

Financial Monitoring Report 2021/22

Purpose of Report: To provide an update on the County Council's Revenue & Capital outturn expenditure for 2021/22.

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Revenue Expenditure 2021/22

A. Revenue Forecast Outturn Position 2021/22

1. The current forecast of the year end revenue position against the revenue budget of £483.008 million, based on forecasts in September 2021 (Period 6) is an overspend of £4.027 million after utilising grants for Covid-19 expenditure.
2. The largest non-Covid-19 variance is the £7.973 million forecast overspend in Children and Families – this overspend is partially offset by the £4.193 million underspend in Technical & Countywide.
3. The Council's forecast cost in regard to the Covid-19 pandemic (excluding expenditure funded from specific grants) is estimated to be £22.472 million in 2021/22 which is funded by £11.526 million 2021/22 Covid-19 Emergency Grant and carry forward from 2020/21 of £10.946 million emergency grant. A balanced position is therefore forecast for Covid-19 related activity.
4. In addition to the £22.472 million of general Covid-19 grant funding detailed above, the Council has also received specific Covid-19 related grant funding. The specific grant allocations for 2021/22 total £15.134 million with an additional £17.197 million carried forward from 2020/21. Details are in the table below;-:

	£m	Carry forward for 22/23 £m	Received for 21/22 £m	Brought forward 21/22 £m
Covid Grant analysis	£m			
Other Covid -19 related grant	£m		£m	£m
Infection Control Grant	4.334		4.334	
Department for health and Social Care-Rapid Testing	3.031		3.031	
Test & Trace	0.926	-0.500		1.426
Covid-19 Bus Service Support Grant	0.180			0.180
H2ST DFE grant	0.576		0.237	0.339
DHSC -Contain Outbreak Management fund	10.523	-5.789	2.974	13.337
Department for Work & Pensions - Covid Winter Grant Scheme	0.524		0.524	
Department for Work & Pensions - Covid Local Support Grant	1.419		1.419	
MHCLG Clinically Extremely Vulnerable (CEV) people Tranches 1-4 .	1.435		0.205	1.230
(MHCLG)Clinically Extremely Vulnerable (CEV) people. Tranche 4 for March 21 expected May 28 2021	0.000		0.000	
Community Testing	0.418		0.009	0.409
Holiday & Activities Fund 20/21	1.547		1.391	0.156
DWP Local Support grant	0.355		0.355	
Practical support payment 1-5	0.629		0.508	0.121
Other Covid -19 related grant	25.896	-6.289	14.988	17.197

5. The following additional grant allocations have been confirmed since the previous Cabinet Report
 - Department for Health & Social Care Community Testing £9k
 - Department for Education Home to School Transport grant £151k
 - Department for Health & Social Care Practical Support payments £654k

6. The assumption in this report is that relevant expenditure will be limited to the value of these specific 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. An analysis of the current forecast position is provided in the table and narrative below.

Directorate Breakdown for Cabinet Report - Position September Forecasts 2021 (P6)

Service Area	Revised 2021/22 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %	Covid-19 Forecast	Forecast excluding Covid-19
	£000	£000	£000	%	£000	£000
Adults	156,326	159,657	3,331	2.13%	3,331	0
Prevention & Wellbeing	35,576	35,688	112	0.31%	209	-97
Children & Families	126,557	143,716	17,159	13.56%	9,186	7,973
Economy, Environment & Infrastructure	75,888	79,621	3,733	4.92%	3,733	0
Community Safety	19,966	20,056	90	0.45%	85	5
Corporate Resources	35,533	41,772	6,239	17.56%	5,900	339
Total for Services	449,846	480,510	30,664	6.82%	22,444	8,220
Technical & Countywide	33,162	28,997	-4,165	-12.56%	28	-4,193
Total	483,008	509,507	26,499	5.49%	22,472	4,027
Additional Funding Covid-19 including carry forward to be allocated	22,472	0	-22,472		-22,472	
Revised Total	505,480	509,507	4,027	0.83%	0	4,027

