

Cabinet Date	14 th October 2020
Lead Cabinet Member	Lynden Stowe, Cabinet Member for Finance and Change
Key Decision	Yes
Other Documents	MTFS Report to 12 th February 2020 County Council and Financial Monitoring Report to Cabinet 22 nd July 2020,
Main Consultees	Corporate Leadership Team, Senior Officers, Cabinet Members.
Planned Dates	Not applicable
Divisional Councillor	County Wide
Officers	Paul Blacker, Director of Finance (01452) 328999 paul.blacker@gloucestershire.gov.uk Jayne Fuller, Corporate Finance Manager (01452) 328926 jayne.fuller@gloucestershire.gov.uk
Purpose of Report	To provide an update on the year-end forecast for the 2020/21 County Council's Revenue and Capital Budgets
Key Recommendations	That the Cabinet Member for Finance and Change : 1. Notes the forecast revenue year end position based on actual expenditure as at the end of July 2020 and August 2020 (Period 5) forecasts for the 2020/21 financial year including Covid-19 forecast is an overspend of £9.948 million. The forecast excluding Covid-19 is an overspend £6.532 million. 2. Notes the forecast capital year end position as at the end of July 2020 of £136.279 million against the revised budget of £129.699 million. 3. Approves the £1.659 million increase to the capital programme as outlined in Section C of the report. 4. Notes progress on delivery of the £6.384 million of savings against a target of £10.545 million in 2020/21 or 60.54%.
Resource Implications	These are detailed within the report

Revenue Expenditure 2020/21

A. Revenue Forecast Outturn Position 2020/21

1. The current forecast of the year end revenue position against the revenue budget of £468.183 million, based on actual expenditure at the end of July 2020 (Period 4) and forecasts in August (Period 5) is a £9.948 million overspend. The forecast excluding Covid-19 related spend is a £6.532 million overspend.
2. As in previous months the largest non-COVID budget variance is the £9.410 million forecast overspend in Children and Families. In previous years similar overspends have been offset by savings within other areas, notably Technical & Countywide. However this flexibility has been eroded as contingencies have been used to balance the base budget in previous MTFS rounds – the forecast underspend in Technical and Countywide is £2.651 million in 2020/21. This results in a non-COVID forecast overspend of £6.532 million – if this can not be reduced in year it will need to be funded from General Reserves. Currently General Reserves are £18.846 million or 4.03% of the net revenue budget.
3. The Council's forecast cost of responding to the Covid-19 pandemic (excluding expenditure funded from specific grants) is £34.841 million in 2020/21 compared to the current Covid19 Emergency Grant allocation of £31.425 million. So a COVID related overspend of £3.416 million.
4. On 2nd July the Government announced a scheme to reimburse local authorities for 75p in the pound of fees and charges income lost as a direct result of Covid19 lockdown restrictions. Detailed guidance on how the scheme will work has now been released however the actual amount claimed will not be known until the end of the financial year when actual income figures are confirmed. Current estimates are that the Council will receive approximately £3.4 million.
5. If this lost income grant funding is received at the anticipated level it will be sufficient to cover the COVID related overspend of £3.416 million.
6. In addition to the £31.425 million of COVID Emergency Grant the Council has also received other ring fenced Covid-19 related grant funding most notably: Infection Control Grant of £7.752 million, Test and Trace Grant of £2.222 million; £0.461 million of Department for Transport (DfT) Covid-19 Bus Service Support Grant (CBSSG); £0.558 million Emergency Assistance Grant for Food and Essential Supplies from the Department for Environment, Food & Rural Affairs (DEFRA) and £0.550 million additional dedicated Home to School Transport capacity grant from the Department for Education (DfE). The assumption in this report is that relevant expenditure will be limited to the value of these ring fenced grants – any underspend will either need to be returned or carried forward to be spent in accordance with the grant conditions in future years.
7. In total the Council has currently been allocated £42.968 million of COVID related grants.
8. This Council along with other national bodies and organisations are continuing to lobby central government to provide additional grant funding if costs escalated beyond current forecasts.

