



REPORT TITLE: Finance Monitoring Report 2022/23

Cabinet Date	25 th January 2023
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 2022/23 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 December 2022 (Period 9) forecasts for the 2022/23 financial year, which is an overspend of £4.874 million 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. Notes delivery of the £6.772 million of savings against a target of £10.987 million in 2022/23 or 61.64% of target as detailed in Section B.3. Notes the forecast capital year end position as at the end of November 2022, forecast made in December 2022 (P9) of £132.756 million against the current budget of £150.974 million.4. Approves the £1.209 million increase to the capital programme as detailed in Section C.
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 changes within the Capital Programme.</p>
Resource Implications	These are detailed within the report

Background Documents	MTFS Report to 16 th February 2022 County Council and Financial Monitoring Report to Cabinet 21 st September 2022 & 23 rd November 2022
Statutory Authority	
Divisional Councillor(s)	County Wide
Officer	Paul Blacker, Finance Director (01452) 328999 Paul.blacker@gloucestershire.gov.uk Jayne Fuller, Corporate Finance Manager (01452) 328926 jayne.fuller@gloucestershire.gov.uk
Timeline	Not applicable

Revenue Expenditure 2022/23

A. Revenue Forecast Outturn Position 2022/23

1. The current forecast of the year end revenue position is an overspend of £4.874 million against the revenue budget of £521.330 million, based on forecasts in December 2022 (Period 9) after utilising grants for Covid-19 expenditure.
2. The largest non-Covid-19 variances are the £10.640 million forecast overspend in Children and Families, £350k forecast overspend in Economy, Environment & Infrastructure and £480k forecast overspend in Community Safety – partially offset by the £6.553 million underspend in Technical & Countywide.
3. The Council's forecast additional cost from the Covid-19 pandemic (excluding expenditure funded from specific grants) is estimated to be £8.674 million in 2022/23 which matches the funding carried forward from the 2021/22 Covid-19 Emergency Grant. A balanced position is therefore forecast for Covid-19 related activity.
4. An analysis of the current forecast outturn position is provided in the table and narrative below.

Directorate Breakdown for Cabinet Report - Position December Forecasts 2022 (P9)

Service Area	Revised 2022/23 Budget	Forecast Outturn Position	Forecast Outturn Variance	Covid-19 Forecast	Forecast excluding Covid-19	Variance %
	£000	£000	£000	£000	£000	%
Adults	165,574	165,574	0	0	0	0.00%
Prevention & Wellbeing	35,777	36,241	464	656	-192	-0.54%
Children & Families	145,143	161,552	16,409	5,769	10,640	7.33%
Economy, Environment & Infrastructure	84,755	85,105	350	0	350	0.41%
Community Safety	21,748	22,236	488	8	480	2.21%
Corporate Resources	40,791	43,181	2,390	2,241	149	0.37%
Total for Services	493,788	513,889	20,101	8,674	11,427	2.31%
Technical & Countywide	27,542	20,989	-6,553	0	-6,553	-23.79%
Total	521,330	534,878	13,548	8,674	4,874	0.93%
Additional Funding Covid-19 including carry forward to be allocated	8,674	0	-8,674	-8,674		
Revised Total	530,004	534,878	4,874	0	4,874	

