

## **Cabinet**

**30 July 2024**

### **Revenue Budget Monitoring – Round 1 2024/25**

Portfolio Holder: Councillor Vince Maple, Leader of the Council  
Report from: Phil Watts, Chief Operating Officer (S151 Officer)  
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#### **Summary**

This report presents the results of the first round of the Council's revenue budget monitoring process for 2024/25. The Council's summary position is presented in section 5, with sections 6-10 providing the detail for each service area.

#### **1. Recommendations**

- 1.1. The Cabinet is asked to note the results of the first round of revenue budget monitoring for 2024/25.
- 1.2. The Cabinet is asked to instruct the Corporate Management Team to implement urgent actions to bring expenditure back within the budget agreed by Full Council.

#### **2. Suggested reasons for decision(s)**

- 2.1. Full Council is responsible for agreeing a balanced budget in advance of each financial year. Cabinet is responsible for ensuring that income and expenditure remain within the approved budget, including instructing corrective action to prevent any forecast overspend from materialising.

#### **3. Budget and policy framework**

- 3.1. Cabinet is responsible for ensuring that income and expenditure remain within the budget approved by Council. Budget virements are subject to the financial limits contained in part 5 of chapter 3 of the Council's Constitution.

#### **4. Background**

- 4.1. At its meeting on 23 February 2023, the Council set a total budget requirement of £438.569million for 2024/25. Since then additional grant funding has been confirmed, primarily the Household Support Fund. The net impact of these amendments takes the Round 1 budget requirement to a total of £440.551million.

4.2. This report presents the results of the first round of revenue budget monitoring based on returns submitted by individual budget managers. In preparing these forecasts, budget managers have taken account of last year's outturn, items of growth or savings agreed as part of the budget build, actual income and expenditure for the year to date, and most importantly, their knowledge of commitments and service requirements anticipated for the remainder of the financial year.

## 5. Summary Revenue Budget Forecast Position 2024/25

5.1. The forecast outturn for 2024/25 represents a pressure of £16.473million.

Directorate	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
<i>Budget requirement:</i>				
Children and Adult Services	307,958	336,672	348,392	11,720
Regeneration, Culture and Environment	62,462	70,332	73,476	3,144
Business Support Department	6,624	8,133	8,134	1
Business Support Centralised Services:				
Interest & Financing	13,943	19,211	19,064	(147)
Corporate Management	3,312	3,941	5,695	1,755
Additional Government Support Grant Expenditure	5,516	2,262	2,262	0
<b>Budget Requirement</b>	<b>399,815</b>	<b>440,551</b>	<b>457,024</b>	<b>16,473</b>
<i>Funded by:</i>				
Council Tax	(148,883)	(158,462)	(158,462)	0
Retained Business Rates & Baseline Need Funding	(65,464)	(74,499)	(74,499)	0
Government Grants - Non Ringfenced	(9,258)	(8,129)	(8,129)	0
New Homes Bonus	(1,998)	(1,573)	(1,573)	0
Dedicated Schools Grant	(105,712)	(122,220)	(122,220)	0
Other School Grants	(5,098)	(4,883)	(4,883)	0
Adult Social Care Grants	(26,646)	(32,151)	(32,151)	0
CSC Grants	(140)	(197)	(197)	0
Public Health Grant	(18,733)	(19,037)	(19,037)	0
Use of Reserves	(2,985)	0	0	0
Additional Government Support Ringfenced Grant Income	(8,191)	(4,656)	(4,656)	0
Exceptional Financial support	0	(14,742)	(14,742)	0
<b>Total Available Funding</b>	<b>(393,109)</b>	<b>(440,551)</b>	<b>(440,551)</b>	<b>0</b>
<b>Net Forecast Variance</b>	<b>6,706</b>	<b>0</b>	<b>16,473</b>	<b>16,473</b>

## 6. Children and Adults

6.1. The Directorate forecast is a pressure of £11.720million, with details of the forecasts in each service area in the Directorate set out in the tables below.

<b>Adult Social Care</b>	<b>2023/24 Outturn £000's</b>	<b>2024/25 Budget R1 £000's</b>	<b>R1 Forecast £000's</b>	<b>R1 Forecast Over/(Under) £000's</b>
Assistant Director Adult Social Care	(3,048)	(6,376)	(5,259)	1,117
Locality Services	93,409	100,724	106,030	5,306
Business Operations & Provider Services	4,377	5,292	5,786	495
Specialist Services/Principal Social Worker	1,853	2,057	2,481	423
<b>Total</b>	<b>96,591</b>	<b>101,698</b>	<b>109,038</b>	<b>7,341</b>

The Adult Social Care forecast is an overall pressure of £7.341million.