Adult Social Care

8. Adult Social Care is reporting an underlying overspend of £3.331 million which includes £3.331 million for the COVID-19 costs. Excluding the COVID-19 costs ASC are reporting a small overspend of £0.254 million, which can be covered by the Vulnerable Adults Reserve. Therefore Adult Social Care is forecasting a balanced position excluding Covid-19 spend.
9. Adult Social Care reserves currently stand at £8.457million. The reserves continue to be held as Vulnerable Adults Reserve at £5.430 million, with £3.027 million carry forwards from 2020/21 anticipated to be used in 2021/22, primarily due to delays caused by COVID-19.
10. 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)
11. The forecast cost of the COVID-19 response for 2021/22 within Adults is made up of:
 - £1.431 million of support to care providers
 - £0.069 million additional workforce spend
 - £0.027 million on PPE
 - £0.091 million additional demand
 - £0.104 million miscellaneous spend across a range of budgets
 - £1.174 million ASP savings at risk
 - £0.435 million Historical saving delayed by COVID 19
 - **£3.331 million funded by General COVID-19 Grant**

 - **£7.365 million of COVID-19 Specific Grant** – Infection Control Fund and Rapid Testing Grant, 1 & 2
12. Learning Disabilities External Care is projecting a £1.6 million underspend. The £1.6 million relates to £642k of underlying underspends and a further £958k of MTFs funding which is not expected to be used during 2021/22 because of delays relating to COVID-19, this funding will be needed next financial year..
13. Older People (OP) and Physical Disabilities (PD) is reporting an £3.248 million overspend. The overspend is split across individual service budgets with OP showing as £1.823 million and PD £1.425 million. The current overspend relates mainly to the brought forward underlying financial position, voids relating to homes run by a major provider, increased cover for bad debts and additional winter pressures.
14. The Mental Health position of a £1.707 million overspend as calculated by the Gloucestershire Health and Care NHST Finance Team. A long term plan is being

developed with Gloucestershire Health and Care NHS Trust to address the underlying overspend.

15. Other Services comprise of all staffing budgets for Adult Social Care, as well as a number of specific commissioned contracts. The position for these services nets to a £1.589 million underspend, including significant variances of:

- £870k overspend in Reablement in respect of yet to be delivered ASP 2021/22 savings.
- £1.919 million of significant underspends: £666k Care Act due to delayed projects/recruitment; £775k OP/PD Integrated Social Care Management (ISCM) due largely to vacancies; and £478k LD Assessment, Support Planning & Management mainly due to vacancies.

Prevention and Wellbeing

16. 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 £112k over-spent but this includes £209k of Covid-19 expenditure.

17. In total Covid-19 grants either carried forward or allocated in year to the Council total £19.085 million. The funding will be targeted at continuing the containment and management of the outbreak through testing and tracing, supporting vulnerable groups and communities.

18. The underlying non-Covid-19 position for Prevention and Well Being is a £746k 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 (PH) position, excluding Covid-19 expenditure, is forecast to be £649k 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 £97k relating to prevention hub activities.

19. Initial estimates of supplier relief for supporting people providers against the general grant are £200k; the actual position will be clarified in the Autumn

20. The in-year forecast for Public Health is an under-spend of £649k due to lower take-up for health checks as fewer people are currently accessing the service and the cost of staff involved with the COVID response being charged to grants instead of the Public Health grant.

