

Financial Management 2024/25 to 2027/28 - Revenue and Capital Budget Update 2024/25 – January Update

Date of meeting:	9 th January 2025
Report to:	Cabinet
Report of:	Executive Director – Corporate Services and Commercial
Portfolio:	Corporate Services
Wards affected:	All
Included in Forward Plan:	Yes
Is this a key decision:	Yes
Exempt/confidential report:	No

Summary:

To inform **Cabinet** of:

- 1) The current position relating to the 2024/25 revenue budget.
- 2) The current forecast on Council Tax and Business Rates collection for 2024/25.
- 3) The monitoring position of the Council's capital programme to the end of November 2024:
 - The forecast expenditure to year end.
 - Variations against the approved budgets and an explanation of those variations for consideration by Members.
 - Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects.

Recommendation(s):

Cabinet is recommended to: -

Revenue Outturn

- 1) Note the current position relating to the 2024/25 revenue budget.
- 2) Note the actions being taken to refine forecasts and identify mitigating efficiencies to ensure each service achieves a balanced position.
- 3) Note the remedial action plan measures previously approved by Cabinet on 7th November 2024 (outlined in section 3).
- 4) Note the intention to review and release Earmarked Reserves to support the

additional in-year budget pressure and reduce the call on the Council's General Balances.

- 5) Recognise the financial risks associated with the delivery of the 2024/25 revenue budget and acknowledge that the forecast outturn position will continue to be reviewed, and remedial actions put in place, to ensure a balanced forecast outturn position and financial sustainability can be achieved.

Capital Programme

- 6) Note the spending profiles across financial years for the approved capital programme (paragraph 8.1).
- 7) Note the latest capital expenditure position as at 30 November 2024 of £31.470m (paragraph 7.3); the latest full year forecast is £77.937m (paragraph 7.4).
- 8) Approve a supplementary capital estimate of £0.651m and a supplementary revenue estimate of £0.005m for the Local Authority Housing Fund Round 3 funded by grant from MHCLG (paragraph 7.09)
- 9) Approve a supplementary capital estimate of £0.449m for the Network North Roads Resurfacing Fund funded by grant from the Liverpool City Region Combined Authority (paragraph 7.10).
- 10) Note that capital resources will be managed by the Executive Director Corporate Service and Commercial to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council (paragraphs 7.11-7.13).

1. The Rationale and Evidence for the Recommendations

To ensure Cabinet are informed of the current position in relation to the 2024/25 revenue budget.

To provide an updated forecast of the outturn position with regard to the collection of Council Tax and Business Rates.

To keep members informed of the progress of the Capital Programme against the profiled budget for 2024/25 and agreed allocations for future years.

To progress any changes that are required in order to maintain a relevant and accurate budget profile necessary for effective monitoring of the Capital Programme.

To approve any updates to funding resources so that they can be applied to capital schemes in the delivery of the Council's overall capital strategy.

1. Introduction

- 1.1 On 29 February 2024, Members approved the Budget for the financial year 2024/25. This budget was developed throughout the preceding nine months and took account of all known issues with services identifying and agreeing the resources that they would require for the following year, especially those with demand led budgets. Within that report, and as with previous years, the inherent financial risk within these budgets, especially with respect to Adult Social Care, Children's Services and Education Excellence (Home to School Transport), was identified. This was further reflected within the reserves' strategy for the Council, as reported in the Robustness Report also presented to Budget Council.
- 1.2 This report is the sixth of the Council's monthly budget monitoring reports for 2024/25 and provides the forecast outturn position for all services following a continuing review of forecasts, including the pressures that have materialised since the budget was set.
- 1.3 The report also outlines the current position regarding key income streams for the Authority, namely Council Tax and Business Rates. Variations against expected receipts in these two areas will also affect the Council's financial position in future years.
- 1.4 The capital section of the report informs Members of the latest estimate of capital expenditure for 2024/25 and forecast expenditure for 2025/26 and 2026/27. The capital budget to date is presented in paragraph 7.1. Paragraphs 7.2 to 7.10 review progress of the capital programme. Finally, paragraphs 7.11 to 7.13 confirm that there are adequate levels of resources available to finance the capital programme.

