

Supplemental Items for Executive

Thursday, 10th February, 2022 at 5.00 pm
in Council Chamber Council Offices
Market Street Newbury

Part I

Page No.

- | | | |
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| 13. | 2021/22 Revenue Financial Performance Quarter Three (EX4016) | 3 - 22 |
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Sarah Clarke

Service Director (Strategy & Governance)

For further information about this/these item(s), or to inspect any background documents referred to in Part I reports, please contact Sadie Owen (Principal Democratic Services Officer) on 07824 823 893

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2021/22 Revenue Financial Performance Quarter Three

Committee considering report:	Executive
Date of Committee:	10 February 2022
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	27 January 2022
Report Author:	Melanie Ellis
Forward Plan Ref:	EX4016

1 Purpose of the Report

- 1.1 To report on the financial performance of the Council's revenue budgets and provide a year-end forecast. This report is Quarter Three 2021/22.

2 Recommendations

- 2.1 To note the year-end forecast £0.04m overspend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be an overspend of £0.6m.
- 2.2 To note the ongoing impact that Covid will have on the 2021/22 budget as the Council sees increased demand for some services, but continues to be supported by external funding.
- 2.3 To approve the transfer of capital financing interest budgets from within individual services to Capital Finance.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	£0.04m forecast overspend, after taking account of provision in reserves. Without this provision, £0.6m overspend.
Human Resource:	None
Legal:	None

Risk Management:	Risks to next years' budget are included where relevant in the report. Where identified these will form part of the budget build process for 2022/23.			
Property:	Impact on income due to commercial property.			
Policy:	No			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		Y		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		Y		
Environmental Impact:		Y		
Health Impact:		Y		
ICT Impact:		y		
Digital Services Impact:		y		
Council Strategy Priorities:		y		Business as usual
Core Business:		y		

Data Impact:		y		
Consultation and Engagement:	Budget holders, Heads of Service and Directors.			

4 Executive Summary

- 4.1 This report is to inform members of the financial performance of the Council's revenue budgets. This report is the forecast position for 2021/22 as at Quarter Three.
- 4.2 The 2021/22 net revenue budget of £137m was set on 2nd March 2021. Since then the Council has continued to play a significant part in responding to the pandemic, from helping to coordinate the community response, supporting local businesses and working with schools. The overall forecast is interlinked to the impact of the pandemic and the use of Covid resources provided by central government and the Clinical Commissioning Group. The Council is seeing increased demand for some services which will have an impact on the 2021/22 financial position.
- 4.3 The year-end forecast is a £0.04m overspend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be an overspend of £0.6m.

Directorate Summary	Current Net Budget	Forecast Outturn	(Under)/over spend						Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Quarter Three	Quarter Three	Quarter Three	Quarter Four	
			Year end forecast	Year end forecast	Forecast	Provided in Reserves	Year end forecast	Final	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
People	79,426	81,268	59	1,153	1,842	(520)	1,322	0	169
Place	29,808	29,533	231	(654)	(275)	0	(275)	0	379
Resources	13,009	13,299	405	364	291	(72)	219	0	(145)
Chief Executive	561	575	0	18	15	0	15	0	(4)
Capital Financing	15,058	13,821	(1,000)	(1,222)	(1,236)	0	(1,236)	0	(15)
Total	137,861	138,497	(305)	(341)	636	(592)	44	0	385

- 4.4 The People Directorate forecast is an overspend of £1.8m. The Directorate is experiencing increased demand and higher level of care package requirements, which have been supported in-year by one off Covid grant funding. If the overspend remains at year end, it could be reduced to £1.3m by accessing specific reserves which were set aside for risks that have arisen.
- (a) The Adult Social Care (ASC) forecast overspend is £43k. The 2021/22 budget was built using £2.3m of one-off Covid emergency grant, of which £1.2m is supporting the general budget pressures in ASC such as increased client numbers, and £1.1m is supporting specific Covid pressures.
- Long term services (LTS) are £0.7m over spent, after the allocation of Covid funding against specific pressures. There are 1,707 clients at December 2021 compared to

1,698 modelled, with the rise attributable clients being discharged from hospital earlier through the Covid Hospital Discharge Scheme and requiring more care and increasing the number of clients moving onto a long term service.

- There is lower occupancy within Council owned care homes, resulting in unmet savings. The budget was set at 95% occupancy across the three homes and is currently at 78%. As clients are discharged from hospital earlier, their needs are often too high for the provision available, and so are placed externally.
- Short term services are £0.5m over spent, after the allocation of Covid funding against specific pressures, due to an increase in short term commissioning due to the uncertainty that Covid brings.
- The service continues to take action to suppress market demand by reinforcing the three conversations model, strategic review of in-house care home provision and use of technology enabled care. Market Management works with local providers to ensure supply and demand are better aligned and offer better value for money. Net weekly spend on long term services is carefully monitored, with requests for long term services scrutinised weekly at Good Practice Forum. The ongoing budget pressures will be addressed as part of the 2022/23 budget setting process.

(b) In Children & Family Services (CFS), the forecast overspend is £1.1m. The risk reserve for residential placements of £0.4m could be used if the overspend remains at year end, which would reduce the overspend to £0.7m.

- Placements are £0.6m over spent, comprising a £1.2m overspend in residential care offset by underspends in areas including fostering and UASC. Whilst the children in care population has been stable, there is increasing complexity in the needs of children who have entered care and an increase in associated costs. This has meant the planned saving from the placements budget is no longer possible.
- The Family Safeguarding Model had a saving target of £209k for income from partner agencies to support this model. The partner decision not to contribute has resulted in a pressure as this saving will not be met.
- Additional Child Care Lawyer Fees have been incurred in relation to two investigations. The savings target of £150k against Child Care Lawyers is therefore no longer forecast to be achieved in full.
- The service is forecasting £188k overspend in other areas, most notably staffing. This is due to current demands on staff from higher demand coupled with vacancies, maternity leave and sickness absence being covered by agency staff.

