



REPORT TITLE: Financial Monitoring Report 2021/22

Cabinet Date	22 nd December 2021
Cabinet Member	Cllr Lynden Stowe, Cabinet Member for Finance and Change
Key Decision	Yes
Purpose of Report	To provide an update on the year-end forecast for the 2021/22 County Council's Revenue and Capital Budgets
Recommendations	<p>That the Cabinet:</p> <ol style="list-style-type: none">1. Notes the forecast revenue year end position based on October 2021 (Period 7) forecasts for the 2021/22 financial year is an overspend of £2.076 million all of which relates to non Covid-19 expenditure, as we are forecasting a balanced position in relation to Covid-19 expenditure and income.2. Notes delivery of the £5.668 million of savings against a target of £6.761 million in 2021/22 or 83.83% of target.3. Notes the forecast capital year end position as at the end of September 2021 of £152.768 million against the current budget of £153.180 million.4. Approves the £987,192 million virement within the AMPS capital programme outlined in Section C5. Approves the £4.054 million increase to the capital programme - made up of £3.7m for Gloucester City Centre Cycle Spine, £37.8k for Lydney Highway Strategy, £1.5k for Easington Bus Shelter, £300k for Treescape project and £15k for GFRS Light Vehicles (see Section C).6. Notes the £9.242 million increase to the capital programme – made up of £9.122m Levelling Up grant funding towards the Gloucester SW Bypass, Llanthony Road scheme and £120k to purchase a second-hand aerial ladder platform (ALP) funded from capital receipts (see Section C).
Reasons for recommendations	To ensure that Councillors and the public are made aware of the Council's current financial position.
Resource Implications	These are detailed within the report

Background Documents	MTFS Report to 12 th February 2021 County Council and Financial Monitoring Report to Cabinet 21 st July 2021, 22 nd September 2021 & 10 th November 2021
Statutory Authority	
Divisional Councillor(s)	County Wide
Officer	Paul Blacker, Director of Finance (01452) 328999 paul.blacker@gloucestershire.gov.uk Jayne Fuller, Corporate Finance Manager (01452) 328926 jayne.fuller@gloucestershire.gov.uk
Timeline	Not applicable

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 October 2021 (Period 7) is an overspend of £2.076 million after utilising grants for Covid-19 expenditure.
2. The largest non-Covid-19 variance is the £8.302 million forecast overspend in Children and Families – this overspend is partially offset by the £6.420 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 £24.071 million with an additional £17.197 million carried forward from 2020/21. Details are in the table below;-

	Forecast spend 21/22 £m	Carry forward for 22/23 £m	Received for 21/22 £m	Brought forward 21/22 £m
Covid Grant analysis				
Other Covid -19 related grant	£m		£m	£m
Infection Control Grant	7.620		7.620	
Department for health and Social Care-Rapid Testing	4.605		4.605	
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	10.849	-5.463	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
Community Testing	0.656		0.247	0.409
Holiday & Activities Fund 20/21	1.547		1.391	0.156
DWP - Household Support Grant	3.692		3.692	0.000
DWP Local Support grant	0.355		0.355	0.000
Practical support payment 1-5	0.921		0.800	0.121
Other Covid -19 related grant	35.305	-5.963	24.071	17.197

5. The following additional grant allocations have been confirmed since the previous Cabinet Report

- Department for Health & Social Care Community Testing £238k
- Department for Work & Pensions Household Support Grant £3.692 million
- Department for Health & Social Care Practical Support payments £292k
- Department for Health & Social Care Infection Control £3.287 million
- Department for Health & Social Care Rapid Testing £1.574 million

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.

