



REPORT TITLE: Financial Monitoring Report 2021/22

Cabinet Date	30 th March 2022
Cabinet Member	Cllr Lynden Stowe, Deputy Leader/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 February 2022 (Period 11) forecasts for the 2021/22 financial year, which is an underspend of £640k all of which relates to non-Covid-19 expenditure. The Covid-19 related expenditure and income outturn is forecast to be a balanced position.2. Approves one-off funding of £480k to support the Education, Health and Care plans (EHCP) and Education Psychology (EP) service, funded from general reserves. The short-term one-off investment will place the service in a stronger position to undertake its service transformation programme and prepare for the Local Area SEND Inspection anticipated in 2023.3. Approves the acceptance of the Homes England capital grant of £1.5m via Tewkesbury Borough Council for M5 Jct.9 development costs should we be successful in the bid.4. Approves, in principle, the acceptance of the Active Travel Fund Tranche 3 DfT grant whilst awaiting confirmation of its award and value. Any funding will have to be accounted for before the end of March 2022.5. Notes the forecast capital year end position as at the end of January 2022 of £130.023 million against the current budget of £153.425 million.6. Approves the recommended transfer of £4.7 million of the Local Council Tax Support Grant to the Rates Retention Reserve as referred to later in this report.7. Approves the £70k decrease to the capital programme as outlined in Section B.

Reasons for recommendations	<p>To ensure that Councillors and the public are made aware of the Council's current financial position.</p> <p>To utilise funding provided by the Government across a number of financial years, in line with the purpose of the grant.</p> <p>To reflect the effects of minor changes within the Capital Programme.</p>
Resource Implications	<p>These are detailed within the report</p>
Background Documents	<p>MTFS Report to 12th February 2021 County Council and Financial Monitoring Report to Cabinet 21st July 2021, 22nd September 2021 10th November 2021 22nd December 2021, 26th January 2022 & 23rd February 2022</p>
Statutory Authority	
Divisional Councillor(s)	<p>County Wide</p>
Officer	<p>Alistair Rush, Interim Director of Finance (01452) 328999 Alistair.rush@gloucestershire.gov.uk Jayne Fuller, Corporate Finance Manager (01452) 328926 jayne.fuller@gloucestershire.gov.uk</p>
Timeline	<p>Not applicable</p>

Revenue Expenditure 2021/22

A. Revenue Forecast Outturn Position 2021/22

1. The current forecast of the year end revenue position is an underspend of £640k against the revenue budget of £483.008 million, based on forecasts in February 2022 (Period 11) after utilising grants for Covid-19 expenditure.
2. The largest non-Covid-19 variance is the £8.665 million forecast overspend in Children and Families – this overspend is partially offset by the £6.524 million underspend in Technical & Countywide.
3. The Council's forecast cost of 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 £10.946 million carried forward from the 2020/21 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 £30.933 million with an additional £16.632 million carried forward from 2020/21. Details are in the table below; -

	Forecast spend 21/22 £m	Carry forward for 22/23 £m	Grants to be paid back £m	Received for 21/22 £m	Brought forward 21/22 £m
Other Covid -19 Related Grant Analysis					
Infection Control Grant	7.620			7.620	
Department of Health & Social Care Workforce Recruitment and retention	4.875			4.875	
Department for health and Social Care-Rapid Testing	4.605			4.605	
Department for health and Social Care-Omicron Support	0.632			0.632	
Test & Trace	0.751	-0.675			1.426
Covid-19 Bus Service Support Grant	0.180				0.180
H2ST DFE grant	0.373		-0.203	0.237	0.339
DHSC -Contain Outbreak Management fund	10.480	-5.893		3.036	13.337
Department for Work & Pensions - Covid Winter Grant Scheme	0.524			0.524	
Department for Work & Pensions - Covid Local Support Grant	1.396			1.396	
MHCLG Clinically Extremely Vulnerable (CEV) people Tranches 1-4 .	1.435			0.205	1.230
Community Testing	0.819			0.819	0.000
Holiday & Activities Fund 20/21	2.035			2.035	0.000
DWP - Household Support Grant	3.692			3.692	0.000
Practical support payment 1-6	1.376			1.255	0.121
Other Covid -19 related grant	40.794	-6.568	-0.203	30.933	16.632

5. The following additional grant allocations have been confirmed since the previous Cabinet Report
 - Department for Health & Social Care Community Testing net increase £28k

6. The assumption in this report is that relevant expenditure will not exceed 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 outturn position is provided in the table and narrative below.

