

## **Financial Monitoring Report 2020/21**

**Purpose of Report:** To provide an update on the County Council's Revenue & Capital outturn expenditure for 2020/21.

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### **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 November 2020 (Period 8) and forecasts in December (Period 9) is a £1.730 million overspend, all of which relates to non Covid expenditure. This is an improvement of the position reported to Cabinet on the 16<sup>th</sup> December, which was £4.461m overspend. It is anticipated that the additional funding provided by Government will be sufficient to fully fund Covid expenditure.
2. As in previous months the largest non-COVID budget variance is the £6.636 million forecast overspend in Children and Families – this is an improvement of £1.033 million in the Directorate non-COVID position since Cabinet on 16<sup>th</sup> December. This overspend is partially offset by the £4.641 million underspend in Technical & Countywide. In order to reduce this overall forecast non-COVID overspend of £1.730 million further, all service areas are continuing to examine current spending plans and the Executive Director of Corporate Resources is continuing to review all opportunities to reduce this overspend including the use 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.
3. The Council's forecast cost of responding to the Covid-19 pandemic (excluding expenditure funded from specific grants) is £37.896 million in 2020/21 which is funded by £33.847 million Covid Emergency Grant and the forecast reimbursement of £4.049 million of lost Sales, Fees and Charges. A balanced position is therefore forecast for COVID related activity.
4. In addition to the £37.896 million of COVID funding detailed above, the Council has also received other ring fenced Covid-19 related grant funding most notably:

<b>Other ringfenced Covid -19 related grant</b>	<b>£m</b>
Infection Control Grant (includes second tranche £6.621 m)	14.373
Test & Trace	2.222
Covid-19 Bus Service Support Grant	0.691
Emergency Assistance Grant for Food and Essential Supplies	0.558
H2ST DFE grant	1.016
DFT Emergency Active Travel Fund (EATF) Tranche 1	0.111
Department for Health & Social Care -Contain Outbreak Management fund	5.097
Department for Work & Pensions - Covid Winter Grant Scheme	1.508
Ministry of Housing, Communities & Local Government (MHCLG)Clinically Extremely Vulnerable (CEV) people.	0.363
Ministry of Housing, Communities & Local Government (MHCLG) and Home Office	0.091
<b>Other ringfenced Covid -19 related grant</b>	<b>26.029</b>

5. 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.
6. In total the Council has currently been allocated £63.925 million of COVID related grants including an estimated £4.049 million through the reimbursement of lost sales, fees and charges scheme.
7. In October the Department of Health and Social Care announced new allocations for local authorities from the existing Containment Outbreak Management Fund (COMF) to support the new three tier COVID classification rules. On 10th November the GCC allocation was confirmed as £5.097 million (included in the table above). In addition to this amount which is include in the table above an additional allocation of £2 per head of population for those in Tier 2 and £4 per head for those in Tier 3 was announced on 1<sup>st</sup> December. The December allocation was confirmed as £1.456 million for GCC on 4<sup>th</sup> January 2021. It is anticipated that additional COMF funding will be available during this financial year as long as Gloucestershire remains in Tier 2 or above. Funding is anticipated to remain at £4 per head of population for every 28 days we remain in tier 3, 4 or national lockdown and the £2 per head for every 28 days in tier 2 – amounts will be allocated pro-rata if we move tiers mid way through a 28 day period.
8. An analysis of the current forecast position is provided in the table and narrative below.

**Directorate Breakdown for Cabinet Report - Position December Forecasts 2020 (P9)**

Service Area	Revised 2020/21 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %	Covid-19 Forecast	Forecast excluding Covid-19	Change in Variance from that previously reported (excluding Covid-19)
	£000	£000	£000	%	£000	£000	£000
Adults	163,168	178,968	15,800	9.68%	15,800	0	0
Prevention & Wellbeing	34,659	35,828	1,169	3.37%	1,478	-309	-57
Children & Families	130,191	143,955	13,764	10.57%	7,128	6,636	-1,033
Economy, Environment & Infrastructure	81,243	88,595	7,352	9.05%	7,352	0	0
Community Safety	22,234	22,833	599	2.69%	462	137	5
Corporate Resources	36,652	40,697	4,045	11.04%	4,138	-93	-61
Corporate Resources Recharges	-36,575	-36,575	0	0.00%	0	0	0
<b>Total for Services</b>	<b>431,572</b>	<b>474,301</b>	<b>42,729</b>	<b>9.90%</b>	<b>36,358</b>	<b>6,371</b>	<b>-1,146</b>
Technical & Countywide	36,611	33,508	-3,103	-8.48%	1,538	-4,641	-1,585
<b>Total</b>	<b>468,183</b>	<b>507,809</b>	<b>39,626</b>	<b>8.46%</b>	<b>37,896</b>	<b>1,730</b>	<b>-2,731</b>
<b>Additional Funding Covid-19 to be allocated</b>	37,896	0	-37,896		-37,896		0
<b>Revised Total</b>	<b>506,079</b>	<b>507,809</b>	<b>1,730</b>	<b>0.37%</b>	<b>0</b>	<b>1,730</b>	<b>-2,731</b>

