

Financial Monitoring Report 2022/23

Purpose of Report: To provide an update on the County Council's Revenue & Capital Forecast Outturn Position for 2022/23.

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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 £3.835 million against the revenue budget of £521.330 million, based on forecasts in February 2023 (Period 11) after utilising grants for Covid-19 expenditure.
2. The largest variances are the £10.948 million forecast overspend in Children and Families, and £523k forecast overspend in Community Safety – partially offset by the £7.427 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 February 2023 Forecasts (P11)

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	36,059	282	476	-194	-0.54%
Children & Families	145,212	161,929	16,717	5,769	10,948	7.54%
Economy, Environment & Infrastructure	85,255	84,958	-297	0	-297	-0.35%
Community Safety	21,748	22,279	531	8	523	2.40%
Corporate Resources	40,722	43,425	2,703	2,421	282	0.69%
Total for Services	494,288	514,224	19,936	8,674	11,262	2.28%
Technical & Countywide	27,042	19,615	-7,427	0	-7,427	-27.46%
Total	521,330	533,839	12,509	8,674	3,835	0.74%
Additional Funding Covid-19 including carry forward to be allocated	8,674	0	-8,674	-8,674		

Adult Social Care

5. Adult Social Care (ASC) is forecasting a balanced position, with an underlying overspend of £1.597 million. The outturn forecast includes unachieved MTFs savings targets totalling £1.925 million for 2022/23 and £2.528 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 broader impact of COVID-19, responding to winter/hospital pressures and additional funding, the Adult Transformation Programme (ATP) and Assurance Self Evaluation report.
8. Learning Disabilities (LD) External Care including the Transforming Care Programme (TCP) is forecasting a £1.909 million underspend, with £781k 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 £1.787 million. The LD External Care budget, excluding the TCP underspend, is underspending by £122k 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 £5.906 million overspend, with £1.213 million of savings. The overspend is split across individual service budgets with OP forecast at £2.541k and PD £3.365 million. The current overspend relates to the brought forward underlying financial position, voids relating to homes run by a major provider (forecast £2.208 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 £797k 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. Community Equipment Service and Telecare is reporting a £440k underspend. Funding held by the Head of Integrated Commissioning – Enhanced Independence Offer is reporting an underspend of £608k, with Telecare forecasting to underspend by £284k and Community Equipment having an overspend of £452k.
12. Housing is reported online. The Programme Director – Housing, Health and Care is in discussion with NHS Gloucestershire Integrated Care Board and Adult Social Care to secure permanent funding for the Housing Strategy in 2023/24
13. Other Services comprise of staffing budgets for Adult Social Care, as well as several specific commissioned contracts. Forecasts for these services net to a £1.169 million underspend, including the following significant variances:
 - £2.907 million significant overspend relating to unfound 2022/23 MTFs savings of £1.745 million; £1.162 million net overspend for Enhanced Independence Offer (EIO).

- £4.076 million significant underspends, mainly due to vacancies during the financial year that are now actively being recruited into: £519k Head of Integrated Commissioning EIO; £267k Safeguarding; £254k Gloucestershire Integrated Brokerage; £1.552 million Integrated Social Care Management (ISCM); £662k LD Assessment, Support Planning & Management Teams; £281k In House LD Provision; and £552k net underspend comprising of smaller variances.

14. The Unallocated Budget is reported as £1.588 million underspent, currently being used to offset the External Care overspend. The movement relates to £578k released which was being held and will no longer be used before the year end.

Partnership Working

15. The Council manages £255.716m on a partnership basis with NHS Gloucestershire Integrated Commissioning Board ('the ICB') through Joint Funding Agreements. 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 £8.294m, of which £3.455m relates to overspends within GCC services (£2.218m Children's, £1.576m Adults, £0.339m underspend in Prevention and Wellbeing). These variances are included within the revenue forecast position covered by this report, not in addition to it.

This position has been agreed with the ICB Deputy Finance Director but is subject to confirmation from the Director.

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 forecast to be £282k over-spent but this includes £476k 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 £194k 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.

