



**REPORT TITLE:** Financial Monitoring Report 2021/22

<b>Cabinet Date</b>	21 <sup>st</sup> July 2021
<b>Cabinet Member</b>	Cllr Lynden Stowe, Cabinet Member for Finance and Change
<b>Key Decision</b>	Yes
<b>Purpose of Report</b>	To provide an update on the year-end forecast for the 2021/22 County Council's Revenue and Capital Budgets
<b>Recommendations</b>	<p>That the Cabinet:</p> <ol style="list-style-type: none"><li>1. Notes the forecast revenue year end position based on actual expenditure as at the end of April 2021 and May 2021 (Period 2) forecasts for the 2021/22 financial year is an overspend of £4.570 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.</li><li>2. Notes the forecast capital year end position as at the end of May 2021 of £158.187 million against the current budget of £158.187 million.</li><li>3. Approves the recommended transfer of £1million from the earmarked minimum wages reserve, which is no longer required, to General Reserves.</li><li>4. Approves the £4.005 million decrease to the capital programme as outlined in section B of the report.</li></ol>
<b>Reasons for recommendations</b>	
<b>Resource Implications</b>	These are detailed within the report
<b>Background Documents</b>	MTFS Report to 12 <sup>th</sup> February 2021 County Council
<b>Statutory Authority</b>	
<b>Divisional Councillor(s)</b>	County Wide

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<b>Timeline</b>	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 May 2021 (Period 2) is an overspend of £4.570 million all of which relates to non Covid-19 expenditure.
2. The largest non-Covid-19 budget variance is the £6.591 million forecast overspend in Children and Families – this overspend is partially offset by the £2.052 million underspend in Technical & Countywide.
3. The Council's forecast cost of responding to the Covid-19 pandemic (excluding expenditure funded from specific grants) is £22.472 million in 2021/22 which is funded by £11.526 million 21/22 Covid-19 Emergency Grant, and carry forward from 20/21 of £10.946 million emergency grant. The forecast gross lost income for the period April to June 2021 is £890k. Confirmation that the Lost Sales, Fees and Charges scheme will continue until the end of June 2021 has been received, however the forecast gross lost income for 21/22 is £2.937 million which will have to be funded from the emergency grant if the scheme does not continue beyond June. 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 other ring fenced Covid-19 related grant funding. The specific grant allocations for 2021/22 total £9.1 million with an additional £17.2 million carried forward from 2020/21. Details are in the table below:

<b>Other ringfenced Covid -19 related grant</b>	<b>21/22</b>	<b>20/21 carry forward</b>
Infection Control Grant ( up to 30.06.21)	2.545	0.000
Department for health and Social Care-Rapid Testing	1.684	0.000
Test & Trace	0.000	1.426
Covid-19 Bus Service Support Grant	0.000	0.180
H2ST DFE grant	0.000	0.339
DHSC -Contain Outbreak Management fund	2.974	13.337
Department for Work & Pensions - Covid Winter Grant Scheme	0.524	0.000
MHCLG Clinically Extremely Vulnerable (CEV) people Tranches 1-4 .	0.000	1.230
Community Testing	0.000	0.409
Holiday & Activities Fund 20/21	1.391	0.156
Practical support payment 1	0.000	0.121
<b>Other ringfenced Covid -19 related grant</b>	<b>9.119</b>	<b>17.197</b>

5. The assumption in this report is that relevant expenditure will be limited to the value of these ring fenced grants – any underspend will either need to be returned or carried forward to be spent in accordance with the grant conditions in future years.
6. An analysis of the current forecast position is provided in the table and narrative below.