Adult Social Care

5. Adult Social Care (ASC) is reporting a balance position, with an underlying overspend of £2.324 million. The outturn forecast includes unachieved MTFS savings targets totalling £2.262 million for 2022/23 and £2.896 million brought forward from 2021/22. Although no formal request is being made to Cabinet to use ASC reserves at this point, the current forecast overspend would be covered within the Vulnerable Adults Reserve if required at the end of the financial year.
6. Adult Social Care reserves currently stand at £11.926 million. £9.164 million as Vulnerable Adults Reserve, £2.144 million Care Act Reserve, and £618k Ordinary Residents Reserve.
7. There are several significant ongoing financial risks impacting on Adult Social Care budgets; the ongoing impact of COVID-19, responding to winter/hospital pressures, the Adult Transformation Programme (ATP), Assurance Self Evaluation report and uncertainty about the Adult Social Care Reforms.
8. Learning Disabilities (LD) External Care including the Transforming Care Programme (TCP) is forecasting a £1.842 million underspend, with £641k of savings achieved to date. This forecast acknowledges that some of the current individuals under the TCP will not now move during 2022/23, which is an underspend of £1.745 million. The LD External Care budget, excluding the TCP underspend, is underspending by £97k relating to decreases in ongoing cases. The underspend relating to the TCP is a one-off underspend, being used to cover the overall overspend against Disabilities this financial year, as the funding will be required when the individuals move in future financial years.
9. Older People (OP) and Physical Disabilities (PD) External Care is reporting a £5.838 million overspend, with £1.083 million of savings achieved to date. The overspend is split across individual service budgets with OP forecast at £2.659k and PD £3.179 million. The current overspend relates to the brought forward underlying financial position, voids relating to homes run by a major provider (forecast £2.166 million, partially covered by COVID grant last financial year), increased cover for bad debts and additional demand and winter/hospital pressures.
10. The Mental Health position, as calculated by the Gloucestershire Health and Care NHST Finance Team, is a £608k overspend. A long-term plan continues to be developed with Gloucestershire Health and Care NHS Trust to address the underlying overspend. The S117 backdated refunds for former residents discharged from the service will continue to be progressed during 2022/23 with refunds of £769k being paid and £708k remaining.
11. Housing, Community Equipment Service and Telecare is reporting a £273k underspend. Funding held by the Programme Director – Housing, Health and Care is reporting an underspend of £268k, with Telecare forecasting to underspend by £261k and Community Equipment having an overspend of £257k. The Programme Director is undertaking further negotiations with the NHS Gloucestershire Integrated Care Board to secure recurring funding for the Housing Strategy.
12. Other Services comprise of staffing budgets for Adult Social Care, as well as several specific commissioned contracts. Forecasts for these services net to a £826k overspend, including the following significant variances:
 - £3.105 million significant overspend relating to unfound 2022/23 MTFS savings of £1.708 million; £1.397 million net overspend for Enhanced Independence Offer (EIO).

- £2.279 million significant underspends, mainly due to vacancies: £311k Head of Integrated Commissioning EIO; £883k Integrated Social Care Management (ISCM); £633k LD Assessment, Support Planning & Management Teams; and £453k net underspend comprising of smaller variances.

13. The Unallocated Budget is reported as £2.833 million underspent, currently used to offset the External Care overspend. This includes the corporately transferred pay award budget that needs to be transferred to individual cost centres.

Partnership Working

14. The Council manages £240.699m under Joint Funding Partnership agreements held with NHS Gloucestershire Integrated Commissioning Board ('the ICB'). These agreements are funded from a combination of partner organisations' base budgets and grants, including the Better Care Fund. The financial position for services covered by the agreements is included both within partners' own Finance Reports, and in a combined Report to the Joint Finance Partnership Executive (JCPE).

The most recent JCPE Report includes a forecast overspend of £4.421m, of which £1.873m relates to overspends within GCC services (£1.666m Children's, £0.207m Adults). These variances are included within the revenue forecast position covered by this report, not in addition to it.

Prevention and Wellbeing

15. 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 forecast to be £464k over-spent but this includes £656k of Covid-19 general expenditure related to the build back better project which will be funded from the general COVID grant. After excluding COVID expenditure, the underlying position is £192k under-spent with the significant part of the variance due to supporting people framework lots not being called off due to grant funding being used prior to further procurements and delays due to staff capacity.

16. The Covid-19 grants (COMF and Test and Trace) carried forward totalled £8.262 million and this funding is committed to supporting the recovery of vulnerable groups and communities following the impact of the pandemic.

