

2022/23 Revenue Financial Performance Quarter Three

| | |
|---|---------------------------|
| Committee considering report: | Executive |
| Date of Committee: | 9 February 2023 |
| Portfolio Member: | Councillor Ross Mackinnon |
| Date Portfolio Member agreed report: | 26 January 2023 |
| Report Author: | Melanie Ellis |
| Forward Plan Ref: | EX4300 |

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 2022/23.

2 Recommendation

- 2.1 To note the forecast £1m overspend. The overspend is after taking account of provision that was made in reserves for specific risks at the time of budget setting, and amendments expected to be made before year end. Without this provision, the forecast would be an over spend of £7.7m.

3 Implications and Impact Assessment

| Implication | Commentary |
|-------------------------|--|
| Financial: | £1m forecast over spend, after taking account of provision in reserves/amendments. Without this provision, £7.7m over spend. |
| 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 2023/24. Specifically this includes inflation risk being seen in care costs and energy. |

| | | | | |
|--|-----------------|----------------|-----------------|-------------------|
| 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 The 2022/23 net revenue budget of £144m was set in March 2022, using £140m of revenue funding and £4m of reserves. During the budget build, inflationary pressures were identified in demand led services. Not all of these pressures were built into the budget, with some being put aside in reserves to be called on should the pressures arise.

4.2 Inflation has increased further and at Quarter Three, budget managers are forecasting pressures across the Council totalling £7.7m. After factoring in utilising the reserves that were set aside to support this, and forecast amendments, the overspend is £1m.

| Directorate Summary | Current Net Budget | Forecast Outturn | (Under)/over spend | | (Under)/over spend | | (Under)/over spend | | | | | Change from Last Quarter |
|----------------------------|--------------------|------------------|-------------------------|--|-------------------------|--|-------------------------|-------------------------------|--------------------------|--------------|--|--------------------------|
| | | | Quarter One | | Quarter Two | | Quarter Three | | | | | |
| | | | Budget Manager Forecast | Forecast after Reserves and Mitigation | Budget Manager Forecast | Forecast after Reserves and Mitigation | Budget Manager Forecast | Provided in Earmarked Reserve | Provided in General Fund | Amendments | Forecast after Reserves and Mitigation | |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| People | 87,131 | 91,351 | 7,839 | 3,463 | 8,661 | 3,395 | 7,830 | (2,830) | (624) | (156) | 4,220 | 825 |
| Place | 31,398 | 31,776 | 1,347 | (196) | 1,702 | 126 | 1,201 | (316) | (500) | (7) | 378 | 252 |
| Resources | 11,816 | 11,407 | 241 | (555) | (571) | (630) | (221) | (73) | 0 | (115) | (409) | 221 |
| Chief Executive | 534 | 524 | (15) | (25) | (5) | (11) | (10) | 0 | 0 | 0 | (10) | 1 |
| Capital Financing/Risk Mgt | 14,740 | 11,596 | (1,271) | (551) | (1,989) | (1,739) | (1,105) | (1,340) | 0 | (700) | (3,145) | (1,406) |
| Total | 145,619 | 146,653 | 8,141 | 2,136 | 7,798 | 1,141 | 7,696 | (4,559) | (1,124) | (978) | 1,034 | (106) |

4.3 The People Directorate forecast overspend is £7.8m. This would reduce to £4.2m after use of reserves that were set aside leaving overspends of £1.4m in Adult Social Care (ASC), £1.3m in Children & Family Services (CFS), £1.1m in Education and £0.5m in Communities & Well Being.

4.4 In ASC:

- Long term services are forecasting a £2.8m overspend. There are higher client numbers, 1792 compared to 1753 modelled, due to higher levels of new requests for support and demand from hospital discharge. There is an increase in the cost of new client care packages, due to inflation and complexities. There is lower occupancy in our own care homes and clients have had to be placed in externally commissioned beds costing more.
- Short term services are £0.28m under spent due to the additional funding announced in November for Hospital Discharge. This funding will be used both against previously forecast and new expenditure.
- There is a £1.7m overspend in our care homes due to agency staffing requirements, a shortfall of income, high dependency clients, covid cases and energy costs.

- Use of reserves would reduce these pressures by £2.5m.
- 4.5 In CFS the over spend comprises £0.7m over spend in placements as identified in the model during budget build and £1.7m in Family Safeguarding teams due to agency costs. Use of reserves would reduce these pressures by £0.9m. There has been an £0.9m increase in the forecast overspend since last quarter. £0.2m is due to placement costs, £0.2m for Child Care Lawyers, £0.3m from agency costs and £0.2m from the pay award.
- 4.6 The Education £1.1m over spend is predominantly due to Home to School Transport, with more children with special needs requiring transportation. The Communities and Wellbeing overspend of £0.5m is due to income pressures in leisure.
- 4.7 The Place Directorate is forecasting an overspend of £0.4m. There is a £0.5m pressure in Development & Regulation (D&R) and a £0.1m underspend in Environment.
- In D&R there are agency pressures covering vacancies in the planning service and a shortfall of planning income. Housing is facing pressures from emergency and temporary accommodation. Forecasts and the pay award have increased the pressures from last quarter.
 - In Environment, car parking/season ticket income has significantly reduced compared to pre-pandemic levels. There is £0.4m set aside in reserves for this, as it was identified as an expected pressure at the time of budget build, leaving an unfunded pressure of £0.45m. There are also pressures from solar energy income, street lighting, network management and maintenance. However, waste management is seeing increased levels of recycling income, reduced use of landfill and overachievement of garden waste subscriptions, and transport services have underspends from staff vacancies and overachievement of income.
- 4.8 The Resources Directorate forecast underspend of £0.4m has arisen from the agency rebate and commercial property income which are covering off agency costs in Finance & Property and ICT, and corporate building maintenance costs.
- 4.9 The Capital Financing forecast is an under spend of £1m from 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.
- 4.10 There is an underspend of £2.2m in Risk Management from £1.3m proposed release of the Outcomes Based Budgeting Reserve to support the pay award pressures across all services, £0.1m release from reserves that is no longer required, and £0.7m forecast benefit from a review of outstanding purchase orders.
- 4.11 The 2022/23 savings and income generation programme of £5.3m is 79% Green.

5 Supporting Information

Introduction

- 5.2 The 2022/23 net revenue budget of £144m was set in March 2022, using £140m of revenue funding and £4m of reserves.

2022/23 Revenue Financial Performance Quarter Three

5.3 During the budget build, inflationary pressures were identified in demand led services. Not all of these pressures were built into the budget, with some being put aside in earmarked reserves to be called on should the pressures arise.

5.4 Inflation has further increased and we continue to see pressures across the Council, and are factoring in using the reserves that were set aside to support this.

Quarter Three 2022/23

5.5 The Quarter Three budget manager forecast is a £7.7m overspend, which after taking account of £5.7m provision that was made in reserves for specific risks at the time of budget setting and £1m other forecast amendments, would reduce to £1m.

