

Cabinet Date	11 th November 2020
Lead Cabinet Member	Cllr 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 and 14 th October 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 : 1. Notes the forecast revenue year end position based on actual expenditure as at the end of August 2020 and September 2020 (Period 6) forecasts for the 2020/21 financial year including Covid-19 forecast is an overspend of £7.649 million. The forecast excluding Covid-19 is an overspend £4.115 million. 2. Notes the forecast capital year end position as at the end of August 2020 of £126.838 million against the current budget of £129.874 million. 3. Approves the £249.193 million increase to the capital programme as outlined in Section B of the report and approves the re-profiling of current year budgets to reflect the current forecast. 4. Approves the transfer of £700k from Corporate Insurance Reserves to a new Ash Die Back Reserve.
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 a budget of £468.183 million, based on actual expenditure at the end of August 2020 (Period 5) and forecasts in September (Period 6) is a £7.649 million overspend. The forecast excluding Covid-19 related spend is a £4.115 million overspend.
2. As in previous months the largest non-COVID budget variance is the £7.422 million forecast overspend in Children and Families. This is an improvement on the previous month's forecast of £1.988 million which is largely due to the reclassification of costs which were previously regarded as non-COVID but are now classified as COVID related spend.
3. In previous years similar overspends have been offset by savings within other areas, notably Technical & Countywide. However this option has been eroded in the last few years as budgetary contingencies have been used to balance the base budget – the current forecast underspend in Technical and Countywide is £3.056 million in 2020/21. In order to reduce this forecast non-COVID overspend of £4.115 million all service areas are examining current spending plans and the Executive Director of Corporate Resources has initiated a review of Earmarked Reserves. Any remaining overspend at the year end will need to be funded from General Reserves. Currently General Reserves are £18.846 million or 4.03% of the net revenue budget.
4. The Council's forecast cost of responding to the Covid-19 pandemic (excluding expenditure funded from specific grants) is £34.959 million in 2020/21 compared to the current Covid19 Emergency Grant allocation of £31.425 million. So a COVID related overspend of £3.534 million.
5. 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 and a claim for lost income in the first 4 months of the financial year has now been submitted. The actual amount claimed will not be known until the end of the financial year when actual income figures are confirmed however current estimates are that the Council will receive approximately £3.5 million for the whole of 2020/21.
6. If this lost income grant funding is received at the anticipated level it will be sufficient to cover the COVID related overspend of £3.534 million.
7. 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:

Other ring fenced Covid-19 related grant	£m
Infection Control Grant (Includes the recently confirmed second tranche of £6.621 million)	14.373
Test & Trace	2.222
Department for Transport (DfT) Covid-19 Bus Service Support Grant	0.691
Essential Supplies from the Department for Environment, Food & Rural Affairs (DEFRA)	0.558
Home to School Transport capacity grant from the Department for Education (DfE).	0.550
DfT Emergency Active Travel Fund (EATF) Tranche 1	0.111
Total other ring fenced Covid-19 related grant	18.505

8. 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.
9. In total the Council has currently been allocated £49.930 million of COVID related grants.
10. In early October MHCLG announced a £1 billion fourth tranche of Covid Emergency Grant funding – on 22nd October the GCC allocation was agreed at £2.421 million. This additional grant funding will be incorporated into next month's figures. In addition the Department of Health and Social Care announced new allocations for local authorities from the existing Contain Management Outbreak Management Fund to support the new three tier COVID classification rules. The funding is intended to fund public health activities such as proactive containment and intervention measures – it will be distributed at a level of £1 per head of population in areas with a Medium alert level, £3 per head for those areas classified as High and £8 per head for those areas classified as Very High.
11. 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 in the second half of the financial year.
12. An analysis of the current forecast position is provided in the table and narrative below.

Directorate Breakdown for Cabinet Report - Position September 2020 (P6)

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		
Adults	162,901	0	162,901	180,567	17,666	10.84%	17,666	0
Prevention & Wellbeing	34,656	0	34,656	36,119	1,463	4.22%	1,714	-251
Children & Families	129,925	0	129,925	144,536	14,611	11.25%	7,189	7,422
Economy, Environment & Infrastructure	81,129	0	81,129	87,637	6,508	8.02%	6,508	0
Community Safety	22,194	0	22,194	22,572	378	1.70%	429	-51
Corporate Resources	36,374	0	36,374	37,878	1,504	4.13%	1,453	51
Corporate Resources Recharges	-36,374	0	-36,374	-36,374	0	0.00%	0	0
Total for Services	430,805	0	430,805	472,935	42,130	9.78%	34,959	7,171
Technical & Countywide	37,378	0	37,378	34,322	-3,056	-8.18%	0	-3,056
Total	468,183	0	468,183	507,257	39,074	8.35%	34,959	4,115
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	507,257	7,649	1.63%	3,534	4,115

Adult Social Care

13. Adult Social Care is reporting an underlying overspend of £18.036 million which includes £17.666 million for estimated COVID-19 costs. Excluding the COVID-19 costs the underlying overspend is £567k. The non-COVID overspend can be covered by Vulnerable Adults Reserve therefore Adult Social Care is forecasting a balance position – excluding COVID-19 spend.