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	155,958	158,976	3,018	1.94%	3,018	0
Prevention & Wellbeing	35,576	35,426	-150	-0.42%	9	-159
Children & Families	126,524	143,852	17,328	13.70%	9,026	8,302
Economy, Environment & Infrastructure	76,276	79,685	3,409	4.47%	3,409	0
Community Safety	20,002	20,091	89	0.44%	89	0
Corporate Resources	35,511	42,748	7,237	20.38%	6,884	353
Total for Services	449,847	480,778	30,931	6.88%	22,435	8,496
Technical & Countywide	33,161	26,778	-6,383	-19.25%	37	-6,420
Total	483,008	507,556	24,548	5.08%	22,472	2,076
Additional Funding Covid-19 including carry forward to be allocated	22,472	0	-22,472		-22,472	
Revised Total	505,480	507,556	2,076	0.43%	0	2,076

Adult Social Care

8. Adult Social Care is reporting an underlying overspend of £3.018 million which includes £3.018 million for the COVID-19 costs. Excluding the COVID-19 costs Adult Social Care are therefore reporting a balanced position.
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 £3.027million carry forwards from 2020/21 anticipated to be used in 2021/22 due to delays caused by COVID-19 in 2020/21.
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:
 - £1.315 million of additional support to care providers
 - £0.065 million additional workforce spend
 - £0.030 million on PPE
 - £0.065 million additional demand
 - £0.105 million miscellaneous spend across a range of budgets
 - £1.174 million ASP savings at risk
 - £0.264 million Historical saving delayed by COVID 19
 - **£3.018 million funded by General COVID-19 Grant**
- **£12.225 million of Infection Control Fund and Rapid Testing Grant.**
12. LD External Care is projecting a £2.489 million underspend. The £2.489 million relates to £984k of underlying underspends and a further £1.505 million 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 £4.047 million overspend. The overspend is split across individual service budgets with OP showing as £2.442 million and PD £1.605 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 £1.599 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 £1.765 million underspend, including significant variances of:

- £870k significant overspend in Reablement in respect of unachieved ASP 2021/22 savings.
- £2.635 million of significant underspends: £599k Care Act due to delayed projects/recruitment; £1.012 million OP/PD Integrated Social Care Management (ISCM) largely due to vacancies; £505k LD Assessment, Support Planning & Management mainly due to vacancies; and £519k other minor variances.

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 £150k under-spent but this includes £9k of Covid-19 general expenditure.

17. In total Covid-19 grants either carried forward or allocated in year to the Council total £19.45 million. The funding will be targeted at continuing the containment and management of the outbreak through testing and tracing, supporting vulnerable groups and communities. Following a discussion with supporting people providers no funding for supplier relief is required from the general COVID grant.

18. The underlying non-Covid-19 position for Prevention and Well Being is a £1.025 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 (PH) position, excluding Covid-19 expenditure, is forecast to be £866k 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 £159k relating to prevention hub activities and supporting people contracts.

19. The in-year forecast for Public Health is an under-spend of £866k due to lower take-up for health checks as fewer people are currently accessing the service, dispensing costs for substance misuse and the cost of staff involved with the COVID response being charged to grants instead of the Public Health grant.

20. The Government's scheme, Operation Warm Welcome, will support the resettlement of people from Afghanistan and to provide further support. The estimated cost of £74k will be funded from Corporate Resources budgets.

Children & Families

21. The current forecast for the year end revenue position as at October 2021 for non-DSG funded services is an over-spend of £17.328 million (13.69% of budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £9.026 million giving an underlying over-spend of £8.302 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. Social care staffing and disability services 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. Covid-19 grants totalling £8.3 million are forecast to be spent including the Winter Grant, Local Support Grant, Holiday Activities Fund and Household Support Fund.
23. Activity levels within social care continue to cause significant budgetary pressures on children's services and in particular against external placements resulting in the over-spend. At the end of September 2021 children in care numbers were 831 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 the England average.
24. The current forecast over-spend against the external placement budget is £13.192 million (42.4% above budget) and includes a contingency of £2.4 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 £7.062 million resulting in an underlying over-spend of £6.13 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 £114,500 per annum, (residential/supported living average unit cost of £186,700) and of the net variance, £4.7 million relates to activity and £1.4 million to price. There are currently 447 external placements, of which 115 are residential and 122 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 £1.32 million (6.9% above budget) with an underlying position net of COVID of £1.023 million. 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 20.6% over the last six months and at the end of September there were 100 agency workers in post.

27. Home to School transport is reported as £502k 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. The reduction in the over-spend in the month is due to the cancelling of creditor estimates for the 2020/21 year end which are no longer required.