5.6 The forecasts by service are shown below:

| | Current Net Budget | Forecast Outturn | (Under)/over spend Quarter One | | (Under)/over spend Quarter Two | | (Under)/over spend Quarter Three | | | | | Change from Last Quarter |
|-----------------------------------|--------------------|------------------|--------------------------------|--|--------------------------------|--|----------------------------------|-------------------------------|--------------------------|--------------|--|--------------------------|
| | | | Budget Manager Forecast | Forecast after Reserves and Mitigation | Budget Manager Forecast | Forecast after Reserves and Mitigation | Budget Manager Forecast | Provided in Earmarked Reserve | Provided in General Fund | Amendments | Forecast after Reserves and Mitigation | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Adult Social Care | 55,120 | 56,498 | 4,173 | 1,402 | 4,834 | 1,738 | 4,037 | (2,000) | (523) | (136) | 1,378 | (360) |
| Children & Family Services | 19,053 | 20,369 | 2,466 | 1,057 | 2,576 | 452 | 2,268 | (830) | (101) | (20) | 1,317 | 864 |
| Executive Director | 331 | 316 | (7) | (7) | (31) | (31) | (15) | 0 | 0 | 0 | (15) | 17 |
| Education DSG funded | (444) | (444) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Education | 9,860 | 10,955 | 707 | 582 | 955 | 931 | 1,095 | 0 | 0 | 0 | 1,095 | 164 |
| Public Health & Wellbeing | 600 | 600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Communities & Wellbeing | 2,611 | 3,056 | 500 | 429 | 328 | 305 | 445 | 0 | 0 | 0 | 445 | 140 |
| People | 87,131 | 91,351 | 7,839 | 3,463 | 8,661 | 3,395 | 7,830 | (2,830) | (624) | (156) | 4,220 | 825 |
| Development & Regulation | 6,895 | 7,391 | 430 | (52) | 794 | 155 | 643 | (40) | (100) | (7) | 496 | 341 |
| Executive Director | 215 | 226 | 0 | (22) | 10 | 10 | 11 | 0 | 0 | 0 | 11 | 1 |
| Environment | 24,288 | 24,159 | 917 | (122) | 898 | (40) | 547 | (276) | (400) | 0 | (129) | (89) |
| Place | 31,398 | 31,776 | 1,347 | (196) | 1,702 | 126 | 1,201 | (316) | (500) | (7) | 378 | 252 |
| ICT | 2,291 | 2,454 | 77 | 53 | (35) | (35) | 163 | 0 | 0 | 0 | 163 | 198 |
| Executive Director | 307 | 294 | 0 | 0 | (11) | (11) | (13) | 0 | 0 | 0 | (13) | (2) |
| Commissioning & Procurement | 827 | 432 | (237) | (237) | (317) | (317) | (396) | 0 | 0 | 0 | (396) | (79) |
| Finance & Property | 1,374 | 1,438 | 208 | (194) | 78 | 78 | 178 | 0 | 0 | (115) | 63 | (14) |
| Strategy & Governance | 7,017 | 6,790 | 193 | (177) | (286) | (345) | (154) | (73) | 0 | 0 | (227) | 118 |
| Resources | 11,816 | 11,407 | 241 | (555) | (571) | (630) | -221 | -73 | 0 | -115 | -409 | 221 |
| Chief Executive | 534 | 524 | (15) | (25) | (5) | (11) | -10 | 0 | 0 | 0 | -10 | 1 |
| Capital Financing | 14,610 | 13,636 | (421) | (421) | (1,009) | (1,009) | (975) | 0 | 0 | 0 | (975) | 34 |
| Risk Management | 130 | (2,040) | (850) | (130) | (980) | (730) | (130) | (1,340) | 0 | (700) | (2,170) | (1,440) |
| Capital Financing/Risk Mgt | 14,740 | 11,596 | (1,271) | (551) | (1,989) | (1,739) | (1,105) | (1,340) | 0 | (700) | (3,145) | (1,406) |
| Total | 145,619 | 146,653 | 8,141 | 2,136 | 7,798 | 1,141 | 7,696 | (4,559) | (1,124) | (978) | 1,034 | (106) |

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

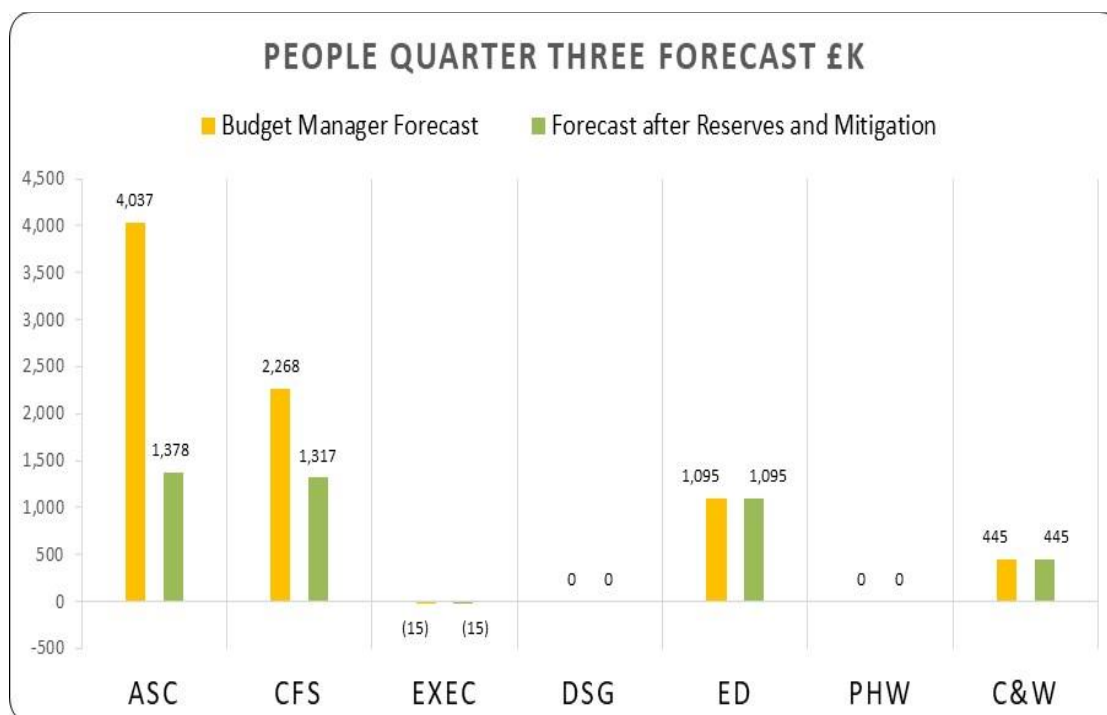
Impact on Reserves

5.7 Reserves that are forecast to be used during 2022/23 are shown below:

| Reserve | Current Balance | Proposed Utilisation to support Q3 forecast 2022/23 | Balance Remaining |
|--------------------------|-----------------|---|-------------------|
| | £m | £m | £m |
| Service risk reserves | 4.50 | -3.22 | 1.28 |
| Outcomes Based Budgeting | 1.34 | -1.34 | 0.00 |
| General Fund | 9.41 | -2.16 | 7.25 |
| | 15.25 | -6.72 | 8.53 |

People Directorate

5.8 The Directorate forecast is an over spend of £7.8m. The over spend could be reduced to £4.2m by accessing specific reserves which were set aside for risks relating to inflation and demand that have arisen. The £360k change from last quarter is largely due to further use of reserves and hospital discharge funding.