2. Revenue Budget 2024/25 – Forecast Outturn Position as at the end of November 2024

- 2.1 Members are provided with updates of the Council's forecast financial revenue position each month during the financial year from July. As would be expected as the forecast develops through the year, they become more robust and can inform decision making. The Council adopted this approach by developing its in year remedial budget actions on the back of the mid-year review position and this report is the first step that will lead to that.
- 2.2 As at the end of November 2024, the forecast outturn shows a net overspend of **£15.805m**, including the impact of mitigating actions approved at Cabinet on 7th November 2024. This is an increase of **£3.829m** compared to the forest at the end of October 2024. The forecast overspend relates to additional pressures within Adult Social Care, Children's Social Care and Education Excellence (School Travel Support). It should be noted that the majority of services are reporting a balanced position or are implementing local remedial actions to return a balanced position at this stage.
- 2.3 The table below highlights the variations across services that make up the £15.805m forecast overspend:

	Budget	Forecast Outturn	Forecast Variance	Variance to October
	£m	£m	£m	£m
<u>Services</u>				
Strategic Management	4.020	4.020	0.000	0.000
Adult Social Care	122.310	125.431	3.121	0.867
Children's Social Care	82.171	95.872	13.701	2.729
Communities	11.809	11.809	0.000	-0.280
Corporate Resources	11.323	10.941	-0.382	-0.132
Economic Growth & Housing	7.065	7.065	0.000	0.000

Education Excellence	18.090	20.636	2.546	0.000
Health & Wellbeing	19.891	19.518	-0.373	0.000
Highways & Public Protection	11.081	10.704	-0.377	-0.127
Operational In-House Services	18.668	18.418	-0.250	0.000
Property and Building Services	-0.396	-0.396	0.000	0.000
Total Service Net Expenditure	306.032	324.018	17.986	3.057
Council Wide Budgets	10.898	9.678	-1.220	0.233
Levies	37.290	37.290	0.000	0.000
Recruitment Freeze	0.000	-1.000	-1.000	0.000
Non-Essential Expenditure cessation / deferral	0.000	-0.500	-0.500	0.000
Approved mitigating actions now recorded within services	0.000	0.539	0.539	0.539
General Government Grants	-95.740	-95.740	0.000	0.000
Total Net Expenditure	258.480	274.285		
<u>Forecast Year-End Deficit</u>			<u>15.805</u>	<u>3.829</u>

2.4 The key areas relating to the outturn position are as follows:

- **Adult Social Care** – Current forecasts are that the Adult Social Care budget will overspend by £3.1m during 2024/25 and reflects an assumption that there will be full achievement of savings proposed by the Service for the year (see below). However, there are a number of significant assumptions and uncertainties that could impact on this position before the year-end. As stated previously, the service has committed to a number of efficiencies and savings that amount to £4.8m, in order to meet the savings approved as part of the approved 2024/25 budget, plus additional savings to meet the additional budgetary pressures arising from the increases in provider fees approved at Cabinet meetings in May 2024. The achievement of these savings will be carefully monitored throughout the year. As at the end of November, £2.4m of the £4.8m of savings have been delivered. The current position reflects the delivery of these savings in full during this year which the Service has confirmed.

Like all councils, the Service is experiencing growth pressure with demand for services and are seeking to meet the cost of this within the resources available. As would be expected with a budget of this size and volatility, this remains a key risk during the current year, with the added uncertainty of whether additional winter pressures or other grant funding would be received in year. Work will continue to be undertaken throughout the year to understand the pressures arising and refine forecasts. As an adverse forecast outturn position is currently forecast work will continue to be undertaken to explore options to ensure that any potential overspend is mitigated. Initial work has identified potential mitigations of £0.7m which are reflected in the forecast overspend reported above.