## Directorate Breakdown for Cabinet Report - Position May Forecasts 2021 (P2)

Service Area	Revised 2021/22 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %	Covid-19 Forecast	Forecast excluding Covid-19
	£000	£000	£000	%	£000	£000
Adults	156,336	160,308	3,972	2.54%	3,972	0
Prevention & Wellbeing	35,566	36,217	651	1.83%	700	-49
Children & Families	126,571	140,513	13,942	11.02%	7,351	6,591
Economy, Environment & Infrastructure	75,888	81,027	5,139	6.77%	5,139	0
Community Safety	20,009	20,067	58	0.29%	58	0
Corporate Resources	34,788	40,120	5,332	15.33%	5,252	80
<b>Total for Services</b>	<b>449,158</b>	<b>478,252</b>	<b>29,094</b>	<b>6.48%</b>	<b>22,472</b>	<b>6,622</b>
Technical & Countywide	33,850	31,798	-2,052	-6.06%	0	-2,052
<b>Total</b>	<b>483,008</b>	<b>510,050</b>	<b>27,042</b>	<b>5.60%</b>	<b>22,472</b>	<b>4,570</b>
<b>Additional Funding Covid-19 including carry forward to be allocated</b>	<b>22,472</b>	<b>0</b>	<b>-22,472</b>		<b>-22,472</b>	
<b>Revised Total</b>	<b>505,480</b>	<b>510,050</b>	<b>4,570</b>	<b>0.95%</b>	<b>0</b>	<b>4,570</b>

### Adult Social Care

- Adult Social Care is reporting an underlying overspend of £4.886 million which includes £3.972 million for the Covid-19 costs. Excluding the Covid-19 costs ASC are reporting an overspend of £914k, which can be covered by the Vulnerable Adults Reserve. Therefore, Adult Social Care is forecasting a balance position – excluding Covid-19 spend.
- Adult Social Care reserves currently stand at £9.481 million. The reserves continue to be held as Vulnerable Adults Reserve at £2.665 million with the balance specifically set aside for the backdated element of new Ordinary Residence cases

and additional commitments relating to the Care Act. It is recommended that specific adult services reserves are reduced by £1 million following due to the Supreme Court announcement of their judgement on the 19<sup>th</sup> March 2021 on minimum wages. It is proposed that the £1 million is transferred to the Council's General Reserve. June Cabinet approved £4.054 million of carry forward requests and this has been added to the Adults Social Care reserves. There are plans during 2021/22 to use this carry forward funding.

- 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). The ASP savings target for 2021/22 is £3.193 million.

9. The forecast cost of the Covid-19 response for 2021/22 within Adults is made up of:

- £3.531 million of additional support to care providers – not yet confirmed to pay
- £0.086 million additional workforce spend
- £0.102 million on PPE
- £0.247 million ASP risks
- £3.972 million funded from Covid general grant
- £4.229 million funded from Covid-19 Specific Grants for Infection Control Fund and Rapid Testing

10. LD External Care is projecting a £3.074 million underspend. This relates to £1.998 million of underlying underspends and £1.076 million of MTFs funding which not expected to be used during 2021/22 because of delays relating to Covid-19. This is a one-off benefit in 2021/22.

11. Older People (OP) and Physical Disabilities (PD) are reporting a £4.209 million overspend. The overspend is split across individual service budgets with OP showing as £2.361 million and PD £1.848 million. The overspend mainly relates to the unachieved cost reductions from previous years and the brought forward underlying financial position, voids relating to homes run by a major provider, increased cover for bad debts and additional winter pressures

12. The Mental Health position of a £991k 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 by the Gloucestershire Health and Care NHS Trust to address the underlying overspend.

13. Other Services comprise all staffing budgets for Adult Social Care, as well as a number of specific commissioned contracts. The position for these services nets to a £1.186 million underspend the majority of which relates to staff vacancies. Significant variances include:

- a. £635k significant overspend in respect of unfound reablement savings.
- b. £916k significant underspends: £449k OP/PD Integrated Social Care Management (ISCM) due largely to vacancies; and £467k LD Assessment, Support Planning & Management mainly due to vacancies.

### **Prevention and Wellbeing**

14. 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 £651k over-spent but this includes £700k of Covid-19 expenditure.

15. Covid-19 grants totalling £15.293 million have been carried forward and a further £2.974 million COMF grant has been received for 2021/22 and the total funding will be targeted at continuing the containment and management of the outbreak through testing and tracing, supporting vulnerable groups and communities.

16. The underlying non-Covid-19 position for Prevention and Well Being is a £158k 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 £109k 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 £49k relating to prevention hub activities.

17. Estimated Covid-19 expenditure against the general grant totals £700k and covers two key areas - support for the long-term impact of Covid-19 and supplier relief for supporting people providers.

18. The in-year forecast for Public Health is an under-spend of £109k due to lower take-up for health checks and sexual health testing as fewer people are currently accessing the service.

### **Children & Families**

19. The current forecast for the year end revenue position as at May 2021 for non-DSG funded services is an over-spend of £13.942 million (11.02% of budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £7.351 million giving an underlying over-spend of £6.591

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.