5.9 In ASC, the forecast over spend is £4m. The over spend could be reduced to £1.4m by using provisions that were made in the service risk reserves and against the General Fund for inflation and other risks identified during the budget build process, together with additional savings identified since the Quarter Three submissions.

5.10 Overall, the ASC forecast overspend has decreased by £360k since Quarter Two. The pay award of £1,925 (excluding on costs) created a new pressure of £750k and agency costs in care homes have increased by £374k. Funding of £1.2m was received in November for Hospital Discharge, and is being used both against previously forecast expenditure and new expenditure. A further £240k can be released from the risk reserve.

5.11 ASC long term services (LTS) are forecast to be £2.8m over spent.

- There are higher client numbers than modelled, 1792 compared to 1753. The rise in clients is attributable to higher levels of new requests for support, mirroring the national picture set out by the Association of Directors of Adult Social Services in their Spring Budget survey. This includes high demand from hospital discharge.
- There is an increase in the cost of new client care packages, due to current inflation (provided for in reserves), complexities and challenges in the external workforce market.
- There has been lower occupancy in our own care homes and clients have had to be placed in externally commissioned beds costing more.

5.12 Short term services are £0.28m under spent due to the additional funding announced in November for Hospital Discharge. This funding will be used both against previously forecast and new expenditure.

5.13 There is a £1.7m overspend in our own care homes due to a shortfall of income, agency staffing requirements, high dependency clients, covid cases and energy costs.

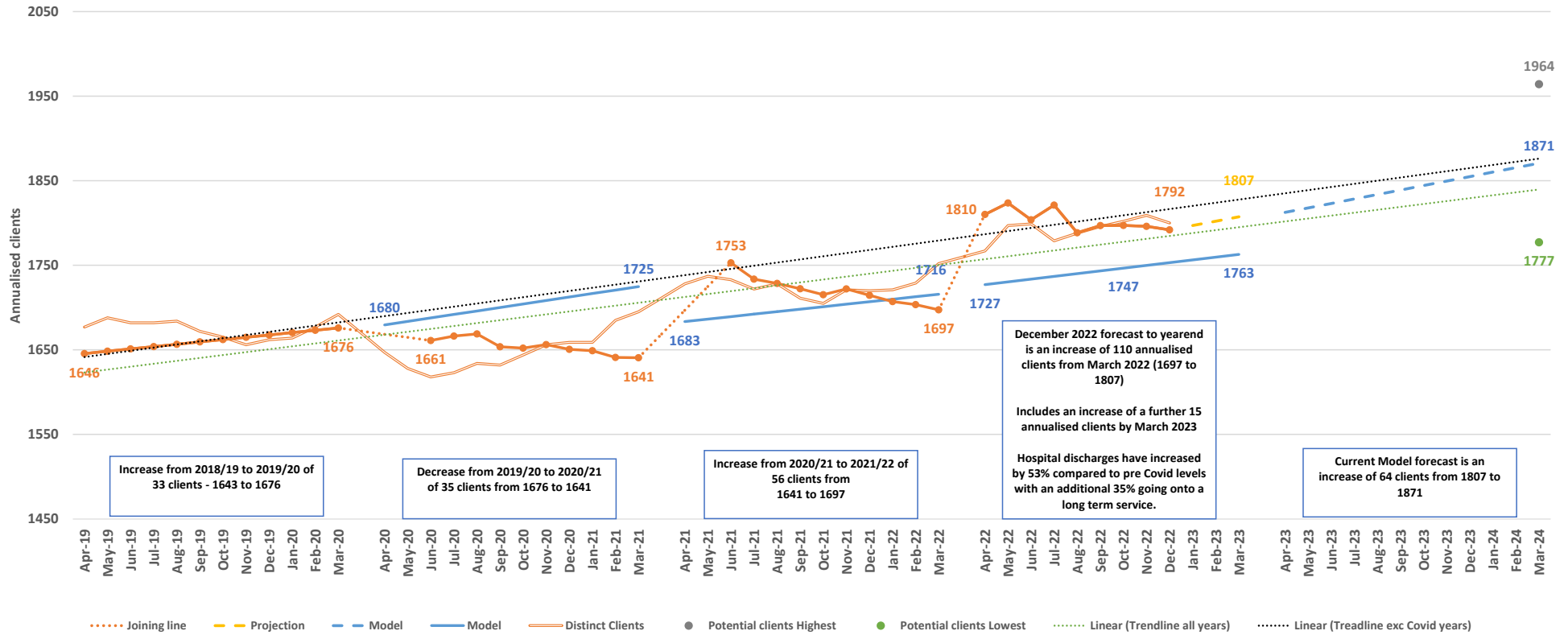
5.14 The service continues to take action to suppress market demand such as reinforcing the three conversations model suppressing the need for long term services, strategic review of in-house care home provision, use of technology enabled care and maximising external funding streams. Market Management 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. Staffing options are being explored with HR.

5.15 The ASC Model for long term services will be updated monthly throughout this financial year to inform the 2023/24 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 3.5%, reflecting increases expected in costs balanced against increases already in place.

The graphs below shows client numbers from April 2019 and net expenditure for Long Term Services.

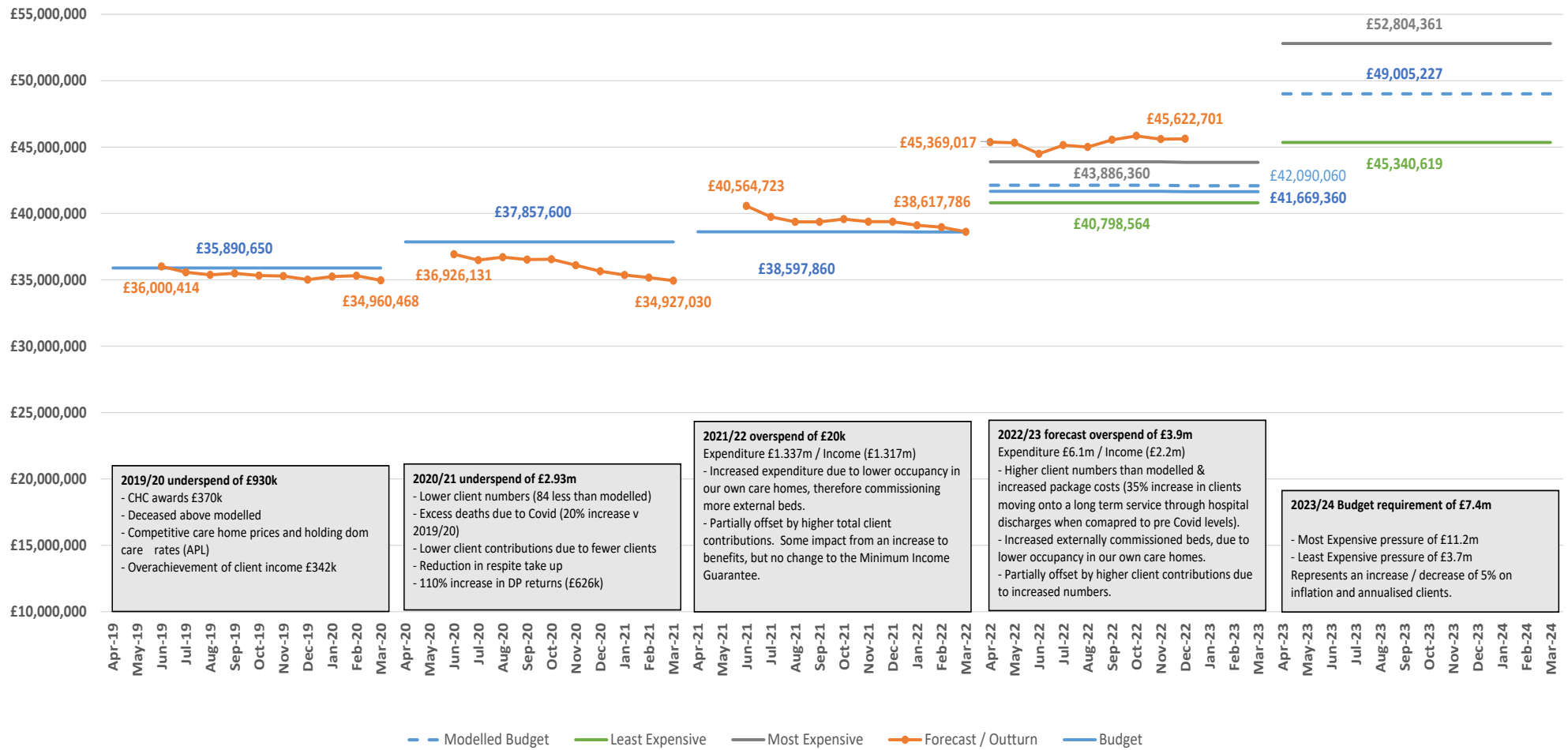
2022/23 Revenue Financial Performance Quarter Three