## Adult Social Care

9. Adult Social Care (ASC) is reporting an underlying overspend of £15.800 million which includes £15.800 million for estimated COVID-19 costs. Excluding the COVID-19 costs ASC are reporting a balanced position
10. 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.
11. There continues to be a number of significant risks that are ongoing which mainly relate to COVID-19, S117 backdated payments, responding to winter pressures, as well as the Adult Single Programme (ASP) with MTFs cost reduction targets of £4.799 million.
12. The forecast cost of responding to Covid-19 within Adults is currently estimated at £15.800 million. This is made up of:
  - £7.855 million of additional support to care providers
  - £1.862 million of additional demand as a result of Covid-19
  - £0.849 million additional workforce spend
  - £1.185 million on PPE
  - £2.900 million of Adult Single Programme savings at risk
  - £0.813 million Reduced Client Contributions
  - £0.336 million miscellaneous spend across a range of budgets
13. Learning Disabilities (LD) External Care is projecting a £2.555 million underspend. The LD underspend includes one-off funding that is unavailable in next financial year and an in year overachievement of ASP savings as results of backdated costs recovered from previous years and the early achievement of savings scheduled for next financial year.
14. Older People (OP) and Physical Disabilities (PD) is projecting a £4.518 million overspend. The overspend is split across individual service budgets with OP showing as £3.419 million and PD £1.099 million. The OP/PD overspend assumes 100% delivery of 2020/21 ASP cost reduction target. The overspend mainly relates to the unachieved cost reductions from 2019/20, voids relating to homes run by a major provider, increased bad debt provision and winter pressures.
15. The Mental Health position of a £1.680 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 current year forecast to address the underlying overspend although a long term

plan is being developed by the Gloucestershire Health and Care NHST. The position has improved by £875k this month due to one off funding being available to cover the supported accommodation savings and sufficient funding being available in the s117 Reserve to cover the s117 refunds.

16. 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 net to a £7.348 million overspend including significant variances:

a. £9.627 million significant overspends: £7.190 million is COVID-19 Provider Relief Support and would be expected to net to nil due to Government Funding; £1.407 million reablement saving allocation not yet addressed/confirmed; £733k COVID-19 expenditure mainly relating to PPE; £298k Thriving Communities additional staff cost relating to COVID-19.

b. £2.219 million significant underspends: £312k Safeguarding; £1.276 million OP/PD Integrated Social Care Management (ISCM) due largely to vacancies; and £631k LD Assessment, Support Planning & Management mainly due to vacancies.

17. Other Services are reported as £636k underspend, to be used to cover overspends under Market Management

### **Prevention and Wellbeing**

18. 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 are £1.169 million over-spent but this includes £1.478 million of COVID-19 expenditure.

19. In October the Department of Health and Social Care announced new allocations for local authorities from the existing Contain Management Outbreak Management Fund (COMF) 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. This grant will be administered by upper tier Local Authorities in England. On 10th November the GCC allocation was confirmed as £5.097 million following all areas being classified as very high risk and from 2 December a further £1.456 million has been confirmed to continue this support under the revised COVID tier classification covering the period to 29<sup>th</sup> December. The COMF grant funding can be used to continue the containment and management of the outbreak into 2021/22 and part of the grant will be used for this purpose. The Council has also received a grant for £2.222 million to support Test and Trace activities and plans are being put in place in place to deliver on this requirement.

20. The underlying non-COVID-19 position for Prevention and Well Being is a £764k 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 £455k 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 £309k.
21. COVID-19 expenditure of £1.478 million covers three key areas, shelter for the homeless, additional commissioned mental health services and mortuary planning costs.
22. The in-year forecast for Public Health is an under-spend of £455k 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. Following further information from providers the Agenda for Change estimated cost pressure has increased to £580k but is offset by other under-spends in year.