(c) Education is reporting a £0.8m overspend, predominantly due to an exceptional residential placement which started in the autumn term, together with pressures on Home to School Transport. There is £81k set aside in reserves which if used, would reduce the overspend to £0.7m.

4.5 The Place Directorate forecast under spend is £0.3m arising in Environment largely due to additional income from dry recycling and diversion of waste from landfill to 'energy from waste' sites.

4.6 The Resources Directorate forecast overspend is £0.2m arising from:

- A number of schools leaving the Council insurance in favour of cheaper Risk Protection Arrangements offered by the Department for Education. The self-insurance reserve requirement has been reduced to support this.
- Timing of office moves and demand for temporary storage has led to an unmet saving from rationalisation of office space.
- Forecast overspends from covering staff with agency in Finance, ICT and S&G.

4.7 The Capital Financing forecast is an underspend of £1.2m from lower capital expenditure during the pandemic and savings through utilisation of short term borrowing and cash flow as opposed to longer term financing. Savings have also been achieved through the prepayment of pension contributions.

4.8 The 2021/22 savings and income generation programme of £3.6m is 68% Green.

Conclusion

4.9 The 2021/22 financial year continues to present financial challenges for the Council in supporting our residents and business. Grant funding has helped the Council to cover additional costs and lost income and to enable us to continue to support a range of activities within our district.

4.10 The forecast is interlinked to the impact of the pandemic and the use of Covid resources provided by central government. The funding received from Government to date, and the Council's level of general fund reserves mean that the Council is well placed to continue its efforts on response and recovery from Covid-19. The Covid-19 grant underspend from 2020/21 has been used to fund the ongoing pandemic response. The Council is seeing increased demand for some services and the longer term position will require further analysis and announcements from Central Government on the funding position before the full impact on 2021/22 and beyond is known.

4.11 The £3.6m savings and income generation programme is 74% achieved to date, and will be reported on each quarter.

5 Supporting Information

Introduction

5.2 The 2021/22 net revenue budget of £137m was set on 2nd March 2021. Since then the Council has continued to play a significant part in responding to the pandemic, from helping to coordinate the community response, supporting local businesses and working with schools. The overall forecast is interlinked to the impact of the pandemic and the use of Covid resources provided by central government and the Clinical Commissioning Group.

Quarter Three 2021/22

2021/22 Revenue Financial Performance Quarter Three

- 5.3 The table below shows the year-end forecast of £0.04m overspend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be a £0.6m overspend.

Directorate Summary	Current Net Budget	Forecast Outturn	(Under)/over spend						Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Quarter Three	Quarter Three	Quarter Three	Quarter Four	
			Year end forecast	Year end forecast	Forecast	Provided in Reserves	Year end forecast	Final	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
People	79,426	81,268	59	1,153	1,842	(520)	1,322	0	169
Place	29,808	29,533	231	(654)	(275)	0	(275)	0	379
Resources	13,009	13,299	405	364	291	(72)	219	0	(145)
Chief Executive	561	575	0	18	15	0	15	0	(4)
Capital Financing	15,058	13,821	(1,000)	(1,222)	(1,236)	0	(1,236)	0	(15)
Total	137,861	138,497	(305)	(341)	636	(592)	44	0	385

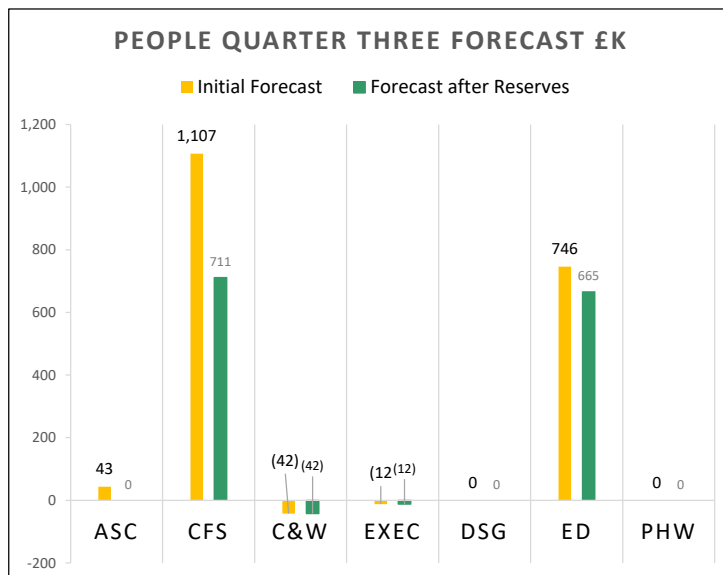
- 5.4 Forecasting remains challenging this year due to the ongoing impact of Covid-19. The forecasts by service are shown in the following chart:

	Current Net Budget	Net Forecast	(Under)/over spend					Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Quarter Three	Quarter Three	Quarter Three	
			Year end forecast	Year end forecast	Forecast	Provided in Reserves	Year end forecast	
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	51,172	51,216	0	0	43	(43)	0	0
Children & Family Services	16,901	18,008	67	444	1,107	(396)	711	267
Communities & Wellbeing	2,419	2,377	0	(29)	(42)	0	(42)	(13)
Executive Director	320	308	(7)	(9)	(12)	0	(12)	(3)
Education DSG funded	(441)	(441)	0	0	0	0	0	0
Education	9,135	9,881	0	747	746	(81)	665	(82)
Public Health & Wellbeing	(80)	(80)	0	0	0	0	0	0
People	79,426	81,268	59	1,153	1,842	(520)	1,322	169
Executive Director	198	198	0	0	0	0	0	0
Development & Regulation	5,900	5,959	87	(46)	58	0	58	104
Environment	23,710	23,377	144	(608)	(333)	0	(333)	275
Place	29,808	29,533	231	(654)	(275)	0	(275)	379
Commissioning & Procurement	802	564	(40)	(190)	(238)	0	(238)	(48)
ICT	2,135	2,314	64	88	179	(72)	107	19
Executive Director	301	310	1	6	9	0	9	3
Finance & Property	3,352	3,702	343	357	349	0	349	(8)
Strategy & Governance	6,418	6,409	36	103	(8)	0	(8)	(112)
Resources	13,009	13,299	405	364	291	(72)	219	(145)
Chief Executive	561	575	0	18	15	0	15	(4)
Capital Financing	15,058	13,821	(1,000)	(1,222)	(1,236)	0	(1,236)	(15)
Capital Financing	15,058	13,821	(1,000)	(1,222)	(1,236)	0	(1,236)	(15)
Total	137,861	138,497	(305)	(341)	636	(592)	44	385