Adult Social Care
Annualised client numbers for Long Term Services



2022/23 Revenue Financial Performance Quarter Three

Adult Social Care
Net Expenditure for Long Term Services



5.16 In CFS, the forecast is a £2.3m over spend. This could be reduced to £1.3m with the use of the risk provision for residential placements and additional savings found post Quarter Three.

- There is a forecast £715k over spend in placements which was identified in the model during budget build and is fully provided for in reserves. Demand at the front door has increased by around 50% over the last year, in addition to increased complexity, mental health and emotional wellbeing needs. There is additional challenge of recent legislative changes and a national shortage of suitable residential placements. This is driving costs up.
- The Family Safeguarding teams are overspending by £1.7m due to agency costs. This has been required to cover vacancies, maternity leave and additional capacity. There are 21 vacancies across the East and West Teams and seven maternity leaves.

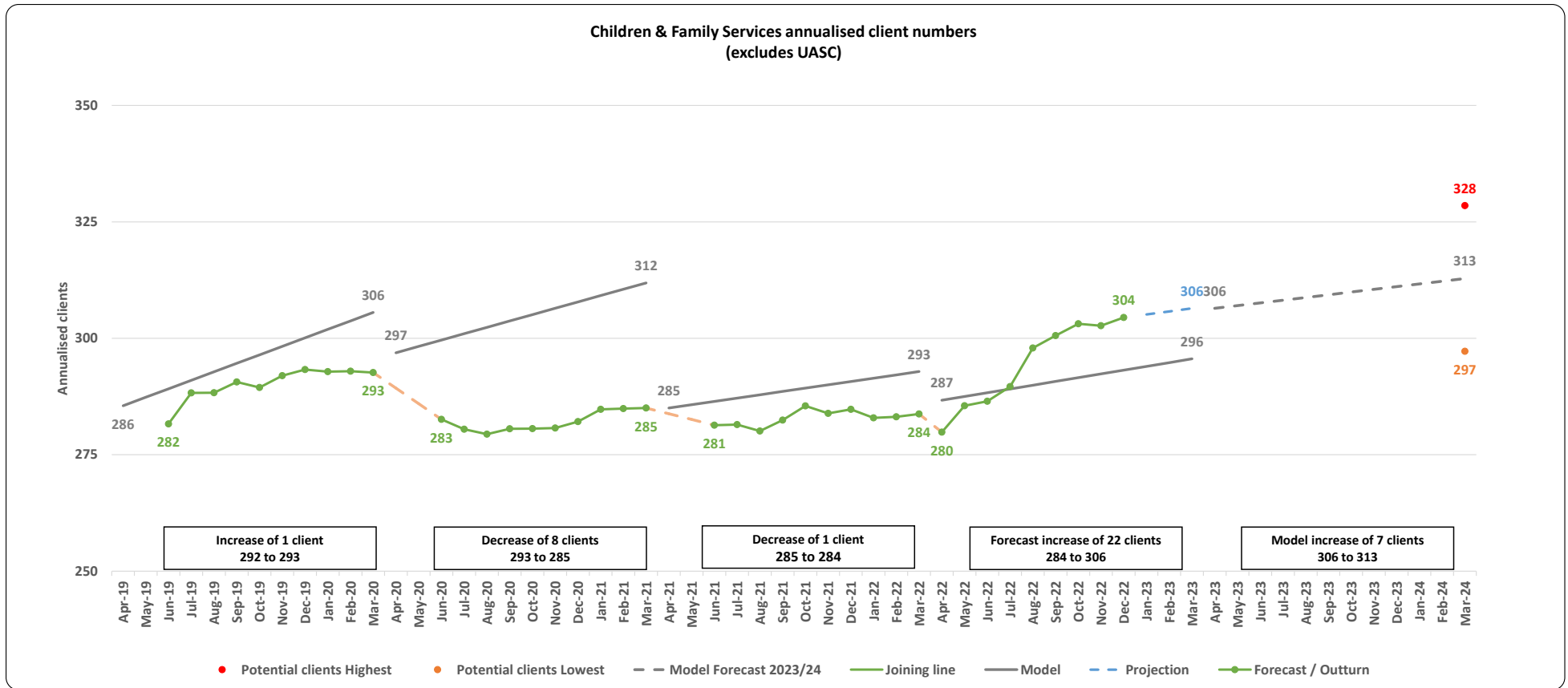
5.17 There has been an £864k increase in the forecast overspend since last quarter. £162k is due to placement costs, £225k for Child Care Lawyers due to a higher number of Child Protection Plans, £283k from increased agency costs and £210k from the pay award.

5.18 The service continue to effectively manage placements as part of the Children and Family service Accommodation & Resources Panel. There is a robust plan in place for some children to appropriately safely step down from costly residential care. Additional in house supports to foster carers (fostering hub, mental health team) will enable increasing numbers of children to live in lower cost 'In house' placements.

5.19 There is active recruitment taking place for qualified staff to fill vacancies. The national picture is one of acute shortage of social workers. There is ongoing work to refresh and reinvigorate the recruitment and retention package, and options are being explored for overseas social workers to relocate to the UK.

