

Appendix 1 - Analysis of the main variances including assessment of the "one-off" or "ongoing" nature of the variances

Directorate	Service Area	Summary of Variances over £250,000	2023/24 Q3 forecast year-end Overspend/ (underspend) £m	2023/24 year-end Overspend/ (underspend) £m	EXPECTED EFFECT ON MTFP			ANALYSIS OF VARIANCE		
					One-off	Recurring	Comments	Pay	Non-Pay	Income
Adult Social Care	Care Packages	Net unbudgeted demand and inflationary pressures in care packages.	2.250	1.084	(0.114)	1.198	24/25 MTFP has already been adjusted for on-going demand pressures and savings and the amount provided will be reviewed	-	3.928	(2.844)
	Across Directorate	Staff savings in excess of abatement target	(0.752)	(1.089)	(1.089)		One-off significant difficulties in recruitment	(1.417)	0.079	0.249
	Homelessness	Increased use of temporary accommodation (hotels and bed and breakfast accommodation) due to lack of available permanent accommodation, offset by grants.	0.182	0.002	(0.056)	0.058	24/25 MTFP has already been adjusted for on-going temporary accommodation pressures. One-off grants were utilised to offset increased cost in 23/24	-	1.040	(1.038)
	Across Directorate	Other variances +/- £250,000	(0.322)	(0.023)	0.068	(0.091)	Recurring is additional health income at The Orchard Day Centre	-	3.933	(3.956)
			1.358	(0.026)	(1.191)	1.165		(1.417)	8.980	(7.589)
Children's Care	External Residential	Increased numbers of children in external residential placements above budgeted level - national issue and lower Education contributions	3.349	4.328	-	4.328	Partly offset by growth (NET increase is £2.4m)	-	4.328	-
	Internal Residential	Agency staff	1.017	1.089	0.889	0.200	Going into 24/25, assumption is staff will be recruited from both staff at risk from reviews and in external market as need to show recruitment possible to enable subsequent home(s) opening. Assume still will require agency staff in 24/25 but expected to be much lower than 23/24	1.089	-	-
	Fostering	Increasing number of young people in Independent Fostering Agency (IFA) placements above budget	0.641	0.874	-	0.874	Partly offset by growth provided (£328k) in 24/25	-	0.874	-
	Across Service Teams	Staff savings from vacant posts and reduced expenditure on Section 17 and other expenditure across teams	(3.692)	(5.093)	(2.724)	(2.369)	Will partly continue in 24/25, but will be taken in savings programme for 24/25	(2.431)	(1.938)	(0.724)
	Across Directorate	2023/24 budget savings for Children's Care and from the Children's Services Financial Improvement Plan currently rated "Red" and "Amber" (as shown in Table 3 and Appendix 2).	1.569	1.569	1.569	-	In house residential saving (CS06) has been reprofiled in 24/25 budget setting and is currently assumed to be achievable. Other savings are currently assumed to be achieved ongoing.	-	1.568	-
			2.884	2.766	(0.267)	3.033		(1.342)	4.832	(0.724)
Education & Partnerships	Integrated Transport Unit	Increased number of children eligible for home to school transport, including children with Special Education Needs (SEN). Increase in costs per child of transportation.	1.481	1.222	-	1.222	£2.9m Growth for ITU provided in MTFP in 24/25. Anticipated reduction in required growth provided.	0.377	0.845	-
	Across Directorate	Other variances +/- £250,000	(0.038)	(0.141)	(0.141)	-	One-off savings on vacant posts.	(0.141)	-	-
			1.443	1.081	(0.141)	1.222		0.236	0.845	-
Regeneration	Commercial Income	Increased income above budget at Cleveland Centre and offset by decreased income below budget for Captain Cook Centre due to collapse of major tenant. Also expenditure savings on running costs.	(0.384)	0.398	0.398	-	The outturn changed considerably in Q4 due to financial failure of a company occupying a unit at Tees Amp resulting in the need to increase the bad deb provision by £0.3m. Also there were inflated income projections made for Cleveland Centre of £0.4m based on information provided. Prior to 24/25 budget setting a review was undertaken relating to Commercial Income and Property Services pressures with budget moved between the two areas.			0.398
	Cultural Services	A favourable variance has been achieved from the Town Hall scheduling more shows than originally planned, and from the Museums driven by a combination of staff vacancies and increased income from the Dorman Museum exhibitions. Museums were £0.088m underspent, due to a combination of net additional income from Titanic exhibition and one-off salary savings.	(0.254)	(0.217)	(0.217)	-	£0.110m of this was due to increased net income from the Town Hall and Theatre. Additional inflationary income target of £0.050m added to the 24/25 budget.	(0.015)		(0.202)