Children & Families

21. The current forecast for the year end revenue position as at September 2021 for non-DSG funded services is an over-spend of £17.159 million (13.56% of budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £9.186 million giving an underlying over-spend of £7.973 million. The significant over-spend continues to be against the external placements budget due to increasing numbers of children in care partly linked to the pandemic but also the number and cost of placements. Home to school transport and social care staffing costs are also over-spending.
22. Additional forecast expenditure for the impact of Covid-19 covers three key areas which are external placement costs including the additional cost of accommodation for care leavers, cost of social care staff and support to vulnerable pupils. A significant part of this forecast includes the continuing impact on social care and education services even though lockdown measures have eased.
23. Activity levels within social care continue to cause significant budgetary pressures on children's services and in particular against the external placement resulting in the over-spend. At the end of August 2021 children in care numbers were 827 compared to 754 at the end of April 2020. Gloucestershire's number and rate of children in care is above statistical neighbours, but remains below England average.
24. The current forecast over-spend against the external placement budget is £12.787 million (41.1% above budget) and includes a contingency of £3.1 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 the current and future impact of Covid-19 on placement numbers which totals £7.047 million resulting in an underlying over-spend of £5.74 million. The underlying over-spend is due to the number of residential, fostering and supported living placements and also the cost of complex residential placements. The current forecast average unit cost of a placement is £114,700 per annum, (residential/supported living average unit cost of £187,900) and of the net variance, £2.7 million relates to activity and £3 million to price. There are currently 459 external placements, of which 121 are residential and 123 supported living placements.
25. To address this position the strategy is to bring the child in care population more in line with statistical neighbours over the coming years. This will involve a range of measures, aimed to impact on both numbers and associated costs, including
 - further developing our edge of care offer to support children at home and to prevent their escalation and entry into care;

- increasing the number and proportion of children placed with in house foster care;
- continuing to develop our own placement provision with providers to exert a greater influence on the market and control costs;
- continuing to develop our permanence planning to reduce drift and delay and ensure children can leave our care in a timely manner by achieving permanence or reunification as appropriate.

26. Against safeguarding staffing budgets there is a forecast over-spend of £1.232 million (6.4% above budget) with an underlying position net of COVID of £936k. Effective management of the workforce, improved processes for recruitment, more effective advertising and the support and training provided by the social work academy should address the current cost pressure. Turnover of staff is rising and has been between 16.5% and 20.3% over the last six months and at the end of August there were 85 agency workers in post.

27. Home to School transport is reported as £1 million overspent and is due to the number and cost of the transport for SEN pupils, increased cost of procuring new routes and the number of solo journeys required.

28. The increase in the number of Education, Health and Social Care plans (EHCPs) is causing a budgetary pressure in SEN budgets with a reported over-spend of £288k net of COVID. Whereas in-house fostering and adoption services are under-spent by £521k due to activity at the start of the year being below budgeted assumptions.

Dedicated Schools Grant (DSG) position

29. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £18.283 million in 2021/22, which includes the deficit carry forward of £13.67 million and the current year deficit budget for High Needs of £4.093 million including recent adjustments between Local Authorities. 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. High needs top-up budgets for colleges, primary and secondary schools are forecasting a £1.25 million overspend due to increased demand.

30. 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

31. Economy, Environment and Infrastructure are currently forecasting an overspend position of £3.733 million (4.9% of the budget). This is all down to the impact of Covid-19 related costs or loss of income as set out in the paragraphs below.
32. Loss of income is forecasted to be £2.115 million which is split between £208k from Registrations and Libraries, £1.849 million from parking related income and £58k from other income.
33. Covid-19 costs are forecasted to be £1.618 million made up of £680k for the Economic Recovery Strategy, £25k for PPE and social distancing related spend, £339k for additional Covid related expenses against Highways and £206k of other spend across the directorate on a range of issues. Included within the £1.798 million of Covid 19 costs are unachievable savings relating to £124k for registration & library income and £244k against parking fee income which are both highly unlikely to be achieved.
34. There is a non Covid-19 overspend forecast against Highways due to the high level of road defects arising from the prolonged period of bad weather which has required additional gangs and material spend in quarter one of £430k. If we continue with the additional gangs and materials throughout the year then we will be forecasting an overspend of circa £1.72 million. EE&I are looking to absorb £420k with vacancies throughout the year and a Lead Cabinet Member key decision has been taken to fund up to £1.3 million from un-ring fenced reserves such as the Insurance Reserve therefore we are currently forecasting a balanced position for EE&I excluding the Covid-19 related pressures outlined above.