- **Children's Social Care** – The previous forecast reported to Cabinet in December 2024 assumed that the Children's Social Care budget would overspend by £11.0m during 2024/25. The current forecast for the service shows a potential overspend of £13.7m (see below). However, there are a number of significant assumptions and uncertainties that could impact on this position before the year-end. Further work continues to be undertaken to understand the pressures and refine forecasts.

Members will be aware that the 2023/24 approved budget included an additional £21m of investment in the service based on the requirement for additional staffing (including temporary funding for additional agency costs whilst more permanent staff are recruited to,

including International Social Workers and from staff coming through the social work academy) as well as additional resources to reflect the number of packages at the time, some potential growth as well as resource for inflationary pressures. The 2024/25 approved budget included a further additional £3m to reflect the number of packages at the time as well as resource for inflationary pressures.

The current forecast for staffing is an overspend of £3.7m. A report to Cabinet in May 2024 approved a new staffing structure within the Service, with the cost of the new structure being £2.450m more than the existing staffing budget. Cabinet approved the virement of £2.450m, to fund the increased cost of the new structure, from the Residential Care budget to the staffing budget based on the forecast reduction in packages across the year provided by the Service based on the improvement work that they are undertaking and the performance information that they produced. However, as the new structure is recruited to with permanent staff, significant numbers of existing high-cost agency placements have continued to be required, resulting in a significant overspend being forecast.

Certain areas of accommodation and support packages are now forecast to overspend by £10.8m. The report to Cabinet in May 2024 outlined that budget realignment would be undertaken to ensure budgets reflected the packages in place at the start of 2024/25 as well as the anticipated reduction in Residential Care packages across the year. This was possible because of continuing improvements in practice which have resulted in more children being placed in more appropriate settings at a lower cost. However, the Service has seen additional children having to be placed in a residential setting resulting in a forecast overspend of £7.6m. In addition, the costs of packages for Children with Disabilities had increased, although specialist work continues to be undertaken to ensure health are making the appropriate contributions to the cost of care. These were the two main areas driving the initial forecast overspend.

It was previously assumed that the increase in Residential Care packages would be short-term. However, further work has been undertaken to assess each case and the assumptions made which has identified that some placements will continue for longer than originally assumed. In addition, some further placements, and increases in package costs, have resulted in further spending pressure. At the start of the financial year there were 80 children in residential placements, and this was forecast to decrease to 71 by the end of November (and to 65 at the end of the financial year). However, at the end of November there are 92 children in residential placements. With an average placement cost of approximately £0.3m per year, it is clear what is driving the budget pressure. There has also been an increase in the number of packages for Children with Disabilities.

Further work has also been undertaken to assess each individual case across the different care settings. This forensic analysis will continue each month to ensure forecasts for each individual case are as robust as possible.

As an adverse forecast outturn position is currently forecast work will continue to be undertaken to explore options to ensure that any potential overspend is mitigated. Initial work has identified potential mitigations of £0.5m which are reflected in the forecast overspend reported in the table above.

In considering this forecast, work will also be undertaken to determine if any of this pressure is temporary or permanent in nature and needs reflecting in future budget setting processes. At present it is considered that some of the increase in cost of Residential Care packages is short-term in 2024/25 due to forecast activity in 2025/26, and so it is estimated that the future years impact will be less significant at this stage. Together with Adult Social Care and Home to School Transport this is clearly the biggest risk to the Council's budget and a

comprehensive review of all residential and other placements, and all agency staff, will continue to be undertaken in order to inform revised forecasts in future months.