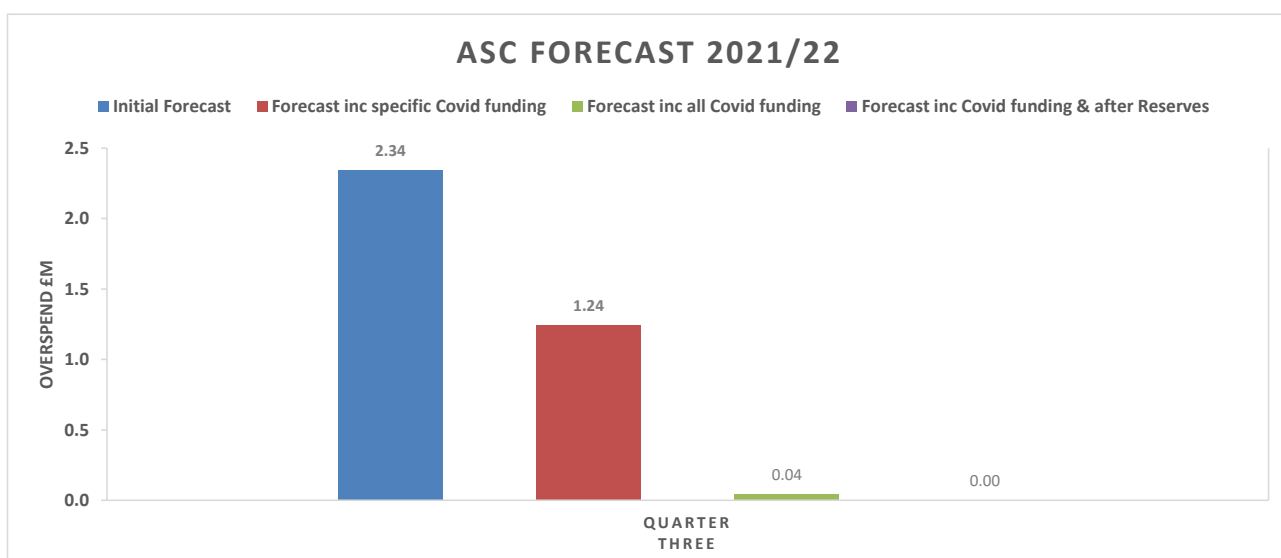
NB: Rounding differences may apply to the nearest £k.

People Directorate

5.5 The Directorate Quarter Three forecast is an overspend of £1.8m. If the overspend remains at year end, it could be reduced to £1.3m by accessing specific reserves which were set aside for risks that have arisen.



5.6 In ASC, the forecast overspend is £43k. The 2021/22 budget was built using £2.3m of one-off Covid emergency grant, of which £1.2m is supporting general budget pressures in ASC such as increased client numbers and their costs, and £1.1m is being used to support specific Covid pressures. The ongoing budget pressures will be addressed as part of the 2022-23 budget build process. The £43k overspend could be fully mitigated if required at year-end by using some of the £0.9m identified as a risk against the General Fund during the budget build process.



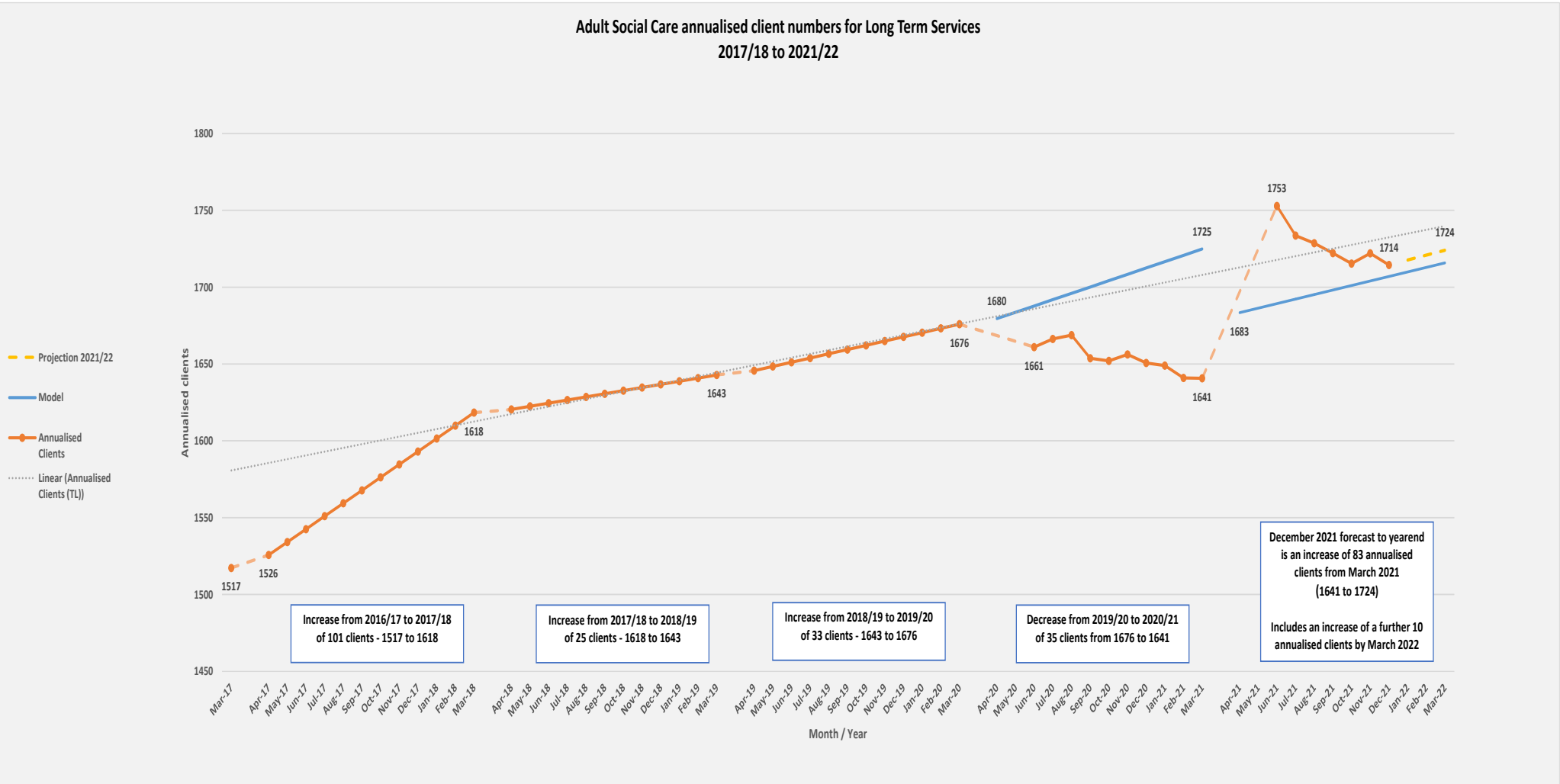
5.7 Long term services (LTS) are £0.7m over spent, after the allocation of Covid funding against specific pressures. There are higher client numbers than modelled, 1714 at December 2021 compared to 1698 modelled. The rise in clients is attributable the impact of clients being discharged from hospital earlier through the Covid Hospital

