

**REPORT TITLE: Corporate Financial Monitoring Report, Quarter 3.**

<b>Meeting:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11th March 2025</b>
<b>Cabinet Member (if applicable)</b>	<b>Councillor Graham Turner</b>
<b>Key Decision Eligible for Call In</b>	<b>Yes Yes</b>
<p><b>Purpose of Report:</b> To receive information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 3 (month 9), 2024/25.</p>	
<p><b>Recommendations</b></p> <ol style="list-style-type: none"> <li>1) note the forecast revenue outturn position at Quarter 3 for 2024/25 (£9.9m overspend) and that in line with Financial Procedure Rules the Service Director-Finance will undertake a review of all balances and earmarked reserves to fund any remaining overspend.</li> <li>2) agree the proposal as stated in para 3.2.7 for wrap around school hours (8am to 6pm) child care for primary school aged pupils funding and note the proposed allocation method.</li> <li>3) note the Quarter 3 forecast that the DSG deficit is forecast to increase by £20.6m in 2024/25.</li> <li>4) note the Quarter 3 forecast HRA position as breakeven and forecast year-end reserves position of £21m;</li> <li>5) note the Quarter 3 forecast capital monitoring position for 2024/25 and approve a further net reduction in the 2024/25 position of £33.3m due to £36.4m re-profiling (£30.4m General Fund and £6m HRA) into future years. Also approve the £3.5m net increase in the overall capital plan (£3.1m 2024/25, £0.4m 2025/26) due to increased grant as set out in the accompanying slides (slide 34-39, Appendix 1 &amp; 3);</li> <li>6) note the Quarter 3 treasury management prudential indicators (slide 40-53, Appendix 1).</li> </ol> <p><b>Reasons for Recommendations</b>            This Quarter 3 report updates the Cabinet on the current financial position as of Month 9 (31 December), together with key risks.</p>	
<p><b>Resource Implications:</b>            To note information on financial monitoring for General Fund Revenue, DSG, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 3 (month 9), 2024/25.</p>	

<b>Date signed off by <u>Strategic Director</u> &amp; name</b>	<b>Rachel Spencer Henshall – 28 February 2025</b>
<b>Is it also signed off by the Service Director for Finance?</b>	<b>Kevin Mulvaney – 28 February 2025</b>
<b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	<b>Sam Lawton – 28 February 2025</b>

**Electoral wards affected: All**

**Ward councillors consulted: None**

**Public or private: Public**

**Has GDPR been considered?** Yes. This report contains no information that falls within the scope of General Data Protection Regulations.

**1. Executive Summary**

The attached slides provide information on financial monitoring for General Fund, Revenue, DSG, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 3 (month 9), 2024/25.

**2. Information required to take a decision**

2.1 The slides accompanying this report provide a more detailed breakdown of the projected outturn financial monitoring position, as follows:

Forecast General Fund revenue outturn position in 2024/25 by service area;

General Fund reserves and balances movements in-year;

Forecast HRA revenue outturn position including movements in HRA reserves in-year;

Forecast capital outturn position in 2024/25;

Treasury management prudential indicators.

**3. Implications for the Council**

**3.1 Council Plan**

N/A

**3.2 Financial Implications**

3.2.1 The forecast outturn position at Q3 is an underlying overspend of £13.0m which after the use of earmarked reserves and contingencies reduces to £9.9m. Within the position of £13m, an estimated £9m is due to slippage in the approved savings programme across the Council.