20. Additional forecast expenditure for the impact of Covid-19 covers four key areas which are external placement costs including the additional cost of accommodation for care leavers, cost of social care staff, support to vulnerable pupils and the additional cost of holiday food provision above the grant awarded. A significant part of this forecast includes the continuing impact on social care and education services even though lockdown measures are easing.
21. Activity levels within social care continue to cause significant budgetary pressures on children's services and in particular against the external placement resulting in the over-spend. At the end of April 2021 children in care numbers were 789 compared to 754 at the end of April 2020.
22. The current forecast over-spend against the external placement budget is £11.751 million (37.7% above budget) and includes an assumption of £4.2 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 £5.221 million resulting in an underlying over-spend of £6.53 million. The underlying non-COVID 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 £111,600 per annum compared to a budgeted unit cost of £105,200 (residential/supported living average unit cost is £176,800). The current unit costs are likely to change due to fluctuations in assumptions used at the start of the financial year. There are currently 468 external placements, of which 125 are residential and 132 supported living placements.
23. At this stage in the year the forecast has to be based on a lot of assumptions in terms of growth in activity, delays in transitions, capacity in the fostering market both in-house and external and the impact of Trevone House providing additional capacity for young people. Assumptions will be reviewed on a monthly basis and adjusted accordingly. Improving social care practice to divert children from care at an earlier point and achieve permanence at the earliest opportunity will reduce numbers of children in care costs in the longer term.
24. Against safeguarding staffing budgets there is a forecast over-spend of £253k (1.3% above budget) which includes £307k as a contingency for additional staffing capacity to respond to any spike in activity due to the impact of the Covid-19 crisis; the underlying position is forecast to be close to budget as a result of effective management of the workforce, improved processes for recruitment, more effective

advertising and the support and training provided by the social work academy. Turnover of staff has been between 15% and 18.1% over the last six months and at the end of April there were 81 agency workers in post.

25. The increase in the number of Education, Health and Social Care plans (EHCPs) is causing a budgetary pressure in SEN budgets with a reported over-spend of £348k. Whereas in-house fostering and adoption services are under-spent by £514k due to activity at the start of the year being below budgeted assumptions.

### ***Dedicated Schools Grant (DSG) position***

26. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £16.811 million in 2021/22, which includes the deficit carry forward of £13.67 million. This carry forward deficit figure excludes the surpluses carried forward for early years and de-delegated amounts which were committed at the end of the financial year end but not spent.

27. A High Needs Block deficit budget of £3.626 million has been set for 2021/22. The deficit budget results from setting realistic budgets within high needs services considering growth trends and existing activity demands on special school and independent provision and top up budgets.

28. 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**

29. Economy, Environment and Infrastructure are currently forecasting an overspend position of £5.139 million (6.8% 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.

30. Loss of income is forecasted to be £2.729 million which is split between £0.392 million from Registrations and Libraries, £2.295 million from parking related income and £42k from other income.

31. Covid-19 costs are forecasted to be £2.410 million made up of £1.588 million for the Recovery Strategy, £241k for PPE and social distancing related spend and £144k of other spend across the directorate on a range of issues. Included within the £2.410 million of Covid 19 costs are unachievable savings relating to £193k for registration

& library income and £244k against parking fee income which are both highly unlikely to be achieved.

32. There is a non Covid-19 overspend forecast of circa £250k against Highways due to the high level of road defects arising from the prolonged period of bad weather which has required additional gangs and material spend in April and May. We will be looking to absorb this overspend from within EE&I with natural vacancies if possible throughout the year therefore we are currently forecasting a balanced position for EE&I excluding the Covid-19 related pressures outlined above.

### **Community Safety Directorate**

33. The Community Safety Directorate is forecasting an overspend of £58k (0.29% of budget) which are estimated costs attributed to Covid-19. Excluding Covid-19 costs, the forecast outturn indicates an on-target spend. The figures include £587k of carried forward funds, approved by June Cabinet, to implement the Fire and Rescue Service Improvement Plan.

### **Corporate Resources**

34. Corporate Resources are forecasting an overspend of £5.332 million (15.3% of the budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £5.252 million giving an underlying overspend of £80k. (0.2% of the budget.)