This is the most significant budget issue within the Council with pressure of £13.7m. Whilst some mitigations are possible, this will require a substantial call on the Council's General Balances. The Service, in working within this environment, are undertaking the following to ensure that children receive the right support, to enable the right outcomes and invariably deliver the service at a lower cost:

- The DCS signing off on all residential placements after following the key stages of an agreed process.
 - Consideration of residential placements at a weekly External Placement Panel
 - Consideration of care packages at a fortnightly Care Package Review Meeting.
 - A review of applications into care at a weekly SARC Panel
- **Education Excellence** - The current forecast shows a potential net overspend of £2.5m, which mainly relates to Home to School Transport. Members will recall that in this budget, and in previous years' budgets, substantial funding was added to the Home to School Transport budget. However, this budget has come under further pressure due to the significant increase in the number of EHCPs being completed which result in travel support, including more expensive travel relating to out of borough placements.
 - **Other Service Areas** – Most other service areas are currently showing a balanced position. However, based on the initial monitoring undertaken some services are forecasting minor overspends. Work will continue to refine forecasts as more information on expenditure and income becomes available. Services will need to ensure that additional cost control measures are in place between now and the end of the year, and mitigating savings are made to offset any forecast overspend, to ensure each service delivers a balanced position. As part of the remedial action plan approved by Cabinet in November 2024, four services had identified mitigating actions within their areas that could partially contribute to the Council's overall position. These have now been built into individual service forecasts shown in the table above (see paragraph 3.6). In addition, the remedial action plan included savings from a recruitment freeze and a cessation / deferral of non-essential expenditure (see paragraphs 3.4 and 3.8). The impact of these actions has yet to be built into individual service forecasts.
 - **Corporate Budgets** – Whilst the Council continues to achieve positive investment returns on its cash balances. It is forecast that this will achieve additional income of £0.2m in 2024/25. However, due to the impact on cash balances of the High Needs deficit, the Council has had to take out additional borrowing earlier than previously planned for, which is significantly impacting on the forecast surplus that would otherwise be achieved. It is now forecast that the additional costs of borrowing will negate the positive investment returns, with no overall surplus being achieved.

3. **Revenue Budget Summary 2024/25**

- 3.1 An overspend of £15.805m is currently forecast. However, as mentioned in section 2, this is a forecast based on a number of uncertainties and assumptions, particularly around Adult Social Care, Children's Social Care, and Education Excellence (Home to School Transport), which all remain volatile. Additional work will continue to be undertaken across service areas to refine the forecasts and identify mitigating efficiencies to ensure each service achieves a balanced budget position.
- 3.2 As mentioned, the Council must strive to achieve an overall balanced position to ensure its financial sustainability. Given the overall forecast overspend, a remedial action plan to reduce the residual balance was approved by Cabinet on 7th November 2024, and with the

budget position having worsened by over £8m in the two months since the measures were approved, it is essential that this is delivered without exception.

Remedial Action Plan

- 3.3 Cabinet on 7th November 2024 approved a number of remedial actions, including the adoption of financial principles used in previous years, to reduce the forecast overspend position to ensure its continued financial sustainability. Based upon the forecast pressure increasing by over £8m in the two months since the measures were approved, it is critical that these measures are delivered without exception. The approved actions are:

Recruitment Freeze

- 3.4 The Council has implemented a recruitment freeze until the end of the financial year. This will apply to all services across the Council with the exception of Children's Social Care. Savings from non-recruitment of current and future vacant posts are estimated to be £1.0m before the end of the financial year.

No Further Overspend in any Service.

- 3.5 All services must manage their budgets to ensure that their forecast outturn position does not worsen from that currently reported.

Remedial Measures within Services.

- 3.6 Measures to achieve savings have been proposed within certain service areas to help to mitigate the financial pressures being experienced by the Council. The anticipated savings from these measures (which are built into the service forecasts) are:

Service:	Proposed Savings:
	£m
Corporate Resources	0.250
Health & Wellbeing	0.100
Highways & Public Protection	0.250
Operational In-House Services	0.250
	0.850

No Further Growth Items or Additionality

- 3.7 All services to pause any requests for growth or additionality, even if it could be funded from current forecast underspends or further underspends compared to the current forecast position. This will ensure that any further underspends can be used to contribute to mitigating the Council's overall financial position. This doesn't apply to expenditure that can be fully met from external funding received by the Council.