14. Adult Social Care reserves currently stand at £6.427 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.

15. There continues to be a number of significant risks that are ongoing which mainly relate to COVID-19 and legal advice received on S117 backdated payments, as well as the Adult Single Programme (ASP) with an MTFs cost reduction targets of £4.799 million.
16. The forecast cost of responding to Covid-19 within Adults is currently forecast to be £17.666 million. This is made up of the following items:
 - £8.588 million of additional support to care providers
 - £2.665 million of additional demand as a result of Covid-19
 - £0.847 million additional workforce spend
 - £1.821 million on PPE
 - £2.900 million of unachievable MTFs savings
 - £0.813 million lost income
17. Learning Disabilities (LD) External Care is projecting a £1.030 million underspend. The LD underspend includes, as a net total, delivery of 148% of the 2020/21 ASP cost reduction targets. This overachievement is a result of backdated costs recovered from previous years and the early achievement of savings scheduled for next financial year.
18. Older People (OP) and Physical Disabilities (PD) External Care is projecting a £3.008 million overspend. The overspend is split across individual service budgets with OP showing as £2.449 million and PD £559k. 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 COVID-19. Identifying the impact is complex at this time. The overspend mainly relates to the unachieved cost reductions from 2019/20 and the brought forward underlying financial position, and voids relating to homes run by a major provider.
19. The Mental Health position of a £2.667 million overspend as calculated by the Gloucestershire Health and Care NHST 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 in this financial year, although a plan is being developed with Gloucestershire Health and Care NHST.
20. Included in the Mental Health position is an additional £439k for s117 supported accommodation back payments which Gloucestershire Health and Care NHST has formally notified us that after taking legal advice they can not fund this cost.
21. The Community Equipment Service (CES) Pooled Budget is reported as on budget. Any underlying shortfall is being covered by the Disabled Facilities Grant.
22. 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 £6.485 million overspend including significant variances:

- a. £9.322 million significant overspends: £7.377 million is COVID-19 Provider Relief Support and would be expected to net to nil due to Government Funding; £786k reablement saving allocation not yet addressed/confirmed (see comments below); £859k COVID-19 expenditure mainly relating to PPE; £300k Thriving Communities additional staff cost relating to COVID-19.
- b. £2.793 million significant underspends: £786k for the OP/PD Reablement Service managed by Gloucestershire Health and Care NHST is due to vacancies (see above); £325k Safeguarding; £1.082 million OP/PD Integrated Social Care Management (ISCM) due largely to vacancies; and £601k LD Assessment, Support Planning & Management mainly due to vacancies.

Prevention and Wellbeing

23. 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 £1.714 million of COVID-19 expenditure) are £1.463 million over-spent.
24. The Council has also received a grant for £2.222 million to support Test and Trace activities and plans are in place to deliver on this requirement.
25. The underlying non-COVID-19 position for Prevention and Well Being is a £530k 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 £279k under-spent and this will be transferred to the PH reserve at year end. Therefore the forecast non-COVID-19 underspend net of the transfer to the PH Reserve is £251k.
26. Additional expenditure for COVID-19 covers three key areas, shelter for the homeless, additional commissioned mental health services and mortuary planning costs.
27. The in-year forecast for Public Health is an under spend of £279k 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 £337k) will not be offset by other services.

Children & Families

28. The current forecast for the year end revenue position as at September 2020 for non-DSG funded services is an over-spend of £14.611 million (11.24% of budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £7.189 million giving an underlying over-spend of £7.422 million, which includes a contingency of £3.208 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.
29. 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. In some areas it is difficult to identify what costs are related to the impact of COVID-19 so a further £2 million is being used to offset forecast costs since there is likely to be a significant impact on social care and education services when lockdown measures are eased.
30. 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 August 2020 children in care numbers were 775 compared to 722 at the end of April 2019.
31. The current forecast over-spend against the external placement budget is £8.916 million (33.5% above budget). This includes a contingency of £3.208 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 £2.6 million for the current and future impact of COVID-19 on placement numbers. The current forecast average unit cost of a placement is £105,400 per annum, (residential/supported living average unit cost of £175,300). There are currently 392 external placements, of which 98 are residential and 89 supported living placements.
32. 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.
33. Against safeguarding staffing budgets there is a forecast over-spend of £1.641 million (8.1% above budget) which includes £400k 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 12.5% and 14.6% over the last six months and at

the end of August there were 97 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.