9. An analysis of the current forecast position is provided in the table and narrative below.

Directorate Breakdown for Cabinet Report - Position Aug 2020 (P5)

Service Area	2020/21 Budget	Additional Budget - Covid-19	Revised 2020/21 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance	Covid-19 Forecast	Forecast excluding Covid-19
	£000			£000	£000	£000		
Adults	162,901	0	162,901	182,499	19,598	12.03%	19,598	0
Prevention & Wellbeing	34,656	0	34,656	36,488	1,832	5.29%	2,089	-257
Children & Families	129,925	0	129,925	144,440	14,515	11.17%	5,105	9,410
Economy, Environment & Infrastructure	81,129	0	81,129	87,761	6,632	8.17%	6,632	0
Community Safety	22,194	0	22,194	22,701	507	2.28%	488	19
Corporate Resources	36,374	0	36,374	37,314	940	2.58%	929	11
Corporate Resources Recharges	-36,374	0	-36,374	-36,374	0	0.00%	0	0
Total for Services	430,805	0	430,805	474,829	44,024	10.22%	34,841	9,183
Technical & Countywide	37,378	0	37,378	34,727	-2,651	-7.09%	0	-2,651
Total	468,183	0	468,183	509,556	41,373	8.84%	34,841	6,532
Additional Funding Covid-19 to be allocated	0	31,425	31,425	0	-31,425		-31,425	
Revised Total	468,183	31,425	499,608	509,556	9,948	2.12%	3,416	6,532

Adult Social Care

10. Adult Social Care is reporting an underlying overspend of £20.088 million which includes £19.598 million for estimated Covid-19 costs. Excluding the Covid-19 costs the underlying overspend is £0.490 million which can be covered by the Vulnerable Adults Reserve. Therefore Adult Social Care is forecasting a balance position – excluding Covid-19 spend.

11. Adult Social Care reserves currently stand at £6.430 million. The reserves continue to be held as Vulnerable Adults Reserve at £2.665 million with the balance specifically set aside for the backdated element of new Ordinary Residence cases and additional commitments relating to the National Living Wage and the Care Act.

12. There continues to be a number of significant risks that are ongoing which mainly relate to, COVID-19, legal advice received on S117 backdated payments, as well as the Adult Single Programme (ASP) with MTFs cost reduction targets of £4.799 million.

13. The forecast cost of responding to Covid-19 within Adults is currently forecast to be £19.598 million. This is made up of:

- £7.377 million of additional support to care providers
- £5.157 million of additional demand as a result of Covid-19
- £1.241 million additional workforce spend
- £1.899 million on PPE
- £2.900 million of MTFs savings at risk
- £0.813 million lost income
- £0.211 million other

14. Learning Disabilities (LD) External Care is projecting a £0.133 million underspend. The LD underspend includes, as a net total, delivery of 106% of the 2020/21 ASP cost reduction targets.

15. Older People (OP) and Physical Disabilities (PD) External Care is projecting a £2.957 million overspend. The overspend is split across individual service budgets with OP showing as £2.561 million and PD £0.397 million. The OP/PD overspend assumes 100% delivery of 2020/21 ASP cost reduction targets, £2.060 million is included within the forecast although slippage is anticipated due to COVID19. Identifying the impact is complex at this time. The overspend mainly relates to the unachieved cost reductions from 2019/20, the brought forward underlying financial position and voids relating to homes run by a major provider.

16. The Mental Health position of a £2.170 million overspend as calculated by the Gloucestershire Health and Care NHS Foundation Trust Finance Team, net of unallocated MTFs growth and savings held by the Lead Commissioner. No actions are built into the forecast to address the underlying overspend.

17. The Community Equipment Service (CES) Pooled Budget is reported online. Any underlying shortfall is being covered by the Disabled Facilities Grant.

18. Other Services comprise of all staffing budgets for Adult Social Care, as well as a number of specific commissioned contracts. The forecast position for these services nets to a £12.413 million overspend including significant variances:

- a. £15.971 million significant overspends: £14.545 million is COVID-19 Provider Relief Support and would be expected to net to nil due to Government Funding; £0.786 million MTFs Prevention Unallocated which includes reablement saving allocation not yet addressed/confirmed (see comments below).

- b. £3.489 million significant underspends: £1.626 million for the OP/PD Reablement Service managed by Gloucestershire Health and Care NHST is due to vacancies (see above); £0.260 million Care Act funding; £1.023 million OP/PD Integrated Social Care Management (ISCM) due largely to vacancies; and £0.580 million LD Assessment, Support Planning & Management mainly due to vacancies.