Directorate Breakdown for Cabinet Report - Position February Forecasts 2022 (P11)

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	155,751	155,932	181	0.12%	2,361	-2,180
Prevention & Wellbeing	35,113	34,844	-269	-0.77%	12	-281
Children & Families	125,985	145,132	19,147	15.20%	10,482	8,665
Economy, Environment & Infrastructure	76,158	78,340	2,182	2.87%	2,482	-300
Community Safety	19,997	20,091	94	0.47%	114	-20
Corporate Resources	36,903	43,864	6,961	18.86%	6,961	0
Total for Services	449,907	478,203	28,296	6.29%	22,412	5,884
Technical & Countywide	33,101	26,637	-6,464	-19.53%	60	-6,524
Total	483,008	504,840	21,832	4.52%	22,472	-640
Additional Funding Covid-19 including carry forward to be allocated	22,472	0	-22,472		-22,472	
Revised Total	505,480	504,840	-640	-0.13%	0	-640

Adult Social Care

8. Adult Social Care is reporting an overspend of £181k which includes £2.361 million for the COVID-19 costs. Excluding the COVID-19 costs the underlying underspend amounts to £2.180 million. The underspend relates to the increasing pressures of recruiting and retaining staff across Adult Social Care teams, creating a one-off underspend position in 2021/22. The service has identified funding for a recruitment campaign to fill posts ahead of the significant changes that implementation of the Government's Build Back Better: Our Plan for Health and Social Care reforms will require. Work is being carried out to understand the resources required to stabilise the current workload across the operations teams which ahead of the start of the next MTFS cycle is not funded. If the closedown process allows, a proportion of this underspend will be requested to recruit additional staff and support the funding transition.
9. Adult Social Care reserves currently stand at £9.879 million. The reserves continue to be held as Vulnerable Adults Reserve at £5.430 million, with £4.449 million carried forward from 2020/21 anticipated to be used in 2022/23, 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 with £428k being paid to date, 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:
 - £1.166 million of additional support to care providers
 - £0.121 million miscellaneous spend across a range of budgets
 - £1.074 million ASP savings at risk
 - **£2.361 million funded by General COVID-19 Grant**
 - **17.733 million of: Infection Control Fund; Rapid Testing and Vaccine Grant; Workforce Recruitment and Retention Grant; Omicron Support**
12. Learning Disabilities (LD) External Care is projecting a £2.608 million underspend. The £2.608 million relates to £1.714 million of MTFS funding which is not expected to be used during 2021/22 because of delays relating to COVID-19 and a further £894k of underlying underspends. Although this funding is not needed in this financial year it is incorporated in the full position for the Transforming Care Programme and is therefore needed in next financial year.
13. Older People (OP) and Physical Disabilities (PD) is reporting a £6.335 million overspend. The overspend is split across individual service budgets with OP showing as £3.601 million and PD £2.734 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, additional demand and winter pressures, and support to the external market.

14. The Mental Health position is a £1.165 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. A long-term plan is being developed with Gloucestershire Health and Care NHS Trust to address the underlying overspend.
15. Community Equipment and Telecare is reporting an underspend of £1.044 million. The Community Equipment Service (CES) pooled Budget is reported online. Funding held by the Programme Director – Housing, Health and Care is reporting an underspend of £798k. Telecare is reporting a £246k underspend due to delays in progressing the move from an analogue to a digital service, now anticipated to be a cost in 2022/23.
16. Other Services is comprised of all staffing budgets for Adult Social Care, as well as several specific commissioned contracts. The position for these services nets to a £4.295 million underspend, including these significant variances of:
 - £384k overspend in Commissioning EIO due to additional beds.
 - £4.679 million of underspends: £541k Care Act due to delayed projects/recruitment; £316k Safeguarding due to vacancies; £326k Gloucestershire Integrated Brokerage due to vacancies; £298k OP Hub due to vacancies; £1.664 million OP/PD Integrated Social Care Management (ISCM) largely due to vacancies; £603k LD Assessment, Support Planning & Management mainly due to vacancies; £424k In-House Provision (LD) due to vacancies; and £507k made up of other smaller variances.
17. Unallocated Budget is reported as £552k underspent which is being utilised to offset some of the overspend in External Care

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 £269k under-spent but this includes £12k of Covid-19 general expenditure.
19. In total Covid-19 grants either carried forward or allocated in year to the Council total £20.033 million. The funding will be targeted at continuing the containment and management of the outbreak through testing and tracing, supporting vulnerable

groups and communities. Of the total funding available, £6.568 million is committed in 2022/23.