Community Safety Directorate

35. The Community Safety Directorate is forecasting an overspend of £90k (0.45% of budget). Estimated costs attributed to Covid-19 amount to £85k so excluding these, the forecast outturn indicates a minor overspend of £5k. The figures include £587k of carried forward funds, approved by June Cabinet, to implement the Fire and Rescue Service Improvement Plan.

Corporate Resources

36. Corporate Resources are forecasting an overspend of £6.239 million (17.56% of the budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £5.9 million giving an underlying overspend of £339k.

37. The additional forecast expenditure of £5.9 million for the impact of Covid-19 includes £100k in the Asset Management & Property Services budgets, £75k against Occupational Health, £77k Information Management Service, £40k in Policy & Performance, £698k Legal costs, £180k in the Directorate budget together with a contingency allocation of £4.729 million which is available to support known Covid-19 related commitments in 2022/23.

Technical and Countywide

38. The forecast outturn position for Technical and Countywide budgets is a £4.165 million underspend, included within these figures is a £28k additional cost of the impact of Covid-19, giving an underlying underspend of £4.193 million. The main areas of variance are highlighted in the paragraphs below.

39. Positive interest rate credits on cash balances are forecast to produce a £964k under spend during the year. This is lower than previous years as a result of lower interest rates introduced to mitigate the economic impact of Covid-19.

40. The 2021/22 budget includes a savings contingency. This was approved by Council to reflect the high risk nature of some of the savings programmes in demand led areas in 2021/22. £1.229 million is being used to support the overall budget position for 2021/22.

41. The 2021/22 budget includes a Pay & Price provision to fund unexpected price increases during the financial year - £800k is being released to support the overall budget position for 2021/22.

42. There is a forecast underspend on the corporate Insurance budget totalling £425k based on trend analysis of insurance premiums.

43. An underspend of £775k within the Capital Financing Budget is now forecast following reductions in projected capital financing costs due to slippage on approved capital schemes.

B. Capital Expenditure

Current Spend 2021/22

44. The current capital budget for 2021/22 is £157.873 million. Actual spend against the capital programme as at the end of August 2021 (period 5) is £35.954 million.

Budget and Forecast Outturn Position 2021/22

45. The forecast outturn position for 2021/22 is £153.790 million, against the budget of £157.873 million, giving a forecast in-year slippage of £ 4.083 million.

46. The current year budgets will be re-profiled in October to reflect the current forecast spend in each service areas and the revised budget set at £153.790 million. This ensures the latest figures are included in the MTF5 2022/23. This doesn't affect the whole life cost of capital schemes.

CAPITAL EXPENDITURE 2021/22					
Service Area	Reprofiled Budget 2021/22	Current Year Spend 2021/22	% Current Year Spend Against Reprofiled Budget	Forecast Outturn 2021/22	Forecast Year-end Variance
	£'000	£'000	%	£'000	£'000
Capital Receipts Works Before Sale	0	0	0	0	0
Adults	6,726	983	15	8,812	2,086
Childrens Services					
Schools	41,591	12,508	30	41,850	259
Non-Schools	543	12	2	519	-24
Economy, Environment & Infrastructure					0
Highways	66,189	16,844	25	63,754	-2,435
Strategic Infrastructure	5,321	172	3	4,809	-512
Waste Disposal	712	10	1	608	-104
Libraries	1,338	29	2	411	-927
Community Safety					
Fire and Rescue Service	641	384	60	616	-25
Trading Standards	39	0	0	39	0
Corporate Services					
AMPS	12,022	4,583	38	10,221	-1,801
ICT Projects	8,940	188	2	8,340	-600
Business Service Centre	227	82	36	227	0
Archives & Information Management	113	19	35	113	0
Customer	971	140	14	971	0
Investing In Self Funded Income Schemes	12,500	0	0	12,500	0
Total	157,873	35,954	23	153,790	-4,083