## Quarter 3 Revenue Monitoring

	Revised Budget Q3 £000	Forecast at Q3 £000	Variance Q3 £000	Variance Q2 £000	Change from Q2 £000
Children and Families	84,444	90,267	5,823	4,806	1,017
Adults and Health	118,490	121,275	2,785	2,004	781
Place	58,230	66,716	8,486	7,454	1,032
Public Health and Corporate Resources	53,210	54,812	1,602	3,032	(1,430)
Central Budgets	54,706	49,001	(5,705)	(4,306)	(1,399)
<b>General Fund</b>	<b>369,080</b>	<b>382,091</b>	<b>12,991</b>	<b>12,990</b>	<b>1</b>
Use of reserves	3,043	-	(3,043)	(3,043)	-
<b>Adjusted General Fund Total</b>	<b>372,123</b>	<b>382,091</b>	<b>9,948</b>	<b>9,947</b>	<b>1</b>



3.2.3 The key service variations (outlined in more detail in the slide deck) are summarised below.

3.2.4 The projected outturn position for **Children's Services** at Q3 is £5.8m (Q2 position was £4.8m). The £1.0m increase since Q2 mainly arises from an increase in the cost of External Residential Placements, due to increased demand and lower than anticipated savings from the use of internal capacity.

3.2.5 The variance includes funding from the Earmarked Demand Reserve of £1.5m and therefore there is an underlying pressure of £7.3m. The drivers for this pressure continue to be increasing demand and complexity but the service continues to ensure costs are managed effectively whilst providing the best outcomes for children.

3.2.6 In the Learning & Early Support area of the service, there are continued pressures relating to the necessary use of Educational Psychology Locums to support service delivery, this is also linked to increased demand and complexity.

3.2.7 The DfE has allocated funding for use in 2024/25 and 2025/26 of £1,923,783 and £781,503 respectively for the purposes of wrap around school hours (8am-6pm) childcare for primary school aged pupils. It is proposed to allocate this grant funding by awarding of grants to schools and appropriate other providers, by way of applications and a panel authorisation under the direction of the Service Director for Learning and Early Support (per FPR 22.11a), following the detailed DfE requirements, the allocations being based on a subsidy to ensure that providers are encouraged to enter the market, but with a medium term intention that providers achieve viable operations.

3.2.8 The overall projected position for the **Adults & Health** Directorate is an overspend of £2.8m which is £0.8m higher than the previous quarter.

3.2.9 Within the Adult Social Care related portfolio, variances are being seen across key demanded headings, on Independent Sector Home Care (+£3.2m), on Self-Directed Support

(+£4.1m), mainly in relation to Commissioned Services) and on external care home placements (£1.4m under). There is also a variance in relation to the savings target around income/debt (£2.3m not achieved). An underspend is being projected across employee budgets (£3.2m).

3.2.10 The Communities and Access portfolio is projecting an underspend of £1.3m, with £0.9m of this being in relation to underspend on staffing.

3.2.11 The overall projected position for the **Place** directorate is an overspend of £8.5m which is £1m movement from Q2 but does take into account the estimated pressures on the adverse weather budget of £1.5m.

- In Development there is an overspend of £1.5m that largely relates to the management and maintenance of corporate buildings.
- Highways & Street scene is forecast to overspend by £6.4m, £1.6m of this relates to pressures within waste (including statutory pressures such as Persistent Organic Pollutants (POPs) and £1m fleet related), £2.2m of relates to parking services, £0.5m in transport on maintenance of the fleet and £0.4m pressure within highways. There is a forecast further pressure related to adverse weather of £1.5m
- In Environmental Strategy & Climate Change - Schools transport is reporting a pressure of £1.1m which is offset by vacancy savings in the directorate programme office.
- Skills & Regeneration is forecasting to underspend by £0.4m largely related to vacancies and additional grant income.

3.2.12 **Public Health and Corporate Resources** - There is an overall overspend of £1.6m forecast, predominantly due to the impact of subsidy loss on housing benefit payments which is forecasting a net overspend of £4.4m. Insurance savings of £0.3m and savings across culture and visitor economy and enabling service budgets in excess of £2m are offsetting this pressure.