28. Services for children with disabilities are forecasting to over-spend by £875k due to s.76 contracts with Health that previously have not been forecast.

29. In-house fostering and adoption services are under-spent by £578k due to activity at the start of the year being below budgeted assumptions.

Dedicated Schools Grant (DSG) position

30. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £18.54 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 adjustments between Local Authorities. The deficit budget in 2021/22 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 £1.4 million overspend due to increased demand.

31. 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

32. Economy, Environment and Infrastructure are currently forecasting an overspend position of £3.409 million (4.5% 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.
33. Loss of income is forecasted to be £1.811 million which is split between £209k from Registrations and Libraries, £1.541 million from parking related income and £61k from other income.
34. Covid-19 costs are forecasted to be £1.598 million made up of £680k for the Economic Recovery Strategy, £25k for PPE and social distancing related spend, £340k for additional Covid related expenses against Highways and £185k of other spend across the directorate on a range of issues. Included within the £1.598 million of Covid 19 costs are £368k of unachievable income targets which have not been achieved – these relate to £244k parking, £75k Libraries and Registrations £49k.
35. The Integrated Transport Unit has been allocated £160k of revenue funding as the Local Transport Authority for Bus Recovery Grant from the Department of Transport which will be distributed to bus operators within the year to help maintain service levels across their networks.
36. GCC has been successful in their application to the Department of Transport for £231k of revenue funding in regard to the Cycling and Walking Capability Fund. The money will be spent over a number of projects around behaviour change to promote increased levels of physical activity through walking and cycling for everyday journeys. As part of this funding allocation we will review our existing and emerging Local Cycling and Walking Infrastructure Plans (LCWIPs) to ensure they comply with new national cycle guidance.

Community Safety Directorate

37. The Community Safety Directorate is forecasting an overspend of £89k (0.44% of budget). Estimated costs attributed to Covid-19 amount to £89k so excluding these, a balanced position is forecast. This position assumes that a £15k vehicle insurance settlement received will be approved as a revenue contribution to capital, required to fund future capital vehicle purchases.

Corporate Resources

38. Corporate Resources are forecasting an overspend of £7.237 million (20.38% of the budget). Included within these figures is the forecast additional cost of the impact of

COVID-19 on budgets which totals £6.884 million giving an underlying overspend of £353k.

39. The additional forecast expenditure of £6.884 million for the impact of Covid-19 includes £131k in the Asset Management & Property Services budgets, £75k against Occupational Health, £85k Information Management Service, £41K in Policy & Performance, £699k Legal costs and 180k in the Directorate budget, together with a contingency allocation of £5.678 million which is available to support known Covid-19 related commitments in 2022/23.

Technical and Countywide

40. The forecast outturn position for Technical and Countywide budgets is a £6.383 million underspend, included within these figures is a £37k additional cost of the impact of Covid-19. The main areas of variance are highlighted in the paragraphs below.

41. Positive interest rate credits on cash balances are forecast to produce a £1.044 million 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.

42. 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.

43. The 2021/22 budget includes a Pay & Price provision to fund unexpected price increases during the financial year, £1.200 million is being released to support the overall budget position for 2021/22.

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

45. An underspend of £1.635 million within the Capital Financing Budget is now forecast following reductions in projected capital financing costs due to slippage on approved capital schemes.

46. Other County Council Contingencies are currently reporting underspends within the LGPS Employers Contributions Contingency £659k, and the ICT Contingency £191k.

B. Delivery of Savings Programme

47. At the end of Quarter 2, £5.668 million savings are forecast to have been delivered against a target of £6.761 million. This represents 83.83% of the annual target achieved.
48. A total of £1.093 million is forecast to be at risk of being delivered by the end of 2021/22, which would represent 16.17% of the annual target. The most significant elements at risk being £870k reablement savings and £160k income target across Economy, Environment & Infrastructure.

C. Capital Expenditure

Current Spend 2021/22

49. The current capital budget for 2021/22 is £153.180 million. Actual spend against the capital programme as at the end of September 2021 (period 6) is £48.732 million.

