
2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Committee considering report:	Executive
Date of Committee:	8 June 2023
Portfolio Member:	Councillor Iain Cottingham
Date Portfolio Member agreed report:	20 May 2023
Report Author:	Melanie Ellis
Forward Plan Ref:	EX4380

1 Purpose of the Report

- 1.1 To report on the financial performance of the Council against the revenue budget. This report is Quarter Four, the provisional outturn position for the 2022/23 financial year. The outturn is the culmination of budget monitoring and management accounting throughout the financial year.
- 1.2 The financial reporting outturn will change after the financial statements are finalised, including further review of accruals and provisions. This will then become part of the Council's financial statements for the 2022/23 financial year.
- 1.3 The report highlights where over and underspends against budget have occurred during the year and reasons for these, as well as the overall position for the financial year.

2 Recommendation

- 2.1 To note the provisional management accounting outturn of £4.71m overspend. After using the reserves that were set aside to support this, the overspend totals £0.77m. This will reduce the Council's general fund reserve to £7.2m, which is just above the minimum level set, with further planned and unplanned removal of earmarked reserves to support the 2022/23 outturn position.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	£4.71m over spend. After taking account of provision in reserves the overspend is £0.77m.

Human Resource:	None			
Legal:	None			
Risk Management:	Risks to next years' budget are included where relevant in the report.			
Property:	None			
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		

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Council Strategy Priorities:		y		Business as usual
Core Business:		y		The financial position and stewardship has enabled the Council to continue to provide services in line with the approved 2022/23 budget.
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 £143.8m was set in March 2022, using £140m of revenue funding and £4m of reserves. During the year the budget was increased to £148.6m by grant funding and budgets carried forward from previous years.
- 4.2 During the 2022/23 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.
- 4.3 Inflation did increase throughout 2022/23 and at outturn the variance to budget is an overspend of £4.71m. After using the reserves that were set aside to support this, the overspend totals £0.77m. This will reduce the Council's general fund reserve to £7.2m, which is just above the minimum level set, with further planned and unplanned removal of earmarked reserves to support the 2022/23 outturn position.
- 4.4 The management accounting overspend is after taking into account £1.67m of funds carried forwards to 2023/24, which comprise of moving unspent funding and grants into earmarked reserves to spend in 2023/24, including the Public Health grant.
- 4.5 The position has improved by £267k from the Quarter Three forecast.

2022/23 Directorate Summary	Net Budget	Net Income/ Expenditure	Items going straight to CIES	Variance (before planned use of reserves)	Use of Earmarked Reserves	Use of General Fund	Funding Earmarked for 2023/24	(Under)/over spend				Change from Last Quarter
								Quarter One	Quarter Two	Quarter Three	Quarter Four	
								Year end forecast	Year end forecast	Year end forecast	Final variance	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
People	88,631	97,653	(1,796)	7,225	(2,830)	(992)	1,175	3,463	3,395	4,220	4,578	358
Place	32,052	28,335	3,862	145	0	(500)	344	(196)	126	378	(12)	(390)
Resources	12,648	11,301	0	(1,347)	0	51	153	(555)	(630)	(409)	(1,143)	(734)
Chief Executive	534	527	0	(7)	0	0	0	(25)	(11)	(10)	(7)	3
Capital Financing/Risk Mgt	14,740	5,085	8,347	(1,308)	(1,340)	0	0	(551)	(1,739)	(3,145)	(2,648)	496
Total	148,606	142,900	10,413	4,707	(4,170)	(1,441)	1,671	2,136	1,141	1,034	767	(267)

4.6 The People Directorate overspend is £4.5m which comprises overspends of £1.2m in Adult Social Care (ASC), £1.6m in Children & Family Services (CFS), £1.3m in Education and £0.5m in Communities & Well Being.

4.7 In ASC:

- Long term services overspent by £2.5m. There are higher client numbers, 1775 compared to 1763 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 £0.26m underspent due to the additional funding announced in November for Hospital Discharge. This funding has been used both against previously forecast and new expenditure.
- There is a £2.2m overspend in our care homes due to agency staffing requirements, a shortfall of income, high dependency clients, covid cases and energy costs.
- The £1.2m ASC overspend is after the use of Earmarked Reserves of £2m for inflation and other risks, and £0.5m which was identified as further risk against the General Fund. Without this the overspend would be £3.7m.

4.8 In CFS £1.6m over spend comprises £0.8m over spend in placements as identified in the model during budget build and £2m in Family Safeguarding teams due to agency costs and additional capacity requirements and £0.4m in childcare lawyers. This is offset by savings of £0.7m in other areas. Use of reserves has reduced these pressures by £0.9m.

4.9 The Education £1.3m 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.

4.10 The Place Directorate outturn is a £12k underspend. There is a £0.2m pressure in Development & Regulation (D&R) and a £0.2m underspend in Environment.

- In D&R there are £0.2m agency pressures covering sickness and vacancies in the planning service and a £0.4m shortfall of planning income. Housing faced pressures of £0.4m from emergency and temporary accommodation. Minerals and Waste Examination has been delivered with a £0.3m underspend and there are further underspends from vacancies and grant Funding.
- In Environment, car parking/season ticket income has significantly reduced compared to pre-pandemic levels leaving a shortfall of £1m. This was flagged as a risk during the 2022/23 budget build and £0.4m was held against the General Fund for this. 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 other services have underspends from staff vacancies and overachievement of income.

- 4.11 The Resources Directorate underspend is £1.1m and 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.
- 4.12 The Capital Financing is an under spend of £0.5m 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.
- 4.13 There is an underspend of £2.1m in Risk Management from £1.3m 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.
- 4.14 The 2022/23 savings and income generation programme of £5.3m is 77% Green.

5 Supporting Information

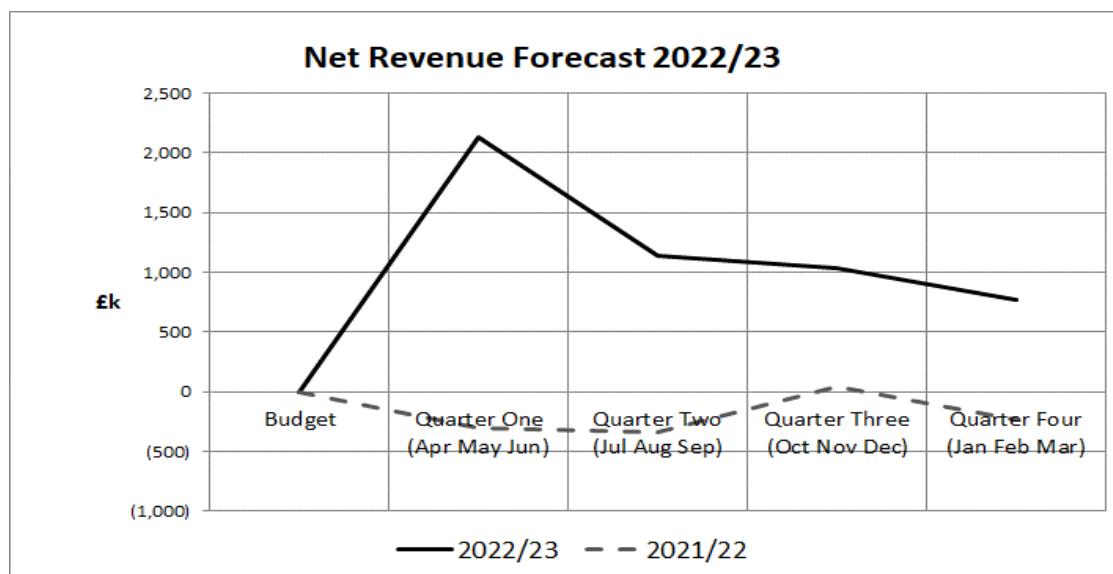
Introduction

- 5.1 The 2022/23 net revenue budget of £143.8m was set in March 2022, using £140m of revenue funding and £4m of reserves. During the year the budget was increased to £148.6m by grant funding and budgets carried forward from previous years.
- 5.2 During the 2022/23 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.