20. The underlying non-Covid-19 position for Prevention and Well Being is a £1.864 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 £1.583 million 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 £281k relating to prevention hub activities and supporting people contracts.
21. The forecast under-spend for Public Health is due to lower take-up for health checks as fewer people are currently accessing the service, dispensing costs for substance misuse, activity against the substance misuse and healthy lifestyles contracts (both affected by COVID) and the cost of staff involved with the COVID response being charged to grants instead of the Public Health grant. The estimated cost for Agenda for Change pay awards (£199k) in 2021/22 is offset by these under-spends.

Children & Families

22. The current outturn forecast for non-DSG funded services is an over-spend of £19.147 million (15.19% of budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £10.482 million giving an underlying over-spend of £8.665 million. The over-spend continues to be primarily against the external placements budget, due to increasing numbers of children in care, partly linked to the pandemic but also linked to the number and cost of placements. Social care staffing, disability services and home to school transport are also over-spending.
23. 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 million are forecast to be spent including the Winter Grant, Local Support Grant, Holiday Activities Fund and Household Support Fund.
24. Activity levels within social care continue to cause significant budgetary pressures and in particular against external placements. At the end of January 2022 children in care numbers were 836, 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.

25. The current forecast over-spend against the external placement budget is £15.373 million (49.4% above budget). The forecast also includes the current and future impact of Covid-19 on placement numbers which totals £8.42 million, resulting in an underlying over-spend of £6.953 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 £114,800 per annum, (residential/supported living average unit cost of £183,500). There are currently 474 external placements, of which 111 are residential and 139 supported living placements.
26. 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.
27. Against safeguarding staffing budgets there is a forecast over-spend of £963k (5.1% above budget) with an underlying position net of COVID of £517k. 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 20.3% and 22.4% over the last six months and at the end of January there were 118 agency workers in post which is an increase on previous months.
28. Home to School transport is reported as £803k overspent and is due to the number and cost of the transport for SEN pupils, due to procuring new routes and the number of solo journeys required.
29. Services for children with disabilities are forecasting to over-spend by £1.445 million due to the increased cost of care packages, including s.76 contracts with Health, and disability service staffing costs.
30. In-house fostering and adoption services are under-spent by £766k due to activity at the start of the year being below budgeted assumptions.
31. The service that assesses children for Education, Health and Care plans (EHCP) is under increasing pressure due to the actual increase in requests for support being far above what was anticipated and the MTFs resource allocated for 2022/23. This is

putting a severe strain on a service that already has a significant backlog of reviews and assessments to complete, resulting in delays to the support these vulnerable pupils receive, alongside challenging staff recruitment and retention issues. To address the backlog in the short term, it is proposed that one-off funding of £480k is allocated to the EHCP and Education Psychology (EP) service. For both services this will provide additional casework capacity to enable the service to begin tackling the annual review amends backlog, support those currently coming into the service. The short-term one-off investment will place the service in a stronger position to undertake its service transformation programme and prepare for the Local Area SEND Inspection anticipated in 2023.

Dedicated Schools Grant (DSG) position

32. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £19.967 million in 2021/22, which includes the deficit carry forward of £13.67 million and the deficit budget for High Needs of £4.093 million including adjustments between Local Authorities. The deficit budget results from setting realistic budgets within high needs services, reflecting growth trends and existing activity demands on special school and independent provision and top up budgets. High needs top-up budgets for colleges, special schools, primary and secondary schools are forecasting a £2.718 million overspend due to increased demand.