17. 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. Any remaining balances at year end will be carried forward to 2023/24 to continue the support to vulnerable groups and communities and tackle health inequalities.

18. In total, excluding COVID expenditure, Prevention and Well Being is forecast to be £1.138 million 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 £944k under-spent because of lower than projected activity related costs and subsequent underspend in sexual health, substance misuse and healthy lifestyles contracts, 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 £194k.

Children & Families

19. The outturn forecast for non-DSG funded services is an over-spend of £18.152 million (12.5% 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 £14.802 million, an increase of £308k since the previous report. Increases in the cost of placements are partly offset by lower fostering and social care staffing forecast costs. The £14.802 million net overspend has been reduced by £3.854 million by applying one-off unallocated covid grant giving a reported overspend of £10.948 million.
20. Additional forecast expenditure linked to the impact of Covid-19 covers two areas including the additional cost of accommodation for care leavers, and support to vulnerable pupils.
21. The over-spend continues to be primarily against the external placements budget, due to the numbers of children in care and the cost of placements due to limited market availability, both of which are national issues. Referrals so far in 2022/23 are just below the 2021/22 average whilst children in care numbers in January were 875, compared to 2021/22 average of 830. Gloucestershire's number and rate of children in care (66 per 10,000 children in care) is above statistical neighbours (59) but below the England average (70).
22. The current forecast over-spend against the external placement budget is £15.13 million (37.6% above budget), an increase of £1.495 million since the previous report. The forecast also includes the estimated impact of Covid-19 on care leavers which totals £3 million, resulting in an underlying over-spend of £12.13 million. The underlying over-spend is due to the number and cost of residential placements (63 FTEs), support packages for young people and the cost of supported living placements. The five most complex placements are forecast to cost £5.7 million in 2022/23. There are currently 480 external placements, of which 134 are residential and 124 supported living placements.
23. Against safeguarding staffing budgets, there is a forecast over-spend of £1.1 million (5.1% above budget). Turnover of staff has been between 20.5% and 26.3% over the last six months. At the end of January there were 138 agency workers in post, and this compares to 85 agency workers in August 2021. To reduce costs action has been taken to replace interims with permanent appointments and increase the number of newly qualified staff.
24. Services for children with disabilities are forecasting to over-spend by £1.632 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.
26. Offsetting variances include in-house fostering and adoption services which are under-spent by £1.259 million due to activity being below budgeted assumptions and also funding allocated for commissioning development being released to offset placements costs (£1.4 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. In addition to this a new team in commissioning has been established to provide support and challenge to the management of external placements with savings of over £1 million being identified to date.
29. 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

30. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £29.323 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. The in-year High Needs overspend, including deficit budget set, is £9.441 million. This is due to the number of Education, Health and Care Plans being requested and granted and tops ups are forecast to be overspent by £2.8 million and the pressure on special school places has resulted in the independent special school budget reporting a forecast overspend of £820k.
31. 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

32. Economy, Environment, and Infrastructure are currently forecasting a surplus of £297k (0.35% of the budget) against a total budget of £85.255 million.
33. In year pressures of £630k made up of £450k against additional investment on roads and repairs, £80k for lost parking income and £100k for lost income from libraries. We are forecasting to absorb the overspend and make a surplus through a combination of in year vacancies estimated to be at £600k, reductions in recycling credits at £224k and £103k underspend against bulking and haulage costs.

Community Safety Directorate

34. The Community Safety Directorate has a forecast year end position which shows an overspend of £531k including costs attributed to COVID-19 of £8k. Excluding COVID 19 costs the forecast outturn shows an overspend of £523k.
35. The majority of the overspend is staff related, including overtime for operational staff and non-achievement of vacancy management savings.
36. There are some underlying risks to achieving this position which include:
- The volatility of the on-call service within GFRS and the requirement for a post mortem within the Coroner's Service. It can be difficult to accurately predict costs due to the demand-led nature of these services.
 - Potential higher overtime costs due to sickness.

Corporate Resources

37. Corporate Resources are forecasting an overspend of £2.703 million (6.4% of the budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £2.421 million giving an underlying overspend of £282k.
38. The additional forecast expenditure of £2.421 million for the impact of Covid-19 including £2.039 million for costs associated with post covid recovery.