Discharge Scheme and requiring more care and therefore increasing the number of clients moving onto a long term service. This is also increasing the cost of care packages due to the amount of care required, including an increase in double up care at home.

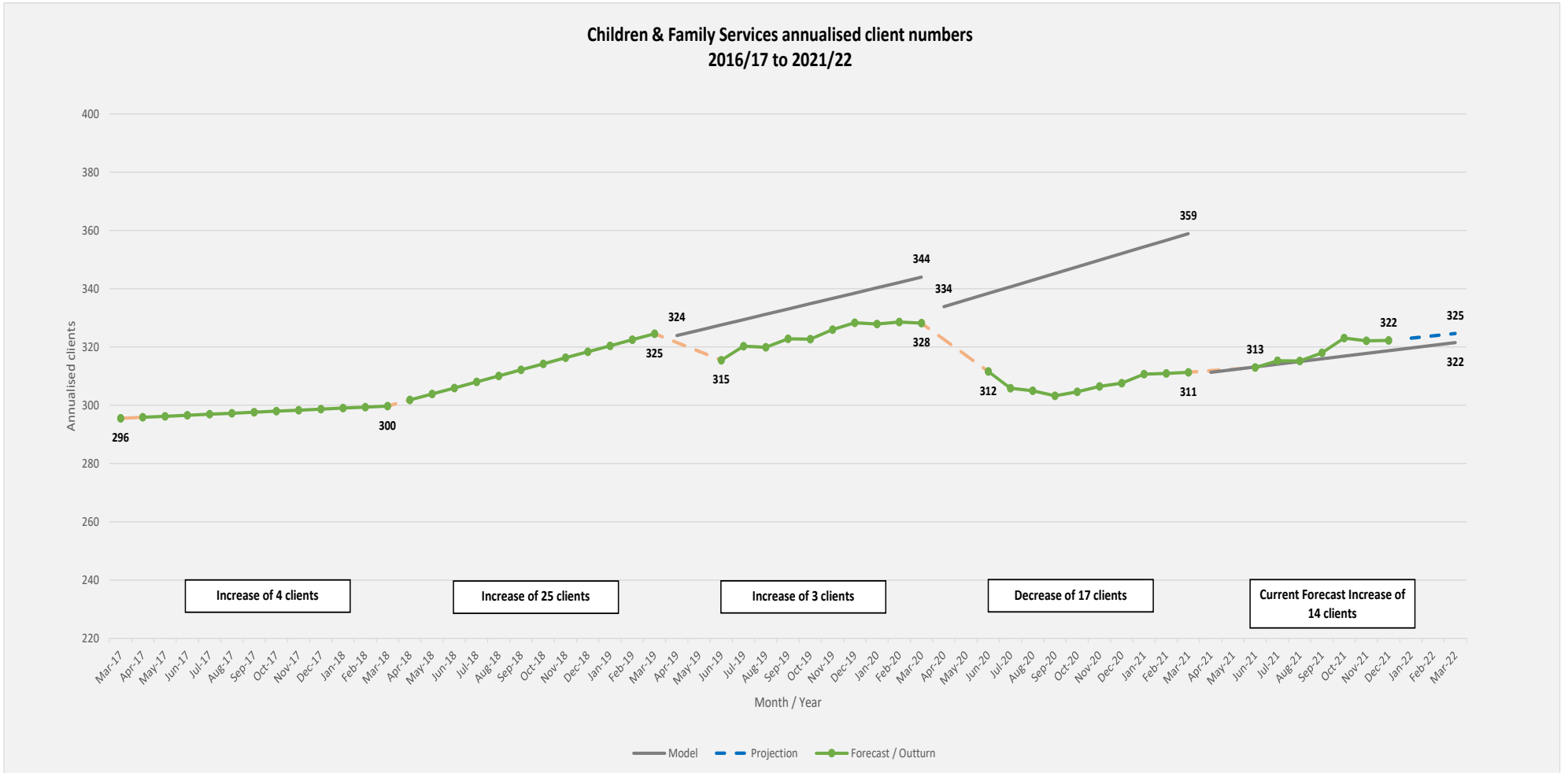
- 5.8 There is lower than modelled occupancy within Council owned care homes, which has resulted in unmet savings. The budget was set at 95% occupancy across the three homes and is currently at 78%. As clients are discharged from hospital earlier, their needs are often too high for the provision available, and so are placed externally, resulting in higher costs.
- 5.9 Short term services are £0.5m over spent after the allocation of Covid funding against specific pressures. The overspend is due to an increase in services being commissioned short term due to the uncertainty that Covid brings. ASC have proactively claimed for Continuing Health Care (CHC) and Covid funding to help mitigate this.
- 5.10 There is a forecast overspend of £195k due to agency costs and reduced income in our own care homes, but Shared Lives is forecasting an underspend of £155k due to vacant carer posts which are being recruited to.
- 5.11 The forecast overspend is being mitigated through the use of Covid funding and discussions are being held with Health for additional funding due to the impact of the Covid Hospital Discharge Scheme. A number of options are being explored with HR to recruit to the staff vacancies.
- 5.12 The service continues to take action to suppress market demand such as reinforcing the three conversations model suppressing the need for long term services, strategic review of in-house care home provision, use of technology enabled care and maximising external funding streams. Market Management is working with local providers to ensure supply and demand are better aligned and offering better value for money. Net weekly spend on long term services is carefully monitored. All requests for long term services are scrutinised weekly at Good Practice Forum by senior management to ensure Care Act compliance and also make best uses of resources.
- 5.13 The ASC Model for long term services will be updated monthly throughout this financial year to inform the 2022-23 budget. The assumptions are reviewed and agreed by the ASC Financial Planning Steering group and reported at the ASC Financial Planning meeting on a monthly basis. The modelling produces a financial impact range between low cost, most likely and high cost. The model inflation is at 2.7%, reflecting increases expected in costs balanced against increases already in place. The Risk Reserve will be increased to cover the risk of higher inflation during 2022/23. The funding for this will be from the release of invoice provisions made at 31.3.2021 that are no longer required.
- 5.14 The graph below shows client numbers from March 2017.