3.2.13 At Quarter 3 there is a projected underspend of £5.7m in **Central Budgets**. Within this position is a forecast underspend of £1.5m within Treasury Management related to a reduction in the in-year capital plan and interest rates on borrowing taken to date being lower than budgeted. There is also a projected underspend of £3.2m on inflation due to the release of budget no longer required. This largely relates to energy costs being lower than budgeted. The 2024/25 pay award was settled in line with base budget assumptions. A further £0.7m underspend relates to the redistribution of business rates levy surplus from Government. This was announced in the Provisional Finance Settlement in December 2024.

3.2.14 A number of activities aimed at reducing spending further within the financial year were identified, and continue to be managed and monitored, including: stopping expenditure not deemed as critical to service delivery.; implementing a process whereby all recruitment is approved by senior management; ongoing review of discretionary fees and charges and increasing these by inflation where possible; exploring all external funding opportunities to bring in additional income and an ongoing review of the Council's capital investment programme to manage the overall treasury management budget..

3.2.15 Whilst Officers will continue to explore options to reduce the overspend, there is now a certainty that there will be an overspend at the end of March 2025 which will necessitate the use of reserves to balance the budgets. The S151 Officer, in line with Financial Procedure

Rules, will undertake a review of all balances, earmarked reserves, grant reserves and consider whether some of these can be brought into revenue as they are longer needed and/or there are no immediate plans for their use

3.2.16 Total forecast usable reserves at March 2024/25, excluding any impact of this projected overspend are £56.4m, of which £34.4m are identified as earmarked.

### **DSG**

3.2.17 The 23/24 in-year deficit was £15m taking the total DSG Deficit to £43.7m at 31 March 2024. The increase in costs was mainly due to rising complexity and demand in mainstream schools and inflationary increases from external providers. These pressures are continuing further into 24/25 and at Q3 there is a projected overspend of £20.6m on High Needs expenditure. The service is working collaboratively with schools to change the way in which funding is allocated to mainstream schools for children with SEND through the introduction of “Cluster Working” and it is anticipated that over time this will lead to stabilisation of costs and reductions. A more robust approach to contract management has also been introduced and this is helping to mitigate the impact of provider increases.

### **HRA**

3.2.18 The HRA projected outturn at Quarter 3 is a breakeven position after the use of reserves., (Q2 position was £2.9m overspend). It is currently assumed £1.9m reduced from £4.4m will be transferred from reserves to mitigate the pressure. Pressures relate to additional investment for building safety and maintenance of housing stock and action has now been taken to recover income from district heating schemes effective from 1<sup>st</sup> January 2025.

### **Capital Plan**

3.2.19 An updated multi-year Capital Plan for 2024-33 was presented to Council on 5 March 2025 as part of the Annual Council Budget Report. The multi-year budget was £1.418bn overall including £202.5m for 2024/25. Capital slippage proposals and the update of the multi-year capital plan is now reported quarterly to Cabinet and is set out below.

3.2.20 The latest budget for the 2024/25 Capital Plan as at Quarter 3 stands at £169.2m (£132.1m General Fund, £37.1m HRA) a reduction of £33.3m from the £202.5m in-year position reported within the Annual Council Budget Report. To date the review has identified slippage of £36.4m (General Fund £30.4m, HRA £6m) being re-profiled into subsequent financial years offset by an increase in grant allocations of £3.1m (Appendix 3). Quarter 3 capital monitoring is presented as in-line with budget, with any slippage identified being re-profiled into future years.

### **Quarter 3 Capital Monitoring**

	Council Budget Plan	Change / Re-profile	Revised Budget Q3	Actual Costs	Forecast at Q3	Variance Q3	Variance Q2	Change from Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children and Families	18,976	(3,538)	15,438	5,935	15,438	0	0	0
Adults & Health	5,534	0	5,534	2,211	5,534	0	0	0
Place	128,330	(23,685)	104,645	64,103	104,645	0	0	0
Public Health & Corporate Resources	6,486	3	6,489	1,661	6,489	0	0	0
<b>General Fund</b>	<b>159,326</b>	<b>(27,220)</b>	<b>132,106</b>	<b>73,910</b>	<b>132,106</b>	<b>0</b>	<b>0</b>	<b>0</b>
HRA	43,166	(6,042)	37,124	25,618	37,124	0	43	(43)
<b>TOTAL</b>	<b>202,492</b>	<b>(33,262)</b>	<b>169,230</b>	<b>99,528</b>	<b>169,230</b>	<b>0</b>	<b>43</b>	<b>(43)</b>