Prevention and Wellbeing

- 19. Services within this area include Public Health, Supporting People and a number of smaller budgets covering the prevention hub team and grants. In total Prevention Services (including £2.089 million of COVID-19 expenditure) are £1.832 million over spent. The underlying / non-COVID-19 position is a £0.257 million under-spend. Public Health services are funded by a ring-fenced grant, which if unspent is required to be carried forward in a specific reserve. The Public Health position, excluding COVID-19 expenditure, is forecast to be £0.230 million under spent which will be transferred to the PH Reserve at the year end.
- 20. Additional expenditure for COVID-19 covers three key areas, shelter for the homeless, additional commissioned mental health services and mortuary planning costs.
- 21. The in-year forecast for Public Health is an under spend of £0.230 million due to lower commitments for health checks and sexual health testing as fewer people are accessing the service but this is offset by the additional costs of Agenda for Change pay uplifts on contracts with NHS staff. The impact of COVID-19 on the provision of services is uncertain so there is a risk that the Agenda for Change cost pressure (circa £0.337 million) will not be offset by other services. Supporting People are under-spent by £0.2 million with the recent commissioned contracts being lower than budget.

Children & Families

- 22. The current forecast for the year end revenue position as at August 2020 for non-DSG funded services is an over-spend of £14.515 million (11.17% of budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £5.105 million giving an underlying over-spend of £9.41 million, which includes a contingency of £4.477 million for new external placements. Significant over-spends include external placements and home to school transport both of which were identified as ongoing pressures at the end of 2019/20.
- 23. Additional forecast expenditure for the impact of COVID-19 covers five key areas which are external placement costs, home to school transport, transitions for care leavers, staffing and support to vulnerable pupils once schools recommence. A significant part of this forecast includes the impact on social care and education services once lockdown measures are eased.

24. Activity levels within social care continue to cause significant budgetary pressures on children's services and in particular against the external placement and safeguarding staff budgets resulting in the over-spend. At the end of July 2020 children in care numbers were 763 compared to 722 at the end of April 2019.
25. The current forecast over-spend against the external placement budget is £8.916 million (33.5% above budget). This includes a contingency of £4.477 million for new cases in-year to allow for additional placements to replace existing care commitments or for higher number of placements due to increased activity; the forecast also includes an additional £2.8 million for the current and future impact of COVID-19 on placement numbers. The current forecast average unit cost of a placement is £104,100 per annum, (residential/supported living average unit cost of £169,500). There are currently 375 external placements, of which 94 are residential and 84 supported living placements.
26. At this stage in the year the forecast has to be based on a lot of assumptions in terms of growth in activity, delays in transitions, capacity in the fostering market both in-house and external and the impact of opening of Trevone House providing additional capacity for young people. Assumptions will be reviewed on a monthly basis and adjusted accordingly. Improving social care practice to divert children from care at an earlier point and achieve permanence at the earliest opportunity will reduce numbers of children in care costs in the longer term.
27. Against safeguarding staffing budgets there is a forecast over-spend of £1.579 million (7.6% above budget) which includes £0.4 million as a contingency for additional staffing capacity to respond to any spike in activity from September onwards. Improved processes for recruitment, more effective advertising and the support and training provided by the social work academy is improving the stability of the workforce. Turnover of staff has been between 10.9% and 14.6% over the last six months and at the end of July there were 99 agency workers in post, a significant reduction from over 180 two years ago. As the newly qualified staff that have been appointed over the last year gain experience, the number of agency staff is expected to reduce.
28. In addition to this, Young People's Support is forecasting a £0.465 million over-spend due to the additional cost of agency staff covering vacancies which will reduce as permanent staff are appointed. £0.095 million relates to COVID-19 expenditure.
29. Home to school transport is reporting an over-spend of £2.623 million (which includes a £1.2 million contingency for the impact on service provision of COVID-19 from September onwards which has been offset by a specific grant of £0.55 million. The exact cost will depend on the implementation of government guidance on social distancing from September 2020 onwards). The underlying cost pressure is due to the rise in demand and cost of SEN provision, the number of solo journeys required and the increased cost of procuring new routes. An action plan is in place to address a

range of issues and reduce costs wherever possible but the impact of COVID-19 is uncertain.

30. Other over-spends include the cost of additional management capacity to continue with the safeguarding improvement journey through the COVID-19 period resulting in an over-spend of £0.579 million across social care and commissioning and a £0.5 million contingency to support vulnerable pupils as they return to school in the autumn. Also there is an over-spend of £0.308 million against special guardianships due to a higher than expected number of orders and a £0.32 million impact from loss of income across Children's services due to COVID-19.
31. To offset these cost pressures £1.52 million of funding from the MTFs has been held back and released to offset the over-spend in year.