The forecast reflects the impact on placement costs of continuing demographic pressures, increases to the cost of packages and the increased level of complex needs for some of our new clients compared to the levels assumed in the budget. Activity/client data indicates pressures are primarily driven by supported living disability services and homecare for older people, though work is ongoing to deliver the savings targets agreed in the budget and later rounds of monitoring will reflect the impact of this work as savings are delivered.

In previous years forecasts have been based on spend data from the financial system and were led by the Accountancy team and agreed with the service. Instead, for 2024/25 the forecasts have been produced by the service directly, based on activity/client data from the Social Care software system, Mosaic. The service forecast is broadly in line with the projections of the Accountancy team based on early indications on spend, however there is an element of risk in the position declared as the new resources and ways of working agreed in the 2024/25 budget will take time to fully bed in.

Medway's Care Quality Commission inspection site visit has been confirmed for August, impacting the service workload and priorities ahead of the inspection and represents a risk to the budget forecast.

<b>Children's Services</b>	<b>2023/24 Outturn £000's</b>	<b>2024/25 Budget R1 £000's</b>	<b>R1 Forecast £000's</b>	<b>R1 Forecast Over/(Under) £000's</b>
Head Of Safeguarding & Quality Assurance	3,095	3,006	3,006	0
Childrens Care Improvement	2,688	414	414	0
Childrens Social Work Team	6,146	7,173	7,432	259
Business Support	1,526	1,729	1,729	0
Family SOL, Youth, MASH & ADOL	6,983	7,129	7,329	200
Childrens Legal	2,723	2,742	3,242	500
Childrens Social Care Management	1,081	(867)	(867)	0
Client Support Packages	6,678	4,425	4,425	0
Corporate Parenting	4,932	5,209	5,490	281
Placements	29,542	36,758	36,758	0
Provider Services	6,377	6,235	6,856	621
<b>Total</b>	<b>71,770</b>	<b>73,952</b>	<b>75,813</b>	<b>1,861</b>

The Children's Services forecast is an overspend of £1.861million.

There is an £800,000 pressure forecast on agency staffing across the service. The forecast assumes that an agency project team that was budgeted to end at the end of the last financial year will instead be in place until the end of September due to high caseloads. The use of agency staff is also a pressure across teams including Fostering, Assessment and the Children's Social Work teams though as recruitment activity is filling a number of key posts this is expected to reduce in future rounds.

There is a pressure of £513,000 as the budget assumed the Eden House facility would be open in April 2024 and would generate savings from that point. The Ofsted application was submitted in May and is expected to take approximately 23 weeks, and therefore only six months savings will be delivered and reflected in the forecast.

There is a forecast overspend of £500,000 on Childrens Legal Services reflecting continued increases in demand and expenditure on external assessments, however as the multi-disciplinary team is embedded and the reunification programme of work begins this forecast pressure may reduce.

Directorate Management Team	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Directorate Management Team	600	4,385	4,347	(38)
<b>Total</b>	<b>600</b>	<b>4,385</b>	<b>4,347</b>	<b>(38)</b>

The Directorate Management Team is forecast to underspend by £38,000 on staffing arising from the appointment of the new Assistant Director for Childrens Services.

Education	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
School Organisation & Student Services	2,499	2,958	3,171	213
Psychology & Special Educational Needs	44,675	42,496	44,248	1,752
School Improvement	387	324	221	(102)
Special Educational Needs & Disabilities Transport	11,335	12,281	13,085	804
Inclusions	2,216	3,152	3,152	(0)
School Online Services	(3)	15	(6)	(21)
Education Management Team	446	816	788	(28)
Early Years Sufficiency	17,618	17,740	17,740	0
<b>Total</b>	<b>79,172</b>	<b>79,781</b>	<b>82,399</b>	<b>2,617</b>

Education is forecast to overspend by £2.617million.