3.2.21 The current budget of £169.2m for 2024/25 remains under review and schemes will continue to be slipped in future years (allowable under Financial Procedure Rules 3.10-3.15), as appropriate prior to year end. The overall capital funding position will be updated at year end, based on the final actual spending for the financial year. It should be noted that outturn variances over the past 3 years have been between £25m-£30m underspend. It is anticipated that a similar outturn position will be reported towards the end of this current financial year.

### Updated Multi-year Capital Plan

EXPENDITURE CAPITAL PLAN	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 - 31/32 £'000	Total £'000
<b>GENERAL FUND</b>	132,106	347,201	210,291	102,581	101,297	146,146	<b>1,039,622</b>
<b>HOUSING REVENUE ACCOUNT</b>	37,124	52,849	67,862	65,807	52,054	106,314	<b>382,010</b>
<b>COUNCIL TOTAL</b>	<b>169,230</b>	<b>400,050</b>	<b>278,153</b>	<b>168,388</b>	<b>153,351</b>	<b>252,460</b>	<b>1,421,632</b>

3.2.22 The multi-year Capital plan currently stands at £1.42bn overall (see also slides 34-39) an increase of £3.5m (£3.1m 2025/26, £0.4m 2025/27), all held within the General Fund. Cabinet recently approved acceptance and expenditure of £1.25m One Public Estate Brownfield Land Release funding on Estates Buildings in order to facilitate its future development. The Housing Private Capital Plan has increased by £1.2m due to increased spend on the Disabled Facilities Grant programme and is to be funded by unapplied grants held in existing grant balances. A further £0.6m has been provided by the West Yorkshire Combined Authority (WYCA) from the Net Zero Region Accelerator (NZRA) programme towards the Councils District Heat Network scheme.

3.2.23 The final capital outturn position for 2024/25 will be presented within the Financial Outturn and Rollover Report as part of the closedown process. This will include a revised more detailed capital plan inclusive of rollover to Cabinet and Council. It is clear that £400m for 2025/26 is not an amount that is considered deliverable.

### **3.3 Legal Implications**

Section 28 Local Government Act 2003 imposes a statutory duty, from time to time to carry out budget monitoring of expenditure and income against budget calculations during the financial year. If there is a deterioration in its financial position the council must take such action as it considers necessary to remedy the situation.

### **3.4 Climate Change and Air Quality**

N/A

### **3.5 Other (eg Risk, Integrated Impact Assessment or Human Resources)**

There is an ongoing risk around the volatility of demand budgets.

## **4 Consultation**

This report has been prepared by the Service Director - Finance, in consultation with the Executive Leadership Team.

## **5 Engagement**

N/A

## **6 Options**

### **6.1 Options considered**

N/A

### **6.2 Reasons for recommended option**

N/A

## **7 Next steps and timelines**

That Cabinet endorse the recommendations set out in this report.

## **8 Contact officer**

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## **9 Background Papers and History of Decisions**

Annual budget report 2025-27 to Budget Council, 5 March 2025

Annual budget report 2024-27 to Budget Council, 6 March 2024

Budget Strategy Update Report to Council, 18 September 2024

Corporate Financial Monitoring Quarter 1, 2024/25 to Cabinet 13 August 2024

Corporate Financial Monitoring Quarter 2, 2024/25 to Cabinet 10 December 2024

## **10 Appendices**

Appendix 1: Financial Monitoring slides

Appendix 2: Savings Plan slides

Appendix 3: Breakdown of Capital Budget Changes Since Council Budget Report 2025/26

- 11 **Service Director responsible**  
Kevin Mulvaney, Service Director – Finance.