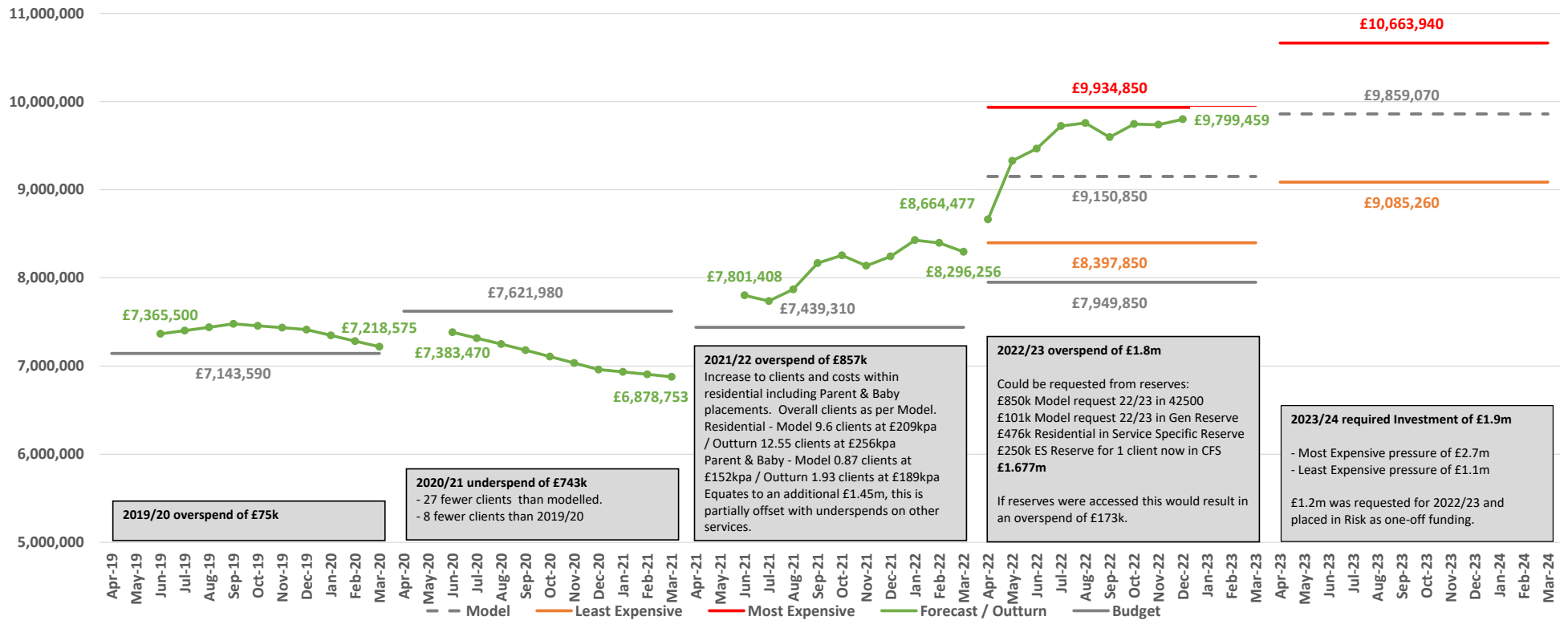
5.20 The model for placements has been refined and will be updated monthly. Client numbers and net expenditure are shown in the graphs below.

2022/23 Revenue Financial Performance Quarter Three



2022/23 Revenue Financial Performance Quarter Three

Children & Family Services Net Expenditure
(excludes UASC)



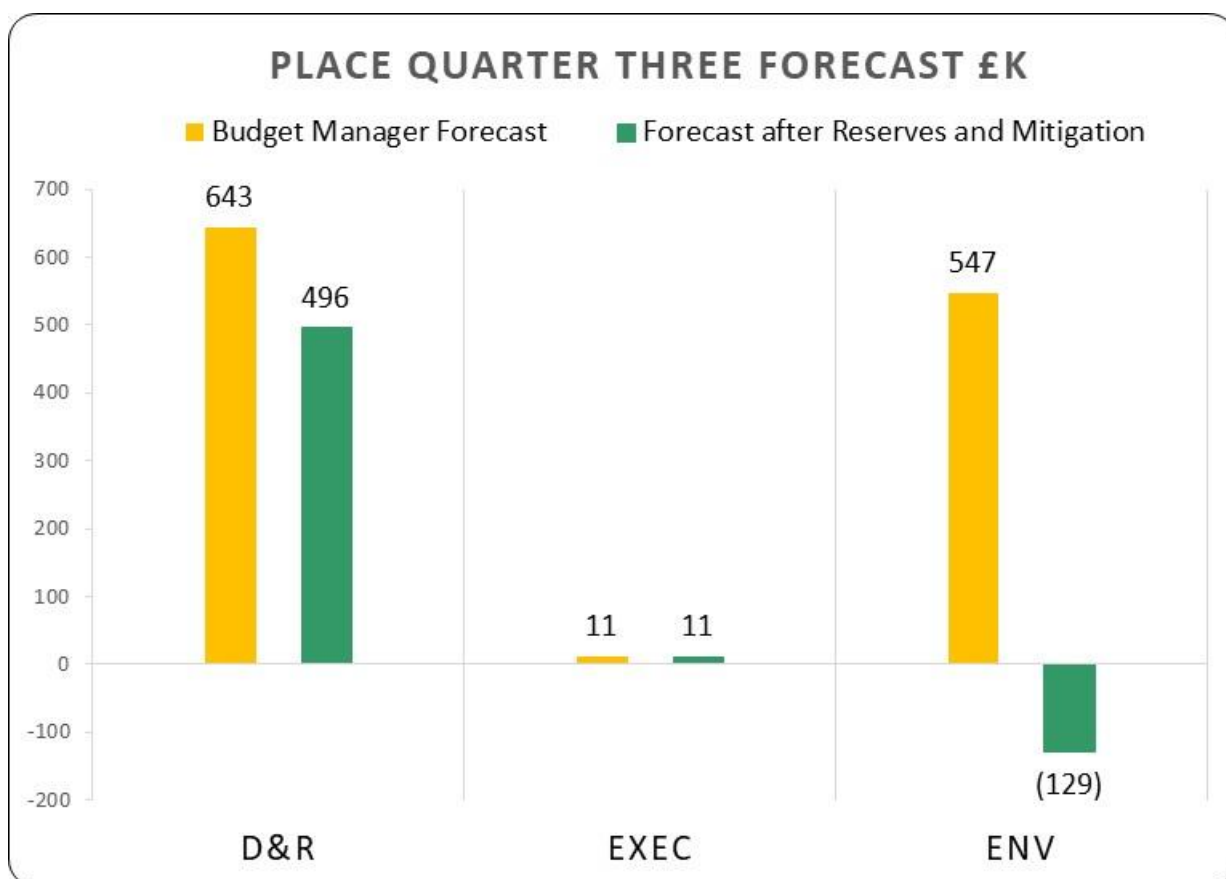
5.21 Education is reporting a £1.1m over spend. The over spend is predominantly due to a forecast pressure on Home to School Transport (HTST), which has increased since last quarter. The volatility of this service means that it is difficult to forecast but there are more children with special needs requiring transportation, limited spaces in Newbury schools, rising fuel costs and driver’s wages all contributing to this year’s overspend position.

5.22 Communities and Wellbeing is reporting a £0.4m overspend mainly due to income pressures in leisure. The increase from last quarter is due to the pay award.

5.23 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 £270k under spend which will transfer to the reserve. This is mainly due to staff projects being supported from COMF funding and underspends on joint arrangements held with other local authorities.

Place Directorate

5.24 The Place Directorate is forecasting an overspend of £1.2m against a budget of £31m. The overspend could be reduced to £0.4m by accessing reserves that were set aside during the budget build for specific pressures. Overall the overspend has increased from last quarter by £252k.