2021/22 Revenue Financial Performance Quarter Three

Adult Social Care annualised client numbers for Long Term Services
2017/18 to 2021/22



- 5.15 In CFS, the forecast is a £1.1m overspend. The risk reserve for residential placements of £0.4m could be used if the overspend remains at year end, which would reduce the overspend to £0.7m.
- 5.16 There is a forecast £0.6m overspend in placements, comprising an overspend of £1.2m in residential care offset by underspends in most other areas including fostering and UASC. Whilst the children in care population has generally been stable, we are seeing increasing complexity in the needs of children who have recently entered care. Addressing this level of complexity successfully relies on many specialist services and effective coordination. Nevertheless, there is a very strong level of stability in children's placements currently.
- 5.17 There is a particular cohort of young people with very high care needs, requiring specialist residential provision. We have 5 young people placed in residential homes who are incurring costs considerably more than the typical price we would wish to pay. A standard residential provision will typically cost between £3,500 and £4,500 per week. Children with higher support needs require increased staffing ratios or solo occupancy of a home which will lead to a cost of more than double this sum. In total these 5 children are costing the service £45,600 per week to provide safe care.
- 5.18 This has contributed to the majority of the CFS projected overspend, and has meant the saving we were hoping to achieve from the placements budget is no longer possible.
- 5.19 The Family Safeguarding Model had a saving target of £209k for income from partner agencies to support this model. The partner decision not to contribute has resulted in a pressure as this saving will not be met.
- 5.20 Additional Child Care Lawyer Fees have been incurred in relation to an investigation regarding the death of a child. There is also a particularly complex case involving a child with a disability. The savings target of £150k against Child Care Lawyers is therefore no longer forecast to be achieved in full, and the overspend in this area is forecast to be £100k.
- 5.21 The service is forecasting £188k overspend in other areas, most notably staffing. This is due to current demands on staff from higher demand coupled with vacancies, maternity leave and sickness absence. Many of these are being covered by agency staff and have been extended since the Quarter Two forecast.
- 5.22 Covid funding has been used to cover £0.4m of additional staffing costs supporting the Ofsted response to increased caseloads within the teams.
- 5.23 The model for placements has been refined and will be updated monthly. The graph below shows an increase in client numbers up to 2019/20, but 2020/21 saw a significant reduction. Although the projected client numbers for 2021/22 are very close to those budgeted, it is the number of clients in higher cost provision generating the in-year pressure.

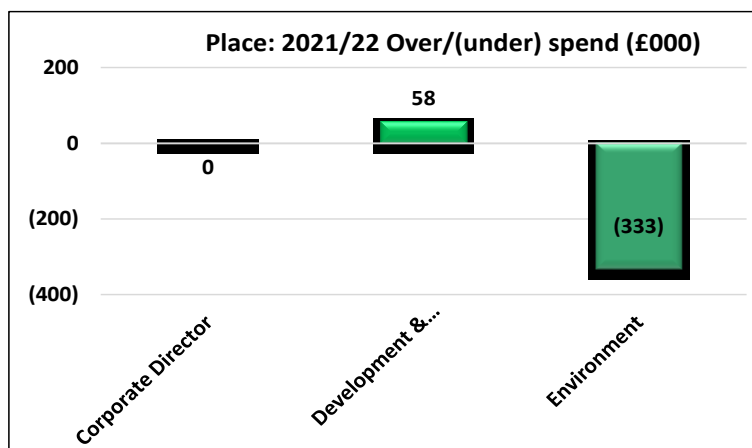


2021/22 Revenue Financial Performance Quarter Three

- 5.24 Education is reporting a £0.8m overspend. The overspend is predominantly due to an exceptional residential placement which started in the autumn term costing £16k per week, together with a forecast pressure on Home to School Transport of £237k. There is £81k set aside in reserves which would reduce the overspend to £0.7m
- 5.25 Communities and Wellbeing is reporting a £42k underspend from Building Communities Together and Leisure.
- 5.26 The Public Health grant forecast is on line, and any variances to budget will be transferred to the Public Health Reserve at year end. There is currently an estimated £0.6m underspend which will transfer to the reserve. This is mainly due to staff projects being supported from COMF funding.

