of £0.255m at quarter three, an increase in the forecast of £0.180m. The service continues to carry several vacancies, particularly in the Applications Team. The total underspend reported against staffing at quarter three is £0.296m. The staff in the new Evolve support function will be funded from underspend in the salary budget however, revenue funds will be transferred from a corporate budget line from 2024/25 to fund these staff on an ongoing basis.
50. An external contractor called PGMC has been contracted by the service to ensure that the Council is benefiting from the most competitive phone tariffs that are available. At quarter three 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.
51. 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 £0.471m in 2023/24 (a reduction in the underspend of £0.016m since quarter two).
52. The delay with the implementation of Oracle will continue to require Oracle and SAP systems to be dual run for 2023/24. The net cost at quarter three is estimated to be £0.547m, this is being offset by the above savings. This projection has increased by £0.067m since quarter two mainly due to additional licences that the service has had to purchase for the SAP legacy system and for other systems such as Blue Prism (relating to automation), Creed (relating to the New Careers Website) and Dragon (relates to accessibility). These additional costs have been offset slightly by the later go-live date of Oracle with full running costs only from November 2023.
53. Since quarter two there has been an increase in projected costs relating to photocopier and printing. Due to the variable nature of staff usage and invoicing pattern these costs these can be difficult to predict. This has reduced the previously reported underspend by £0.074m.
54. Since quarter two the service has a new contract with NCC Group Retainer relating to cyber security. This was not previously reported but the service has decided that it is too risky not to have this in place, resulting in a further reduction in the projected underspend of £0.054m.

Commissioning: Budget £2.800m, £1.016m 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 these have been allocated to posts, identifying a shortfall which will be adjusted in the MTFS for 2024/25.
57. The position has moved slightly since quarter two with a small increase in the projection of £0.054m. This mostly relates to new starters in the Resources and Commissioning Team that joined the team after the last report that were not included in the previous projection.

Human Resources & Organisational Development: Budget £4.120m, £0.249m underspend

58. 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.
59. 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.

Housing Revenue Account: £0.578m adverse variance

60. The Housing Revenue Account (HRA) is reporting a £0.578m adverse variance against budget at Quarter three. This means that the projected transfer to HRA reserves is forecast to be £0.578m less than budget at Quarter three. This is a modest improvement in the projection since the last report of £0.019m.
61. At quarter three the service is forecasting rental income of £27.982m, an overspend of £0.155m (an improvement since the last quarter of £0.022m). The main contributory factor towards this variance has been high numbers of voids which the service is actively addressing and performance against this objective continues to be monitored. The reduced rent caused by the voids has been mitigated in part by the increased number of properties built and purchased so far, this financial year.
62. The Repairs & Maintenance Service is projecting to spend £7.054m at Quarter three, reporting a net overspend of £0.647m. This position mostly relates to the £0.650m pressure reported against HRA Operations maintenance spend (also reported at quarter two) and has been caused by the service having to use contractors to help clear the voids backlog and increase in cost of materials and ongoing pressure of inflation. The difference is made up of various other smaller variances against budget.

63. The service is forecasting a £0.153m underspend against Supervision and Management due to vacancies across the service.

64. The balance of the position comprises variances against various other lines.

Corporate Director – Place

Table 7 - Forecast as at Quarter Three 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)
		£m	£m	£m	£m
Corporate Director Place					
Highways & Transport	Gross Income	55.537 (14.903)	55.060 (14.903)	58.796 (19.323)	3.736 (4.420)
	Net Exp	40.634	40.157	39.473	(0.684)
Economy & Regeneration	Gross Income	3.749 (1.229)	3.749 (1.229)	4.262 (1.735)	0.513 (0.506)
	Net Exp	2.520	2.520	2.527	0.007
Planning	Gross Income	10.083 (6.687)	10.083 (6.687)	9.847 (6.264)	(0.236) 0.423
	Net Exp	3.396	3.396	3.583	0.187
Environment	Gross Income	59.562 (11.279)	59.804 (11.319)	58.432 (10.559)	(1.372) 0.760
	Net Exp	48.283	48.485	47.873	(0.612)
Leisure Culture & Communities	Gross Income	20.885 (14.005)	21.785 (15.204)	22.102 (17.060)	0.317 (1.856)
	Net Exp	6.880	6.581	5.042	(1.539)
TOTAL PLACE		Gross Income	149.816	150.481	2.958
		(48.103)	(49.342)	(54.941)	(5.599)
		Net Exp	101.713	101.139	(2.641)

