

CABINET

DATE	15 th November 2023
REPORT OF	Cllr Stephen Harness, Portfolio Holder for Finance, Resources and Assets.
RESPONSIBLE OFFICER	Rob Walsh, Chief Executive, and Sharon Wroot, Executive Director Place and Resources
SUBJECT	2023/24 Q2 Council Plan Resources and Finance Monitoring Report
STATUS	Open
FORWARD PLAN REF NO.	CB 11/23/01

CONTRIBUTION TO OUR AIMS

The Council Plan, and the Budget, Finance and Business Plan were adopted by Council in February 2023. The Council Plan sets out the key actions for North East Lincolnshire Council that contribute to the priorities of 'Stronger Economy, Stronger Communities'. The finance and business plans underpin delivery and focus on long-term financial sustainability.

EXECUTIVE SUMMARY

This report provides key information and analysis of the Council's position at the end of Q2. Further detailed information is provided within the appendix to this report.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Notes the content of the report.
2. Refers the report to all Scrutiny Panels for further consideration and oversight.

REASONS FOR DECISION

The report is important in informing Cabinet of the performance and financial position of the Council and highlighting risks and opportunities.

1. BACKGROUND AND ISSUES

Council Plan Performance

- 1.1 At the end of the mid-point of the financial year the Council is making good progress in many areas of delivery. However, there remains an on-going challenge in relation to delivery within budget within some areas of Children's Services.
- 1.2 The appendix to this report includes a red/amber/green (RAG) assessment for each area of the organisation for performance, finance, and an overarching RAG rating. At the end of Quarter 2, the overarching assessments show 3 areas rated overall as green, and 5 areas rated as amber, with 2 areas rated

as red for delivery within budget, meaning that plans are in place over the term of the Medium-Term Financial Plan (MTFP), but there are pressures within the current financial year.

- 1.3 Where performance is rated red or amber, services are working to identify ways to mitigate the risk of non-delivery.
- 1.4 The report includes a snapshot of performance data taken from a live performance dashboard that shows progress against our 'Vital Signs'; the barometers that indicate progress. We are continuing to develop the dashboard to improve the way that data is presented, so that it is clearer about what 'good' looks like and there is a clear direction of travel. The dashboard is published on our website and can be used by elected members and residents to view more detailed information that sits behind the headline indicators. [Council Plan – Our vision and aims | NELC \(nelincs.gov.uk\)](https://nelincs.gov.uk)
- 1.5 **Financial Position**
- 1.6 At the mid-point of the financial year, the Council is forecasting a £6.2M overspend against its approved 2023/24 budget. This forecast largely reflects the ongoing challenges being experienced within Children's service, but also acknowledges other risks related to policy and the challenging economic environment within which the Council is operating.
- 1.7 Whilst additional resources have been invested into children's services as part of the last budget round, further action is required to deliver recurrent financial balance. Particularly focus is being placed on the numbers of children in care which, although reducing, remain significantly higher than other comparable local authorities. Excess demand within the system is putting additional pressure on the local placement market and agency teams being maintained for longer than planned in order to safely manage caseloads.
- 1.8 Within environment, there has been further delays to planned changes in government funding formula for waste. These include additional payments for extended producer responsibility and food waste. This also impacts on planned work with current waste disposal provider to modernise the waste disposal contract in line with new national waste strategy. There are still expectations of a positive longer term impact on waste funding, including contract modernisation, but with a more gradual implementation. Extended Producer Responsibility for packaging funding and new burdens funding for food waste is now due to start in 2025/26.
- 1.9 The economic environment in which the Council is operating remains challenging with higher than anticipated inflation impacting on key contracts, demand for services such as home options, increased borrowing costs and reduced fees and charges. In addition, we are continuing to carefully monitor the collection of local taxation given the wider impacts across the local community.
- 1.10 Despite inflationary pressures, the Council is continuing to take a more

commercial approach through its capital programme and investments are supporting the Council's strategic objective of enabling the growth of a strong and sustainable economy. Major investments such as the redevelopment of Freshney Place and Riverhead Square the are progressing well and will support the borough at a time of economic challenge. Importantly, the capital programme remains under ongoing review to ensure it reflects current priorities and projects remain viable. This approach will help to ensure any borrowing remains affordable, sustainable and prudent.

- 1.11 The Council expects to receive one year financial settlement from Government in 2024/25 with changes to the local government financial model and the review of fair funding now expected within the next parliament. The outcome of the settlement will determine the extent to which the Council can deliver its agreed priorities and deal with a range of issues including social care reform, economic instability, and general inflation. As we move into the financial planning period for 2024-2027, it will be necessary to once again review corporate and technical reserves to ensure there is sufficient capacity to deal with the risks and opportunities currently faced.

2. RISKS AND OPPORTUNITIES

Key risks and opportunities are detailed with the appendix to this report.

3. OTHER OPTIONS CONSIDERED

Not applicable to monitoring report.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

The environment in which the Council is operating is challenging in terms of capacity to deliver our priorities within financial resources. It is important that the Council is transparent about the delivery of planned activities and any issues that affect delivery of the plans.

5. FINANCIAL CONSIDERATIONS

- 5.1. The activities detailed within the plan were developed in conjunction with the agreed budget proposals for delivery within the approved budget envelope.
- 5.2. The financial environment in which the Council is operating remains challenging and this can impact on our capacity to deliver the change we need to achieve our aspirations and support the residents of the Borough.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1. The Council Plan is focussed on aspiration, innovation and ambition that will create better opportunities and outcomes for our children and young people to thrive and achieve their potential within North East Lincolnshire. The report provides details of the resources allocated towards children and young people across a wide range of services.

- 6.2. Impact assessments are undertaken for individual programmes and projects where required, including consideration of impact on Children Looked After and Care Leavers in accordance with the Corporate Parenting Pledge

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Ultimately all resourcing decisions taken by the Council impact upon the environment. For this reason, the Council must take climate change and environmental issues into account in the establishment of its plans. The Council's financial strategy looks towards consuming resources more efficiently, eliminating waste and supporting and developing the green economy and infrastructure. This includes recognising and realising the economic and social benefits of a high-quality environment.

8. CONSULTATION WITH SCRUTINY

The report is to be forwarded to all scrutiny panels.

9. FINANCIAL IMPLICATIONS

As set out in the report.

10. LEGAL IMPLICATIONS

There are no direct legal implications arising from the above report. The referral to all scrutiny panels is prudent.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the contents of this report.

12. WARD IMPLICATIONS

All wards.

13. BACKGROUND PAPERS

Council Plan nelincs.gov.uk/assets/uploads/2023/03/Council-Plan-2023-26.pdf

Budget, Finance and Business Plan 2023/24-2025/26 [5.-Budget-Finance-and-Business-PlanPDF-105KBicon-namepaperclip-prefixfa.pdf \(nelincs.gov.uk\)](#)

14. CONTACT OFFICER(S)

Sharon Wroot – Executive Director Place & Resources
Joanne Robinson – Assistant Director Policy, Strategy & Resources
Guy Lonsdale – Finance Group Manager

Councillor Stephen Harness, Portfolio Holder for Finance, Resources and Assets.