Dedicated Schools Grant (DSG) position

32. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £13.684 million in 2020/21, which includes the deficit carry forward of £8.442 million and the deficit budget which was set for High Needs of £5.449 million. The deficit budget results from setting realistic budgets within high needs services considering growth trends and existing activity demands on special school and independent provision and top up budgets.
33. The budget pressures that Gloucestershire is facing reflect the national picture with significant deficits in DSG high needs being held in many Local Authorities. The implementation of the High Needs Strategy will be essential to ensure the budget is balanced in future years and a spending review of services is in progress with a financial recovery plan being reviewed and developed alongside this review.

Economy, Environment & Infrastructure

34. Economy, Environment and Infrastructure are currently forecasting a overspend position of £6.632 million (8.17% of the budget). This is all down to the impact of Covid-19 related costs or loss of income as set out in the below paragraph.
35. Loss of income is forecasted to be £5.557 million which is split between £2.298 million from Registrations and Libraries, £2.373 million from Highways and Transport, which is mostly made up of parking related income and £0.886 million from other. Increased costs to enable new ways of working safely across all areas are forecasted at £0.698 million and unachievable savings caused by Covid-19 is forecasted to be £0.377 million.
36. The forecasted outturn for the Energy for Waste (EFW) project shows a need to drawdown funds of £1.673 million from the Strategic Waste Reserve due to the fall in income from electricity sales.

Community Safety Directorate

37. The Community Safety Directorate is forecasting an overspend of £0.507 million (2.28% of budget) including estimated costs attributed to COVID 19 of £0.488 million. Excluding Covid-19 costs, the forecast outturn indicates an over-spend of £0.019 million.
38. The Fire and Rescue Service is forecasting an overspend of £0.459 million, of which £0.473million relates to Covid-19, giving an underlying minor underspend of £0.014 million.
39. The Coroner's Service is forecasting an overspend of £0.007m due to COVID costs for additional staffing.
40. The Trading Standards Service is forecasting an underspend of £0.032 million which includes an estimated loss of income of £0.006 million as a result of the decision taken to not charge businesses for advice during the Covid-19 pandemic.
41. The Civil Protection Team is forecasting an overspend of £0.073 million, due to additional employee costs which were not budgeted for but were approved as there was a lack of staff to deal with emergency situations.

Corporate Resources

42. Corporate Resources are forecasting an overspend of £0.940 million (2.58% of the budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £0.929 million giving an underlying overspend of £0.011 million.
43. The additional forecast expenditure of £0.929 million for the impact of Covid-19, which includes £0.242 million for ICT, £0.384 million in the Asset Management & Property Services budgets and £0.200 million against the Legal services budget due to additional children's cases.

Technical and Countywide

44. The forecast outturn position for Technical and Countywide budgets is a £2.651 million underspend (7.09% of budget). The main areas of variance are highlighted in the paragraphs below.
45. Positive interest rate credits on cash balances totalling £1.270 million, reflecting better diversification of investments and longer term deposits.

46. The 2020/21 budget includes an MtC savings contingency; this was approved by Council to reflect the high risk nature of some of the savings programmes in demand led areas in 2020/21. The full £1.389 million contingency is being declared as an underspend to support the overall budget position.

47. The approved budget for 2020/21 included an estimated pay provision for a 2% pay award. The final national award for staff has now been agreed at 2.75%. The current outturn forecast makes a provision for the costs associated in funding the pay award for 2020/21 totalling £1.05 million. This has been funded from savings within Corporate contingencies and associated budgets.

B. Delivery of Savings Programme

48. At the end of Quarter 1 of the third year of the current savings programme, we are reporting £6.384 million delivered against a 2020/21 target of £10.545 million. This represents 60.54% of the annual target achieved.

49. A total of £9.695 million is forecast to be delivered by the end of 20/21 budget year, which would represent 91.94% of the annual target. The most significant elements at risk being £0.150 million in the Home to School Transport, £0.377 million savings across Economy, Environment & Infrastructure and £0.350 million income from Quayside phase one.

50. In addition to the 2020/21 savings there is a £0.5 million savings target carried over from 2019/20. These savings have been achieved in the current financial year as a result of COVID restrictions limiting staff travel. Long term plans to achieve these savings are currently being developed.