### **Children & Families**

23. The current forecast for the year end revenue position as at December 2020 for non-DSG funded services is an over-spend of £13.764 million (10.57% of budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £7.128 million giving an underlying over-spend of £6.636 million, which includes a contingency of £1.776 million for new external placements. Since the last reported forecast in October the underlying position has reduced by £1.033 million due to an additional grant of £300k for home to school transport COVID costs, a review of existing transport routes and a reduction in the over-spend on social care staffing costs due to the new cohort of newly qualified staff starting. Significant over-spends still include external placements and home to school transport, both of which were identified as ongoing pressures at the end of 2019/20
24. 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. A specific grant of £558k is being used to fund essential food and services for children and families and a further winter grant of £1.508 million will continue this provision to the end of the financial year.
25. 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 November 2020 children in care numbers were 789 compared to 722 at the end of April 2019.

26. The current forecast over-spend against the external placement budget is £9.3 million (34.9% above budget). This includes a contingency of £1.776 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 £4.186 million for the current and future impact of COVID-19 on placement numbers. The current forecast average unit cost of a placement is £106,500 per annum, (residential/supported living average unit cost of £172,700). There are currently 377 external placements, of which 100 are residential and 81 supported living placements.
27. The impact of COVID-19 on services is still uncertain therefore the forecast is 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.
28. Against safeguarding staffing budgets there is a forecast over-spend of £1.211 million (6.2% 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 13.2% and 15% over the last six months and at the end of November there were 91 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.
29. In addition to this, Young People's Support is forecasting a £536k over-spend due to the additional cost of agency staff covering vacancies which will reduce as permanent staff are appointed. £392k relates to COVID-19 expenditure.
30. Home to school transport is reporting an over-spend of £1.775 million (which includes a £1.34 million contingency for the impact on service provision of COVID-19 from September onwards which has been offset by a specific grant of £1.015 million. 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.

31. 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 £701k 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 £207k against special guardianships due to a higher than expected number of orders and a £312k impact from loss of income across Children's services due to COVID-19.
32. To offset these cost pressures £1.52 million of funding from the MTFS has been used to offset the over-spend in year.

### ***Dedicated Schools Grant (DSG) position***

33. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £14.415 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.
34. In-year there is significant demand for special school provision and with special school places at capacity a £750k pressure has been reported against independent special schools budget. 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.
35. 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**

36. Economy, Environment and Infrastructure are currently forecasting a overspend position of £7.352 million (9.00% of the budget). This is all down to the impact of Covid-19 related costs or loss of income as set out in the paragraph below.



37. Loss of income is forecasted to be £5.636 million which is split between £1.222 million from Registrations and Libraries, £3.056 million from parking related income, £1.074 million from sale of electricity and £284k from other income.
38. Covid 19 costs are forecasted to be £1.339 million which is made up from £334k recycling credit payments, £125k for additional bulking and haulage of kerbside collections, £160k for PPE costs, £217k for the provision of extra vehicles, £52k for Traffic control at HRC's, £181k for Library kiosks and digital stock and £270k for other.
39. Unachievable savings caused by Covid-19 is forecasted to be £0.377m, these are expected to be delivered in 2021/22.

### **Community Safety Directorate**

40. The Community Safety Directorate is forecasting an overspend of £599k (2.69% of budget) including estimated costs attributed to COVID 19 of £462k. Excluding Covid-19 costs, the forecast outturn indicates an overspend of £137k.
41. The Fire and Rescue Service is forecasting an overspend of £570k. Covid-19 costs total £542k but this has been off-set by a Fire Covid-19 contingency fund allocation of £92k reducing the cost to £450k, giving an underlying overspend of £120k. There a number of small variations across the budgets contributing to the overspend which the Service will endeavour to contain within this current forecast.
42. The Coroner's Service, Trading Standards Service and the Civil Protection Team are either on budget or are forecasting only minor variances.

### **Corporate Resources**

43. Corporate Resources are forecasting an overspend of £4.045 million (11.04% of the budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £4.138 million giving an underlying underspend of £93K. (0.25% of the budget.)
44. The forecast expenditure of £4.138 million for the impact of Covid-19 includes £2.421 million of estimated costs associated with a second wave, £270k for ICT, £373k in the Asset Management & Property Services budgets and £954k against the Legal services budget due to additional children's cases.

## **Technical and Countywide**

45. The forecast outturn position for Technical and Countywide budgets is a £3.103 million underspend (8.47% of budget). The main areas of variance are highlighted in the paragraphs below.
46. Positive interest rate credits on cash balances totalling £1.275 million, reflecting better diversification of investments and longer term deposits. This is lower than previous years as a result of lower interest rates introduced to mitigate the economic impact of COVID -19 – this impact is estimated to be £1.5 million.
47. 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. £1.389 million is being used to support the overall budget position for 2020/21.
48. An underspend of £342k within the Capital Financing Budget is now forecast following reductions in projected MRP payments due to slippage on approved capital schemes.