Quarter Four 2022/23

- 5.3 Inflation increased throughout 2022/23 and at outturn the management accounting variance to budget is an overspend of £4.7m. After using the reserves that were set aside to support this, the overspend totals £0.77m, which is 0.5% of the Council's 2022/23 net revenue budget. This will reduce the Council's general reserves.
- 5.4 The management accounting overspend is after taking into account £1.67m of funds carried forwards to 2023/24, which comprise of moving unspent funding and grants into earmarked reserves to spend in 2023/24, including the Public Health grant.
- 5.5 The 2022/23 pressures were largely all forecast at Quarter One. Decisions to use reserves to fund the pay award were made at Quarter Two and Three, along with actions within services to mitigate the overspend as far as possible. The quarterly forecasts and outturn are shown in the chart below.

2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn



5.6 The outturn by service is shown below:

2022/23	Net Budget	Net Income/Expenditure	Items going straight to CIES	Variance (before planned use of reserves)	Use of Earmarked Reserves	Use of General Fund	Funding Earmarked for 2023/24	Quarter One	Quarter Two	Quarter Three	Quarter Four	Change from Last Quarter
								Year end forecast	Year end forecast	Year end forecast	Final variance	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	55,175	59,072	0	3,896	(2,000)	(845)	130	1,402	1,738	1,378	1,182	(196)
Children & Family Services	19,097	21,660	0	2,563	(830)	(101)	0	1,057	452	1,317	1,632	315
Executive Director	343	313	0	(30)	0	0	0	(7)	(31)	(15)	(30)	(16)
Education DSG funded	(444)	1,352	(1,796)	0	0	0	0	0	0	0	0	0
Education	9,884	11,073	0	1,189	0	0	108	582	931	1,095	1,297	202
Public Health & Wellbeing	1,750	1,064	0	(686)	0	0	686	0	0	0	0	0
Communities & Wellbeing	2,826	3,119	0	293	0	(47)	251	429	305	445	497	52
People	88,631	97,653	(1,796)	7,225	(2,830)	(992)	1,175	3,463	3,395	4,220	4,578	358
Development & Regulation	6,943	3,100	3,862	19	0	(100)	294	(52)	155	496	213	(283)
Executive Director	215	215	0	1	0	0	0	(22)	10	11	1	(10)
Environment	24,895	25,019	0	125	0	(400)	50	(122)	(40)	(129)	(225)	(96)
Place	32,052	28,335	3,862	145	0	-500	344	(196)	126	378	(12)	(390)
ICT	2,299	2,389	0	91	0	0	0	53	(35)	163	91	(73)
Executive Director	299	293	0	(6)	0	0	0	0	(11)	(13)	(6)	7
Commissioning & Procurement	890	378	0	(513)	0	0	0	(237)	(317)	(396)	(513)	(117)
Finance & Property	1,693	1,117	0	(576)	0	51	126	(194)	78	63	(399)	(462)
Strategy & Governance	7,467	7,124	0	(343)	0	0	27	(177)	(345)	(227)	(316)	(89)
Resources	12,648	11,301	0	(1,347)	0	51	153	(555)	(630)	(409)	(1,143)	(734)
Chief Executive	534	527	0	(7)	0	0	0	(25)	(11)	(10)	(7)	3
Capital Financing	14,610	5,715	8,347	(548)	0	0	0	(421)	(1,009)	(975)	(548)	427
Risk Management	130	(630)	0	(760)	(1,340)	0	0	(130)	(730)	(2,170)	(2,100)	70
Capital Financing/Risk Mgt	14,740	5,085	8,347	(1,308)	(1,340)	0	0	(551)	(1,739)	(3,145)	(2,648)	496
Total	148,606	142,900	10,413	4,707	(4,170)	(1,441)	1,671	2,136	1,141	1,034	767	(267)

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

Impact on Reserves

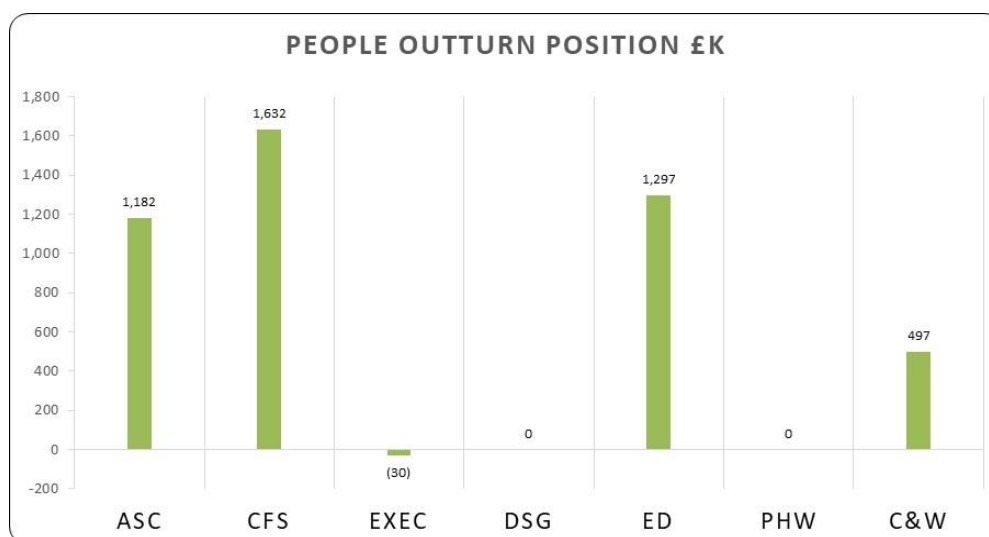
5.7 The table below shows how specific earmarked reserves have reduced from £11.19m to £3.92m. This is made up of budgets and grants carried forward from 2021/22, plus release of risk reserves during the year. Other earmarked funds have reduced from £12.64m to £1.68m, which is largely due to timing differences within the Collection Fund for Council Tax and Business Rates. The General Fund has reduced from £12.9m to £7.2m to support the 2022/23 budget and outturn.

Reserve	Opening Balance	Drawn to support budget	Balance available	Utilisation to support 2022/23 outturn	Set aside for 2023/24	Balance Remaining
	£m	£m	£m	£m	£m	£m
Service risk reserves	4.99	-1.83	3.16	-2.83	0.98	1.31
Outcomes Based Budgeting	1.34		1.34	-1.34		0.00
Public Health	1.54	-0.66	0.88		0.69	1.57
other	1.76	-0.71	1.04			1.04
COMF	1.56	-1.56	0.00			0.00
Specific earmarked total	11.19	-4.76	6.43	-4.17	1.67	3.92
Other earmarked funds*	12.64	-10.96	1.68			1.68
Total earmarked funds	23.83	-15.72	8.11	-4.17	1.67	5.61
General Fund	12.9	-4.25	8.65	-1.44		7.21

*self-insurance, covid, commercial property, collection fund reserves.