17. In total, excluding COVID expenditure, Prevention and Well Being is forecast to be £789k under-spent and this takes account of funding part of the child weight management pilot project in-year. 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 is forecast to be £597k under-spent as a consequence of activity related costs in sexual health, substance misuse and healthy lifestyles, commitments against contracts for healthy lifestyles, sexual health and substance misuse and, lower staffing costs in year. Any balance will be transferred to the PH reserve at year end therefore the forecast under-spend, net of the transfer to the PH Reserve, is £192k.

Children & Families

18. The outturn forecast for non-DSG funded services is an over-spend of £17.844 million (12.3% of budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £3.35 million giving an underlying forecast over-spend of £14.494 million, an increase of £3.258 million since the previous report due to increased activity in the external placement budget. The £14.494 million net overspend has been reduced by £3.854 million by applying one-off unallocated covid grant giving a reported overspend of £10.64 million.
19. The over-spend continues to be primarily against the external placements budget, due to increasing numbers of children in care and the cost of placements due to limited market availability, both of which are national issues. The forecast also includes an estimate for the additional cost of contract uplifts for home to school transport providers to support the sustainability of the market due to rising costs.
20. Additional forecast expenditure linked to the impact of Covid-19 covers two areas including the additional cost of accommodation for care leavers, with the majority of care leavers moved to more appropriate accommodation by the end of September, and support to vulnerable pupils.
21. Activity levels within social care continue to cause significant budgetary pressures, in particular for external placements and social care staffing. Referrals so far in 2022/23 are in-line with the 2021/22 average whilst children in care numbers in November were 877, compared to 2021/22 average of 830. Gloucestershire's number and rate of children in care (67 per 10,000 children in care) is above statistical neighbours (54) and the same as the England average (67).
22. The current forecast over-spend against the external placement budget is £13.635 million (34.3% above budget). The forecast also includes the estimated impact of Covid-19 on care leavers which totals £3 million, resulting in an underlying over-spend of £10.635 million. The underlying over-spend is due to the number and cost of residential placements (62 FTEs) and support packages for young people and the cost of supported living placements with a £3.918 million increase since the last forecast reported in October. The four most complex placements are forecast to cost £5.4 million in 2022/23. There are currently 481 external placements, of which 128 are residential and 126 supported living placements.
23. Against safeguarding staffing budgets, there is a forecast over-spend of £1.8 million (8.4% above budget). Turnover of staff continues to rise and has been between 23.1% and 28.7% over the last six months. At the end of November there were 130 agency workers in post, and this compares to 85 agency workers in August 2021. To reduce costs action has already been taken to replace interims with permanent appointments and increase the number of newly qualified staff with the majority now in post.
24. Services for children with disabilities are forecasting to over-spend by £1.2 million due to the increased cost and number of care packages and agency costs within disability service staffing.
25. Home to school transport is forecast to overspend by £1.2 million which is the estimate for the additional cost of contract uplifts for providers to support the sustainability of the market due to rising costs and ensure the availability of provision. If costs continue to rise, this may result in further increases to the forecast.

26. Offsetting variances include in-house fostering and adoption services which are under-spent by £969k due to activity being below budgeted assumptions and also funding allocated for commissioning development being released to offset placements costs (£1 million).
27. To continue to support vulnerable families during this year, Gloucestershire has been awarded £5.286 million from the DfE to provide holiday activities, food provision and essential items and a further grant of £3.692m for the Household Support Fund has been awarded for the period October to March 2023.
28. To address the significant over-spend position the senior leadership team has established a budget working group which is meeting weekly to review the budget recovery position. Further impetus will be provided by a Financial Recovery Oversight Group comprising of the Council Leader, Chief Executive and Section 151 Officer, along with children's services senior leadership. The financial recovery strategy aligns with the improvement strategy by focussing on early intervention to avoid the need for a costly social care response and bringing the child in care population more in line with statistical neighbours over the coming years. This will involve a range of workstreams, each with a designated lead, which aim to impact on both numbers and associated costs, including:
- Further developing our edge of care offer to support children at home and avoid entry into care, linking with youth support and early help teams.
 - Continuing to develop our permanence planning to reduce drift and delay by achieving permanence or reunification as appropriate in a timely manner.
 - Reviewing the entire children in care population to ensure care packages continue to reflect needs, ensuring value for money and taking advantage of where costs can be reduced while continuing to deliver the right outcomes for the young person. This will include work with partners around their contributions.
 - Transformation of the in-house fostering service to drive up capacity, improve matching and increase family/connected carers.
 - Continuing to develop our own placement capacity with providers to exert a greater influence on the market and control costs.
 - Detailed review of staffing establishment, supply lines for practitioners and use of agency workers.