35. The additional forecast expenditure of £5.252 million for the impact of Covid-19 includes £100k in the Asset Management & Property Services budgets, £75k against Occupational Health, £58k Information Management Service and £50k Legal costs, together with a contingency allocation of £4.969 million which is available to support further Council wide spend pressures should they arise during 2021/22.

### **Technical and Countywide**

36. The forecast Non-Covid-19 outturn position for Technical and Countywide budgets is a £2.052 million underspend. The main areas of variance are highlighted in the paragraphs below.

37. Positive interest rate credits on cash balances are forecast to produce a £823k 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.

38. The 2021/22 budget includes an MtC 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.

## B. Capital Expenditure

### Current Spend 2021/22

39. The re-profiled capital budget for 2021/22 is £158.187 million. Actual spend against the capital programme as at the end of May 2021 (period 2) is £1.004 million.

### Budget and Forecast Outturn Position 2021/22

40. The forecast outturn position for 2021/22 is £158.187 million in line with the reprofiled budget of £158.187 million.

<b>CAPITAL EXPENDITURE 2021/22</b>					
<b>Service Area</b>	<b>Reprofiled Budget 2021/22</b>	<b>Current Year Spend 2021/22</b>	<b>% Current Year Spend Against Reprofiled Budget</b>	<b>Forecast Outturn 2021/22</b>	<b>Forecast Year-end Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Receipts Works Before Sale</b>	0	0		0	0
<b>Adults</b>	6,731	368	5	6,731	0
<b>Childrens Services</b>					
Schools	41,456	644	2	41,456	0
Non-Schools	603	7	1	603	0
<b>Economy, Environment &amp; Infrastructure</b>					
Highways	64,482	-389	-1	64,482	0
Strategic Infrastructure	5,321	25	0	5,321	0
Waste Disposal	712	0	0	712	0
Libraries	951	-1	-0	951	0
<b>Community Safety</b>					
Fire and Rescue Service	650	278	43	650	0
Trading Standards	39	0	0	39	0
<b>Corporate Services</b>					
AMPS	12,022	126	1	12,022	0
ICT Projects	10,694	-109	-1	10,694	0
Business Service Centre	1,001	33	3	1,001	0
Archives & Information Management	53	0	0	53	0
Customer	972	22	2	972	0
<b>Investing In Self Funded Income Schemes</b>	12,500	0	0	12,500	0
<b>Total</b>	<b>158,187</b>	<b>1,004</b>	<b>1</b>	<b>158,187</b>	<b>0</b>

41. All services are currently forecast to spend on budget in 2021/22.

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

### Highways

42. The table below shows a series of Highway capital schemes forecasting to spend above £250k each. The funding for these projects was approved as part of a single line category within the MTFS in February 2021 and therefore were not individually itemised. The net impact is nil.