Place Directorate

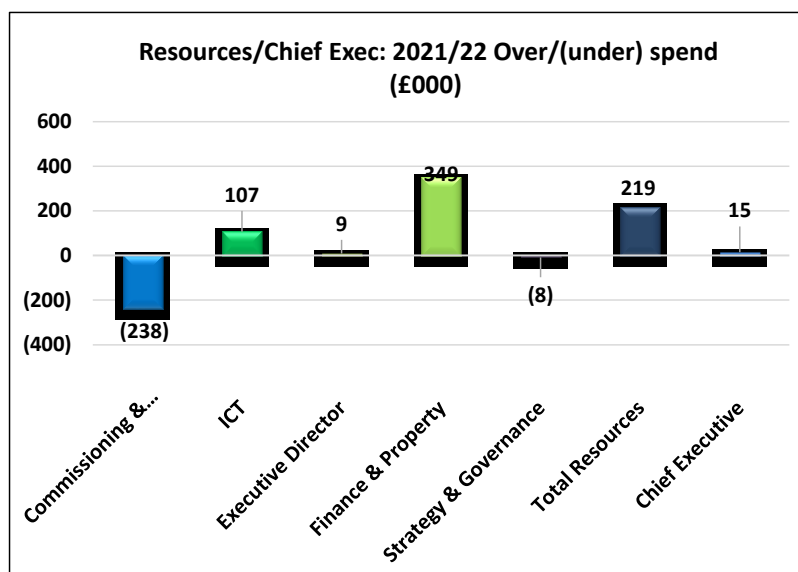
- 5.27 The Place Directorate is forecasting an underspend of £0.3m against a budget of £30m.



- 5.28 In Development and Regulation, there is a £58k forecast overspend. There are adverse variances of £110k for delivery of the Local Plan and £30k consultancy, £74k on interim Director costs, £26k under achievement of Development Control income, and smaller pressures against Gypsy sites and Ecology for Sandleford Park. There are favourable variances in the Housing Service largely due to higher grant levels, increased income and salary underspends.
- 5.29 In Environment, there is a £333k forecast underspend. There is additional income of £550k from dry recycling sales and diversion of waste from landfill to 'energy from waste' sites, and additional income of £140k from the garden waste subscription. Public Transport budgets are expected to be £325k under spent from lower vehicle costs and receipt of Covid grant funding to support income and social distancing requirements.
- 5.30 Pressures in the Environment service include £240k overspend on Ash Dieback remedial work required to ensure safety on the highway. It was previously agreed to treat this as a risk, however, ongoing investment will need to be made, unless funding becomes available to mitigate the costs. There are £200k pressures in Transport Services from Streetworks IT, testing costs and permit income, consultancy, and car parks. The majority of losses have been covered by Covid grants, but this pressure relates to residual amounts that aren't funded.

Resources Directorate/Chief Executive

5.31 The Directorate is forecasting an overspend of £0.2m against a budget of £13m.



5.32 In Commissioning, there is a £238k surplus income largely from the agency contract rebate, as a result of the increased agency usage for Covid cover during the year.

5.33 In ICT the forecast overspend of £107k is from covering staff absence (after accounting for New Burdens funding of £72k), income shortfall from school buy back/print room and loss of print and reprographic income. Savings continue to be seen from postage costs.

5.34 In Finance and Property, the £349k forecast overspend has arisen as follows:

- A number of schools have left the Council insurance in favour of cheaper Risk Protection Arrangements offered by the Department for Education. This has resulted in loss of income of £265k, although a lower self-insurance reserve requirement has reduced this impact by £100k.
- A £158k saving was expected from rationalisation of office space, however, the timing of office moves and demand for temporary storage means it is unlikely this saving will be realised.
- Temporary staff costs covering vacancies in the Financial Reporting Team is expected to lead to an overspend of £80k. The forecast has increased as temporary cover has had to be extended due to recruitment difficulties.
- Commercial Property has a shortfall in net income for the year of around £305k in light of ongoing vacancy at one of the Council's Commercial Property assets. The shortfall against budget can be accommodated from earmarked balances and will not impact General Fund reserves, so has been report as online at Quarter Three.
- Strategy and Governance is forecasting an £8k underspend.

Capital Financing

5.35 The Capital Financing forecast is an underspend of £1.2m. Capital financing costs are lower than expected due to less capital expenditure than expected during the pandemic and savings on capital financing through utilisation of short term borrowing and cash flow as opposed to longer term financing. Savings have also been achieved through the prepayment of pension contributions.

5.36 Some capital financing interest costs were previously budgeted for within services. These budgets have now all been moved to within the Capital Financing budget area. This can be seen at Appendix B and requires Executive approval.

Covid-19 impact on the 2021/22 budget

5.37 In 2020/21, the Council was awarded £9.6m of un-ringfenced emergency expenditure grant from Central Government and claimed £2.8m of emergency funding for lost income. Overall emergency grant funding totalled £12.4m and losses totalled £9.5m, so the balance of £2.9m was put to an earmarked Covid reserve to use during 2021/22.

5.38 In 2021/22, the Council has received a further £3.2m emergency grant and is expecting to claim £1.1m in lost income. Forecasts in this report are after allocation of grant funding.

Covid Funding 2021/22	General Grants 2021/22		
	Emergency Expenditure Grant	Income compensation Scheme	Total
	£000	£000	£000
Grants brought forward	(2,878)		(2,878)
Grants 2021/22	(3,257)	(911)	(4,168)
Total grants available	(6,134)	(911)	(7,046)
To be awarded to services:			
Adult Social Care	2,063	156	2,219
Children & Family Services	393	0	393
Education	217	10	227
Communities & Wellbeing	483	70	553
People	3,156	236	3,392
Development & Planning	(19)	48	29
Public Protection	128	4	132
Environment	687	273	961
Place	796	326	1,122
Finance & Property	444	76	520
Commissioning	0	0	0
ICT	259	0	259
Strategy & Governance	155	5	159
Resources	858	81	939
CEX	0		0
Recovery	198		198
Total to be awarded to services	5,008	643	5,651
Grant Remaining	(1,126)	(268)	(1,395)
Commitments 2022/23			866
Collection fund support			529
Grant Remaining			0