Total Place: Budget £101.139m, underspend £2.641m

65. 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 3 £'m	Variance £m
Highways & Transport	Highways	4.932	0.016	4.948	6.378	1.430
	Car Parking	8.379	-	8.379	8.914	0.535
	Passenger Transport	0.452	1.124	1.576	4.031	2.455
		13.763	1.140	14.903	19.323	4.420
Economy & Regeneration	Enterprise Network	1.244	(0.015)	1.229	1.664	0.435
	Major Projects	-	-	-	-	-
	Economic Regeneration	-	-	-	0.071	0.071
		1.244	(0.015)	1.229	1.735	0.506
Planning	Building Control	1.156	-	1.156	1.032	(0.124)
	Development Management	4.597	-	4.597	4.346	(0.251)
	Local Land Charges	0.884	-	0.884	0.846	(0.038)
	Spatial Planning	-	0.050	0.050	0.040	(0.010)
		6.637	0.050	6.687	6.264	(0.423)
Environment	Public Protection	0.828	0.018	0.846	0.934	0.088
	Natural & Historic Environment	0.055	0.017	0.072	0.359	0.287
	Climate Programme	-	-	-	0.106	0.106
	Waste	10.398	0.003	10.401	9.160	(1.241)
		11.281	0.038	11.319	10.559	(0.760)
Leisure Culture & Communities	Leisure	13.130	1.491	14.621	16.416	1.795
	Libraries & Heritage	0.350	0.233	0.583	0.644	0.061
		13.480	1.724	15.204	17.060	1.856
TOTAL PLACE		46.405	2.937	49.342	54.941	5.599

66. 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. For quarter three, Street Works, Permits and Leisure Centres are forecast to exceed budget, including the stretch target. 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 £40.147m, £0.684m underspend

67. The Highways and Transport service is managing several pressures to report a forecast net £0.684m underspend at quarter three. 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 current position is showing spend pressures, which are largely due to the type of works being undertaken.

68. 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.

69. Stretch income targets for Car Parking are being closely monitored. The most recent forecasts show growth in income which now stands at £0.534m in excess of targets reflecting increased use of the car parks. This compares with a forecast under recovery for quarter three of £0.119m.

70. The above pressures are being mitigated by a forecast increased income across the service of £0.815m, principally from Street works and Permits. In addition, the service has vacancy savings for the three quarters of the year from difficulties with

recruiting and retaining staff forecast of £0.493m. The service is actively recruiting as this is key to delivering business priorities and capital improvement programmes.

71. 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.
72. 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.
73. 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 £1.683m 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 £0.620m grant has been included with the forecast. In addition, further income of £0.340m has been forecast, most significantly from increased income through concessionary fares where the Council has now taken back routes from providers.
74. The Capital Investment Programme Board has £0.600m available in an earmarked reserve to support services with feasibility funding. At its meeting held on 13 September 2023, the Capital Investment Programme Board reviewed a feasibility funding request from the Passenger Transport to assess the bus infrastructure and service improvements required to deliver the preferred priority Super Bus route. Pending the outcome of this feasibility study a subsequent request for capital would be made along with grant funding applications. The Board recommended that £0.068m is funded for this and Cabinet is asked to approve that the funding is provided from the earmarked reserves.

Economy & Regeneration: Budget £2.520m, £0.007m overspend

75. A small net overspend of £0.007m is forecast for the Economy & Regeneration Directorate.

Planning: Budget £3.396m, £0.187m overspend

76. Planning is reporting a net overspend position of £0.187m, which is a movement of £0.132m from quarter two. Forecasts have been updated to show Government set planning application fee increases which have been confirmed to come into effect from December 2023, these were previously forecast to come into effect from April 2024. Overall however, the first three quarters 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 £0.385m. This follows from continuing pressure on the housing market as a national issue.

77. In addition, ongoing pressures exist on appeals and legal costs, including counsel advice budgets, which are forecast to overspend by £0.232m. This continues to be a risk area for the service and is being monitored closely.

78. These pressures are being offset by a forecast £0.430m 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, £0.612m underspend

79. Environment services are forecasting a net underspend of £0.612m. 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 October and an average for the remainder of the year and the income is forecast to underachieve by £1.141m.