C. Capital Expenditure

Current Spend 2020/21

51. The capital budget for 2020/21 is £129.699 million. Actual spend against the capital programme as at the end of July 2020 (period 4) is £20.094 million.

Budget and Forecast Outturn Position 2020/21

52. The forecast outturn position for 2020/21 is £136.279 million, against the budget of £129.698 million, giving a forecast in-year overspend / advanced delivery of £6.580 million.

53. Details of the budgets and forecast year end position, and any significant variances, are provided in the table below and the narrative that follows.

CAPITAL EXPENDITURE 2020/21					
Service Area	Reprofiled Budget 2020/21	Current Year Spend 2020/21	% Current Year Spend against Reprofiled Budget	Forecast Outturn 2020/21	Forecast Year-end Variance
	£000	£000	%	£000	£000
Capital Receipts Works Before Sale	0	0		0	0
Adults	11,058	-364	-3	11,058	0
Children & Families	23,165	2,915	13	21,430	-1,735
Economy, Environment & Infrastructure	0	0	0	0	
Highways	60,044	11,757	20	69,534	9,490
Strategic Infrastructure	2,926	26	1	2,881	-45
Waste Disposal	530	14	3	580	50
Libraries	359	67	19	359	0
Community Safety	0	0	0	0	
Gloucestershire Fire and Rescue Service	1,765	683	39	1,411	-354
Trading Standards	39	0	0	39	0
Corporate Resources	0	0	0	0	
AMPS	18,332	2,661	15	17,460	-872
ICT projects	9,771	2,120	22	9,817	46
Business Service Centre	831	0	0	831	0
Archives & Information Management	51	0	0	51	0
Customer	828	215	26	828	0
Total	129,699	20,094	15	136,279	6,580

Children & Families

54. The Children & Families Capital Programme is forecasting in-year slippage of £1.735 million against the current budget. This is mainly due to a review of the scope of works required for Warden Hill Primary school and an ongoing options appraisal at St David's Primary.

Highways

55. The Highway Capital Programme is forecasting delivery of £9.940 million over and above the current target, however a high level of risk was applied when setting the 2020-21 target earlier in the year. There are many risk factors, principally related to the Covid pandemic, potentially affecting the supply of labour and materials, the ability to carry out public consultation and collect essential data. Highways has since been able to secure resources to accelerate the structural maintenance programme, ie catch up on the reduced delivery during the lockdown Covid period, this will mitigate some of the risk applied earlier in the year. As a result there is £38.155 million of approved funding currently allocated to future years that can be transferred to 2020/21 if required. A request to realign the budget/target figure to ensure funding matches forecast spend will be submitted at November Cabinet.

Community Safety

56. Fire and Rescue currently forecasting slippage of £0.354 million. This relates to slippage of £0.338 on the Fire Appliances scheme as we have been unable to purchase the driver trainer vehicle within year and £0.034 million on the Mobile Data Terminal project due to Covid. Both these are offset by overspends of £0.016 million due to inflation costs on the PPE project and £0.002 million on the workshop ramps. The overspends will be managed via a RCCO.

Corporate Resources

57. The Asset Management & Property Services (AMPS) Capital Programme is forecasting in-year slippage of £0.872 million, £0.372 million is due to delays in the Area Based Review and £0.500 million is due to delays in the Corporate Property Condition Data Works for 2020/21.

Other Services Capital Programmes

58. All other services are forecast to spend within £0.250 million of the current budgets.

Changes to the Capital Programme in 2020/21 and future years

Highways

59. It is proposed that Cabinet support a net increase of £1.587 million in the Highways capital budget as summarised below:

- £1.200 million Challenge Fund grant from the Department of Transport for Coopers Hill landslip scheme.
- £0.211 million Active Travel Fund from the Department of Transport towards new schemes.
- £0.176 million developer contribution towards Lydney Highway Strategy.

£0.176 million of this funding will be added to the current year budget to finance part of the forecast over delivery.

Libraries

60. It is proposed that Cabinet supports a budget increase of £0.072 million in the Libraries capital programme as summarised below:

- £0.013 million developer contribution towards capital works at Tewkesbury Library
- £0.006 million developer contribution towards capital works at Cirencester Library
- £0.053 million developer contribution towards capital works at Charlton Kings Library

Overall

61. As a result of the above changes, the overall capital programme will increase by £1.659 million.