	Property Services	Higher than anticipated Utility prices have resulted in an overspend in running costs and within Cargo Fleet Depot. Additionally, following a review of Building Maintenance the costs that are eligible for capitalisation have resulted in an overspend.	0.488	(0.921)	(0.921)	-	Total favourable movement of (£1.409m) from Q3. (£0.900m) can be attributed to one-off business rates revaluation refunds (from a number of years) from the museums. underlying position is financial break-even. Commercial Income budgets were revised for inflation uplift at 24/25 budget setting.		(0.921)	
	Across Directorate	Other variances +/- £250,000	(0.185)	(0.130)	(0.130)	-		(0.928)	0.406	0.392
			(0.335)	(0.870)	(0.870)			(0.943)	(0.515)	0.588
Environment & Community Services	Waste Disposal	Increased contractual costs per tonne above budget, and increased civic amenity site management costs	0.960	0.967	-	0.967	Growth provided as part of 24/25 Budget Setting which should mitigate future anticipated pressures.			0.967
	Bereavement Services	Crematorium income shortfall and increased expenditure mainly Cemeteries	0.509	0.489	0.138	0.351	Income shortfall expected to continue into 24/25. Overspend on supplies and services should not occur due to the cessation of agency staff. There may be further staffing savings following the introduction of a new software system and additional vacant posts and spending efficiencies. A detailed review and rebasing of this budget will be undertaken during 2024/25 financial year to inform the MTFP position	(0.050)	0.138	0.401
	Supported Communities	Additional Grant Funding supporting Asylum Seekers and Refugees	(0.345)	(0.527)	(0.527)	-	One-off non ring fenced grant.			(0.527)
	Street Lighting	An increase in Energy costs. £0.476m, are offset by an increase in Street Lighting engineers charges to capital schemes, (£0.288m).	0.188	0.089	(0.436)	0.525	It is expected that the pressure against Street Lighting electricity will continue but the level may decrease. The additional income was due to capital works being carried out by in-house operatives that is rechargeable to the capital programme. The revenue income budget has been increased to reflect the ongoing works in 24/25. A one-off revenue grant was also received.	(0.028)	0.741	(0.624)
	Property and Commercial	Increase in Universal Free School Meal funding	(0.250)	(0.288)	(0.288)	-	this variance is not expected to impact upon the MTFP assumptions. Underspending on pay related budgets to be reviewed in context of MTFP updated assumptions for the future operation of school catering contracts	(0.448)	(0.143)	0.303

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					One-off	Recurring	Comments	Pay	Non-Pay	Income
	Across Directorate	Other variances +/- £250,000	(0.119)	0.286	(0.038)	0.324	The level of income from one-off grants is not expected to be continued into 24/25. An ongoing budget pressure within Pest Control is due to historic contract issue. There is expected to be an ongoing pressure within Fleet Services due to rising parts and labour prices and the requirement to hire vehicles due to lengthy lead in times on purchases. these will be assessed in updating the 25/26 MTFP assumptions	(0.332)	0.680	(0.062)
			0.943	1.016	(1.151)	2.167		(0.858)	2.383	(0.509)
Legal & Governance	Across Directorate	Other variances +/- £250,000	0.054	(0.021)	(0.775)	0.754	Growth has been provided to the Legal Childcare Budget and the Coroner's Service in 24/25 to address the expected financial pressures. There was an overspend against the mail and print budget which was covered by a one-off unringfenced grant in 23/24. The mail and print contract and budget will be re-based in 24/25. The ongoing budget pressure within ICT will also be reviewed in 24/25. There were significant one off underspends due to vacant posts due to recruitment issues across the Directorate.	(0.448)	0.467	(0.040)
			0.054	(0.021)	(0.775)	0.754		(0.448)	0.467	(0.040)
Chief Executive	Across Directorate	Other variances +/- £250,000	-	0.008	0.008	-	- ongoing savings on pay offset by one off pressure on supplies due to use of consultant Interim Chief Executive rather than salaried staff member. Salary budgets will be rebased for 2025/26 as part of the transformation and redesign of Target Operating Model including management structure	(0.195)	0.203	-