5.25 In Development and Regulation, there is a £0.6m forecast over spend, which could reduce to £0.5m through use of reserves.

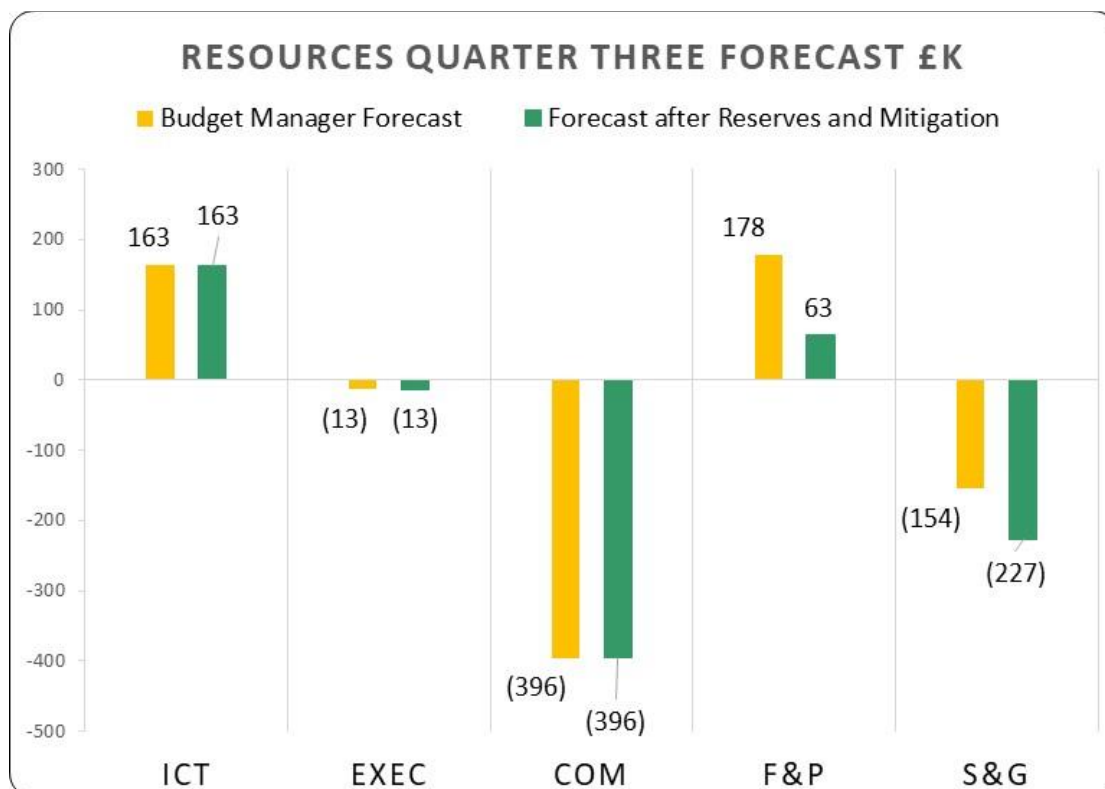
- There are £409k of agency and consultant pressures in Planning from covering sickness and vacancies and the service struggling to recruit qualified permanent staff. Planning income is below target, with a pressure of £306k partly covered off by a £100k reserve. Minerals and Waste Examination has been delivered with a £139k underspend.
- Housing is facing £186k of pressures on emergency and temporary accommodation, £235k for Rough Sleeping Initiative and £60k funding pressures from restrictive grant conditions in the Household Support Fund. There has been a revenue saving of £160k against site management as the costs are capital in nature.
- There are underspends of £85k in Economic Development due to vacancies, capitalisation and delayed projects. Registrars have overachieved income by £30k and contributions towards time spent on migration schemes have saved £129k.
- The increased spend from last quarter is £341k due to the pay award, increased demand in housing, and a further downturn in planning fee income.
- The service continue to review agency requirements and monitor planning fee income opportunities.

5.26 In Environment, there is a £0.5m forecast overspend, which could reduce to an underspend of £0.1m by using reserves set aside as part of the budget process for pressures identified. The forecast has reduced by £89k since last quarter.

- The largest area of pressure is parking income which is seeing significant reductions compared to pre-pandemic levels both from car parks and season tickets amounting to £0.86m. There is £0.4m set aside in reserves for this, as it was identified as an expected pressure at the time of budget build.
- Other pressures include £172k solar energy income which is not achieving the expected levels of income based on current output of the installed solar panels, £167k increased costs from street lighting and £150k from maintenance requirements. However, there has been a £300k reduction in revenue expenditure as staff have been able to be charged to capital projects.
- In network management, there is a £152k pressure on supervision fees for Section 38 and 278 orders, a £160k pressure on the streetworks income target, but an overachievement of Traffic Regulation income. The overspends here are covered by a reserve.
- Transport services are seeing underspends from staffing vacancies and overachievement of income.
- Waste management are seeing increased levels of recycling income, reduced use of landfill and an overachievement of garden waste subscriptions leading to a favourable variance of £0.6m.

Resources Directorate/Chief Executive

5.27 The Resources Directorate is forecasting an underspend of £221k against a budget of £12m, and after use of reserves of £73k and amendments of £115k, the underspend would increase to £409k.



5.28 In Commissioning & Procurement, there is a £396k forecast surplus largely due to income from the agency contract rebate, as a result of the increased agency usage.

5.29 In ICT there is a forecast overspend of £163k. There are agency pressures of £150k in Telecoms and Applications teams to support corporate projects. Other pressures are from print and reprographic income, school income, cloud based storage costs and from WAN circuit requirements. There are staffing underspends and contributions offsetting some of the overspend and the impact of the pay award.

5.30 In Finance and Property, the £178k forecast over spend has arisen as follows:

- Pay award pressure of £120k.
- Temporary staff costs covering workload pressures in the Financial Reporting Team is expected to lead to an over spend of £138k. There are further agency pressures in Exchequer Services totalling £66k.
- Energy costs, repairs, maintenance and security in corporate buildings are causing a pressure of £262k.
- These pressures are offset by £200k overachievement on commercial property income, a £55k benefit from unutilised accruals, a £115k insurance claim, grant

contributions from migration schemes and income from the Health and Safety buy back.

5.31 Strategy and Governance is forecasting a £154k underspend, which could increase to £227k after use of reserves.

- In HR there are £147k savings from National Insurance, and in the Customer Services & Engagement Team there are £193k savings due to use of Transformation Funding.
- In Legal there are pressures due to Coroners Court increased costs £65k, land charges income of £60k and client disbursements £72k (covered by reserve).
- Audit are forecasting a £34k underspend from vacancies.

Capital Financing and Risk Management

5.32 The Capital Financing forecast is an under spend of £1m. Capital financing costs are lower than expected due 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.

5.33 There is an underspend of £2.2m in Risk Management arising from:

- £1.34m proposed release of the Outcomes Based Budgeting reserve (OBB) to support the pay award pressures across all services.
- £130k release of a provision from reserves that is no longer required.
- £700k forecast benefit from a review of outstanding purchase orders.