People Directorate

5.8 The People Directorate outturn is an over spend of £4.6m against a budget of £89m, representing 17.6% of budget. Overall the forecast overspend has increased by £358k from last quarter.



5.9 In ASC, the overspend is £1.2m, which is 2.1% of the net budget of £55m. This is after the use of Earmarked Reserves of £2m for inflation and other risks, and £0.5m which was identified as further risk against the General Fund. Without this the overspend would be £3.7m. Overall, the ASC forecast overspend has decreased by £0.2m since Quarter Three mostly from unutilised services and additional grant funding.

5.10 ASC long term services (LTS) are £2.5m over spent.

- There are higher client numbers than modelled, 1775 compared to 1763. 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 inflation of 13% (some of which was provided for in reserves), complexities and challenges in the external workforce market.
- There has been lower occupancy in our own care homes due to consultation and embargo resulting in clients being placed in externally commissioned beds costing more.

5.11 Short term services are £0.26m under spent due to the additional funding announced in November for Hospital Discharge. This funding was used both against previously forecast and new expenditure.

5.12 Other overspends is ASC total £1.4m, of which £0.75m relates to the pay award.

- There is a £2.2m overspend in our own care homes due to a shortfall of income, agency staffing requirements from recruitment difficulties, high dependency clients, covid cases and energy costs.
- West and Central teams are overspent by £0.3m due partly to the pay award but mostly from the use of agency workers covering vacant posts.
- Underspends of £1.2m have arisen in Shared Lives due to carers and in the Reablement, Maximising Independence and Management Teams due to vacancies and additional funding.

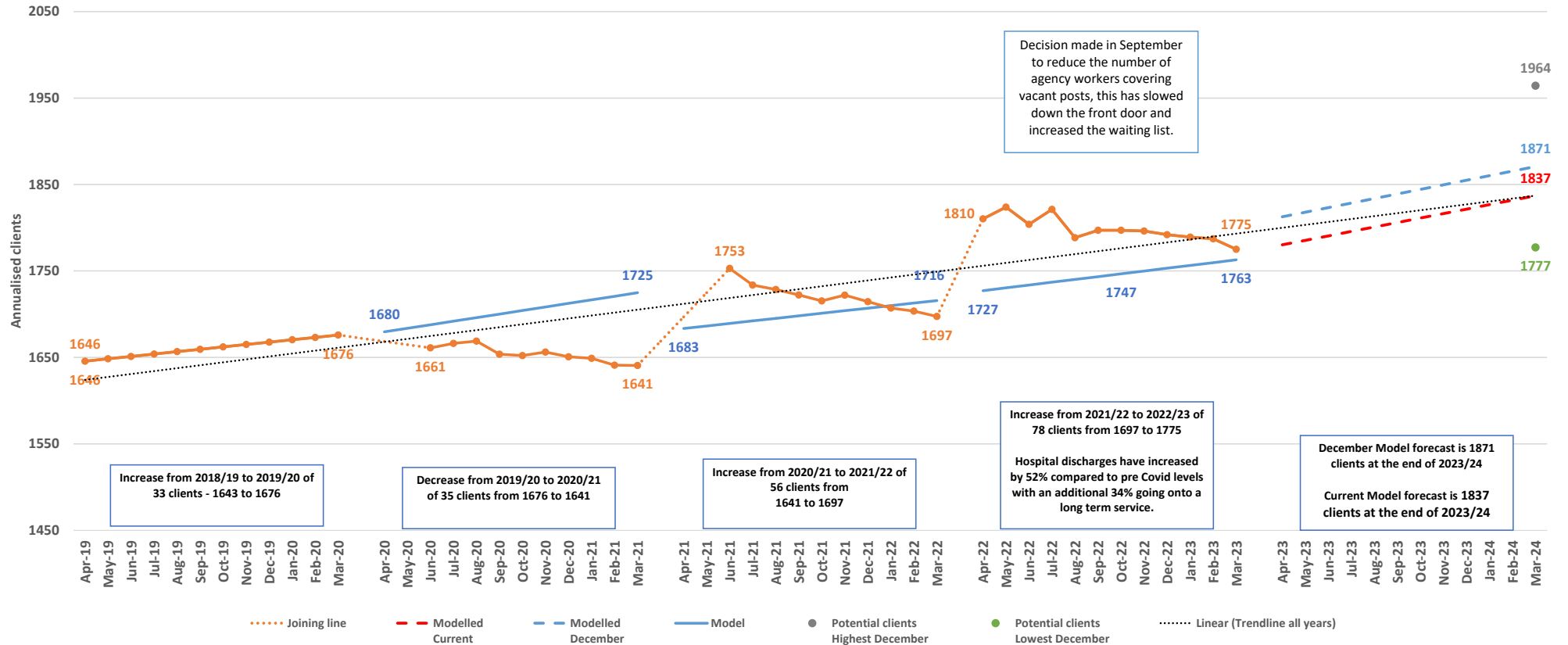
5.13 The service continues to take action to suppress market demand such as reinforcing the three conversations model suppressing the need for long term services, strategic review of in-house care home provision, use of technology enabled care and maximising external funding streams. Market Management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

5.14 The ASC Model for long term services is updated monthly, with assumptions reviewed and agreed by the ASC Financial Planning Steering group and reported at the ASC Financial Planning meeting. The modelling produces a financial impact range between low cost, most likely and high cost. The model inflation has been agreed at 3.5% for 2023/24, reflecting a 2.7% uplift for providers and a £375k risk fund. The uplift reflects expected changes in costs balanced against increases already awarded to providers.

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

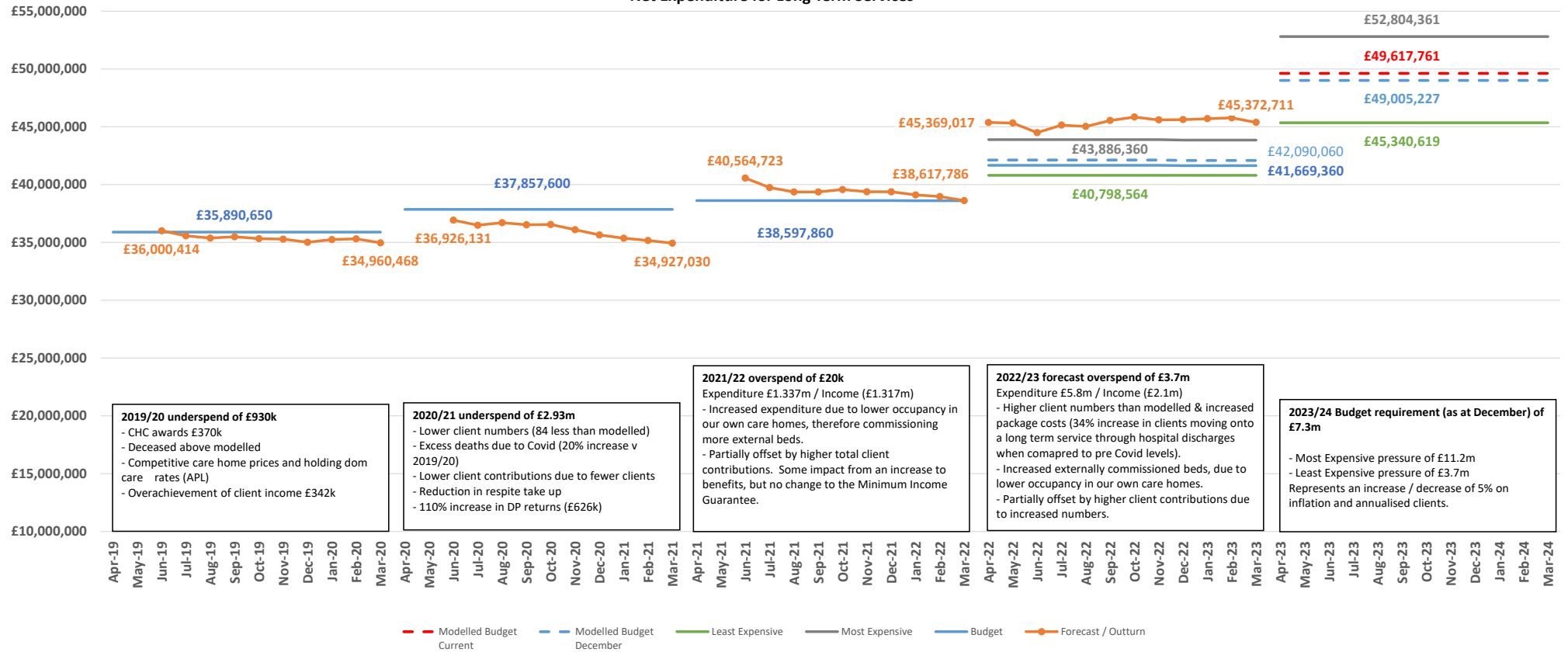
2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Adult Social Care
Annualised client numbers for Long Term Services