80. 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, these savings have been reduced in the updated MTFS as a result of this. 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, this saving has been pushed back to 2025/26 in the updated MTFS to reflect this.

81. The most significant mitigating element is a forecast £1.834m 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 contracts from finalising financial models and indexation increases. Indexation pressure for 2023/24 is currently being mitigated by this reduced tonnage. Additionally, other net variances come to a total of £0.082m. 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 Variance (£m)
	Tonnes			£/Tonne *			
	Budget setting F'cast (T)	Current Yr End F'cast (T)	Var (T)	£/Tonne (Budget Setting)	£/Tonne (Forecast)	Var (£)	
Provision and operation of Waste Transfer Stations (WTS), a Materials Recovery Facility (MRF) and two Household Recycling Centres (HRCs)	81,600	75,242	(6,358)	£72.95	£78.16	£5.21	(0.072)
Management and operation of 8 council-owned HRCs							
Composting services (0-25,000 tonnes pa)	39,700	39,910	210	£44.34	£46.41	£2.07	0.049
Composting services (>25,000 tonnes pa)				£25.45	£29.27	£3.82	0.025
Residual waste - Non-haz waste to LF	14,500	11,649	(2,851)	£23.67	£24.63	£0.96	(0.060)
Residual waste - Haz waste - to LF	100	85	(15)	£86.84	£95.93	£9.09	(0.001)
Residual waste - Street sweepings	3,900	0	(3,900)	£90.20	£0.00	(£90.20)	(0.350)
Residual waste - Shredding to EFW	0	1,341	1,341	£0.00	£37.43	£37.43	
Residual waste - POPs waste	1,800	1,728	(72)	£250.00	£300.42	£50.42	(0.121)
Waste and recycling collections							
Tax payable on all waste sent to landfill	34,300	29,007	(5,293)	£104.34	£102.10	(£2.24)	(0.594)
Energy from waste landfill diversion contract.	50,000	50,000	(0)	£143.42	£143.58	£0.16	(0.172)
Mechanical biological treatment (MBT) Landfill diversion contract (exc LFT)	58,850	56,037	(2,813)	£177.22	£190.43	£13.22	0.239

* £/T excludes income

Leisure Culture & Communities: Budget £6.581m, £1.539m underspend

82. The net underspend of £1.539m in Leisure Culture & Communities is largely due to a forecast overachievement of Leisure Centre operations income of £1.963m due to the change in VAT treatment. This forecast has continued to improve since quarter one and also reflects good summer performance notably from swimming sessions in the poor weather. This brings forward the saving proposal from 2025/26 of £1.172m. This is offsetting pressures across the directorate largely on staffing from the pay award.
83. Included within the above directorate pressure is the overspend on the library service forecast at £0.144m, which is mainly on staffing due to difficulties meeting the corporate 6.5% vacancy factor and the use of relief staff to ensure Libraries remain open. The service has been through a peer challenge and is working towards a service review and restructure to address the recommendations.
84. In order to address underlying long-standing pressures, the Cabinet are recommended to approve a transfer of budget between Leisure Operations and the Library Service of £0.250m. This will enable the Library Service to address the forecast overspend of £0.144m on staffing and permit the addition of £0.068m to the Book Fund which has faced a difficult funding position for several years. The Leisure Operations income budget will be increased to match these issues in the Service which will reflect the continuing overachievement of income.

Chief Executive Directorates

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

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		A <i>£m</i>	B <i>£m</i>	C <i>£m</i>	D (C-B) <i>£m</i>
Chief Executive Directorates					
Legal & Governance	Gross	12.851	12.890	13.989	1.099
	Income	(2.887)	(2.722)	(3.696)	(0.974)
	Net Exp	9.964	10.168	10.293	0.125
Corporate Directors & Members	Gross	3.161	3.161	3.301	0.140
	Income	(0.014)	(0.014)	(0.014)	-
	Net Exp	3.147	3.147	3.287	0.140
TOTAL CEX DIRECTORATES	Gross	16.012	16.051	17.290	1.239
	Income	(2.901)	(2.736)	(3.710)	(0.974)
	Net Exp	13.111	13.315	13.580	0.265

Total Chief Executives: Budget £13.315m, overspend £0.265m

Legal & Governance: £10.168m, £0.125m overspend

85. The projected overspend is a result of the 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 favourable movement of £0.121m from Quarter two due the reduction in agency staffing required in legal services for the remainder of the year, other staffing costs and a reduction in the marketing and promotion spend forecast within customers and communications. 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 a replacement saving has been found for the 2024/25 – 2026/27 MTFS.