34. In addition to this, Young People's Support is forecasting a £497k over-spend due to the additional cost of agency staff covering vacancies which will reduce as permanent staff are appointed. £192k relates to COVID-19 expenditure.
35. Home to school transport is reporting an over-spend of £2.762 million (which includes a £1.34 million estimate for the impact on service provision of COVID-19 from September onwards which has been offset by a specific grant of £550k. 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.
36. 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 £608k across social care and commissioning and a £500k contingency to support vulnerable pupils as they return to school in the autumn. Also there is an over-spend of £269k against special guardianships due to a higher than expected number of orders and a £320k impact from loss of income across Children's services due to COVID-19.
37. 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

38. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £13.555 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. The Early Years block is currently forecast to under-spend by £300k against the budget for free entitlement for nursery places for three and four year olds.
39. 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

40. Economy, Environment and Infrastructure are currently forecasting an overspend position of £6.508 million (8% of the budget). This is due to the impact of Covid-19 related costs or loss of income as set out in the paragraph below. The non-COVID forecast is a breakeven position.
41. Loss of income is forecasted to be £5.433 million which is split between £1.085 million from Registrations and Libraries, £2.813 million from parking related income, £1.160m from sale of electricity. Increased costs to enable new ways of working safely across all areas are forecasted at £698k and unachievable savings caused by Covid-19 is forecasted to be £377k.
42. Highways have received a grant of £322k from the DfT for the Emergency Active Travel Fund Tranche 1 to be spent against Walking & Cycling schemes. The funding has been split between £111k for revenue and £211k for capital which will be spent in year and was added to the capital programme as part of the October Cabinet report.
43. The Integrated Transport team have received an additional £230k of revenue from the Department for Transport (DfT) Covid-19 Bus Service Support Grant (CBSSG) classed as a restart scheme which will be used to allocate to specific providers based in line with the grant conditions.
44. Ash die-back caused by a fungal infection is now affecting Gloucestershire trees - the full extent of the infection is currently unknown but the immediate concern for the County Council is to protect users of Highways and County Council land from the risks posed by dying trees. Therefore £500k was allocated in the current year to address these risks and it is anticipated that this will be spent by the end of the year. This allocation has proved insufficient to address the issue fully therefore it is proposed to create an Ash Die Back Reserve by allocating £700k from the Insurance Fund. Given the urgency of addressing this issue and the availability of funding from the Insurance Reserve it is recommended that the additional funds are set aside in an earmarked reserve now rather than wait for the budget to be approved in February 2021.

Community Safety Directorate

45. The Community Safety Directorate is forecasting an overspend of £378k (1.19% of budget) including estimated costs attributed to COVID 19 of £429k. Excluding Covid-19 costs, the forecast outturn indicates an underspend of £51k.
46. The Fire and Rescue Service is forecasting an overspend of £345k, of which £416k relates to Covid-19, giving an underlying underspend of £71k. £18k has been included in the forecast to cover a requested revenue contribution to capital outlay (RCCO) to cover additional costs associated with the Workshop HGV and Personal Protective Equipment Schemes and a further £43k RCCO is requested funded via a section 31 fire grant to expand the scope of the Control Mobilising Project. Further details in capital section B of this report.

Corporate Resources

47. Corporate Resources are forecasting an overspend of £1.504 million (4.13% of the budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £1.453 million giving an underlying overspend of £51k (0.14% of the budget.)

48. The additional forecast expenditure of £1.453 million for the impact of Covid-19 includes £255k for ICT, £384k in the Asset Management & Property Services budgets and £700k against the Legal services budget due to additional children's cases.

Technical and Countywide

49. The forecast outturn position for Technical and Countywide budgets is a £3.056 million underspend (8.18% of budget). The main areas of variance are highlighted in the paragraphs below.

50. Positive interest rate credits on cash balances totalling £1.294 million, reflecting better diversification of investments and longer term deposits.

51. 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.

52. An underspend of £342k within the Capital Financing Budget is now forecast following reductions in projected MRP payments due in year following slippage on approved capital schemes.

53. 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 for Corporate Resources makes a provision for the costs associated with funding this additional 0.75% (£976k) for the whole Council. This has been funded from in-year savings.

B. Capital Expenditure

Current Spend 2020/21

54. The capital budget for 2020/21 is £129.874 million. Actual spend against the capital programme as at the end of August 2020 (period 5) is £26.770 million.