The main areas of projected overspend for the general fund are an £804,000 pressure on SEN transport which reflects increased demand based on the updated estimates for the the September intake of new pupils. A pressure of £1.070million is forecast on Educational Psychology staffing as 10 agency staff have been engaged to clear statutory assessment backlogs, and the forecast includes a further 10 agency staff being engaged in July. There is a pressure of £699,000 on staffing within the SEND team, with agency staff in the Assessment team currently forecast to be in place until the end of November, alongside agency staff covering vacancies in the service. The agency costs in the forecasts include posts above the budgeted establishment.

The service is forecasting a £300,000 shortfall against the High Needs Safety Valve Improvement Plan (SVIP) saving required for 2024/25 as a £300,000 provision for non-payment of recoupment charges by other local authorities has been reflected.

As at 31st March 2024 the DSG reserve was reporting a £19.378million deficit; this is forecast to reduce to £15.995million by March 2025 when the projected in year underspend of

£3.383million is transferred into the reserve. This forecast year end deficit position is before the DfE contribution is added and is £300,000 higher than submitted as part of the SVIP, so it will be necessary to increase the savings delivery in line with the plan.

<b>Partnership Commissioning &amp; Business Intelligence</b>	<b>2023/24 Outturn £000's</b>	<b>2024/25 Budget R1 £000's</b>	<b>R1 Forecast £000's</b>	<b>R1 Forecast Over/(Under) £000's</b>
Adults Commissioning	393	515	519	5
Children's Commissioning	1,515	1,721	1,664	(57)
C&A Performance & Intelligence	531	564	556	(8)
<b>Total</b>	<b>2,439</b>	<b>2,800</b>	<b>2,740</b>	<b>(61)</b>

The forecast on the Partnership Commissioning and Business Intelligence teams is a net underspend of £61,000, due to savings on forecasted contract payments.

<b>Public Health</b>	<b>2023/24 Outturn £000's</b>	<b>2024/25 Budget R1 £000's</b>	<b>R1 Forecast £000's</b>	<b>R1 Forecast Over/(Under) £000's</b>
Public Health Management	1,775	1,221	1,259	37
Health Improvement Programmes	3,702	4,196	4,161	(35)
Stop Smoking Services	751	845	808	(37)
Supporting Healthy Weight	1,511	1,519	1,650	132
Substance Misuse	2,136	2,136	2,138	2
Child Health	5,234	5,485	5,387	(98)
<b>Total</b>	<b>15,109</b>	<b>15,403</b>	<b>15,403</b>	<b>0</b>

Public Health services are forecast to budget. Contracted Services continue to come under increasing cost pressures due to NHS uplifts not being funded through increase to Public Health Grant.

<b>Additional Government Grants</b>	<b>2023/24 Outturn £000's</b>	<b>2024/25 Budget R1 £000's</b>	<b>R1 Forecast £000's</b>	<b>R1 Forecast Over/(Under) £000's</b>
Start 4 Life Funding	1,514	1,232	1,232	0
Holiday Activity Fund	1,187	1,162	1,162	0
<b>Total</b>	<b>2,701</b>	<b>2,394</b>	<b>2,394</b>	<b>0</b>

In February 2023 Medway Council signed a memorandum of understanding with the Department for Education to participate in the Family Hubs and Start for life Program. Medway will receive approximately £3million over 3 years 2022-2025 to deliver a suite of services including parenting, infant feeding and perinatal mental health support, early language development and parent-infant relationship support delivered through a Family Hub model. A multi-agency working group has been established to oversee planning and delivery of the program. The first tranche of year one funding was received in February 2023 and work is underway to recruit a transformation team to get the project mobilized. The budget shown for 2024/25 represents the annual allocation.

The 2024/25 allocation for the Holiday, Activities and Food program in Medway is £1.162million. This will mainly fund activities over the Easter and summer holidays, with the remainder used to fund a further program for the October and Christmas breaks.

Schools Retained Funding & Grants	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Finance Provisions	438	693	3,278	2,585
Hr Provisions	568	681	681	0
School Grants	38,569	54,884	52,299	(2,585)
<b>Total</b>	<b>39,575</b>	<b>56,258</b>	<b>56,258</b>	<b>0</b>

Schools Retained Funding & Grants is forecast on budget.

There is a £2.6million pressure projected on the schools growth funding to allow for new classes opening in September (and those opened between Jan and April) however this may not materialise as not all schools are taking up the offer of the growth fund. Any overspend will be transferred into the Dedicated Schools Grant reserve and reclaimed from the schools block grant in 2025/26.

## 7. Regeneration, Culture and Environment

7.1. The Directorate forecast is an overspend of £3.144million. Details of the forecasts in each service area are set out in the tables below.