Employee and Agency Spend

5.34 At Quarter Three, total employee spend including agency was £54.8m against a budget of £51.5m, an overspend of £3.37m. The overspend has increased by £1.8m from last quarter. This is largely as a result of the annual pay increase for 2022/23 being paid and backdated to 1st April 2022 costing £2.1m. Provision was made in the budget for an increase of 2%, but the actual pay award was £1,925 per FTE, which equates to an average percentage increase of approximately 5.5%. Funds of £1.34m will be released from Earmarked Reserves to support some of the extra cost.

5.35 A recruitment freeze has been in place and savings have been identified from vacant posts totalling £292k since Quarter Two.

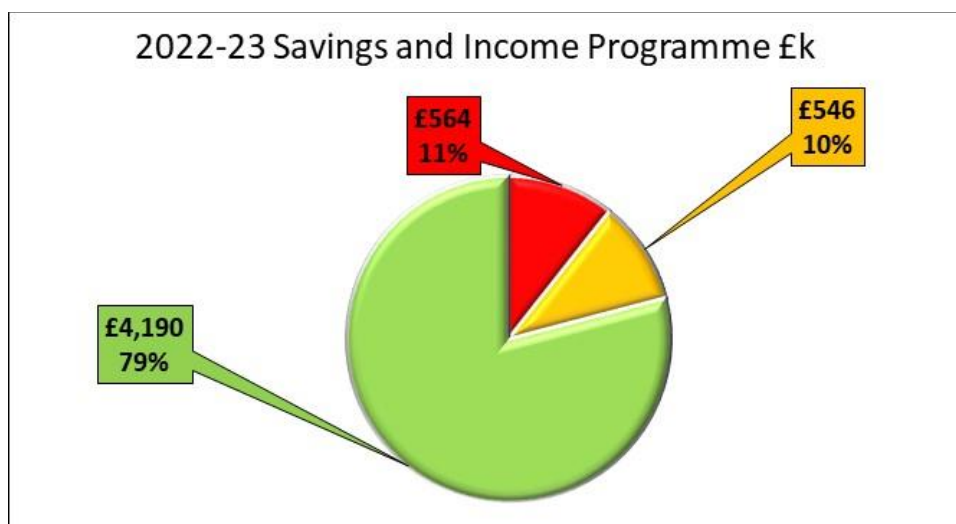
5.36 Within employee costs, agency spend to Quarter Three was £8.57m. Agency is 17% as a percentage of employee budgets.

2022/23 Revenue Financial Performance Quarter Three

| Service | Employee Budget to Q3 | Employee Spend to Q3 (including agency) | Over/ (under) spend | Agency spend to Q3 | Agency as a % of Employee budgets |
|--------------------------------|-----------------------|---|---------------------|--------------------|-----------------------------------|
| Chief Executive | 382,613 | 389,804 | 7,192 | - | |
| Adult Social Care | 13,327,553 | 14,549,043 | 1,221,491 | 3,086,316 | 23% |
| Children & Family Services | 6,631,350 | 7,233,607 | 602,257 | 2,145,927 | 32% |
| Communities & Wellbeing | 1,475,528 | 1,376,463 | (99,065) | - | 0% |
| Executive Director - People | 218,273 | 200,011 | (18,262) | 975 | 0% |
| Education | 4,387,260 | 4,278,715 | (108,545) | 575,313 | 13% |
| Public Health & Wellbeing | 1,313,505 | 1,849,202 | 535,697 | 60,021 | 5% |
| Executive Director – Place | 150,015 | 149,736 | (279) | - | 0% |
| Development & Regulation | 7,791,128 | 9,348,043 | 1,556,916 | 1,781,167 | 23% |
| Environment | 4,545,060 | 4,549,491 | 4,431 | 160,891 | 4% |
| Commissioning & Procurement | 1,022,460 | 1,051,360 | 28,900 | - | 0% |
| Executive Director - Resources | 145,088 | 119,113 | (25,975) | - | 0% |
| Finance & Property | 3,480,855 | 3,668,420 | 187,565 | 371,739 | 11% |
| ICT | 1,720,800 | 1,741,939 | 21,139 | 129,406 | 8% |
| Strategy & Governance | 4,867,245 | 4,325,107 | (542,138) | 262,416 | 5% |
| | 51,458,730 | 54,830,054 | 3,371,324 | 8,574,171 | 17% |

2022/23 Savings and income generation programme

5.37 In order to meet the funding available, the 2022/23 revenue budget was built with a £5.3m savings and income generation programme. The programme is monitored using the RAG traffic light system. The status is shown in the following charts:





5.38 Red items are as follows:

- £36k for supported living in ASC due to delays in construction of a new Learning Disability service due to supply chain issues.
- £26k Resource Allocation System software and £43k for ASC digital pathway which will be implemented as part of Care Director V6 upgrade.
- £100k for ASC utilisation of the workforce reform grant. This is not achievable within the funding received and the conditions placed on the grants.
- £32k home improvement agency income, not achievable for private adaptation work.
- £100k for Environment in delivery of solar PV projects. An investment bid has been proposed for 2023/24 to realign unachievable income.
- £152k from Traffic Management income not being achieved.
- £75k from Timelord2 due to energy costs and project delay. Savings will be achieved in future years.

5.39 Amber items are as follows:

- £250k from Timelord reduced mileage: being reviewed.
- £133k for Children’s staffing capacity savings due to high levels of demand.
- £42k for income from Northcroft leisure expansion.
- £40k traded income in Education.
- £15k temporary accommodation maintenance as the cost of materials have increased.
- £34k print and postage due to increased costs of paper and lack of external income.
- £32k from property disposals management cost savings, still awaiting sale.

Proposals

5.40 To note the year-end forecast £1m over spend, after taking account of provision that was made in reserves for specific risks at the time of budget setting and forecast amendments. Without this provision, the forecast would be an over spend of £7.7m.

6 Other options considered

6.1 None.

7 Conclusion

- 7.1 The 2022/23 financial year is presenting financial challenges for the Council due to inflation and demand. Provision that was set aside in Earmarked Reserves will be required to reduce the overspend by £4.6m, and £1.1m which was provided against the General Fund. The remaining overspend of £1m will further reduce the General Fund.
- 7.2 The £5.3m savings and income generation programme is forecast to be 79% achieved 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

Officer details:

Name: Melanie Ellis
Job Title: Acting Head of Finance and Property
Tel No: 01635 519142
E-mail: Melanie.Ellis@westberks.gov.uk