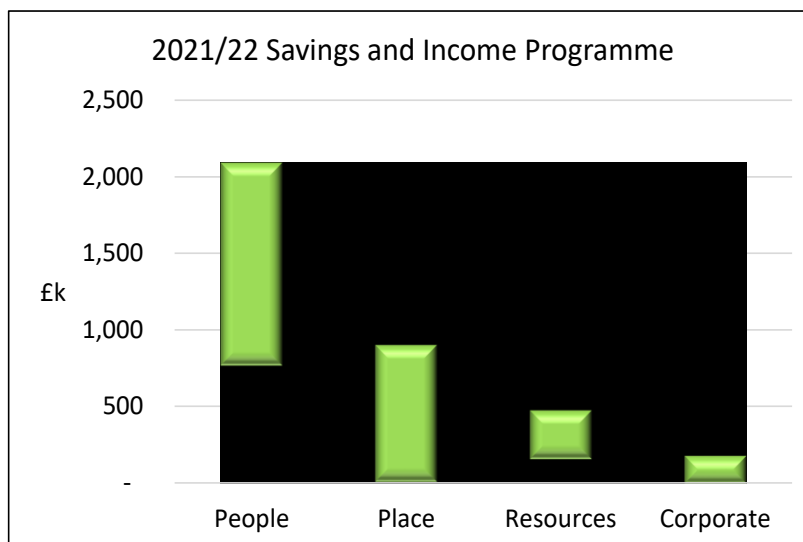
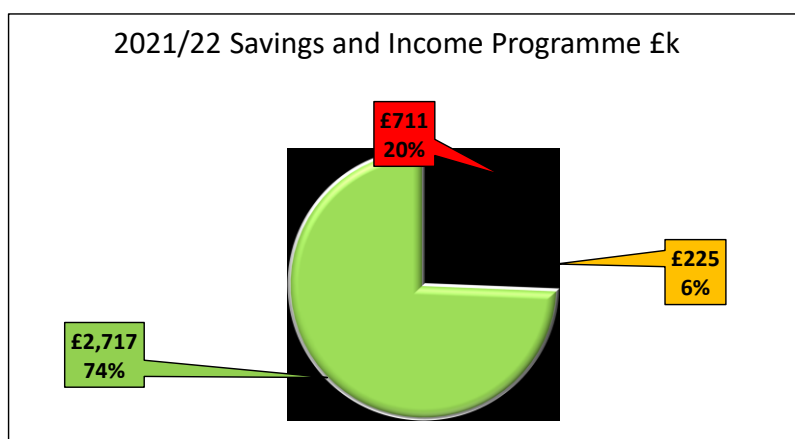
2021/22 Revenue Financial Performance Quarter Three

5.39 Further non-ringfenced grants were received during 2020/21 for New Burdens, Control Outbreak Management Fund (COMF), Clinically Extremely Vulnerable (CEV) and Test & Trace. At year end, £3.3m of this was put to the Covid reserve.

5.40 The funding received from Government to date, and the Council's level of general fund reserves mean that the Council is well placed to focus its efforts on response and recovery from the Covid-19 in the current financial year.

2021/22 Savings and income generation programme

5.41 In order to meet the funding available, the 2021/22 revenue budget was built with a £3.6m savings and income generation programme. The programme is monitored using the RAG traffic light system. The status is shown in the following charts:



5.42 Red items are as follows:

- £50k for ASC Supported Accommodation unit for learning as this is not due to open until 1.8.2022.
- £25k ASC Resource Allocation System, which will be implemented with Care Director V6 scheduled for 1.4.2022.
- £9k from ASC Hillcroft rent reduction.

- £250k CFS placement savings. Currently placements are reporting an overspend due to increased demand for most costly placements to meet complex needs (particularly mental health).
- £209k CFS Family Safeguarding Model income from third parties who have indicated that they will not be contributing. This forms part of the forecast overspend in this area.
- £10k in Environment from street naming and numbering. The policy document needs to be reviewed and amended before charging can commence, and extra resource is needed for this.
- £158k in Finance & Property from accommodation savings: Delay in vacating corporate buildings and need for temporary storage will dilute saving achievable in 2021/22. Savings are expected to be made in full in future financial years.

5.43 Amber items are as follows:

- £150k from CFS reduced legal costs. If currently monthly costs continue to year end, this saving will be achieved, although court delays have led to cases taking longer to complete.
- £20k saving on Education premature retirement costs joint arrangement. Current forecast suggests this won't be achieved.
- £23k for cost avoidance in the Disabled Children's Team, as agency costs have exceeded current budget.
- £32k CHC income generation in Education, as there have been few new cases that have attracted health funding.

Proposals

5.44 To note the year-end forecast £0.04m overspend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be an overspend of £0.6m.

5.45 To note the ongoing impact that Covid will have on the 2021/22 budget as the Council sees increased demand for some services, but continues to be supported by external funding.

5.46 To approve the transfer of capital financing interest budgets from within individual services to Capital Finance.

6 Other options considered

6.1 None.

7 Conclusion

7.1 The 2021/22 financial year continues to present financial challenges for the Council in supporting our residents and business. Grant funding has helped the Council to cover additional costs and lost income and to enable us to support a range of activities within our district.

7.2 The Quarter Three forecast is interlinked to the impact of the pandemic and the use of Covid resources provided by central government. The Covid-19 grant funding received from Government to date, and the Council's level of general fund reserves mean that

the Council is well placed to focus its efforts on response and recovery from the Covid-19 during the financial year. The Covid-19 grant underspend from 2020/21 has been used in 2021/22 to fund the ongoing pandemic response. The Council continues to be supported by external funding but is now seeing increased demand for some services. The longer term position will require further analysis and announcements from Central Government on the funding position for Local Government, before the full impact on 2021/22 and beyond is known.