			-	0.008	0.008	-		(0.195)	0.203	-
Finance	Resident & Business Support	Savings from review and revision of bad debt provision calculation, offset by court costs income pressures and staffing costs pressures due to reduction in level of New Burdens .	(0.945)	(1.098)	(0.993)	(0.105)	Recurring relates to improved recovery of Housing Benefits overpayments early achievement of 24/25 savings target. One off savings relate to other Housing Benefits overpayments, surplus of court costs income above budgeted level and corresponding reduction in bad debt provision requirement. (2024/24 Budget has been revised for ongoing effect of increased Housing Benefit overpayment recovery).	0.048	2.275	(3.421)
	Resident & Business Support - Housing Benefits Subsidy	Increase in homelessness cases and the cost of temporary accommodation, due to insufficient level of suitable available temporary accommodation, and Housing Benefit Subsidy not covering full costs	0.790	0.745	0.445	0.300	One-off variances are due to differences between estimated subsidy and final subsidy amounts for 23/24 which is difficult to predict. Recurring variances relate to prior year adjustments to Subsidy amounts claimed, and homeless/caravan dwelling subsidy payments over and above amount reclaimable from the Government. Although these issues are ongoing, the value of them may fluctuate up or down. Funding has been provided in the MTFP from 24/25 of £0.300m which it is expected will substantially address the issues, and will be further reviewed in developing 25/26 budget.	-	2.621	(1.876)
	Strategic Commissioning & Procurement	Saff savings due to vacant posts, savings on grants paid out in anticipation of reduced grants available from 24/25, increased income from rebates and savings on stationery costs		(0.475)	(0.475)	-	Majority of savings are one-off which cannot be guaranteed to reoccur in future years or t the same level (including savings on vacant posts and purchasing consortium rebate income). 24/25 budget adjusted for savings on grants paid out as part of 24/25 approved budget proposals.	(0.282)	0.736	(0.929)
	Across Directorate	Other variances +/- £250,000	(0.180)	(0.062)	(0.062)	-	Various - although variance on non-pay/pay looks significantly high - this is mainly due to corresponding income/expenditure on the final reconciliations of Covid-19 LRSG grant income repayments due to/from Government.	(0.369)	9.932	(9.625)
			(0.335)	(0.890)	(1.085)	0.195		(0.603)	15.564	(15.851)
Central Budgets	Contingency for Future Uncertainty	Contingency not used in full during 23/24	(0.658)	(0.783)	(0.783)	-	Due to nature of budget, use varies between years, and as such, any impact in 23/24 is assumed to be one-off	-	(0.783)	-
	S31 NNDR Grant	Shortfall on S31 grant income following reconciliation of Collection Fund for year end 2023/24 £0.713m, offset by accrual error from 22/23 Collection Fund reconciliation of (£0.102m)	-	0.611	0.611	-	Shortfall, and therefore overall effect on revenue budget did not come to light until Year End reconciliation of Collection Fund completed, and therefore this pressure was not able to be reported until year end.	-	-	0.611
	Flexible Use of Capital Receipts	Budgeted use of Capital Receipts (£3.000m) / actual available only (£2.399m), shortfall reported within Central budgets	-	0.601	0.601	-	At Q3, was still assumed that full £3.000m as budgeted would be cashed by the year end - not an issue for future years as MTFP uplift provided from 24/25 to remove budgeted income target for FUCR	-	0.601	-
	Change Fund	Funding previously earmarked to be provided by Change Fund instead provided by Flexible Use of Capital Receipts. Balance no longer required from Change Fund transferred to Change Fund Reserve for use in future years (the additional amount transferred to Reserve was over and above the budgeted contribution of £0.730m for the year)	-	0.305	0.305	-	Funding switch between previously earmarked contingency budgets and Flexible Use of Capital Receipts not established until year end and therefore this was not able to be reported until year end.	-	0.305	-
	Across Directorate	Other variances +/- £250,000	0.190	(0.204)	(0.408)	0.204	Ongoing relates to External Audit Fees (£0.200m provided in MTFP from 24/25)	(0.134)	0.605	(0.675)
			(0.468)	0.530	0.326	0.204		(0.134)	0.728	(0.064)
Total Variance			5.544	3.594	(5.146)	8.740		(5.704)	33.487	(24.189)