Adults Capital Programme 2021/22

47. The Adults Capital Programme is forecasting an in-year overspend of £2.086 million. This accelerated spend is forecast following the agreement of the 2021/22 Disabled Facilities Grant (DFG) spending plan. Grant to fund this spend has already been received by the Council but was originally planned to be spent in future years. This is an in-year overspend only and has no effect on the overall capital budget. It is proposed that the budget will be re-profiled in line with the current forecast

Children's Services Capital Programme 2021/22

Schools

48. The Schools Capital Programme is forecasting an in-year overspend of £259k. This is mainly due to a revised forecast spend profile for the New Cheltenham Secondary School, offset by slippage on various other projects. Funding for these schemes is already in the approved capital budget so this is an in-year overspend only and has no effect on the overall capital budget. It is proposed that the budget will be re-profiled in line with the current forecast.

Economy, Environment and Infrastructure Capital Programme 2021/22

Highways

49. The Highway Capital Programme is forecasting slippage of £2.435 million against the current budget. This relates to an assessment of the risk of disruption caused by current resource shortages and anticipated problems with the supply of labour, plant and materials plus the unknown effects of Covid and winter weather. It is proposed the budget is re-profiled in line with the current forecast.

Strategic Infrastructure

50. The Strategic Infrastructure Capital Programme is forecasting slippage of £512k against the current budget. £384k relates to the Flood Alleviation capital programme where there have been delays in project milestones being reached cause by a number of factors including Covid restrictions. The remaining £138k relates to the Traffic Modelling project where data from National Highways (formally Highways England) has been delayed. It is proposed the budget is re-profiled in line with the current forecast.

Libraries

51. The Libraries Programme is forecasting slippage of £927k against the current budget. It is made up of £746k slippage due to Covid-19 related delays in the rollout of Open+ technology and £181k slippage in refurbishment schemes at Winchcombe, Cirencester, Charlton Kings, Prestbury and Bishops Cleeve libraries which have also been delayed until 2022/-23 due to Covid-19. It is proposed the budget is re-profiled in line with the current forecast.

Corporate Services Capital Programme 2021/22

Asset Management & Property Services (AMPS)

52. The AMPS Programme is forecasting slippage of £1.801 million against the current budget as a result of the impact of Covid -19. The followings schemes have slipped:

- £500k Area Based Review
- £500k County Offices Cheltenham
- £265k Corporate Property Conditions Data Works
- £400k Social Care Services Remodelling
- £500k Quayside Multi Story Car Park
- £435k Minor slippage in a variety of schemes

This slippage has been offset by £800k earlier than anticipated spend on Quayside Health Hub. It is proposed the budget is re-profiled in line with the current forecast.

ICT

53. The ICT Capital Programme is forecasting slippage of £600k against the current budget. This relates mostly to Desktop replacements. It is proposed the budget is re-profiled in line with the current forecast.

Changes to the Capital Programme in 2021/22 and future years

Highways

54. It is proposed that Cabinet approves a net increase of £257k in the Highways capital budget - £250k for the replacement of poles, push buttons and LED heads across the County funded from a Department of Transport grant and £7k additional contributions from parish councils to fund Community Offer projects.

Strategic Infrastructure

55. It is proposed that Cabinet approves an increase of £10k in the Flood Alleviation capital budget relating to a Local Levy grant from the Environment Agency for the Leigh PC project.

Community Infrastructure

56. It is proposed that Cabinet approves the addition of a new Community Infrastructure scheme and an £159k increase to the Capital programme. This funding is part of a Treescape project which will be a combination of capital and revenue spend over a four year period. As part of the Climate Change & Air Quality Action Fund GCC have successfully bid for £282k of Local Authorities Treescape Grant from the Forestry Commission of which the first £159k will be a capital grant and then three

annual maintenance payments thereafter estimated to be circa £41k per year but actual values will be determined based on the actual number of trees planted.

Gloucestershire Fire and Rescue Service

57. It is proposed that Cabinet support an increase of £25k in the GF&RS capital budget for the upgrading of control room equipment funded by part of the Grenfell Infrastructure Grant from the Home Office.

Overall

58. As a result of the above changes, the overall capital programme will increase by £451k.