Corporate Directors & Members: Budget £3.147m, £0.140m overspend

86. The overspend in Corporate Directors & Members is a result of non-delivery of the vacancy factor the pay award pressure.

Corporate Expenditure

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

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Forecast</i>	<i>Variance</i>
		A	B	C	D (C-B)
		£m	£m		£m
Corporate					
Movement on Reserves	Gross Income	2.457	2.457	11.123	8.666
		-	-	-	-
	Net Exp	2.457	2.457	11.123	8.666
Finance & Investment Income & Expense	Gross Income	29.513	30.740	28.674	(2.066)
		(4.470)	(5.796)	(7.939)	(2.143)
	Net Exp	25.043	24.944	20.735	(4.209)
Corporate Costs	Gross Income	5.105	6.505	5.635	(0.870)
		(1.071)	(1.071)	(0.711)	0.360
	Net Exp	4.034	5.434	4.924	(0.510)
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	46.452	52.583	6.131
		(8.198)	(9.524)	(11.807)	(2.283)
	Net Exp	37.027	36.928	40.776	3.848

Total Corporate: Budget £36.928m, underspend £4.848m

Finance & Investment, Income & Expenditure: Budget £24.944m, £4.209m underspend

87. 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.

88. 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 remain higher than forecast, which is resulting in an overachievement on interest receivable income of £2.143m. Loan interest from Stone Circle are included within the current forecast. Interest expense is higher than budget at £0.294m.

89. 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 £5.434, £0.510m underspend

90. The forecast underspend relates to £0.500m 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

91. 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 the 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 £452.254m, planned transfer from reserves plus forecast variance £21.034m

92. The overall in year forecast for dedicated schools grant (DSG) is an overspend of £4.386m after the transfer from the deficit reserve agreed at quarter two. This is an increase of £2.415m from the quarter two anticipated deficit position. The increase in expenditure is driven by increases in activity across high needs block budgets with the main areas of increase being mainstream provision and independent sector placements. Forecast expenditure against the high needs block is £97.1m compared with a funding allocation of £70.8m.

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	32.563	0.180	32.135	31.130	(1.004)	-3%
Schools Block	346.293	(1.717)	344.577	344.511	(0.066)	0%
High Needs block	70.798	1.797	91.492	97.098	5.606	6%
Central Block	2.600	(0.260)	2.340	2.190	(0.151)	-6%
Overall	452.254	0.000	470.544	474.929	4.386	1%
Planned transfer to DSG reserve (overspend)					16.648	
Net in year forecast movement to the DSG reserve					21.034	

93.A 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 2023/24 is 5,441; an increase of 733 plans (15.6%) on the same quarter last year.

94. As shown in Table 13, the forecast total outturn will result in a forecast cumulative year end deficit of £56.247m, 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 22/23	35.249
Early Years Adjustment (prior year)	(0.035)
Planned drawdown from reserve	16.648
Actual Variance 23/24	4.385
Balance CFWD 2023/24	56.247

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 presents a significant financial risk to the Council.

96. The Council has submitted its proposed Safety Valve plan to the Department for Education (DfE). 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. The plan submitted to the DfE includes proposals aimed at bringing the DSG into in-year balance by the end of the 2028/29 financial year.

97. 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 Three

98. For 2023/24 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.

99. 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 three 2023/24 is shown in the tables below, and these assessments are included in the General Fund figures set out in this report.

100. For 2023/24 of the £26.099m savings targets £7.803m (29.90%) is assessed as having been fully delivered as at the end of December. £14.549m (55.75%) is forecast to be achieved by the end of the year. £1.340m (5.13%) is considered to have some deliverability risk, being that they may be achieved this year. This leaves £2.407m (9.22%) 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.
101. 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 have been reviewed as part of the MTFs process and reprofiling or non delivery of savings has been factored in to the 2024/25 to 2026/27 budget.