Non-Essential Expenditure

- 3.8 A full review is currently being undertaken of all budgets across the Council to identify areas of non-essential spend that could be stopped. This includes reviewing progress on spending in all areas to identify options for where additional expenditure commitments could be paused. This will identify further underspends that can be used to contribute to mitigating the Council's overall financial position. It is estimated that savings of £0.5m can be achieved before the end of the financial year.

Earmarked Reserves

- 3.9 In a previous report, it was outlined that a further review of Earmarked Reserves had identified a reserve that could now be released to support the forecast outturn position (£0.320m). Following the deterioration of the forecast a further review will be undertaken and any reserves that do not come with a specific legal requirement to hold or are not grant funding with no flexibility for use, will be presented to Members for decision on releasing to

support the in-year position. This will mean that activity previously assumed to be funded will need to be met from service budgets in future years or funded in an alternative way. Based on initial work this may release £5.5m to support the forecast outturn position.

Additional In-Year Funding

- 3.10 Any additional in-year funding that is made available by the Government will be utilised to offset the spending pressures being experienced.

Summary 2024/25

- 3.11 After the implementation of these remedial actions an overspend of **£15.805m** is currently forecast. Whilst remedial actions will continue to be explored to reduce this further, a residual overspend is expected at year-end. Based on this forecast, and in advance of any review of earmarked reserves, this would need to be funded by General Balances. This would reduce these General Balances from the budgeted **£30.3m** to **£14.5m**, which is a 50% reduction and is not sustainable in the immediate or medium term. With the expected release of Earmarked Reserves mentioned in paragraph 3.9, General Balances would be **£20.0m**, still a reduction of one-third. The Council in 2024/25 increased its General Balances by £14m to improve its financial sustainability as it acknowledged that the environment within which it was working continued to pose increased risk and it held at that time a lower level of balances and reserves than many comparator authorities. This increase took account of that forecast risk, benchmarking against other councils, together with best practice and put the Council in a much more robust financial position. In potentially using this level of General Balances, the overall level will reduce to the previous value and will therefore place the Council at increased financial risk, hence the need for this forecast position provided by services to be worked to and delivered in the current year in order that there is no further call on the residual amount. Any further demand on General Balances will further compromise the Council's financial sustainability hence the importance of robust monitoring between now and the end of the year, recruitment and expenditure cessation and critically ensuring expenditure control in those demand led budgets.
- 3.12 As part of the budget setting process for 2025/26 to 2027/28, the Council will need to develop a strategy to increase General Balances back to the level they would have been if they hadn't been utilised to fund an overspend and this may include the repayment of balances by services who have utilised them where appropriate. This strategy will need to take into account the risks faced by the Council and the assessment of their adequacy as described in the S151 Officer's Robustness report.

4. Council Tax Income – Update

- 4.1 Council Tax income is shared between the billing authority (Sefton Council) and the three major precepting authorities (the Fire and Rescue Authority, the Police and Crime Commissioner and the Combined Authority – Mayoral Precept) pro-rata to their demand on the Collection Fund. The Council's Budget included a Council Tax Requirement of £169.759m for 2024/25 (including Parish Precepts), which represents 84% of the net Council Tax income of £202.200m.
- 4.2 The forecast outturn for the Council at the end of November 2024 is a surplus of £0.676m. This variation is primarily due to: -
- The surplus on the fund at the end of 2023/24 being higher than estimated (-£0.312m).
 - Gross Council Tax Charges in 2024/25 being higher than estimated (-£0.458m).

- Exemptions and Discounts (including a forecasting adjustment) being lower than estimated (-£0.157m).
 - Transactions relating to previous years being higher than estimated (+£0.251m)
- 4.3 Due to Collection Fund regulations, the Council Tax surplus will not be transferred to the General Fund in 2024/25 but will be carried forward to be recovered in future years.
- 4.4 A forecast surplus of £1.548m was declared on the 16 January 2024 of which Sefton's share is £1.299m (83.9%). This is the amount that will be recovered from the Collection Fund in 2024/25.