Culture & Community	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Sport, Leisure, Tourism & Heritage	3,380	4,112	4,018	(94)
Cultural Services	2,351	2,137	2,102	(34)
Planning	2,427	2,216	2,331	115
South Thames Gateway Partnership	135	135	142	7
Strategic Housing	3,878	6,308	9,189	2,881
Libraries & Community Hubs	4,389	4,818	4,774	(44)
Culture & Community Support	91	73	68	(4)
<b>Total</b>	<b>16,652</b>	<b>19,797</b>	<b>22,624</b>	<b>2,827</b>

The Culture & Community division forecast is a net overspend of £2.827million.

There is a £2.881million pressure projected on Temporary Accommodation as the number of Homeless presentations remains high and the cost of private sector accommodation has increased by 20%, exceeding the budget expectations and the LGA recently reported that the proportion of Council budgets spend on Homelessness/Temporary Accommodation has tripled since 2015. While good progress is being made on the programme of purchasing Council Temporary Accommodation stock, the service do not expect a significant impact will be realised until Q3 of 2024/25 and this is reflected in the forecast.

There is a £115,000 pressure on the Planning service due to the projected cost of the accelerated delivery of the Local plan.

There is a projected underspend of £94,000 on Sport, Leisure, Tourism & Heritage largely due to underspends on staffing, supplies and services budgets across heritage sites.

Director's Office	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Director's Office	959	2,067	2,033	(34)
<b>Total</b>	<b>959</b>	<b>2,067</b>	<b>2,033</b>	<b>(34)</b>

The Director's Office is forecast to underspend by £34,000 relating to underspends on staffing budgets and also savings on utilities costs in Public Conveniences.

Front Line Services	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Front Line Services Support	644	851	889	38
Highways	4,394	5,873	5,463	(410)
Parking Services	(4,831)	(6,670)	(6,704)	(35)
Environmental Services	29,093	31,408	31,588	179
Integrated Transport	7,246	7,600	7,658	58
Regulatory Services	2,149	2,701	2,748	47
Greenspaces	5,287	5,740	5,681	(59)
<b>Total</b>	<b>43,982</b>	<b>47,503</b>	<b>47,323</b>	<b>(181)</b>

The Front Line Services division is forecast to underspend by £181,000.

Highways is forecast to underspend by £410,000 as a pressure of £100,000 on Highways patching is more than mitigated by underspends on electricity costs for street lighting and additional income from additional income from charges to capital schemes.

Parking Services is forecasting a net underspend of £35,000 as a projected shortfall in income of £328,000 on the Safer, Healthier Streets programme is offset by additional income above budgeted levels from Parking of £363,000.

The Environmental Services forecast is an overspend of £179,000, due to an increase in organic waste and as breakdowns at the energy recovery facility mean landfill has been used for the first time in two years.

Regeneration	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Medway Norse	103	0	157	157
Property & Capital Projects	1,949	1,447	1,729	284
Regeneration Delivery	900	951	982	31
Valuation & Asset Management	(2,589)	(1,915)	(1,971)	(56)
Economic Development	511	542	565	23
Skills & Employability	223	373	340	(33)
<b>Total</b>	<b>1,097</b>	<b>1,397</b>	<b>1,802</b>	<b>405</b>

The Regeneration division forecast is a net pressure of £405,000.

The Medway Norse Core Contract is projected to overspend by £157,000 as the planned savings arising from a review/renegotiation of Facilities Management have not been achieved.

The Property & Capital Projects forecast is a net pressure of £284,000 as a forecast shortfall of £518,000 on income from capital schemes is offset by savings on permanent staff budgets.

Medway Norse Profit Share	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Medway Norse Profit Share	(247)	(433)	(305)	128
<b>Total</b>	<b>(247)</b>	<b>(433)</b>	<b>(305)</b>	<b>128</b>

The Medway Norse profit share is currently forecast to be £128,000 lower than budgeted.



## 8. Housing Revenue Account

Housing Revenue Account	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Housing Revenue Account	(1,152)	0	(218)	(218)
<b>Total</b>	<b>(1,152)</b>	<b>0</b>	<b>(218)</b>	<b>(218)</b>

The Housing Revenue Account forecast is an underspend of £218,000. The forecast reflects small pressures across Homes for Independent Living and Housing Maintenance. The overspend in these areas are offset by vacancy savings in tenancy services, primarily due to the Head of Tenant Service post being vacant. The rental income forecast includes the rent and service charge income as well as recharged expenditure, each forecast has been based upon actual income to date which is favourable to the budget.