Technical and Countywide

39. 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 £7.427 million underspend. The main areas of variance are highlighted in the paragraphs below.
40. Interest income is forecast to be £3.329 million higher than originally forecast due to better than expected returns on investments and cash balances.
41. 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.
42. 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.

43. The pay and prices contingency is forecasting £427k underspend following realignment of budgets.

B. Delivery of Savings Programme

44. At the end of Quarter 3, £7.388 million savings have been achieved, 67.24% of the annual target, and a further £868k of savings are forecast to be delivered against a target of £10.987 million.

45. A total of £2.732 million is forecast to be at risk of being delivered by the end of 2022/23, which would represent 24.86% of the annual target. The most significant elements at risk being £2.262 million Adult Social Care Savings and £452k 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

46. The current capital budget for 2022/23 is £147.758 million. Actual spend against the capital programme as at the end of January is £89.425 million.

Budget and Forecast Outturn Position 2022/23

47. The forecast outturn position for 2022/23, based on forecasts made in February 2023 (P11), is £128.571 million, against the budget of £147.758 million, giving a forecast in-year slippage of £19.187 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	10,987	7,737	70	10,370	-617
Childrens Services					
Schools	25,085	20,723	83	26,359	1,274
Non-Schools	2,585	449	17	1,252	-1,333
Economy, Environment & Infrastructure					
Transport & Highways	79,874	54,082	68	76,490	-3,384
Planning & Economic Development	1,178	420	36	795	-383
Environment & Waste	1,078	163	15	788	-290
Libraries & Registration	1,020	275	27	726	-294
Community Safety					
Fire and Rescue Service	781	264	34	369	-412
Trading Standards	31	31	100	31	0
Corporate Services					
AMPS	8,348	3,567	43	6,869	-1,479
ICT Projects	4,836	1,713	35	4,036	-800
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	0	-20
Investment and Transformation Fund	11,700	0	0	250	-11,450
Total	147,758	89,425	61	128,571	-19,187

Adults Capital Programme 2022/23

48. The Adults capital programme is forecasting in year slippage of £617k against the current budget. This is mainly due to slippage against the Disabled Facilities Grant capital programme and the GIS replacement vehicles budget.

Children's Services Capital Programme 2022/23

Schools

49. The Schools capital programme is forecasting an in year overspend of £1.274 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

50. The Non-Schools capital programme is forecasting slippage of £1.333 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

51. The Transport and Highways Capital programme is forecasting slippage of £3.384 million. Most of this relates to an assessment of potential risk on completing the land acquisitions related to M5 Junction 10. An assessment of the land acquisitions has been carried out, given there are third parties involved and timescales are not 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. There have been delays due to the winter weather at Llanthony Road and the work at Arle Court Park & Ride won't now start on site until the 23/24 financial year. A number of small schemes are also slightly delayed into next year.

Planning and Economic Development

52. The Planning and Economic Development Capital Programme is forecasting slippage of £383k. This relates to five Flood Alleviation projects, Upton St Leonards (USL), Priors Oakley, Coleford, Pittville and Nailsworth. Priors Oakley is awaiting a final compensation claim from the landowner which has been delayed due to slower than expected progress in completing final snagging works on site because of ground conditions. USL, Coleford and Pittville have experienced delays due to modelling and design being adapted to meet local constraints, with delivery now planned for 2023, whilst the forecast for Nailsworth has increased due to additional costs incurred during works implementation on the ground, including extra gullies and equipment, plus additional contractor days on site.

Environment & Waste

53. The Environment and Waste Capital Programme is forecasting slippage of £290k. As reported to January Cabinet, £378k of 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. In addition, £22k of slippage is forecast against the caravan sites projects. These are offset by £110k forecast advanced delivery within the Sustainability programme on Tree planting projects.

Libraries & Registration

54. The Libraries and Registration Capital Programme is forecasting slippage of £294k. This relates to £212k against the Stroud Library refurbishment and £82k against the Oakley Immersive Storytelling Centre both of which will be spent in the new financial year.