5. **Business Rates Income – Update**

- 5.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £65.692m for 2024/25, which represents 99% of the net Business Rates income of £66.356m. Business Rates income has historically been very volatile making it difficult to forecast accurately.
- 5.2 The forecast outturn for the Council at the end of November 2024 is a deficit of +£2.181m on Business Rates income. This is due to:
- The surplus on the fund at the end of 2024/25 being lower than estimated (+£2.620m).
 - Increase in the gross charge on rateable properties (-£1.175m).
 - A number of reliefs announced for 2024/25 were assumed in the NNDR1 return with the loss of income as a result of these reliefs covered by Section 31 grant payments. It is now forecast that the value of these reliefs will be more than anticipated (+£1.006m).
 - Adjustments relating to prior years (-£0.270m)
- 5.3 When taking into account the change in Section 31 grants due on the additional reliefs, a net deficit of £2.085m is forecast.
- 5.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2024/25 but will be carried forward to be recovered in future years.
- 5.5 A forecast surplus of £11.119m was declared in January 2024. Sefton's share of this is £11.008m. This is the amount that will be distributed from the Collection Fund in 2024/25. Any additional surplus or deficit will be distributed in 2025/26 and future years.

6. **High Needs Budget**

- 6.1 Cabinet and Council have agreed to receive regular reports from the Executive Director of Children's Social Care and Education and the Assistant Director of Children's Services (Education) with regard to the High Needs budget and the changes that are proposed, details of sufficiency planning, the Council's engagement on the Delivering Better Value Programme and the current high needs deficit and the risk around future central government decision making in respect of this deficit.
- 6.2 A separate report on the High Needs funding position of the Council was presented to Cabinet in July 2024, with the next report due in the first quarter of 2025.

7. Capital Programme 2024/25 – 2026/27

Capital Budget

7.1 The Capital Budget and profile of expenditure for the three years 2024/25 to 2026/27 is as follows:

2024/25	£78.554m
2025/26	£105.376m
2026/27	£36.459m

7.2 The following updates have also been made to the capital programme budget since the previous budget report to Cabinet in December 2024:

- **Communities**

- £0.578m has been phased to 2025/26 for the Local Authority Housing Fund. Work is continuing to deliver 12 homes for refugee occupation and 1 temporary accommodation dwelling utilising grant funding through the Local Authority Housing Fund Round 2. Seven homes have been acquired so far. The registered housing providers participating in the project have found market conditions challenging with few suitable properties coming to market during Quarter 3 2024/25. It is anticipated that the market should pick up during Quarter 4 and the remaining 5 acquisitions completed within the first half of 2025/26.

- **Economic Growth & Housing**

- The Strand Repurposing Programme budget has been further refined since the initial estimates reported to Cabinet and Council in January 2024. The updated 2024/25 and 2025/26 allocations can be found in Appendix A and these updated estimates have been reported to MHCLG as part of regular monitoring of the Towns Fund grant.

- **Education Excellence**

- £0.244m has been phased to 2025/26 for Linaker Primary School Re-Pitched Roof due to Academisation of school.
- £0.230m has been phased to 2025/26 for Freshfield Primary Modular Classroom and Resources due to the schedule of works.
- £0.533m has been phased to 2025/26 for Holy Family High Ground Works and Two Storey Four Classrooms due to delays with the planning of works.
- £0.450m has been phased to 2025/26 for Marshside Primary Modular Classroom, Groundworks and Resources due to other schemes taking priority.
- £0.215m has been phased to 2025/26 for Merefield Modular Classroom and Resources due to other schemes taking priority.
- £0.228m has been phased to 2025/26 and £0.061m to 2026/27 for Birkdale Primary Pitched Roofs, Fire Precaution, Windows and Brickwork following the agreement of contracts and confirmation of schedule of works.