Budget and Forecast Outturn Position 2020/21

55. The forecast outturn position for 2020/21 is £126.838 million, against the budget of £129.874 million, giving forecast in-year slippage of £3.036 million.

56. It is recommended that the current year budgets are re-profiled to reflect the current forecast spend in each service areas and the revised budget set at £126.838 million. This ensures the latest figures are included in the MTF5 2021/22. This doesn't affect the whole life cost of capital schemes.

57. 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	-362	-3	11,058	0
Children & Families	23,165	4,196	18	20,738	-2,427
Economy, Environment & Infrastructure					
Highways	60,220	16,798	28	61,161	941
Strategic Infrastructure	2,926	26	1	2,881	-44
Waste Disposal	530	14	3	580	50
Libraries	359	79	22	407	48
Community Safety					
Gloucestershire Fire and Rescue Service	1,765	763	43	1,411	-354
Trading Standards	39	0	0	39	0
Corporate Services					
AMPS	18,332	2,818	15	17,035	-1,297
ICT projects	9,771	2,189	22	9,817	46
Business Service Centre	831	0	0	831	0
Archives & Information Management	51	0	0	51	0
Customer	828	248	30	828	0
Total	129,874	26,770	21	126,838	-3,036

Children & Families

58. The Children & Families Capital Programme is forecasting in-year slippage of £2.427 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

59. The Highway Capital Programme is currently forecasting an overspend of £941k. This relates to structural maintenance schemes where better than expected progress is now being made on delivery of some projects.

60. There are some risks associated with the delivery of the Highways capital programme. These include:

- the entire Concrete Roads programme being considered high risk as the critical sub-contractor has just gone out of business.
- concerns about the future impact of COVID particularly on the supply of materials.
- impacts caused by winter weather
- a number of smaller Integrated Transport schemes are now considered high risk as we have been unable to collect realistic traffic data due to disrupted traffic patterns
- works at the Bamfulong depot are no longer forecast to start this financial year

Community Safety

61. Fire and Rescue is still forecasting slippage of £354k. This relates to the slippage of £338k on the Fire Appliances scheme due to the supplier being unable to deliver the driver training vehicle in the current year.

Corporate Resources

62. The Asset Management & Property Services (AMPS) Capital Programme is forecasting in-year slippage of £1.297 million - £372k is due to delays in the Area Based Review, £500k is due to delays in the Corporate Property Condition Data Works and £425k is due to delays in Rural Estates Farm Investment for 2020/21.

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

Highways

63. It is proposed that Cabinet support a net increase of £249.132 million in the Highways capital budget as summarised below:

- £249.131 million Homes England Grant funding towards M5 Junction 10 improvements.
- £1k Grow Our Communities funding towards a Footway Scheme.
- £10k developer contribution from Ashchurch bus shelter scheme to be returned to the developer.
- £10k contribution from Frampton-on-Severn parish council towards a Community Offer Pedestrian scheme

64. **M5 Junction 10 Improvements** – The Cabinet report considered on 17th June 2020 approved £8.629 million of revenue funding to underwrite at risk the revenue costs associated with the Outline Business Case (OBC) for this major development prior to entering into a formal Grant Determination Agreement (GDA) with Homes England. The project is forecast to cost £253.131 million of which Homes England will be providing capital grant funding for £249.131 million and the remaining £4 million will need to be funded by GCC in the last two years of the contract - 2023/24 and 2024/25 respectively. The two instalments of £2 million will be funded by MTFS capital bids subject to approval in February 2021.

65. The GDA has now been signed so it is recommended to include £249.131 million in the capital programme. This amount will be funded by a Homes England Grant. The remaining £4 million will be added to the capital programme as part of the MTFS in February 2021.

Fire and Rescue

66. It is proposed that Cabinet support a net increase of £61k in the Fire and Rescue capital budget as summarised below:

- £2k contribution from the F&R revenue budget towards additional costs for Workshop HGV Ramps
- £16k contribution from the F&R revenue budget towards additional costs for Personal Protection Equipment
- £43k contribution from a section 31 F&R revenue grant towards the cost of the Control Mobilising Project.

67. **Control Mobilising Project.** Expanding the scope of the project will improve our efficiency and effectiveness through inclusion of:

- Multi Agency Incident Transfer (MAIT) functionality, allowing our internal system to converse directly with a new government designed hub that can securely transfer incident data between emergency services.
- BOSS mobile, improving mobilisation of operational fire officers and securely sharing incident data directly to scene through a mobile device.
- A Gartan Interface, enabling our emergency resource availability software to intuitively talk to the new mobilising software, feeding live time updates about crewing/resource levels.

Overall

68. As a result of the above changes, the overall capital programme will increase by £249.193 million.