2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Adult Social Care
Net Expenditure for Long Term Services



5.15 In CFS, the outturn is a £1.6m over spend, which is 8.6% of the net budget of £19m. This is after the use of Earmarked Reserves of £0.8m and £0.1m which was identified as further risk against the General Fund. Without this the overspend would be £2.5m. Overall the forecast has increased by £0.3m since Quarter Three from placement costs, childcare lawyers and agency workers.

- There is a £0.8m over spend in placements which was identified in the model during budget build and was fully provided for in reserves. The children in care population has increased by 19%, but child protection demand has increased by 83% in the last year. This is in addition to increased complexity, mental health and emotional wellbeing needs, and provision for teenagers. There is a small cohort of young people with very high care needs requiring specialist residential provision plus the additional challenge of recent legislative changes and a national shortage of suitable residential placements.
- The Family Safeguarding teams are overspending by £2m due to agency costs. This has been required to cover vacancies, maternity leave and urgent additional capacity requirements to cover the significant increase in child protection plans and children in care.
- Childcare lawyers had a £0.4m overspend due to an increase in the number of cases in court.
- There were £0.7m underspends in the other areas including Management Team, Contact Advice and Assessment and the Centre for Skills and Professional Development. The underspends arose from staff vacancies and additional funding.

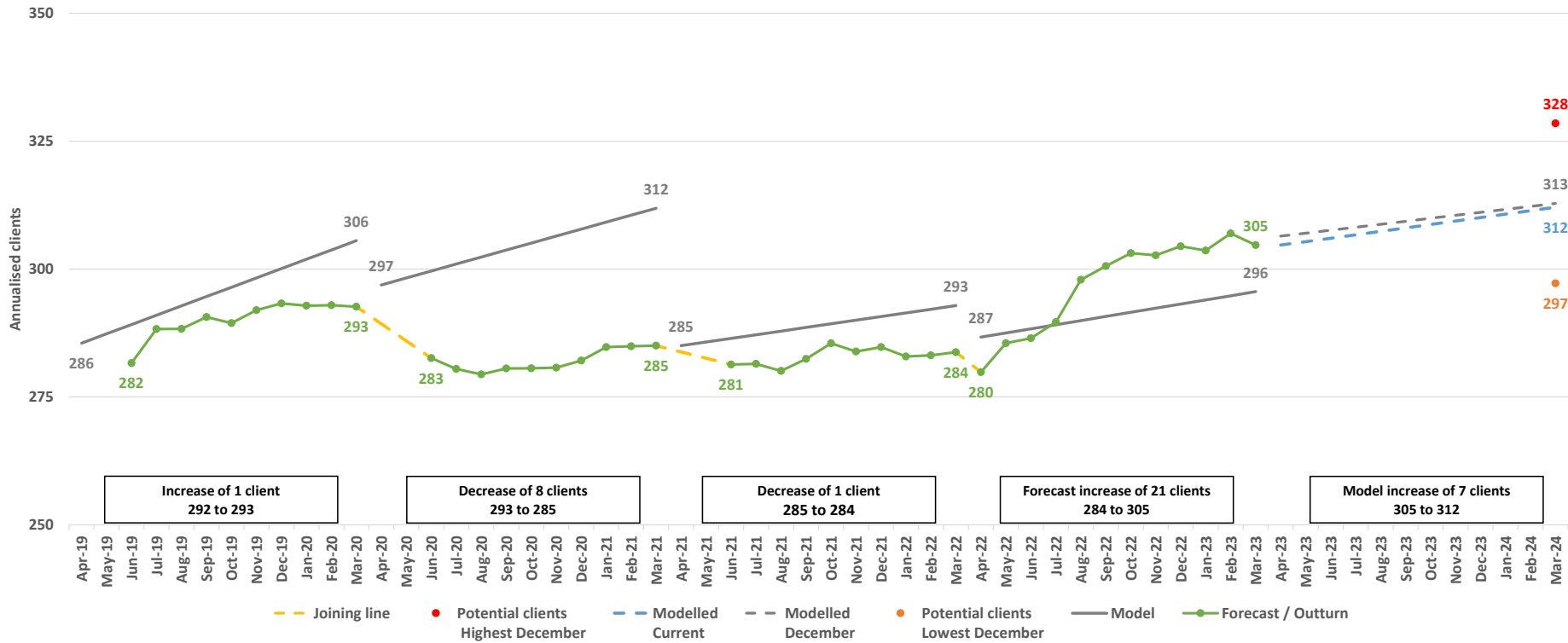
5.16 The service continue to effectively manage placements as part of the Children and Family service Accommodation & Resources Panel. There is a robust plan in place for some children to appropriately safely step down from costly residential care. Additional in house supports to foster carers (fostering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

5.17 There is active recruitment taking place for qualified staff to fill vacancies. The national picture is one of acute shortage of social workers. The recruitment and retention package has been renewed, and options are being explored for overseas social workers to relocate to the UK.