Dedicated Schools Grant (DSG) position

29. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £28.456 million in 2022/23, which includes the deficit carry forward of £20.8 million on high needs and the in-year deficit budget for high needs of £6.347 million. 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. Due to the number of Education, Health and Care Plans being requested and granted, tops ups are forecast to overspend by £1.5 million.
30. The High Needs Strategy that was approved by the Council is in the implementation phase with revised top-up banding systems being consulted on, a review and redesign of care pathways taking place as well as the setting up of digital systems to improve processes. The proposed additional funding in the MTFS 23/24 to provide additional capacity within SEND teams will seek to reduce the pressure on the budget. This work

will support the DfE programme of reviewing Local Authority expenditure on SEND through 'Delivering Better Value'. The review will further assess local processes and plans, carry out data analysis leading to identifying the cost drivers and the cause of the pressure on budgets and look at what additional action can be taken to resolve the deficit position setting out improvement and DSG management plans.

Economy, Environment & Infrastructure

31. Economy, Environment, and Infrastructure are currently forecasting a overspend position of £350k against a total budget of £84.755 million which is 0.41% of the overall budget.
32. In year pressures of £1.00 million made up of £450k against additional investment on roads and repairs and £550k relates to loss of income which is split £450k against parking and £100k for libraries. We are forecasting to absorb £650k of the overspend through a combination of in year vacancies estimated to be at £450k and a £200k reduction in recycling credits paid out.

Community Safety Directorate

33. The Community Safety Directorate has a forecast year end position which shows an overspend of £488k including costs attributed to COVID-19 of £8k. Excluding COVID 19 costs the forecast outturn shows an overspend of £480k.
34. The majority of the overspend is staff related, including overtime for operational staff and non-achievement of vacancy management savings.
35. There are some underlying risks to achieving this position which include:
 - The volatility of the on-call service. It can be difficult to accurately predict on-call costs due to the demand-led nature of the service.
 - Potential higher overtime costs due to sickness.
 - Within Coroners, the impact of the 50% increase in post-mortem charges

Corporate Resources

36. Corporate Resources are forecasting an overspend of £2.390 million (5.86% of the budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £2.241 million giving an underlying overspend of £149k.
37. The additional forecast expenditure of £2.241 million for the impact of Covid-19 including £1.859 million for costs associated with post covid recovery.

Technical and Countywide

38. Following the in-year service budget realignment of specific contingencies and corporate transport savings, the forecast outturn position for Technical and Countywide budgets is a £6.553 million underspend. The main areas of variance are highlighted in the paragraphs below.
39. Interest income is forecast to be £2.881 million higher than originally forecast due to better than expected returns on investments and cash balances.

40. The 2022/23 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 2022/23. £1.230 million is being used to support the overall budget position for 2022/23.

41. The capital financing budget is forecast to be £2.441 million underspent following reductions in capital financing costs due to slippage on approved capital schemes.

B. Delivery of Savings Programme

42. At the end of Quarter 2, £6.772 million savings have been achieved, 61.64% of the annual target, and a further £2.131 million savings are forecast to be delivered against a target of £10.987 million.