7.3 The £3.6m savings and income generation programme is 74% achieved to date, and will be reported on each quarter.

8 Appendices

8.1 Appendix A – Quarter Three position

8.2 Appendix B – Budget changes

Subject to Call-In:

Yes: No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council’s position
- Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

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Appendix A – Quarter Three position

	Budget				Forecasted Performance								
	Original Budget 2021/22 £	Changes in year 2021/22 £	Funding Released from Reserves 2021/22 £	Revised Budget 2021/22 £	Annual Expenditure Budget for 2021/22 £	Annual Expenditure Forecast for 2021/22 £	Expenditure Variance for 2021/22 £	Annual Income Budget for 2021/22 £	Annual Income Forecast for 2021/22 £	Income Variance for 2021/22 £	Forecast £	Provided in Reserves £	Year end Forecast £
Adult Social Care	51,172,220	0	0	51,172,220	69,789,870	76,571,020	6,781,150	-18,617,650	-25,355,390	-6,737,740	43,410	-43,410	0
Childrens and Family Services	16,718,350	23,320	159,000	16,900,670	18,987,250	20,200,070	1,212,820	-2,086,580	-2,192,440	-105,860	1,106,960	-396,000	710,960
Executive Director - People	320,270	0	0	320,270	320,270	780,980	460,710	0	-472,780	-472,780	-12,070		-12,070
Education (DSG Funded)	-444,000	0	2,880	-441,120	116,209,170	116,353,520	144,350	-116,650,290	-116,794,640	-144,350	0		0
Education	9,026,100	0	108,570	9,134,670	13,046,030	12,991,730	-54,300	-3,911,360	-3,110,690	800,670	746,370	-81,000	665,370
Public Health & Wellbeing	-80,000	0	0	-80,000	5,954,930	8,402,972	2,448,042	-6,034,930	-8,482,972	-2,448,042	0		0
Communities and Wellbeing	2,352,530	12,140	54,300	2,418,970	3,839,400	3,732,800	-106,600	-1,420,430	-1,356,160	64,270	-42,330		-42,330
People	79,065,470	35,460	324,750	79,425,680	228,146,920	239,033,092	10,886,172	-148,721,240	-157,765,072	-9,043,832	1,842,340	-520,410	1,321,930
Development and Regulation	5,560,180	0	340,190	5,900,370	12,692,740	14,481,000	1,788,260	-6,792,370	-8,522,440	-1,730,070	58,190		58,190
Executive Director – Place	197,790	0	0	197,790	197,790	197,790	0	0	0	0	0		0
Environment	24,337,330	-766,300	138,630	23,709,660	34,295,630	34,515,920	220,290	-10,585,970	-11,139,130	-553,160	-332,870		-332,870
Place	30,095,300	-766,300	478,820	29,807,820	47,186,160	49,194,710	2,008,550	-17,378,340	-19,661,570	-2,283,230	-274,680	0	-274,680
ICT	2,162,970	-28,040	0	2,134,930	2,989,340	3,120,940	131,600	-854,410	-807,040	47,370	178,970	-72,000	106,970
Executive Director - Resources	203,910	-5,000	102,570	301,480	301,480	310,450	8,970	0	0	0	8,970		8,970
Commissioning and Procurement	802,460	0	0	802,460	10,283,490	10,238,990	-44,500	-9,481,030	-9,674,870	-193,840	-238,340		-238,340
Finance and Property	5,077,040	-1,832,450	107,560	3,352,150	46,720,260	46,705,220	-15,040	-43,368,110	-43,003,400	364,710	349,670		349,670
Strategy and Governance	6,437,480	-30,460	10,480	6,417,500	7,483,070	7,837,000	353,930	-1,065,570	-1,427,740	-362,170	-8,240		-8,240
Resources	14,683,860	-1,895,950	220,610	13,008,520	67,777,640	68,212,600	434,960	-54,769,120	-54,913,050	-143,930	291,030	-72,000	219,030
Chief Executive	552,850	0	7,890	560,740	560,740	575,240	14,500	0	0	0	14,500		14,500
Chief Executive	552,850	0	7,890	560,740	560,740	575,240	14,500	0	0	0	14,500	0	14,500
Capital Financing & Management	12,430,960	2,626,790	0	15,057,750	15,177,750	13,964,650	-1,213,100	-120,000	-143,320	-23,320	-1,236,420		-1,236,420
Risk Management	0	0	0	0	0	0	0	0	0	0	0		0
Capital Financing and Management	12,430,960	2,626,790	0	15,057,750	15,177,750	13,964,650	-1,213,100	-120,000	-143,320	-23,320	-1,236,420	0	-1,236,420
Total	136,828,440	0	1,032,070	137,860,510	358,849,210	370,980,292	12,131,082	-220,988,700	-232,483,012	-11,494,312	636,770	-592,410	44,360

Appendix B – Budget Changes

Service	Original Net Budget £000	Approved Budget B/F from 2020/21 £000	Budget changes not requiring approval £000	FAGG approved release from reserves £000	Approved by S151 & Portfolio Holder £000	Requiring Executive Approval £000	Budget C/F to 2022/23 £000	Final Net Budget £000
Adult Social Care	51,172							51,172
Children and Family Services	16,718		23	159				16,901
Communities & Wellbeing	2,353			66				2,419
Executive Director	320							320
Education DSG funded	(444)			3				(441)
Education	9,026			109				9,135
Public Health & Wellbeing	(80)							(80)
People	79,065	0	23	337	0	0	0	79,426
Executive Director	198							198
Development & Planning	5,560		238	103				5,900
Environment	24,337			139		(766)		23,710
Place	30,095	0	238	241	0	(766)	0	29,808
Commissioning	802							802
Customer Services & ICT	2,163					(28)		2,135
Executive Director	204			98				301
Finance & Property	5,077		60	108		(1,892)		3,352
Strategy & Governance	6,437		(35)	15				6,418
Resources	14,684	0	25	221	0	(1,920)	0	13,009
Chief Executive	553		8					561
Capital Financing	12,431		(60)			2,686		15,058
Total	136,828	0	234	799	0	(0)	0	137,861
Quarter One	136,828	0	0	353	0	0	0	137,181
Quarter Two	136,828	0	0	434	0	0	0	137,615
Quarter Three	136,828	0	234	12	0	0	0	137,861
Quarter Four								
Total	136,828	0	234	799	0	0	0	137,861

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