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

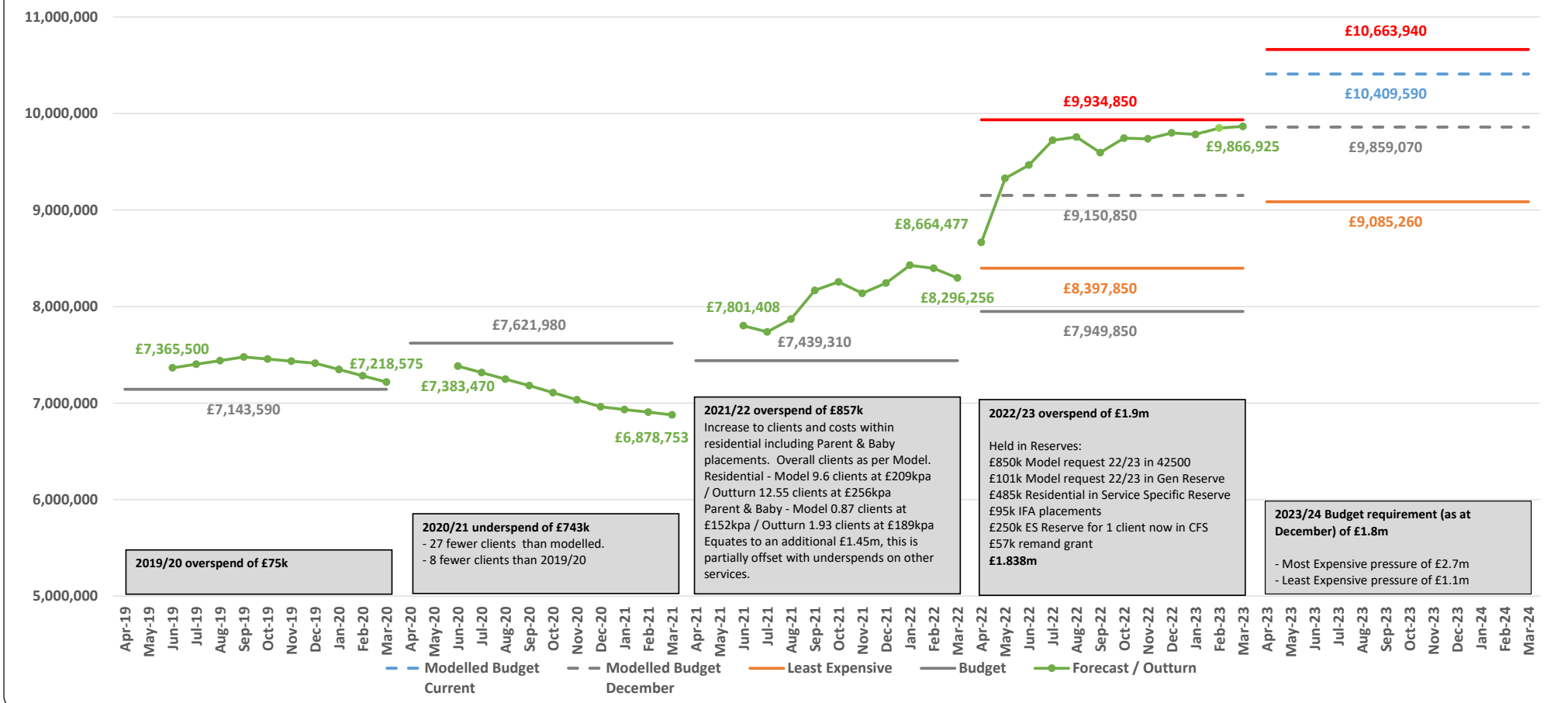
2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Children & Family Services annualised client numbers
(excludes UASC)



2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Children & Family Services Net Expenditure
(excludes UASC)



2019/20 overspend of £75k

2020/21 underspend of £743k
- 27 fewer clients than modelled.
- 8 fewer clients than 2019/20

2021/22 overspend of £857k
Increase to clients and costs within residential including Parent & Baby placements. Overall clients as per Model. Residential - Model 9.6 clients at £209kpa / Outturn 12.55 clients at £256kpa Parent & Baby - Model 0.87 clients at £152kpa / Outturn 1.93 clients at £189kpa Equates to an additional £1.45m, this is partially offset with underspends on other services.

2022/23 overspend of £1.9m
Held in Reserves:
£850k Model request 22/23 in 42500
£101k Model request 22/23 in Gen Reserve
£485k Residential in Service Specific Reserve
£95k IFA placements
£250k ES Reserve for 1 client now in CFS
£57k remand grant
£1.838m

2023/24 Budget requirement (as at December) of £1.8m
- Most Expensive pressure of £2.7m
- Least Expensive pressure of £1.1m

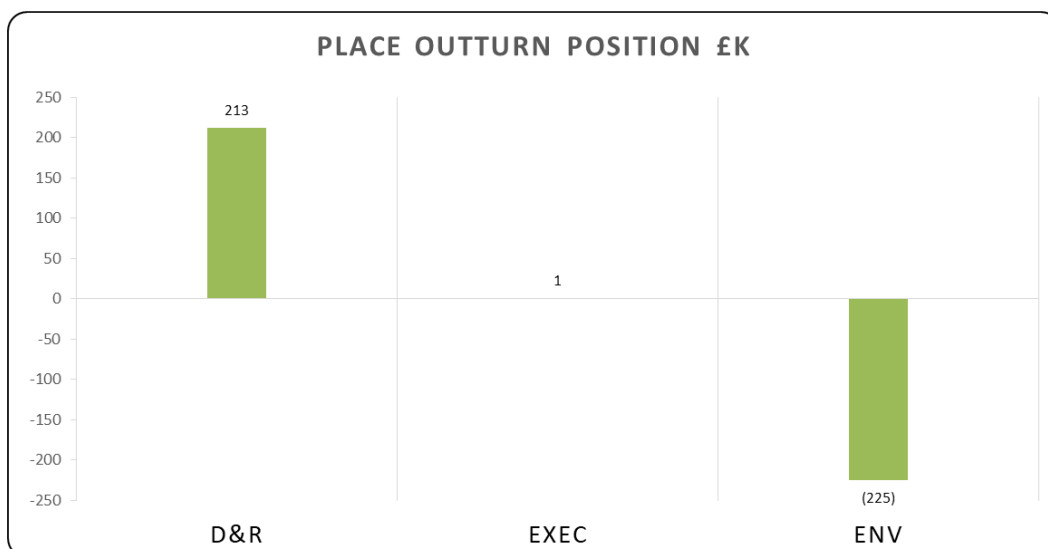
5.19 Education outturn is a £1.3m over spend. The over spend is predominantly due to a £1.1m pressure on Home to School Transport (HTST). The volatility of this service means that it is difficult to forecast but there are more children with special needs requiring transportation, limited spaces in Newbury schools, rising fuel costs and driver’s wages all contributing to this year’s overspend position. The service is engaged in looking for ways to reduce HTST costs. Other pressures arose from agency costs in the Children with Disabilities Team and in disability support packages residential. The overspend has increased by £200k from last quarter largely in residential support packages.

5.20 Public Health closed on line, after transferring the underspend of £585k to the Public Health Reserve, together with a further £100k which was drawn down and not used. The underspend is mainly due to staff projects being supported from COMF funding and underspends on joint arrangements held with other local authorities. The underspend increased by £314k from last quarter from joint arrangements and additional funding received.

5.21 Communities and Wellbeing is reporting a £0.5m overspend. The overspend is mainly due to income pressures in leisure, but Libraries are also overspent due to the pay award and shortfall in parish contributions, and Shaw House did not meet internal income targets.

Place Directorate

5.22 The Place Directorate outturn is a £12k underspend against a budget of £32m, representing 0.04% of budget. Overall the forecast spend has decreased by £390k from last quarter.



5.23 In Development and Regulation, there is a £0.2m over spend.

- In Development and Planning, there are £172k of agency and consultant pressures from covering sickness and vacancies and the service struggling to recruit qualified permanent staff. Planning income is below target, with a pressure of £366k, which was flagged as a risk during the 2022/23 budget build, with £0.1m held in the

General Fund, which has now been set against the pressure. Minerals and Waste Examination has been delivered with a £278k underspend.