## **B. Capital Expenditure**

### **Current Spend 2020/21**

49. The capital budget for 2020/21 is £123.463 million. Actual spend against the capital programme as at the end of November 2020 (period 8) is £54.994 million.

### **Budget and Forecast Outturn Position 2020/21**

50. The forecast outturn position for 2020/21 is £123.280 million, against the budget of £123.463 million, giving forecast in-year slippage of £183k.
51. Details of the budgets and forecast year end position, and any significant variances, are provided in the table below and the narrative that follows.

<b>CAPITAL EXPENDITURE 2020/21</b>					
<b>Service Area</b>	<b>Reprofiled Budget 2020/21</b>	<b>Current Year Spend 2020/21</b>	<b>% Current Year Spend against Reprofiled Budget</b>	<b>Forecast Outturn 2020/21</b>	<b>Forecast Year-end Variance</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>£000</b>
<b>Capital Receipts Works Before Sale</b>	0	0		0	0
<b>Adults</b>	9,758	-309	-3	10,108	350
<b>Children's Services</b>					
Schools	21,232	9,137	43	21,638	406
Non-Schools	450	439	98	512	62
<b>Economy, Environment &amp; Infrastructure</b>					
Highways	68,403	35,730	52	68,313	-90
Strategic Infrastructure	2,881	47	2	2,816	-65
Waste Disposal	580	40	7	166	-414
Libraries	407	213	52	407	0
<b>Community Safety</b>					
Gloucestershire Fire and Rescue Service	1,426	842	59	1,472	46
Trading Standards	39	0	0	39	0
<b>Corporate Services</b>					
AMPS	12,306	5,873	48	11,858	-448
ICT projects	4,247	2,586	61	4,247	0
Business Service Centre	855	0	0	855	0
Archives & Information Management	51	15	30	21	-30
Customer	828	381	46	828	0
<b>Total</b>	<b>123,463</b>	<b>54,994</b>	<b>45</b>	<b>123,280</b>	<b>-183</b>

## Adults

52. The Adults Capital Programme is forecasting an in-year overspend of £350k against the current budget. This is due to an earlier opportunity to purchase a property for Supported Living Accommodation in Fairford, originally anticipated in 2021/22. This has no effect on the total cost of the project.

## Schools

53. The Schools Capital Programme is forecasting an in-year overspend of £406k against the current budget. This is due to faster than anticipated progress on the Winchcombe School expansion project. This has no effect on the total cost of the project.

## Waste

54. The Waste Capital Programme is forecasting in-year slippage of £414k against the current budget. This relates to the works at both the Wingmoor and Fosse Cross sites which have slipped due to delays with planning applications.

## **Corporate Resources**

55. The Asset Management & Property Services (AMPS) Capital Programme is forecasting in-year slippage of £448k:

- £200k due to delays in Coroners Court Refrigeration Replacement (as reported in previous month) due to COVID-19
- £150k due to delays in County Offices Cheltenham Refurbishment & Reconfiguration due to COVID-19
- £52k due to delays in Community Asset Transfers due to COVID-19
- £46k due to delays in St. Georges Road car park due to COVID-19

## **Other Services Capital Programmes**

All other services are forecast to spend within £250k of the current budgets.

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

### **Adults**

56. The Council has received an additional £812k Disabled Facilities Grant allocation from the Ministry of Housing, Communities and Local Government for 2020/21. It is proposed that this additional grant is added to the existing Disabled Facilities Grant capital budget.

### **Highways**

57. It is proposed that Cabinet support an increase of £2.274 million in the Highways capital programme budget as summarised below:

- £692k Department of Transport Active Travel Fund (tranche 2) grant towards the B4063 Gloucester to Cheltenham Cycle Route scheme.
- £173k from Highways revenue towards the B4063 Gloucester to Cheltenham Cycle Route scheme, this being the revenue element of the DfT Active Travel Fund (tranche 2) grant
- £1.165 million Highways England grant towards the B4063 Gloucester to Cheltenham Cycle Route scheme
- £219k from Highways Locals fund to support a number of Structural Maintenance schemes.
- £25k Developer contribution towards a Moreton-in-Marsh footway scheme

### **Overall**

58. As a result of the above changes, the overall capital programme will increase by £3.086 million.