- **Highways & Public Protection:**

- £0.129m has been phased to 2025/26 for Public Rights of Way Improvements due to a revised forecast for completion of the scheme into the following financial year.
- £0.609m has been phased to 2025/26 for the LED Street Lighting Upgrade project due to extended completion times from a number of recently installed work items that are awaiting District Network Operator (DNO) jointing connections to allow them to be claimed for as completed work activities. This is because the DNO have had to

prioritise works following significant storm damage to the network, therefore the contractor has implemented mitigation procedures to reduce further delays by making direct appointments of alternative subcontract jointers to work under a tripartite agreement to deliver the outstanding and future programme of works as quickly as possible.

- **Property and Building Services**

- £0.032m has been added to the 2024/25 budget for the Sefton Climate and Retrofit Action Project funded by grant from the National Lottery following approval by Cabinet in November.
- Work has been undertaken to further refine the phase two Corporate Essential Maintenance programme that is anticipated to deliver a number of schemes over 2024/25 to 2026/27 financial years. A breakdown of the revised phase two allocations is provided below and these updated estimated have been included in the capital programme budgets reported above:

	2024/25	2025/26	2026/27
	£	£	£
Corporate Buildings	70,000	2,425,000	2,366,296
Other Civic Buildings	39,893	1,223,107	-
Adult Social Care	30,000	168,464	-
Car Parks	20,000	80,000	-
Leisure, Health & Wellbeing	210,000	204,000	-
Green Sefton	30,000	70,000	-
Localities	-	110,000	-
Economic Growth	-	-	169,000
Asset Management	160,000	11,612	-
TOTAL	559,893	4,292,183	2,535,296

Budget Monitoring Position to November 2024

- 7.3 The current position of expenditure against the budget profile to the end of November 2024 is shown in the table below. It should be noted that budgets are profiled dependent upon the timing of when works are to be carried out and the anticipated spend over the financial year. The budget to date in the table below reflects the profiles of each individual scheme.

	Budget to November	Actual Expenditure to November	Variance to November
	£m	£m	£m
<u>Services</u>			
Adult Social Care	3.287	3.259	-0.028
Children's Social Care	0.313	0.301	-0.013
Communities	0.630	0.368	-0.263
Corporate Resources	0.902	0.751	-0.151
Economic Growth & Housing	8.088	7.330	-0.758
Education Excellence	3.021	3.035	0.014
Highways & Public Protection	10.078	8.556	-1.522
Operational In-House Services	2.641	2.887	0.246
Property and Building Services	5.000	4.984	-0.016
<u>Total Programme</u>	33.961	31.470	-2.491

Capital Programme Forecast Outturn 2024/25

7.4 The current forecast of expenditure against the budget profile to the end of 2024/25 and the profile of budgets for future years is shown in the table below:

	Budget 2024/25	Foreca st Outturn	Varianc e	Budget 2025/26	Budget 2026/27
	£m	£m	£m	£m	£m
<u>Services</u>					
Adult Social Care	8.479	8.377	-0.103	2.433	0.546
Children's Social Care	2.633	2.633	-	-	-
Communities	1.135	1.127	-0.008	0.733	-
Corporate Resources	1.686	1.686	-	0.090	-
Economic Growth & Housing	20.526	20.466	-0.060	51.487	21.281
Education Excellence	7.059	6.923	-0.135	9.815	0.060
Highways & Public Protection	25.717	25.406	-0.311	29.745	10.421
Operational In-House Services	5.627	5.627	-	6.681	1.515
Property and Building Services	5.691	5.691	-	4.392	2.635
<u>Total Programme</u>	78.554	77.937	-0.617	105.376	36.459

*A full list of the capital programme by capital scheme is at **appendix A**.*

7.5 The current 2024/25 budgeted spend is £78.554m with a budgeted spend to November of £33.961m. The full year budget includes exceptional items such as £14.707m for Growth and Strategic Investment projects, £3.377m for new Council Housing schemes, £10.487m for major Highways projects, a £2.707m project for Southport Pier Decking, a one-off budget for a major property acquisition (£4.775m), a scheme to upgrade to LED Street Lighting (£2.850m), and £2.000m for Transformation Projects.