## 9. Business Support & Centralised Services

9.1. The Business Support Services forecast is an overspend of £1,000, while the Centralised Services forecast is an underspend of £1.607million, bringing the overall forecast to an overspend of £1.608million. The details of the forecasts in each service area are set out in the tables below.

Communications & Marketing	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Communications & Marketing	36	29	26	(3)
<b>Total</b>	<b>36</b>	<b>29</b>	<b>26</b>	<b>(3)</b>

The service is forecasting a minor underspend of £3,000 due to vacancy savings offset by lower than budgeted income.

Divisional Management Team	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Divisional Management Team	8	0	25	25
<b>Total</b>	<b>8</b>	<b>0</b>	<b>25</b>	<b>25</b>

The service is forecasting a small overspend of £25,000 due to a pressure on the staffing budget which will be corrected once a budget transfer has been actioned.

Finance & Business Improvement	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Internal Audit & Counter Fraud	47	0	(35)	(35)
FBI Divisional Management Team	(15)	0	8	8
FBI - Finance	3,851	4,387	4,279	(108)
FBI - Information	282	1,138	1,045	(94)
FBI - Organisational Culture	(759)	(125)	(190)	(65)
<b>Total</b>	<b>3,406</b>	<b>5,400</b>	<b>5,106</b>	<b>(294)</b>

The Finance & Business Improvement division forecast is an underspend of £294,000. The Finance forecast (which includes Accountancy, Revenues, Benefits and Debt) is an underspend of £108,000 primarily driven by vacancy savings across the teams, offset by increased costs associated with a number of ICT systems and contracts in excess of the budget allocations.



The Information forecast (which includes Technology, Customer Experience and Digital) is an underspend of £94,000. There is a pressure on CCTV services of £88,000 though work is ongoing to implement changes to achieve the required level of savings. That overspend is offset by an underspend on Customer & Business Support (CABS) of £118,000 due to vacancy savings along with vacancy savings across a number of other teams.

The Organisational Culture forecast (which includes HR, Payroll and Council Plan service areas) is an underspend of £65,000. This is due to a mixture of income targets not being achieved (including from schools) offset by additional income from agencies.

Legal & Governance	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Democratic Services	559	651	639	(11)
Members & Elections	2,039	2,231	2,234	2
Category Management	(7)	0	(9)	(9)
Legal, Land Charges & Licensing	584	(179)	113	291
<b>Total</b>	<b>3,174</b>	<b>2,704</b>	<b>2,977</b>	<b>273</b>

The divisional forecast is an overspend of £273,000.

Legal, Land Charges and Licensing are forecast to overspend by £291,000. This is comprised of a £649,000 underspend on permanent staff as new posts agreed in the budget are not yet all in post, offset by an overspend of £808,000 on agency staffing to deliver the caseload.

Centralised Services	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Interest & Financing	13,943	19,211	19,064	(147)
Levies	1,769	1,892	1,892	0
Corporate Management	1,548	2,048	3,803	1,755
<b>Total</b>	<b>17,259</b>	<b>23,151</b>	<b>24,759</b>	<b>1,607</b>

Collectively, Centralised Services are forecast to overspend of £1.607million.

The Interest & Financing budget funds the cost of borrowing required to support the Council's capital programme and is projected to underspend by £147,000, as the interest earned on the loans to Medway Development Company PRS is higher than the interest payable on the borrowing to fund it.

The Corporate Management overspend relates to Medway 2.0 and the Transformation Roadmap, and reflects the CMT agreed spend against budget as an underspend, offset by the £2million savings target held here until savings are identified across the Council's budgets to deliver this.

## 10. Additional Government Support

Additional Government Support Expenditure	2023/24 Outturn £000's	2024/25 Budget R1 £000's	R1 Forecast £000's	R1 Forecast Over/(Under) £000's
Household Support Grant	4,525	2,262	2,262	0
Homes for Ukraine	864	0	0	0
<b>Total</b>	<b>5,389</b>	<b>2,262</b>	<b>2,262</b>	<b>0</b>

All additional government support grants are currently forecast to be fully spent. Budget in respect of Homes for Ukraine scheme will be added throughout the year under the delegation of the Chief Operating Officer as funding is received.