Budget and Forecast Outturn Position 2021/22

50. The forecast outturn position for 2021/22 is £152.923 million, against the budget of £153.180 million, giving a forecast in-year slippage of £257k.

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	£000
Capital Receipts Works Before Sale	0	0	0	0	0
Adults	9,017	1,468	16	9,022	5
Childrens Services					
Schools	40,927	17,017	42	40,993	66
Non-Schools	468	13	3	519	51
Economy, Environment & Infrastructure					
Highways	63,913	23,874	37	64,427	514
Strategic Infrastructure	4,809	183	4	4,809	0
Waste Disposal	608	10	2	417	-191
Libraries	411	60	15	411	0
Community Safety					
Fire and Rescue Service	616	385	63	771	155
Trading Standards	39	0	0	39	0
Corporate Services					
AMPS	10,221	5,232	51	10,269	48
ICT Projects	8,340	236	3	8,090	-250
Business Service Centre	227	82	36	227	0
Archives & Information Management	113	19	17	113	0
Digital Innovation (Customer)	971	153	16	316	-655
Investing In Self Funded Income Schemes	12,500	0	0	12,500	0
Total	153,180	48,732	32	152,923	-257

Economy, Environment and Infrastructure Capital Programme 2021/22

Highways

51. The Highway Capital Programme is forecasting an in year overspend of £514k against the realigned 2021/22 budget. Funding is already in the overall approved capital programme but is currently profiled to be spent in future years so there is no impact on long term capital programme. £264k relates to additional schemes within the Carriageway Resurfacing Programme and a further £250k has been allocated to carry out emergency replacement of a failed set of traffic signals and a crossing.

Corporate Services Capital Programme 2021/22

ICT

52. The ICT Capital Programme is forecasting slippage of £250k against the current budget. This relates to the Children & Families ICT Systems Rationalisation now being push out to 2022/23 & 2023/24.

Digital Innovation (Customer)

53. The Digital Innovation (Customer) Capital Programme is forecasting slippage of £655k against the current budget, this relates to the Business Analytics procurement being delayed.

Other Services Capital Programmes

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

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

Highways

55. It is proposed that Cabinet notes an increase of £9.122 million in the Highways capital budget as summarised below:

- £9.122 million Department for Levelling up, Housing and Communities (DLUHC) Levelling Up Fund grant towards the Gloucester SW Bypass, Llanthony Road scheme.

56. It is proposed that Cabinet approves an increase of £3.739 million in the Highways capital budget as summarised below:

- £37.8k developer contribution towards the Lydney Highway Strategy scheme.

- £1.5k parish contribution towards the Easington Bus Shelter project.
- £3.700 million DLUHC Levelling Up Fund grant towards the new Gloucester City Centre - Cycle Spine scheme

Community Infrastructure

57. It is proposed that Cabinet approves a £300k increase to the Treescape project capital programme. This is funding from the Woodland Trust Emergency Tree Fund. Additional information about the project is included within the Climate Change Strategy annual review and action plan' which is elsewhere on this agenda.

Fire and Rescue Service

58. It is proposed that Cabinet notes a £120k increase to the GFRS capital programme which is made up:

- An additional £120k to purchase a second-hand aerial ladder platform (ALP) funded from capital receipts. The current ALP needs immediate replacement and a suitable vehicle has been identified at a cost of £155k – the remaining £35k will be funded from uncommitted funding in the approved capital programme. This is a short-term solution pending the planned purchase of a new ALP in 2023 – it is anticipated the second-hand ALP will have a resale value of c120K in 2023.

59. It is proposed that Cabinet approves a £15k increase to the GFRS capital programme which is made up:

- An additional £15k for the Light Fleet Vehicle scheme to purchase a replacement van funded by a revenue contribution from the insurance settlement.

Asset Management & Property Services (AMPS)

60. It is proposed that Cabinet approves a £987k virement to the new Council Chamber Refurbishment scheme funded from the Area Based Review capital budget. A full report on this scheme is included elsewhere on this agenda.

Overall

61. As a result of the above changes, the overall capital programme will increase by £13.296 million.