The below list of Highways Schemes are expected to spend over £500k and were not previously listed as individual schemes on the MTFS document.		Forecast Total Scheme Cost
Y-0085-05260	Brockweir Bridge Refurbishment (Joint funding with Monmouthshire)	728,985
Y-2008-06094	A419 Bristol Rd Whitminster Rbt Jct13 resurfacing	499,560
Y-2008-64593	Boverton Drive Brockworth Concrete Road replacement	538,025
Y-2008-06211	A430 Bristol Road Gloucester resurfacing	572,815
Y-2008-55005	A46 Bath Rd Dudbridge Hill to Rodborough Hill Resurfacing	576,059
Y-2008-64587	Estcourt Road, Gloucester, North Side Service Road Concrete Road rep	597,742
Y-2008-15938	A429 Fosseway Moreton-in-Marsh to Broadwell Resurfacing	641,489
Y-0069-69011	A435 Cheltenham Racecourse - Landslip	563,979
Y-0069-69015	Badgworth Road (Reddings Bridge) - Landslip	776,269
Y-0069-69021	Blakeney West - landslip scheme	1,363,235
Y-0069-69009	Rushmire Hill B4058 - Landslip	2,354,237
Y-0080-01006	Cheltenham West On Street Parking (scheme largely complete in previo	660,299
The below list of Highways Schemes are expected to spend between £250k and £500k and were not previously listed as individual schemes on the MTFS document.		Forecast Total Scheme Cost
Y-0085-02550	Mythe Bridge Repairs	287,340
Y-0085-58550	Lower Soudley Bridge Retaining Wall	296,896
Y-0085-04201	Haw Bridge - Repainting and Bearing renewal	300,860
Y-2008-64594	Upper Church Rd & Church Rd, Cainscross, Concrete Road replacemen	258,515
Y-2008-54649	Severn Vale Drive, Quedgeley - Resurfacing	260,091
Y-2008-17252	Alkington Lane Berkeley - Resurfacing	260,137
Y-2008-57429	Alstone Lane Cheltenham -Resurfacing	286,200
Y-2008-56289	Whittington Rd & Bibury Rd Cheltenham - Footways	291,532
Y-2008-53146	A48 Woolaston to Alvington Resurfacing	296,333
Y-2008-06476	B4014 Hampton Street Tetbury - Resurfacing	298,980
Y-2008-53137	A48 Nibley Hill to Nibley Green - Resurfacing	317,210
Y-2008-16487	Chedworth Road Withington - Resurfacing	332,515
Y-2008-16131	B4632 Stratford Road, Mickleton - Resurfacing	354,538
Y-2008-53289	A46 Fairview Rd & A4019 St Margaret's Road, Cheltenham Resurfacing	374,740
Y-2008-06091	A419 Stroud Rd & Cowcombe Hill Chalford - Resurfacing	376,517
Y-2008-53213	A38 Bristol Road Swanley Lane Junction - Resurfacing	384,286
Y-2008-53204	A38 ( M50 Junction northwards) - resurfacing	391,149
Y-2008-53214	A38 Bristol Road, Stone- Resurfacing	404,159
Y-2008-68577	A38 Southern Connector Quedgeley - Resurfacing	494,350
Y-0099-01410	Barnwood Road/Elmbridge Road Traffic Signal Refurbishment	250,000
Y-0099-00130	Toadsmoor Hill Chalford - Traffic Signal Refurbishment	300,000

43. It is proposed that Cabinet support a net increase of £1.138 million in the Highways capital budget as summarised below:

- £330k contribution from Monmouthshire Council towards the Brockweir Bridge refurbishment project.
- £125k contribution from Stroud CIL towards the Newman Henders Bridge refurbishment project.

- £50k contribution from Stroud CIL for the Cam & Dursley Cycletrack.
- £71k contribution from Stroud CIL for the Cam & Dursley Station Improvements.
- £75k contribution from Stroud CIL for the Cainscross Road Cycle Facility.
- £44k contribution from Stroud CIL for the Stroud Valleys Cycle Trail.
- £150k reduced contribution from Stroud District Council towards the A38 Canal Bridges project.
- £10k contribution from Frampton-on-Severn parish council towards a Community Offer Pedestrian project.
- £88k developer contribution towards the Gloucester to Quedgeley Canal Cycletrack project.
- £308k developer contribution for the A438/Shannon Way Junction project
- £74k developer contribution towards Northway Lane Cycletrack project.
- £17k reduced developer contribution towards Honeybourne Cycle project.
- £130k RCCO from the Highways Locals revenue budget to support delivery of a number of capital projects.

## **Libraries**

44. It is proposed that Cabinet support an increase of £4k in the Libraries capital budget relating to a developer contribution to the Gloucester Library project.

## **Waste Disposal**

45. It is proposed that Cabinet support a decrease of £4k in the Waste Disposal capital budget for the compactors scheme. The £4k income from the sale of Waste equipment was instead used within the revenue budget.

## **ICT Projects**

46. It is proposed that Cabinet support a £4.032 million transfer to revenue of ICT capital budget for a number of ICT schemes that are cloud based and now assessed to be revenue in nature. There is funding held in the Capital Fund to support this transfer, the schemes are detailed below:-

- Citrix Replacement £407k
- Azure Cloud Migration £1.500 million
- Microsoft Essentials £1.366 million
- Toolset (ITSM & SIEM) £334k
- Telephony (Teams) £365k
- Legal Case Management System £60k

## **Business Service Centre**

47. It is proposed that Cabinet support a £1.111 million transfer to revenue of Business Service Centre capital budget for a number of schemes that are cloud based and now assessed to be revenue in nature. There is funding held in the Capital Fund to support this transfer, the schemes are detailed below:-

- SAP Development MTFS 19/20 £220k
- SAP Environment - Data Storage £82k
- Procure to Pay Digital Project £660k
- HR Scanning System £149k

## **Overall**

48. As a result of the above changes, the overall capital programme will decrease by £4.005million.