Appendix A – Quarter Three position

| | Budget | | | | Forecasted Performance | | | | | | | |
|---|------------------------------|------------------------------|---|-----------------------------|--|--|---------------------------------------|---------------------------------------|---|----------------------------------|--------------------------|--|
| | Original Budget 2022/23 £ | Changes in year 2022/23 £ | Funding Released from Reserves 2022/23 £ | Revised Budget 2022/23 £ | Annual Expenditure Budget for 2022/23 £ | Annual Expenditure Forecast for 2022/23 £ | Expenditure Variance for 2022/23 £ | Annual Income Budget for 2022/23 £ | Annual Income Forecast for 2022/23 £ | Income Variance for 2022/23 £ | Net Net Variance £ | |
| Adult Social Care | 55,119,550 | 0 | 0 | 55,119,550 | 75,091,640 | 84,312,010 | 9,220,370 | -19,972,090 | -25,155,470 | -5,183,380 | 4,036,990 | |
| Children & Family Services | 17,972,860 | 1,011,000 | 68,930 | 19,052,790 | 21,230,460 | 24,210,230 | 2,979,770 | -2,177,670 | -2,889,710 | -712,040 | 2,267,730 | |
| Executive Director - People | 330,710 | 0 | 0 | 330,710 | 330,710 | 316,200 | -14,510 | 0 | 0 | 0 | -14,510 | |
| Education (DSG Funded) | -444,000 | 0 | 0 | -444,000 | 120,241,660 | 118,053,030 | -2,188,630 | -120,685,660 | -118,497,030 | 2,188,630 | 0 | |
| Education | 9,891,580 | -161,000 | 129,730 | 9,860,310 | 13,571,540 | 16,439,420 | 2,867,880 | -3,711,230 | -5,484,480 | -1,773,250 | 1,094,630 | |
| Public Health & Wellbeing | -80,000 | 0 | 680,370 | 600,370 | 6,987,220 | 6,715,610 | -271,610 | -6,386,850 | -6,115,240 | 271,610 | 0 | |
| Communities & Wellbeing | 2,427,920 | 38,380 | 144,600 | 2,610,900 | 4,038,960 | 4,376,210 | 337,250 | -1,428,060 | -1,319,880 | 108,180 | 445,430 | |
| People | 85,218,620 | 888,380 | 1,023,630 | 87,130,630 | 241,492,190 | 254,422,710 | 12,930,520 | -154,361,560 | -159,461,810 | -5,100,250 | 7,830,270 | |
| Development & Regulation | 6,598,320 | -2,170 | 298,930 | 6,895,080 | 13,802,090 | 21,010,030 | 7,207,940 | -6,907,010 | -13,471,980 | -6,564,970 | 642,970 | |
| Executive Director – Place | 214,610 | 0 | 0 | 214,610 | 214,610 | 225,610 | 11,000 | 0 | 0 | 0 | 11,000 | |
| Environment | 24,450,060 | -243,630 | 81,700 | 24,288,130 | 35,782,780 | 35,875,190 | 92,410 | -11,494,650 | -11,039,610 | 455,040 | 547,450 | |
| Place | 31,262,990 | -245,800 | 380,630 | 31,397,820 | 49,799,480 | 57,110,830 | 7,311,350 | -18,401,660 | -24,511,590 | -6,109,930 | 1,201,420 | |
| ICT | 2,222,590 | 0 | 68,000 | 2,290,590 | 3,164,190 | 3,270,090 | 105,900 | -873,600 | -816,040 | 57,560 | 163,460 | |
| Executive Director - Resources | 313,430 | -6,000 | 0 | 307,430 | 307,430 | 314,980 | 7,550 | 0 | -21,000 | -21,000 | -13,450 | |
| Commissioning & Procurement | 744,880 | 34,250 | 47,950 | 827,080 | 10,388,820 | 10,440,570 | 51,750 | -9,561,740 | -10,009,060 | -447,320 | -395,570 | |
| Finance & Property | 1,334,840 | -33,210 | 72,700 | 1,374,330 | 32,917,850 | 33,238,780 | 320,930 | -31,543,520 | -31,686,120 | -142,600 | 178,330 | |
| Strategy & Governance | 7,022,660 | -60,890 | 54,730 | 7,016,500 | 8,098,460 | 7,946,770 | -151,690 | -1,081,960 | -1,084,350 | -2,390 | -154,080 | |
| Resources | 11,638,400 | -65,850 | 243,380 | 11,815,930 | 54,876,750 | 55,211,190 | 334,440 | -43,060,820 | -43,616,570 | -555,750 | -221,310 | |
| Chief Executive | 533,970 | 0 | 0 | 533,970 | 533,970 | 523,970 | -10,000 | 0 | 0 | 0 | -10,000 | |
| Chief Executive | 533,970 | 0 | 0 | 533,970 | 533,970 | 523,970 | -10,000 | 0 | 0 | 0 | -10,000 | |
| Capital Financing & Management | 14,610,470 | 0 | 0 | 14,610,470 | 14,730,470 | 14,546,930 | -183,540 | -120,000 | -911,120 | -791,120 | -974,660 | |
| Movement Through Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Risk Management | 850,000 | -850,000 | 130,000 | 130,000 | 130,000 | 0 | -130,000 | 0 | 0 | 0 | -130,000 | |
| Capital Financing and Management | 15,460,470 | -850,000 | 130,000 | 14,740,470 | 14,860,470 | 14,546,930 | -313,540 | -120,000 | -911,120 | -791,120 | -1,104,660 | |
| Total | 144,114,450 | -273,270 | 1,777,640 | 145,618,820 | 361,562,860 | 381,815,630 | 20,252,770 | -215,944,040 | -228,501,090 | -12,557,050 | 7,695,720 | |

Appendix B – Budget Changes

| Service | Original Net Budget £000 | Approved Budget B/F from 2021-22 £000 | Budget changes not requiring approval £000 | FAGG approved release from reserves £000 | Approved by S151 & Portfolio Holder £000 | Approved by Executive £000 | Budget C/F to 2023-24 £000 | Final Net Budget £000 |
|-------------------------------------|-----------------------------|--|---|---|---|-------------------------------|-------------------------------|--------------------------|
| Adult Social Care | 55,120 | | | | | | | 55,120 |
| Children and Family Services | 17,973 | | 1,080 | | | | | 19,053 |
| Executive Director | 331 | | | | | | | 331 |
| Education DSG funded | (444) | | | | | | | (444) |
| Education | 9,892 | | (161) | 130 | | | | 9,860 |
| Public Health & Wellbeing | (80) | | | 680 | | | | 600 |
| Communities & Wellbeing | 2,428 | | 38 | 145 | | | | 2,611 |
| People | 85,219 | 0 | 957 | 955 | 0 | 0 | 0 | 87,131 |
| Development & Regulation | 6,584 | | 12 | 299 | | | | 6,895 |
| Executive Director | 215 | | | | | | | 215 |
| Environment | 24,208 | | (1) | 82 | | | | 24,288 |
| Place | 31,007 | 0 | 11 | 381 | 0 | 0 | 0 | 31,398 |
| ICT | 2,223 | | | 68 | | | | 2,291 |
| Executive Director | 313 | | (6) | | | | | 307 |
| Commissioning & Procurement | 745 | | 34 | 48 | | | | 827 |
| Finance & Property | 1,340 | | (39) | 73 | | | | 1,374 |
| Strategy & Governance | 7,000 | | (38) | 55 | | | | 7,017 |
| Resources | 11,621 | 0 | (49) | 243 | 0 | 0 | 0 | 11,816 |
| Chief Executive | 534 | | | | | | | 534 |
| Capital Financing & Risk | 15,460 | | (850) | 130 | | | | 14,740 |
| Total | 143,841 | 0 | 69 | 1,709 | 0 | 0 | 0 | 145,619 |
| Quarter One | 143,841 | | | 594 | | | | 144,435 |
| Quarter Two | 143,841 | | | 552 | | | | 144,987 |
| Quarter Three | 143,841 | | 69 | 563 | | | | 145,619 |
| Quarter Four | 143,841 | | | | | | | 145,619 |
| Total | 143,841 | 0 | 69 | 1,709 | 0 | 0 | 0 | 145,619 |