43. A total of £2.520 million is forecast to be at risk of being delivered by the end of 2022/23, which would represent 22.93% of the annual target. The most significant elements at risk being £2.262 million Adult Social Care Savings and £240k income target across Economy, Environment & Infrastructure. These at risk savings are included in the outturn forecasts for the relevant Directorates.

C. Capital Expenditure

Current Spend 2022/23

44. The current capital budget for 2022/23 is £150.974 million. Actual spend against the capital programme as at the end of November is £73.551 million.

Budget and Forecast Outturn Position 2022/23

45. The forecast outturn position for 2022/23, based on forecasts made in December (P9), is £132.756 million, against the budget of £150.974 million, giving a forecast in-year slippage of £18.218 million.

CAPITAL EXPENDITURE 2022/23					
Service Area	Reprofiled Budget 2022/23	Current Year Spend 2022/23	% Current Year Spend Against Reprofiled Budget	Forecast Outturn 2022/23	Forecast Year-end Variance
	£000	£000	£000	£000	£000
Capital Receipts Works Before Sale			0		0
Adults	10,984	7,052	64	10,748	-236
Childrens Services					
Schools	24,917	18,190	73	25,978	1,061
Non-Schools	2,585	297	11	1,222	-1,363
Economy, Environment & Infrastructure					
Transport & Highways	79,874	43,206	54	77,702	-2,172
Planning & Economic Development	5,057	280	6	957	-4,100
Environment & Waste	1,078	85	8	681	-397
Libraries & Registration	770	116	15	971	201
Community Safety					
Fire and Rescue Service	781	172	22	393	-388
Trading Standards	39	16	41	31	-8
Corporate Services					
AMPS	8,098	2,653	33	7,281	-817
ICT Projects	4,836	1,483	31	4,536	-300
Business Service Centre	145	0	0	145	0
Archives & Information Management	90	1	1	91	1
Corporate Resources Misc	0	0	0	0	0
Digital Innovation (Customer)	20	0	0	20	0
Investment and Transformation Fund	11,700	0	0	2,000	-9,700
Total	150,974	73,551	49	132,756	-18,218

Childrens Services Capital Programme 2022/23

Schools

46. The Schools capital programme is forecasting an in year overspend of £1.061 million against the current budget. This is mainly due to increased forecast spend on the Capital Maintenance Programme. This will be covered by a combination of revenue contributions from schools and the 2022/23 Schools Condition Allocation (capital grant) that has been received but is currently profiled to be spent in 2023/24.

Non-Schools

47. The Non-Schools capital programme is forecasting slippage of £1.363 million against the current budget. This is mainly due to delays to the Southfields and Townsend House projects

Economy, Environment & Infrastructure Capital Programme 2022/23

Transport & Highways

48. The Transport and Highways Capital programme is forecasting slippage of £2.172 million. This relates to land acquisitions related to J10 for which there was £5 million programmed spend. An assessment of the land acquisitions has been carried out, given there are third parties

involved and timescales are not entirely within GCC's control, and a risk factor has been applied to allow for a proportion not completing by the end of the financial year.

Planning & Economic Development

49. The Planning and Economic Development Capital programme is forecasting slippage of £4.100 million. £3.880 million of this relates the reprofiling of the Fastershire Broadband programme over the next 2-3 years based on the ability to deliver and the need to utilise BDUK grant funding first. The remaining £220k relates to three Flood Alleviation projects, Upton St Leonards, Coleford and Nailsworth. Coleford is experienced delays due to modelling and design being adapted to meet local constraints, with delivery now planned for 2023. The forecast for Upton and Nailsworth has changed due to the need for further investigation, monitoring and modelling which will be funded from revenue, with delivery now planned for 2023.

50. The Fastershire Broadband budget will be reprofiled to reflect the current forecast. This ensures the latest figures are included in the MTFS 2022/23 but does not affect the whole life approval of the capital project.