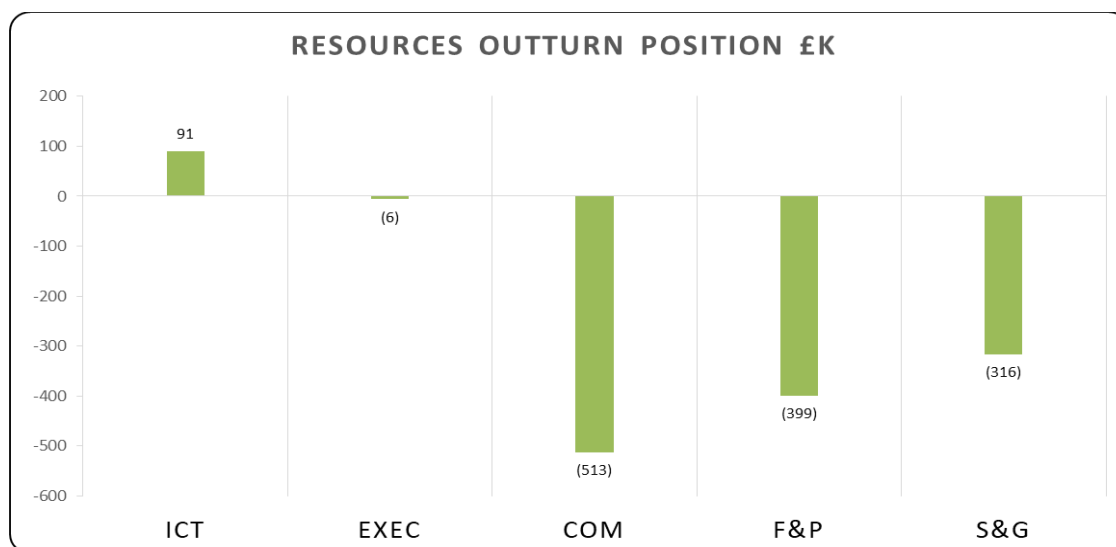
- Housing faced £334k of pressures on emergency and temporary accommodation from provision of accommodation and repairs and maintenance. There are £71k pressures from Rough Sleeping Initiative, £58k from restrictive grant conditions in the Household Support Fund and £73k on Discretionary Housing Payments. There has been a revenue saving of £158k against site management as the costs are capital in nature and an overachievement of rental income of £71k.
- Economic Development has underspends of £140k due to vacancies, capitalisation, delayed projects and grant funding.
- There are further service underspends in respect of grant contributions towards staff time spent on migration schemes, secondment/backfill arrangements for the Service Director and a delayed management restructure. This has saved £168k.
- The decreased spend from last quarter is £283k largely in staffing and agency costs mostly in Development & Planning. There was improved income in Planning and CIL.

5.24 In Environment, there is a £0.2m underspend. The forecast has reduced by £96k since last quarter.

- Parking income is the largest area of pressure which has experienced significant reductions compared to pre-pandemic levels both from car parks and season tickets amounting to £1m. This was flagged as a risk during the 2022/23 budget build, with £0.4m held in the General Fund, which has now been set against the pressure.
- In Asset Management, pressures include £148k increased costs from street lighting, £130k from emergency call outs and winter maintenance due to poor weather and increased pot holes, and £77k 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 £341k pressure on supervision fees for Section 38 and 278 orders, a £160k pressure on the streetworks income target, but an £87k overachievement of Traffic Regulation income. The overspends here are covered by a reserve.
- In Environment Delivery, solar energy income was under achieved by £167k based on current output of the installed solar panels. An investment bid was approved to reduce this target for the 2023/24 budget.
- Waste management saw increased levels of recycling income and reduced use of landfill saving £570k and an overachievement of garden waste subscriptions leading to a favourable variance of £160k.
- The decreased spend from last quarter was mainly in the Waste Contract.

Resources Directorate/Chief Executive

5.25 The Resources Directorate provisional outturn is an underspend of £1.1m, while the Chief Executive Service is a provisional underspend of £7k. The combined forecast underspend of £1.1m represents 8.7% of the net budget of £13.1m. The spend has reduced by £732k from last quarter's forecast.



5.26 In Commissioning & Procurement, the £513k surplus is largely due to income from the agency contract rebate, as a result of the increased agency usage. The C&P surplus has increased by £117k from last quarter, of which £81k is from the rebate and the remainder from reductions in staffing costs. The agency rebate target has been increased by £300k for 2023/24.

5.27 In ICT the outturn is an overspend of £91k. There are agency pressures in Telecoms and Applications teams to support corporate projects. Other pressures are from print and reprographic income, school income and cloud based storage costs. There are staffing underspends and contributions offsetting some of the overspend and the impact of the pay award. The ICT overspend has reduced since the Quarter Three forecast mainly due to increased grant funding for supporting schemes.

5.28 In Finance and Property, the £399k underspend has arisen from a £300k overachievement on commercial property income, £59k benefit from unutilised accruals, £115k insurance claim, grant contributions from Energy Rebate scheme and migration schemes and income from the Health and Safety buy back. This is offsetting service pressures including pay award pressure and temporary staff costs covering workload pressures in the Financial Reporting Team £156k, agency pressures in Exchequer Services £77k, energy costs, repairs, maintenance and security in corporate buildings £171k. The F&P forecast spend has decreased by £462k since Quarter Three, due to Commercial Investment reduced management costs/additional income, lower spend on corporate offices, and grant funding received into Revenues and Benefits late in March.

5.29 Strategy and Governance has a £316k underspend. In HR there are £136k savings from National Insurance, and in the Customer Services & Engagement Team there are £303k savings due to use of Transformation Funding, vacant posts and grant funding. In Legal

there are pressures due to Coroners Court increased costs £116k, land charges income of £77k and client disbursements £61k (covered by reserve). Audit have a £45k underspend from vacancies. The S&G forecast reduced by £89k since Quarter Three due to staffing vacancies and external funding receipts in the Customer Services and Engagement Team.

Capital Financing and Risk Management

5.30 Capital Financing has an underspend of £0.5m. 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.

5.31 At Quarter Three the underspend was expected to be £427k higher, but the Minimum Revenue Provision (MRP) charge needed to be increased by £338k due to a change in capital financing accounting treatment. The other changes were from lower investment income and more short term borrowing costs.

5.32 There is an underspend of £2.1m in Risk Management arising from:

- £1.34m 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.
- £650k benefit from a review of outstanding purchase orders.

Employee and Agency Spend

5.33 At Quarter Four, total employee spend including agency was £73.8m against a budget of £69.6m, an overspend of £3.9m. The overspend has increased by £0.6m from last quarter. The overspend is partly due to the pay award. 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 were released from Earmarked Reserves to support some of the extra cost.