33. Gloucestershire's high needs block, like most LAs nationally, is currently in deficit. The increase in the allocated funding for 2022/23 of an additional £6.968 million and a further £2.989 million Supplementary Grant will be required to meet forecast demand pressures for additional special school places and support to mainstream schools. The LA and Schools Forum are looking at proposals on how to resolve this deficit, and initiatives to tackle need more effectively and reduce costs in the long run. A financial recovery plan is being developed alongside this review.

Economy, Environment & Infrastructure

34. Economy, Environment and Infrastructure are currently forecasting an overspend position of £2.182 million (2.9% of the budget). This is made up of £2.482 million due to the impact of Covid-19, as set out in the paragraphs below, offset by a non covid related £300k underspend.

35. Loss of income is forecasted to be £1.262 million which is split between £206k from Registrations and Libraries, £1.000 million from parking related income and £56k from other income.

36. Covid-19 costs are forecasted to be £1.220 million made up of £188k for the Economic Recovery Strategy, £15k for PPE and social distancing related spend,

£792k for additional Covid related expenses against Highways, £150k of other spend across the directorate on a range of issues and £75k of unachievable savings relating to Libraries.

37. Vacancies across the EE&I directorate have resulted in a forecasted £300k underspend.

38. Cabinet approval to accept a Homes England capital grant via Tewkesbury Borough Council of £1.5m for use against M5 Jct.9 is recommended. The grant will have conditions to spend against capital in 21-22 and we will use the Capital fund to carry forward the equivalent amount as revenue funding into 22-23. The 22-23 revenue fund will be earmarked to be used against the M5 Jct. 9 Outline Business case. A decision on the bid is expected mid-March so this approval request is subject to a successful bid outcome.

Community Safety Directorate

39. The Community Safety Directorate is forecasting an overspend of £94k (0.47% of budget). Estimated costs attributed to Covid-19 amount to £114k so excluding these, a minor underspend of £20k is forecast.

Corporate Resources

40. Corporate Resources are forecasting an overspend of £6.961 million (18.86% of the budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £6.961 million, therefore the underlying forecast, excluding the impact of COVID-19, is a balanced position.

41. The additional forecast expenditure of £6.961 million arising from the impact of Covid-19 includes £178k in the Asset Management & Property Services budgets, £90k against Occupational Health, £85k Information Management Service, £40K in Policy & Performance, £1.294 million Legal costs and 180k in the Directorate budget, together with a contingency allocation of £5.049 million which is available to support known Covid-19 related commitments in 2022/23.

Technical and Countywide

42. The forecast outturn position for Technical and Countywide budgets is a £6.464 million underspend, included within these figures is a £60k additional cost of the impact of Covid-19. The main areas of variance are highlighted in the paragraphs below.
43. Positive interest rate credits on cash balances are forecast to produce a £1.035 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.
44. 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.
45. 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.
46. There is a forecast underspend on the corporate Insurance budget totalling £425k based on trend analysis of insurance premiums.
47. An underspend of £1.685 million within the Capital Financing Budget is now forecast following reductions in projected capital financing costs due to slippage on approved capital schemes.
48. Other County Council Contingencies are currently reporting underspends, mainly the LGPS Employers Contributions Contingency.
49. The Council has received additional funding in 2021-22 to help to offset prior, current and future year issues with lower collection amounts from Council Tax Income. The funding is by way of a Local Council Tax Support Grant and totalled £4.7 million. Due to the uncertainties around future collection levels, part of this funding (£1.7 million) is being used to balance the 2022-23 Budget, offsetting some of the deficit on the Collection Fund and lower tax base increases, so it is proposed to carry forward this element to the Rates Retention Reserve. This will leave residual funding from the grant of £3 million that is un-ringfenced, and it is proposed that this also is transferred to the Rates Retention Reserve.

B. Capital Expenditure

Current Spend 2021/22

50. The current capital budget for 2021/22 is £153.425 million. Actual spend against the capital programme as at the end of January 2022 (period 10) is £90.806 million.

Budget and Forecast Outturn Position 2021/22

51. The forecast outturn position for 2021/22 is £130.023 million, against the budget of £153.425 million, giving a forecast in-year slippage of £23.402 million.