Fire & Rescue Service

55. The Fire and Rescue Service Capital Programme is forecasting slippage of £412k, this relates to delays within the procurement process for light fleet vehicles which will be delivered early in the new financial year, also issues with sourcing Personal Protective Equipment (PPE).

Corporate Resources Capital Programme 2022/23

AMPS

56. The AMPS Capital Programme is forecasting slippage of £1.479 million, an increase of £86k from last month and mostly due to:

- £350k Mechanical and Electrical Corporate Property Condition Data works delays
- £475k Quayside Multi Storey Car Park delays
- £400k Area Based Review delays

ICT Projects

57. The ICT Capital Programme is forecasting slippage of £800k, an increase of £500k from last month and mostly due to:

- £300k Desktop Hardware scheme, due to not purchasing laptops at rate originally targeted
- £400k LAN/WAN scheme, due to resourcing and scheduling delays in elements of the project which have impact on spend moving into 2023/24

Investment and Transformation Fund

58. Investment and Transformation Fund continues to forecast slippage of £11.450 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

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

Changes to the Capital Programme in 2022/23 and future years Children's Services

Schools

60. It is proposed that Cabinet approves a new project at Tutshill Primary school to increase toilet provision, funded by £132k developer s106 contribution from a housing development at Gloucester Road, Tutshill.

Non-Schools

61. It is proposed that Cabinet approves an increase of £173k in the non-schools capital budget funded by Asset Management & Property Services (AMPS) revenue contributions.

Transport & Highways

62. It is proposed that Cabinet approves an increase of £743k in the Transport and Highways capital budget as summarised below:

- £224k Contributions from Developers towards the Hatherley Road safety project.
- £130k contribution from Monmouthshire County Council as part of their 50/50 funding of the Tintern Wireworks Bridge project.

- £50k revenue contribution from the climate change budget to provide initial funding for the installation of Electrical Vehicle Charging Points at Fire Stations and other GCC sites.
- £100k contribution from Cotswold District Council towards the Cotswold Water Park Western Spine Road Pedestrian & Cycle Facilities Enhancement.
- -£2k reduction in the contribution from Churchdown Parish Council towards the TRO project, as the costs of the completed scheme were lower than initially anticipated.
- £2k Contribution from Developers towards a new Cirencester Town Centre Cycle Stands project.
- £109k 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. £16k of this funding will be used to finance 3 minor works schemes, £13k will support PROW projects, with £75k allocated towards larger resurfacing projects and the remaining £5k towards two integrated transport projects.
- £125k revenue contribution of the DfT Levelling Up Fund Local Growth Capacity Support grant towards the Gloucestershire Spine Cycle Route project.
- £5k contribution from Berkeley Town Council towards the Berkeley (Canonbury) TRO project.

Environment & Waste Disposal

63. It is proposed that Cabinet approves an increase of £554k in the Environment & Waste capital programme budget as summarised below:
- £550k revenue contribution from Waste revenue budget for the delivery of works required across all five Household Recycling Centres following condition surveys highlighting essential works.
 - £2k revenue contributions from Highways towards the Green Investment - Trees project related to Lords Hill Coleford planting.
 - £2k revenue contributions from Highways Locals towards the Green Investment - Trees project related to Station Way planting.

Libraries & Registration

64. It is proposed that Cabinet approves an increase of £337k in the Libraries capital programme budget as summarised below:
- £104k Contributions from Developers towards Longlevens Library project.
 - £12k Contributions from Developers towards Cirencester Library project.
 - £27k Contributions from Developers towards Gloucester Library Furniture & Fittings project.
 - £17k Contributions from Developers towards Newent Library Refurbishment project.
 - £81k Contributions from Developers towards Stroud Library Furniture & Equipment project.
 - £31k Contributions from Developers towards Matson Library project.
 - £48k Grant from the Barnwood Trust towards the Oakley Immersive Storytelling Centre project.
 - £17k Contributions from Developers towards Newnham Upon Severn Community Library Refurbishment project.

Overall

65. As a result of the above changes, the overall capital programme will increase by £1.939 million.