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

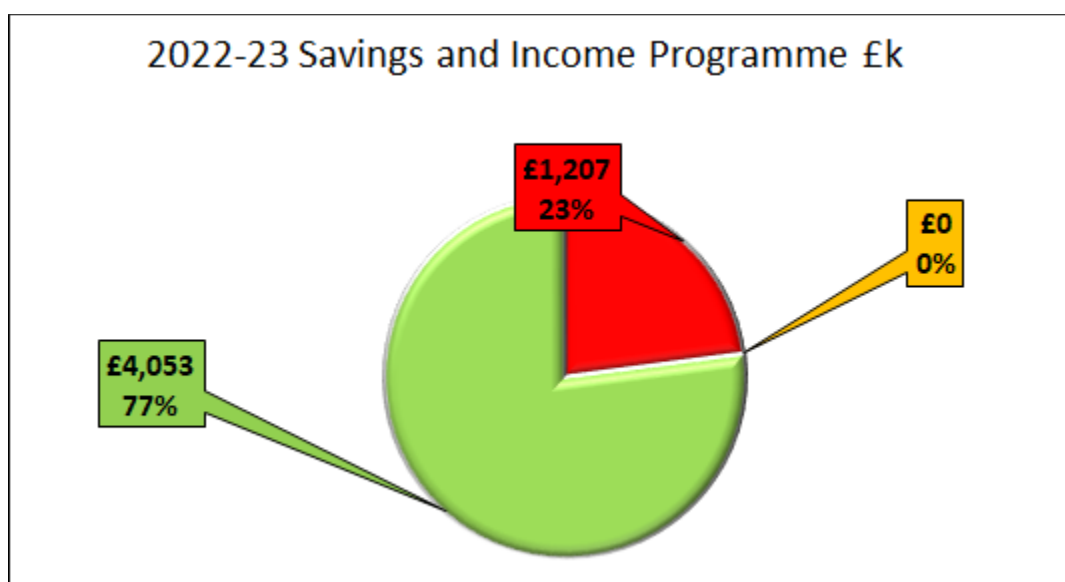
5.35 Within employee costs, agency spend to Quarter Four was £11.9m. Agency is 17% as a percentage of employee budgets.

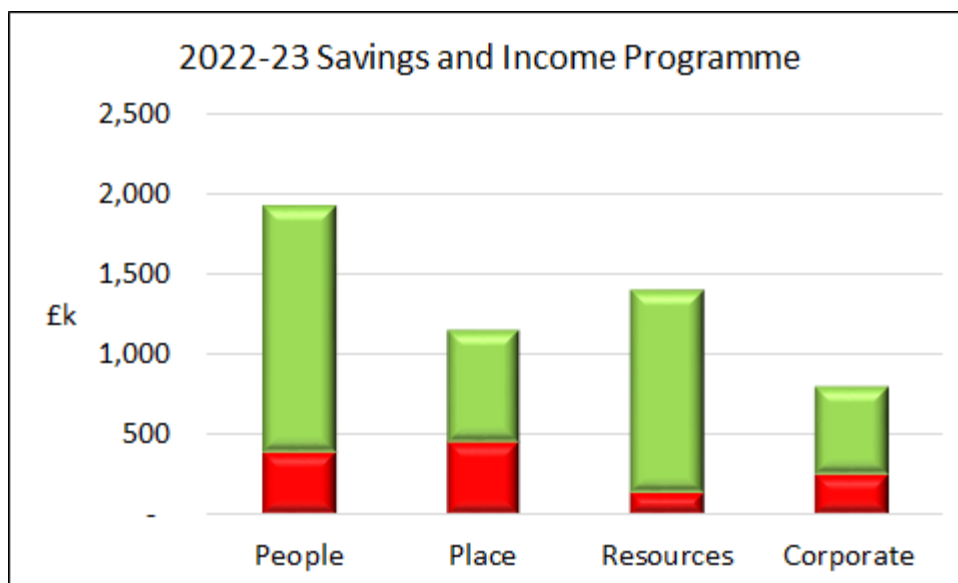
2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Service	Employee Budget to Q4	Employee Spend to Q4 (including agency)	Over/ (under) spend	Agency spend to Q4	Agency as a % of Employee budgets
Adult Social Care	17,844,480	19,757,813	1,913,333	4,417,239	25%
Children & Family Services	8,885,510	10,221,226	1,335,716	3,119,151	35%
Communities & Wellbeing	2,056,900	1,978,301	(78,599)	-	0%
Executive Director - People	303,760	287,796	(15,964)	975	0%
Education	5,899,900	6,212,614	312,714	776,644	13%
Public Health & Wellbeing	2,202,040	2,040,755	(161,285)	64,445	3%
Executive Director – Place	200,020	185,785	(14,235)	-	0%
Development & Regulation	10,425,670	12,123,561	1,697,891	2,354,237	23%
Environment	6,090,080	5,793,968	(296,112)	212,608	3%
Commissioning & Procurement	1,426,610	1,416,209	(10,401)	13,339	1%
Executive Director - Resources	185,450	150,250	(35,200)	-	0%
Finance & Property	4,656,710	4,926,584	269,874	469,234	10%
ICT	2,302,400	2,272,509	(29,891)	149,668	7%
Strategy & Governance	6,903,770	5,944,999	(958,771)	303,302	4%
Chief Executive	510,150	510,309	159	-	
Total	69,893,450	73,822,679	3,929,229	11,880,842	17%
Note: excludes DSG					

2022/23 Savings and income generation programme

5.36 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:





Red items are as follows:

Service	Saving item	Impact on 2023/24
Corporate	£250k from Timelord reduced mileage	Saving not achieved in 2022/23, partly due to catching up post covid. This will be reviewed during 2023/24 and may require an investment bid if the saving cannot be met long term.
ASC	£36k for supported living in ASC.	Delays in construction of a new Learning Disability service due to supply chain issues. Date for client move is now June 2023. 2023/24 achievement is dependent on the start date and which clients move in.
ASC	£26k Resource Allocation System software and £43k for ASC digital pathway,	This will be implemented as part of Care Director V6 upgrade, and achieving this saving in 2023/24 will be dependent on the implementation date.
ASC	£100k for ASC utilisation of the workforce reform grant.	This is not achievable within the funding received and the conditions placed on the grants. One off saving only for 2022/23.
CFS	£133k for Children’s staffing capacity savings.	Not achieved due to high levels of demand. 2023/24 £1.4m investment into CFS staffing.
C&W	£42k for income from Northcroft leisure expansion.	Project delayed. No investment bid for 2023/24, but unlikely to fully achieve as project still not started.

2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Education	£4k traded income in Education.	£36k of the saving was achieved.
D&R	£32k home improvement agency income	There is not sufficient demand for private adaptation work to achieve the savings target. No investment bid was submitted, so this will remain a pressure for 2023/24.
D&R	£15k temporary accommodation maintenance	There has been an increase in spend on R&M in 2022/23. This is partly due to the increase in cost of materials as well as an increase in levels of R&M to ensure properties are suitable for the next tenants.
Env	£100k for Environment in delivery of solar PV projects.	An investment bid has been approved for 2023/24 to realign unachievable income.
Env	£300k from Traffic Management	Anticipated income from some developments have not materialised due to the roads not being adopted (for example North Newbury). When a road is not adopted, fees cannot be charged, however there is still a need for supervision to ensure construction to an adoptable standard.
ICT	£33k print and postage	Increased costs of paper and lack of external income. New MFD to be rolled out which should provide some efficiencies.
F&P	£18k from property disposals management cost savings	In the long term this saving will be achieved, however due to delays in disposing properties, this has not been achieved in 2022/23.
F&P	£75k from Timelord2	Not achieved due to energy costs and project delay. Savings will be fully achieved in future years once property disposed of or utilised.

Proposals

5.37 To note the provisional outturn of £4.7m overspend. After taking account of provision that was made in reserves for specific risks at the time of budget setting, the overspend is £0.77m. This will reduce the Council's general fund reserve to £7.2m, which is just above the minimum level set, with further planned and unplanned removal of earmarked reserves to support the 2022/23 outturn position.