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

Directorate	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	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	1.063	6.543	0.405	0.695	0.000
Place	6.730	2.193	2.576	0.616	1.345	0.000
Resources	3.431	2.776	0.311	0.027	0.317	0.000
Total £'m	26.099	7.803	14.549	1.340	2.407	0.000
% of total Budget		29.90%	55.75%	5.13%	9.22%	0.00%

Directorate	2024/25 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>
Chief Executive	0.205	0.000	0.155	0.000	0.050	0.000
Corporate	1.428	0.000	1.428	0.000	0.000	0.000
People	8.493	0.608	7.156	0.199	0.530	0.000
Place	3.583	0.000	2.226	0.715	0.642	0.000
Resources	0.715	0.070	0.466	0.000	0.179	0.000
Total £'m	14.424	0.678	11.431	0.914	1.401	0.000
% of total Budget		4.70%	79.25%	6.34%	9.71%	0.00%

Directorate	2025/26 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>
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

102. 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.

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.

Collection Fund 2023/24

103. 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 economic impact of COVID-19 and the steps taken by government to support businesses and households during that period and more recently the impact of 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.
104. The approach the council has taken as a result of these uncertainties has been one of prudence. The modelling of the income to be received in this financial year has now been carried out and a gain in Business Rates income compared to budget is now confirmed at £8.666m. It is proposed to take advantage of this gain to off-set the increasing financial risk liability the council faces on the High Needs deficit and to create a new High Needs reserve and transfer this balance to it.

Reserves Position and Forecast

Table 15 - Reserves Summary

Reserve	Projected Closing Balance 2023/24 £'m	Projected Closing Balance 2024/25 £'m	Projected Closing Balance 2025/26 £'m	Projected Closing Balance 2026/27 £'m
General Fund	34.056	34.056	34.056	34.056
Latent Demand	2.570	0.123	-	-
Collection Fund Volatility	0.220	0.575	-	-
Public Health	5.554	4.852	4.278	3.692
Homes for Ukraine	6.604	-	-	-
Transformation	10.588	8.588	7.888	7.888
Business Plan Priority	2.039	0.771	-	-
Pay Award	0.700	0.700	0.700	0.700
PFI's	4.432	3.748	3.063	2.347
Insurance	8.049	7.023	6.523	6.023
Accommodation Needs	9.550	5.188	3.188	1.188
High Needs	11.474	18.445	18.445	18.445
Other Earmarked	15.531	11.272	8.287	6.464
Total Earmarked	77.313	61.284	52.371	46.747
Schools Balances	12.225	9.225	6.225	3.225
DSG	(56.247)	(84.011)	(112.360)	(140.709)
TOTAL	67.346	20.554	(19.708)	(56.682)

105. 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.
106. 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.
107. The annual risk assessment has been carried out as part of the budget setting process for the 2024/25 financial year and the overall risk assessed level has increased. This risk assessment can be seen in the Budget 2024/25 and MTFS 2024/25 – 2026/27 report. An element of this general assessment is the financial risk within the Collection Fund, the fund for the income from both Council Tax and Business Rates. In previous years a separate earmarked reserve, the Collection Fund Volatility reserve has been held to mitigate this financial risk. As the overall

assessment includes this risk it is recommended that £6m from the Collection Fund Volatility reserve is transferred to the General Fund reserve to bring this reserve up to the risk assessed level. The balance in the Collection Fund Volatility reserve is recommended to be transferred to other specific earmarked reserves to manage other risks the council faces; £6m to the Insurance Reserve to mitigate the cost of insurance claims and liabilities and the balance of £2.572m to a new High Needs reserve.

108. The council continues to hold earmarked reserves that were originally set aside for both Latent Demand and Pay Award. Commitments in 2023/24 – 2025/26 have been approved to be funded by the Latent Demand reserve. Where pressures are on-going they have either been built into the budget as part of the budget setting process or will be assessed in future years should the pressures remain. The balance of £2.007m is requested to be transferred to the Transformation reserve to support the funding of future transformation activity that will be required across the council to remain financially sustainable. £2m was set aside in a specific pay award reserve to support the expected pressure in these costs for 2023/24. The quarter three 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.
109. 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.
110. 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. As part of the budget setting proposals £0.250m has been 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 will be identified and delivered over the course of the next 2 years to ensure the safety of our communities remains priority.