Environment & Waste

51. The Environment and Waste Capital Programme is forecasting slippage of £397k, this is a combination of the programme slippage of Wingmoor Farm HRC refurbishment and the suspending of the spend on the Hempsted HRC flood alleviation programme in order to prioritise a programme of essential HRC repairs at all sites.

Corporate Resources Capital Programme 2022/23

AMPS

52. AMPS is forecasting slippage of £817k, an increase of £35k from last month and mostly due to:

- £350k Mechanical and Electrical Corporate Property Condition Data works delays
- £400k Quayside Multi Storey Car Park delays

ICT Projects

53. The ICT Capital Programme is forecasting slippage of £300k on the Desktop Hardware scheme, due to not purchasing laptops at the rate originally targeted.

Investment and Transformation Fund

54. Investment and Transformation Fund is forecasting slippage of £9.700 million. We have been working on a number of schemes, but due to increased build costs it now looks like most of the build will come later. We are still waiting to hear if some schemes in Children's Social Care will be required in 2022/23

Other Services Capital Programmes

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

Changes to the Capital Programme in 2022/23 and future years

Adults

56. It is proposed that Cabinet support an increase of £3k in the Adults programme funded by a revenue contribution from the Corporate Transport Unit revenue budget towards the GIS Replacement Vehicles project.

Schools

57. It is proposed that Cabinet support an increase of £299k in the Schools capital programme funded by the following developer s106 contributions:

- £100k from a development at The Leasows, Chipping Campden towards an existing project for the expansion of Chipping Campden School.
- £49k from a development at Nupend Farm, Horlsey towards a new project to provide additional toilets at Horsley C of E Primary School.
- £150k from developments at Wainlode Lane Norton, Ash Lane Down Hatherley and Yew Tree Farm Twigworth towards a new project to provide additional pre-school and primary space at Norton Primary School.

Transport & Highways

58. It is proposed that Cabinet support an increase of £590k in the Transport and Highways capital budget as summarised below:

- £176k revenue contribution from Highways Locals revenue budget. This transfer from revenue to capital is standard practice and reflects the fact that members have chosen to put forward schemes that are of a capital nature. £118k of this funding will be used to finance 15 minor works schemes, with the remaining £13k allocated towards three larger resurfacing projects.
- £10k revenue contribution from Capacity Fund 21-22 Grant towards Estcourt Road project junction design.
- £5k revenue contribution from Capacity Fund 21-22 Grant towards Road condition Surveys.
- £230k contribution from Monmouthshire County Council as part of their 50/50 funding of the Tintern Wireworks Bridge project.
- £184k contribution from Monmouthshire County Council as part of their 50/50 funding of the Brockweir Bridge Refurbishment project.
- -£9k reduction in the contribution from Stroud CIL towards the Newman Henders Bridge refurbishment project, as the allocation was previously overstated.
- -£4k reduction in the contribution from Stroud CIL for the Stroud Valleys Cycle Trail, as the allocation was previously overstated.
- -£2k reduction in the contribution from Eastington Parish Council towards the bus shelter project, as the Parish are ordering the work directly from the supplier.

Environment & Waste Disposal

59. It is proposed that Cabinet support an increase of £317k in the Environment & Waste capital programme budget as summarised below:

- -£102k Woodland Trust Emergency Tree Fund grant, this is the element of the award which is intended to support the delivery of work that is revenue in nature.
- £123k Forestry Commission Local Authority Treescape Fund grant 2021-22, in addition to the £159k approved by Cabinet in December 21, as the entire grant is capital funding.
- £286k Forestry Commission Local Authority Treescape Fund grant 2022-23
- £7k revenue contribution from the climate change budget to provide partial match funding of the Woodland Trust capital grant to GFirst LEP.

- £3k revenue contributions from AMPS and Flood Alleviation teams towards the Bournside Railway Green Corridor project.

Overall

60. As a result of the above changes, the overall capital programme will increase by £1.209 million.