## 11. Conclusions

- 11.1. The first round of revenue budget monitoring for 2024/25 projects an overspend of £16.473million.

## 12. Risk management

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
The Council overspends against the agreed budget	Overspends on budget would need to be met from the Council's limited reserves.	The revenue monitoring process is designed to identify and facilitate management action to mitigate the risk of overspending against the agreed budget.	AI
Impact on service delivery	An overspend that cannot be funded from reserves could result in a diminution of the scale and quality of services that the Council is able to deliver.	Ensuring investment is prioritised to statutory services and key priorities, reviewing and reducing non-essential spend and maximising income.	All
Reputational damage	The challenging financial position of the Council, driven by increased demand for statutory services beyond available funding, could be misconstrued or reported as poor management or leadership, reducing the trust and confidence of residents, partners and regulators.	Clear communications with all interested parties on the cause of the financial position, lobbying the government for an improved funding settlement for local government, including implementation of the fair funding review.	BII
Demographic Growth	Further demographic pressures may surface across our social care services above those assumed in the budget.	Close monitoring of demand for service to identify pressures early, robust budget monitoring.	All
Interest Rate Rises	The budget assumes a significant proportion of the Capital Programme is funded from borrowing. If rates rise beyond the projections in the budget, or if additional borrowing is required, a revenue budget pressure will arise unless some elements of the programme can be curtailed or refinanced.	Close monitoring of the capital programme monitoring to minimise borrowing and avoid taking out borrowing at interest rate peaks.	BII

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Special Educational Needs and Disabilities	Further increases in the number of children requiring support, and in the complexity of needs may surface. Failure to deliver the recovery plan would risk the Council needing to use the £3million reserve created to fund any shortfall.	Close monitoring of demand for service to identify pressures early, robust budget monitoring.	All
<b>Likelihood</b>		<b>Impact:</b>	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

### 13. Financial implications

- 13.1. The first round of revenue budget monitoring for 2023/24 projects an overspend of £16.473million. As reported to the Cabinet in June in the Capital and Revenue Budget Outturn for 2023/24, the Council's general reserves currently stand at £10.065million. The Council would not therefore be in a position to fund an overspend on the scale of that currently projected.
- 13.2. It will now be necessary for the Council's senior managers and elected Members to implement urgent actions to bring expenditure back within the budget agreed by Full Council or as a minimum to within that which can be funded from general reserves.

### 14. Legal implications

- 14.1. The Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by Council. It is unlawful to set a budget that is not balanced or incur expenditure which results in the budget no longer being balanced.
- 14.2. Under section 114 of the Local Government Finance Act 1988, the Council's statutory Section 151 Officer, is required to produce a report, commonly known as a S114 report, "if it appears to him that the expenditure of the authority is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure."
- 14.3. The Council's Financial Procedure Rules state at Chapter 4, Part 6, the following paragraph references:

- 4.1 Approval by the Council of the overall revenue budget authorises the Cabinet and Chief Executive and directors to incur the expenditure in accordance with the scheme of delegation, the budget and policy framework rules and these rules.
- 4.4 The Chief Operating Officer shall be responsible for monitoring the Council's overall expenditure and income and for reporting to the Cabinet and Council significant variations between the approved estimates and actual expenditure.
- 4.6 There may be occasion in exceptional circumstances where additional expenditure is essential and therefore unavoidable. Requests for supplementary revenue estimates must be referred to Council for approval. Such referrals would only occur where proposals are incapable of being financed from within approved budgets and where it is not possible to defer the expenditure to a later year.
- 14.4. The Cabinet and officers may only spend within allocated budgets. If the budget is likely to be exceeded, the Council is required to consider if it wishes revise to the revenue budget or require mitigating action to be taken.
- 14.5. Article 7 of the Council's constitution states:
- 7.2 The Cabinet (meaning the Leader and such other Members of the Council as the Leader may appoint) will carry out all the authority's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution
- 14.6. Officers are mandated to deliver services within agreed performance standards and agreed policies. Subject to the scheme delegation officers do not have authority to vary policies or performance standards.
- 14.7. If the council is not minded to agree a supplementary revenue estimate, then the Cabinet is required to operate with the approved estimate. If that necessitates revisions of policies or service standards, then unless those matters are delegated to officers, it is matter for Cabinet to determine those matters.

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#### Appendices

None

#### Background papers

None