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
Adults	8,817	4,578	52	8,572	-245
Childrens Services					
Schools	40,857	29,790	73	37,592	-3,265
Non-Schools	520	141	27	455	-65
Economy, Environment & Infrastructure					
Highways	63,927	46,693	73	63,529	-398
Strategic Infrastructure	4,809	389	8	3,103	-1,706
Waste Disposal	608	117	19	184	-424
Libraries	417	189	45	320	-97
Community Safety					
Fire and Rescue Service	772	586	76	621	-151
Trading Standards	39	0	0	0	-39
Corporate Services					
AMPS	10,409	6,158	59	10,447	38
ICT Projects	8,436	1,878	22	4,881	-3,555
Business Service Centre	227	82	36	227	0
Archives & Information Management	113	19	17	79	-34
Digital Innovation (Customer)	974	186	19	13	-961
Investing In Self Funded Income Schemes	12,500	0	0	0	-12,500
Total	153,425	90,806	59	130,023	-23,402

Children's Services Capital Programme 2021/22

Schools

52. The Schools Capital Programme is forecasting slippage of £3.265 million against the realigned 2021/22 budget. This is mainly due to delays to the new Bishops Cleeve Primary School, as previously reported, and further slippage across various projects.

Economy, Environment and Infrastructure Capital Programme 2021/22

Highways

53. The Highway Capital Programme is forecasting an in-year slippage of £398k against the realigned 2021/22 budget. This relates to highway works at Llanthony now being delivered in the next financial year.

Strategic Infrastructure

54. The Strategic Infrastructure Programme is forecasting slippage of £1.706 million against the realigned 2021/22 budget. £1.645m of this relates to Broadband and is linked to delays from contracts awarded as part of the Fastershire delivery programme. The remaining £61k is made up of £110k slippage on Flood Alleviation schemes which is due to change in focus of certain schemes and delays in project milestones by multiple factors including Covid restrictions and £49k advance spend against the Multi Modal Transport Model.

Waste Disposal

55. The Waste Disposal Programme is forecasting slippage of £424k against the realigned 2021/22 budget. This relates to the Hempsted HRC flood alleviation programme which has taken longer to agree the designs (due to the complexity of excavating in and around a landfill site), and the refurbishment work at Wingmoor Farm HRC has been delayed because the revision of the site's red line area for waste operations requires a revision of the planning permission and this is yet to be granted.

Corporate Services Capital Programme 2021/22

AMPS

56. The AMPS Capital Programme is forecasting slippage of £369k against the current budget, mostly relating to delays in the Planned Capital Maintenance programme.

ICT

57. The ICT Capital Programme is forecasting slippage of £3.6 million against the current budget, mostly relating to: -

- £2.5 million the project to replace the Wider Area Network (connecting buildings) with the Local Area Network (inside buildings including updates to Wi-Fi) has been delayed by 4 months. The roll out is planned to commence early March, with a quarter of sites connected by the 31st March. The costs for the remaining sites will move into next financial year.
- £631k on Desktop devices due to procurement delays.

Digital Innovation (Customer)

58. The Digital Innovation (Customer) Capital Programme is forecasting slippage of £961k against the current budget, mostly due to: -

- £650k (as reported to December Cabinet) relates to slippage on the Business Analytics procurement.
- £291k Business Analytics due to procurement issues a data partner has not been secured which has resulted in delays to the programme.

Investing in Self-Funded Income Schemes

59. The Investing in Self-Funded Income Scheme is forecasting £12.5 million slippage. This will be carried forward for investment in self-funded income schemes in the future.

Other Services Capital Programmes

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

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

Schools

61. It is proposed that Cabinet approves a decrease of £90k in the Schools Capital Programme relating to the Leckhampton High School project. This relates to the cost of transporting High School pupils to and from their temporary provision located at Balcarras School pending the opening of the High School in September 2022. These costs will be paid through the children's services revenue budget and funded by a transfer of £90k from the capital fund reserve.

Highways

62. It is proposed that Cabinet approves an increase of £20k in the Highways Capital Programme funded by an £11k developer contribution for tree planting and £9k additional contributions from parish councils to fund Community Offer projects.

63. It is proposed that Cabinet approves, in principle, to accept the Active Travel Tranche 3 DFT capital grant and increase the Capital Programme by the same amount. The

exact value and conditions for the grant, at the time of writing, are due to be confirmed imminently by the DFT.

Overall

64. As a result of the above changes, the overall capital programme will decrease by £70k.