

# 2023/24 Half Year Report

Corporate Policy and Scrutiny Committee

7<sup>th</sup> November 2023

# Purpose and key messages

## Purpose

1. To provide an overview of the 2023/24 Half Year position
2. To provide written responses on the outstanding questions on the 2023/24 Q1 report
3. To respond to the Committee on questions around the 2023/24 financial position

## Key messages

- Inflation remains high, although slowly falling now at 6.7%, ongoing demand for services and increased complexity – a particular issue for Children's, as well as interest rates remaining well in excess of rates over the last 15 years
- **Revenue over spend of £12.7m (1.2%) forecast** at the half year stage
- **£14m** of pressure relating to inflation is being reported. We continue to hold reserves specifically set aside for inflationary risk, which can mitigate any emergent pressure, if necessary, in the short term.
- Still focussing on prioritising our resources to achieve the strategic aims outlined in Everyone's Essex. Since Quarter 1 there has been **£1.3m** of funding approved towards Levelling Up and the Economy.
- **Capital over spend of £12.2m (3.8%)** against the latest budget of £319.1m. After proposed adjustments there is a residual over spend of **£3.2m**

# Half Year 2023/24

## Revenue



£12.7m over spend (1.2%)

### Key Drivers



- Children's **£16.6m** - higher levels of complexity and cost of placements
- Adult Social Care **£4.8m** - Reablement Capacity Issues
- Delay in delivery of the organisation wide Staffing Review saving £5m



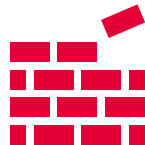
## Savings



£35.5m planned in 2023/24. **£6.9m** at risk of non-delivery

- Other Operating Costs **£7m** - higher levels of income on interest earned plus reduced expectations on capital financing costs
- Energy costs **£6.2m** – unit rates are now nearly half that assumed in budget

## Capital



£12.2m over spend (3.8%)



- A133-A120 **£2.3m**
- Independent Living **£1.9m**
- Harlow Town Centre Regeneration **£915,000**

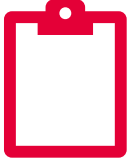
- Road Maintenance **£10.5m**
- Footway Maintenance **£4m**

# Reserves – Summary of Proposals at Half Year

Proposals within the report are classified as follows:

- **£8.4m** relating to funds being appropriated to reserves, to help support anticipated future costs
- **£5.3m** relating to funds being drawdown from reserves to support one-off expenditure relating to various projects and schemes.
- **£74,000** relating to funds being drawn down from reserves that require reapproval as previous decisions have now time lapsed.

# Next Steps



Public Budget consultation live Tuesday 7<sup>th</sup> November, running for 4 weeks



Government Autumn Budget Statement due 22<sup>nd</sup> November



Proposed 2024/25 budget being presented to Cabinet 16<sup>th</sup> January 2024 (with the Q3 2023/24 report), followed by Full Council 13<sup>th</sup> February 2024

# Written Responses

- A breakdown of the spend on repairs at the Clarendon Road property, Watford

## Response

- The roof has been replaced/treated, as there were leaks developing, at a budgeted cost of £368,000. The works have recently finished and will be within budget when final accounts are settled.
- The lifts had reached the end of their economic useful lives and are being replaced currently at a budgeted cost of £280,000. The first lift will be operational imminently with the second by the end of January.
- Of these amounts, approximately £400,000 will be recoverable via the service charge over the next four years. The final value will be dependent on the final costs of the works.

# Written Responses

- Under the conditions of the Bus Recovery grant could we use it to support services that are under threat?
- Can we set out what funding was received for our bus services in 2022/23, and what is assumed for 2023/24 and 2024/25?

## Response

Bus Recovery Grant was intended to support bus services as patronage recovered since the pandemic. It ceased at the end of June 2023 and therefore will not be available for future years.

The table below sets out the grants ECC received or is due to receive in relation to bus services:

Funding Source	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Bus Service Operators Grant	1,186	TBC*	TBC*	1,186
Rural Mobility Fund (DigiGo)	2,575	-	-	2,575
Enhanced Partnership grant	666	-	-	666
Bus service Improvement Plan+	-	4,891	4,891	9,782
Bus Recovery Grant	178	-	-	178
Local Transport Fund	2,860	741	-	3,600
<b>Total</b>	<b>7,464</b>	<b>5,632</b>	<b>4,891</b>	<b>17,987</b>

\*Please note Bus Services Operators Grant has not yet been confirmed for 2023/24 or 2024/25, but it is expected to be in line with what was received in 2022/23. This funding is used to support our Local Bus network.

# Written Responses

- Is the under spend in Youth Services because workers have been leaving? What level of turnover has been seen?

## Response

When the budget was set for 2023/24, there were 24.7FTE vacant posts. This had risen to 26.6FTE vacant posts as at Quarter 1 this year.

Therefore there is a 1.9FTE net increase in vacant posts.

The under spend is a result of the vacancies when the budget was set for 2023/24 not being filled as at Quarter 1.



# Written Responses

- Can there be further information provided on the Facilities Management contract pressure and over spend due to increased volumes of document storage?

## Response

### **£198,000 pressure relating to Iron Mountain:**

Iron Mountain is the contract cost associated with storage of documents that ECC is legally required to hold for a certain number of years, after which time the documents can be destroyed (e.g. Adoptions papers need to be held for 100 years).

The volume of documents held is increasing which is causing a pressure to this budget as is the price due to inflation. Alternative solutions to mitigate the pressure are being considered

### **£234,000 pressure relating to services fixed payments:**

This is the ECC wide Facility Management fixed contract held with Mitie. The pressure arises due to the CPI contract uplift rate applied being higher than that assumed when the budget was set.