7.6 It should be noted that based on evidence from previous years, it is likely that further reprofiling of spend into 2025/26 will occur as the year progresses, as £80m of capital expenditure would be a significant programme delivered in year- it is therefore essential that all projects are reviewed in a robust manner in order that informed decision making in respect of financial management and member decision making can be undertaken.

Local Authority Housing Fund Round 3

7.7 In September 2023 Council approved a capital allocation of £1.3m for the Local Authority Housing Fund (LAHF) Round 2 to deliver 12 homes and 1 temporary accommodation unit funded by grant from the Ministry of Housing Communities and Local Government (MHCLG). The LAHF helps UK councils to provide accommodation to families with housing needs who have arrived in the UK through Afghan resettlement and relocation schemes and who are accessing bridging hotel accommodation. The intention of the LAHF round two was to address immediate pressures as well as increasing the stock of affordable homes for the future.

7.8 Sefton has now been granted funding under round three of the Local Authority Housing Fund (LAHF). The funding will be utilised under the same premise as round two and is expected to deliver a total of five homes and one temporary accommodation unit. The Resettlement

cohort, Afghan refugees under the Afghan Citizens Resettlement Scheme, that will occupy these homes will also enable the Council to claim additional revenue grant to support community integration.

- 7.9 The Council has entered into a Memorandum of Understanding with the MHCLG in order to release the funding. Cabinet is therefore requested to approve a supplementary capital estimate for £651,000 to include the scheme in the capital programme for 2025/26 and a supplementary revenue estimate of £4,700 for inclusion in the revenue budget.

Network North Roads Resurfacing Fund

- 7.10 Cabinet in June 2024 approved an allocation of grant from the Liverpool City Region Combined Authority (LCRCA) for the Network North Roads Resurfacing Fund for inclusion in the 2024/25 Highways Capital Programme. A further round of funding has now been confirmed by the LCRCA for the continuation of this scheme and Cabinet is therefore requested to approve a supplementary capital estimate of £449,302 for the additional grant.

Programme Funding

- 7.11 The table below shows how the capital programme will be funding in 2024/25:

<u>Source</u>	<u>£m</u>
Grants and Other Contributions	56.643
Prudential Borrowing	16.278
Capital Receipts	5.434
Revenue Contributions	0.198
<u>Total Programme Funding</u>	<u>78.554</u>

- 7.12 The programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital expenditure are in place, the future years programme is fully funded, and the level of prudential borrowing remains affordable.
- 7.13 The Executive Director of Corporate Services and Commercial will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the Council.

2. Financial Implications

All financial implications are reflected within the report.

3. Legal Implications

None

4. Corporate Risk Implications

This report highlights the financial position of the Council in 2024/25, which supports its Financial Sustainability in 2024/25 and future years.

5. Staffing HR Implications

None

6. Conclusion

Based on current forecasts, the Council is again faced with a challenging financial environment during 2024/25 as a result of pressures within Adult Social Care, Children's Social Care and Education Excellence (Home to School Transport). A revenue overspend of £15.805m is currently forecast, which would reduce to £10.305m with the forecast release of Earmarked Reserves to support the budget position.

Alternative Options Considered and Rejected

None

Equality Implications: There are no equality implications.
Impact on Children and Young People: None
Climate Emergency Implications: The recommendations within this report will have a Neutral impact. The allocations of capital funding outlined in section 7 may be spent on projects that will have a high climate change impact as they could relate to new build, rebuild, refurbishment, retrofit and demolition proposals. Environmental consideration will be taken into account when specific projects are designed and tendered – which will help to mitigate negative impacts.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Services and Commercial is the author of this report (FD7899/24).

The Chief Legal and Democratic Officer (LD5999/24) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision:

Following the expiry of the "call-in" period for the Cabinet.

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Appendices:

The following appendices are attached to this report:

APPENDIX A – Capital Programme 2024/25 to 2026/27

Background Papers:

None