Business Plan Priority Reserve	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Opening Balance	(2.080)	(3.844)	(2.039)	(0.771)	(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)
Planning Enforcement	-	-	0.250	0.250	0.500
Council Wide Enforcement Activity Commitment	-	-	0.300	0.521	0.821
Closing Balance	(3.844)	(2.039)	(0.771)	(0.000)	(0.000)

Overview and Scrutiny Engagement

111. 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 2 January 2024.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

115. 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

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

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

117. 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

118. 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

119. This report is the third report for the 2023/24 financial year and the forecast remains in a stable position with a modest favourable movement forecast from quarter two. This forecast includes the impact of the national pay award for 2023/24 which was approximately £2m higher than the original assumptions made when the budget was set and the impact of the continued high levels of inflation seen nationally.
120. The council's Extended Leadership Team have acted to maintain a strong financial management focus and to manage service delivery within the budget. They have formulated mitigation plans and implemented action to ensure these additional costs have been contained and both the additional pressures and cost mitigations are reflected in the forecast position. Mitigations for this financial year will not fully meet the additional costs on an on-going basis and any residual on-going pressures have been built into the base budget (as prior year pressures) and can be seen separately in the Budget 2024/25 report.
121. 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. It also sets out a confident basis for any future additional savings delivery. Any savings that have been assessed as not being able to be delivered now and the future have been reversed to ensure future budget assumptions remain robust.
122. There remains a 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, 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. Continued focus on this risk is therefore vital.
123. At this time there are no proposals to transfer the forecast underspend to any specific reserve, and consideration of this will be made when the final year end position is known. If the modest underspend materialises a request to transfer this to reserves will be made, to mitigate the most significant risks the council faces and continue to support the approach that has been taken over the past few years of increasing reserve balances to allow the council to manage in a financially sustainable way.

124. The deficit on the DSG continues to present the most 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 96 and 97 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.
125. 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 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.
126. The council is recognising this impact on the General Fund and a positive step is being taken to allocate the surplus funding that has arisen from the prudent budgeting on Business Rates to create a new High Needs reserve and allows the council to begin the journey of setting aside specific funding to mitigate the significant impact of any residual deficit balance the council needs to fund. This approach must be built upon, and every opportunity taken to set aside surpluses to minimise the need to find savings in the future to fund this liability.
127. Other proposals to re-assign earmarked reserves will set aside funding for specific risks the council faces, such as for the marked increased insurance claims being received, and also allows additional funding to be set aside for funding transformational activity and changes required so that the council remains financially sustainable in the future.

Legal Implications

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

Workforce Implications

129. 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.
130. 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

131. 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

132. 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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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 Q3
	£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)
Total	0.000	0.000	(0.000)

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	0.523	0.450	0.112	0.025	0.000
	Adults	6.455	0.120	6.093	0.000	0.242	0.000
People Total		8.706	1.063	6.543	0.405	0.695	0.000
Place	Car Parking	0.250	0.000	0.000	0.000	0.250	0.000
	Economy & Regeneration	0.255	0.000	0.255	0.000	0.000	0.000
	Environment	1.159	0.453	0.039	0.170	0.497	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	2.193	2.576	0.616	1.345	0.000
Resources	Assets	1.886	1.377	0.165	0.027	0.317	0.000
	Finance	0.550	0.550	0.000	0.000	0.000	0.000
	Information Services	0.629	0.483	0.146	0.000	0.000	0.000
	Procurement & Commissioning	0.366	0.366	0.000	0.000	0.000	0.000
Resources Total		3.431	2.776	0.311	0.027	0.317	0.000
Grand Total		26.099	7.803	14.549	1.340	2.407	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	50 Spa Road	0.028	0.028
Resources	Assets	Strategic Asset & Facilities Management	County Hall AWP	0.214	0.214
Resources	Assets	Strategic Asset & Facilities Management	Salisbury Family Resource Centre (will require capital investment)	0.010	0.010
Place	Environment	Waste Services	HRCs - Re-introduce van and trailer permits & enforcement and charge admin fee. resulting in reduced tonnage so reduction in haulage and Disposal costs	0.173	0.173
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	0.042
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	0.250	0.250
		People	TOTAL		0.695
		Resources	TOTAL		0.317
		Place	TOTAL		1.345
		Chief Executive	TOTAL		0.050
			Total Significant Issues		2.407