

## **Corporate Scrutiny Committee**

**09 October 2024**

### **Finance Update**

#### **Report of the Statutory Scrutiny Officer**

##### **1. Purpose**

- 1.1 To consider the in-year financial position of the Finance and Resources and Chief Executive directorates as reported to Executive Board in September 2024, based on activity to the end of Period 4 (31 July 2024).
- 1.2 To note that the service impacts of in-year financial position relating to the Council's other Directorates should be scrutinised by the other Scrutiny Committees at their meetings if requested, as these matters fall outside the terms of reference for this committee.

##### **2. Action required**

- 2.1 The Committee is asked:
  - 1) To make any comments or recommendations in response to the information presented at the meeting.
  - 2) To consider whether any further scrutiny of the issue is required.

##### **3. Background information**

- 3.1 All Council's operating Executive Governance arrangements are required to establish Overview and Scrutiny Committees. These Committees act as a check and balance to the power of the Executive, holding decision makers to account for their decisions, reviewing proposals and supporting the development of policy. When operating effectively Overview and Scrutiny supports effective decision making and good governance through processes of supportive but robust challenge and transparent public accountability.
- 3.2 The Corporate Scrutiny Committee specifically carries out the statutory overview and scrutiny functions in relation to matters relating to the Council's finances and resources such as IT, customer services, commercial strategy, procurement and financial management and corporate and cross-cutting matters that affect each directorate such as development of and delivery of the Strategic Council Plan, budget, transformation and improvement.
- 3.3 In relation to the Budget, the Corporate Scrutiny Committee considers a number of items in its Work Programme over the course of the municipal year

including the Budget Strategy, Budget Monitoring, is a consultee on the Budget Proposals, and considers the final Budget prior to it being considered by City Council.

#### **4. 2024/25 Budget Forecast**

- 4.1 At the end of 2023/24 the Council reported a provisional overspend of £17.568m to the June 2024 Executive Board, being fully funded from the Exceptional Financial Support flexibility. Although significant service growth has been provided through the 2024/25 budget and MTFP process to manage the recurring pressures, the Council is continuing to experience an increased demand for services amidst a challenging cost-of-living crisis.
- 4.2 The Council continues to face exceptional circumstances as best demonstrated by the 2024/25 General Fund Budget balanced only by taking all available saving options tabled to the executive Board and City Council in February 2024 and March 2024 respectively and the use of material sums of Exceptional Financial Support. The 2024/25 approved budget includes use of c£41m of Exceptional Financial Support flexibility with any in-year overspends requiring to be met from a combination of in-year mitigations and savings and one-off General Fund contingency. In case, where application of all available financial intervention strategies/tools does not fully close any in-year budget gap then use of reserves may be considered.
- 4.3 The Council is forecasting a gross General Fund overspend of £12.595m (3.53%) which is reduced to a net overspend of £2.822m (0.79%) following application of forecasted management and mitigating actions totalling £9.773m against the 2024/25 General Fund budget of c£357m.
- 4.4 The predominate drivers of the Council's financial pressures continue to be a combination of both demographic growth, complexity of care provision and inflationary pressures across a wide range of service areas.
- 4.5 The Council's comprehensive Savings Programme, including the Transformation Programme, which is currently in its third year, is projected to achieve significant budgetary efficiencies, with combination of 2024/25 and 2023/24 undelivered savings totalling £38.422m (78.8%) either delivered or on track to be delivered in 2024/25. Additionally, the ongoing Finance Improvement Programme is expected to further streamline our financial operations, ensuring continued fiscal prudence and resource optimisation.
- 4.6 The Housing Revenue Account (HRA) forecast at Period 4 for 2024/25 is showing a net underspend of (£0.304m).

4.7 The revised Capital Programme of c£329m profiled for 2024/25 at Period 4 (combined General Fund and HRA) is forecast to spend c£327m, a variance of (c£2m) when compared to the 2024/25 budget.

4.8 A detailed 2024/25 Budget Monitoring report at Period 4 is provided as Appendix 0.

## **5. List of attached information**

- Appendix 0 – 2024/25 Budget Monitoring Report
- Appendix 1 – Savings Dashboard
- Appendix 2 – Capital Programme Slippage
- Appendix 3 – Capital Programme Under & Over Spends
- Appendix 4 – General Fund Revenue Budget Virement Summary

## **6. Background papers, other than published works or those disclosing exempt or confidential information**

6.1 None

## **7. Published documents referred to in compiling this report**

7.1 Executive - 2024/25 Budget Monitoring Period 4- 17 September 2024

## **8. Wards affected**

8.1 All

## **8 Contact information**

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