6 Other options considered

6.1 None.

7 Conclusion

7.1 The 2022/23 financial year presented financial challenges for the Council due to inflation and demand. Provision that was set aside in Earmarked Reserves has been used to reduce the management accounting overspend by £4.2m, and £1.4m which was provided against the General Fund. The remaining overspend of £0.77 will further reduce the General Fund. The overspend is after taking into account £1.67m of funds carried forwards to 2023/24, which comprise of moving unspent funding and grants into earmarked reserves to spend in 2023/24, including the Public Health grant.

7.2 The £5.3m savings and income generation programme is 77% achieved.

8 Appendices

8.1 Appendix A – Quarter Four 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

Document Control

Document Ref:		Date Created:	
Version:		Date Modified:	
Author:			
Owning Service			

Change History

Version	Date	Description	Change ID
1			

2022/23 Revenue Financial Performance Quarter Four: Provisional Outturn

Version	Date	Description	Change ID
2			

Appendix Ai – Quarter Four position

	Budget			Net Outturn						
	Original Budget £	Budget Changes £	Final Net Budget £	Net Exp/Inc £	Items going straight to CIES £	Variance (before planned use of reserves) £	Use of Earmarked Reserves £	Use of GF £	Funding Earmarked for 2023/24 £	Final Variance £
Adult Social Care	55,119,550	55,640	55,175,190	59,071,672		3,896,482	-2,000,000	-845,000	130,000	1,181,482
Children & Family Services	17,972,860	1,123,640	19,096,500	21,659,541		2,563,041	-830,000	-101,000		1,632,041
Executive Director - People	330,710	12,730	343,440	313,298		-30,142				-30,142
Education (DSG Funded)	-444,000	0	-444,000	1,352,479	-1,796,479	0				0
Education	9,891,580	-7,240	9,884,340	11,073,689		1,189,349			108,000	1,297,349
Public Health & Wellbeing	-80,000	1,829,710	1,749,710	1,063,841		-685,869			685,869	0
Communities & Wellbeing	2,437,230	398,070	2,835,300	3,128,716		293,416		-46,588	251,000	497,828
People	85,227,930	3,412,550	88,640,480	97,663,237	-1,796,479	7,226,278	-2,830,000	-992,588	1,174,869	4,578,559
Development & Regulation	6,584,490	358,490	6,942,980	3,100,214	3,862,000	19,234		-100,000	294,000	213,234
Executive Director – Place	214,610	0	214,610	215,490		880				880
Environment	24,207,560	687,090	24,894,650	25,019,416		124,766		-400,000	50,000	-225,234
Place	31,006,660	1,045,580	32,052,240	28,335,120	3,862,000	144,880	0	-500,000	344,000	-11,120
ICT	2,222,590	76,000	2,298,590	2,389,307		90,717				90,717
Executive Director - Resources	313,430	-14,000	299,430	293,341		-6,089				-6,089
Commissioning & Procurement	744,880	145,530	890,410	377,795		-512,615				-512,615
Finance & Property	1,331,100	352,910	1,684,010	1,107,505		-576,505		51,000	126,000	-399,505
Strategy & Governance	7,000,150	466,550	7,466,700	7,123,892		-342,808			27,000	-315,808
Resources	11,612,150	1,026,990	12,639,140	11,291,840	0	-1,347,300	0	51,000	153,000	-1,143,300
Chief Executive	533,970	0	533,970	526,657		-7,313				-7,313
Chief Executive	533,970	0	533,970	526,657	0	-7,313	0	0	0	-7,313
Capital Financing & Management	14,610,470	0	14,610,470	5,715,300	8,347,000	-548,170				-548,170
Risk Management	850,000	-720,000	130,000	-630,342		-760,342	-1,340,000			-2,100,342
Capital Financing and Management	15,460,470	-720,000	14,740,470	5,084,958	8,347,000	-1,308,512	-1,340,000	0	0	-2,648,512
Total	143,841,180	4,765,120	148,606,300	142,901,811	10,412,521	4,708,032	-4,170,000	-1,441,588	1,671,869	768,313

Appendix Aii – Quarter Four position

Gross Performance							
Expenditure			Income			Net	
Annual Expenditure Budget £	Actual Expenditure £	Expenditure Variance £	Annual Income Budget £	Actual Income £	Income Variance £	Net Variance £	
Adult Social Care	75,258,330	84,853,763	9,595,433	-20,083,140	-25,782,091	-5,698,951	3,896,482
Children & Family Services	21,274,170	24,634,481	3,360,311	-2,177,670	-2,974,940	-797,270	2,563,041
Executive Director - People	343,440	326,319	-17,121	0	-13,021	-13,021	-30,142
Education (DSG Funded)	120,510,600	125,268,860	4,758,260	-120,954,600	-123,916,381	-2,961,781	1,796,479
Education	13,902,750	16,121,249	2,218,499	-4,018,410	-5,047,560	-1,029,150	1,189,349
Public Health & Wellbeing	7,946,390	7,509,921	-436,469	-6,196,680	-6,446,080	-249,400	-685,869
Communities & Wellbeing	4,263,360	4,240,625	-22,735	-1,428,060	-1,111,908	316,152	293,416
People	243,499,040	262,955,218	19,456,178	-154,858,560	-165,291,981	-10,433,421	9,022,757
Development & Regulation	13,823,990	19,199,655	5,375,665	-6,881,010	-16,099,441	-9,218,431	-3,842,766
Executive Director – Place Environment	214,610	215,490	880	0	0	0	880
Environment	36,389,300	36,227,797	-161,503	-11,494,650	-11,208,381	286,269	124,766
Place	50,427,900	55,642,941	5,215,041	-18,375,660	-27,307,822	-8,932,162	-3,717,120
ICT	3,172,190	3,240,559	68,369	-873,600	-851,252	22,348	90,717
Executive Director - Resources	299,430	331,706	32,276	0	-38,365	-38,365	-6,089
Commissioning & Procurement	10,452,150	11,846,073	1,393,923	-9,561,740	-11,468,279	-1,906,539	-512,615
Finance & Property	33,227,530	32,242,102	-985,428	-31,543,520	-31,134,597	408,923	-576,505
Strategy & Governance	8,555,410	8,278,942	-276,468	-1,088,710	-1,155,050	-66,340	-342,808
Resources	55,706,710	55,939,382	232,672	-43,067,570	-44,647,543	-1,579,973	-1,347,300
Chief Executive	533,970	569,192	35,222	0	-42,535	-42,535	-7,313
Chief Executive	533,970	569,192	35,222	0	-42,535	-42,535	-7,313
Capital Financing & Management	14,730,470	7,723,563	-7,006,907	-120,000	-2,008,263	-1,888,263	-8,895,170
Risk Management	130,000	-630,342	-760,342	0	0	0	-760,342
Capital Financing and Management	14,860,470	7,093,221	-7,767,249	-120,000	-2,008,263	-1,888,263	-9,655,512
Total	365,028,090	382,199,955	17,171,865	-216,421,790	-239,298,144	-22,876,354	-5,704,489

Appendix B – Budget Changes

Service	Original Net Budget £000	Approved Budget B/F from 2022-23 £000	Budget changes not requiring approval £000	Grants/funding released from reserves £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			56					55,175
Children and Family Services	17,973	44	1,080						19,097
Executive Director	331					13			343
Education DSG funded	(444)								(444)
Education	9,892		(161)	154					9,884
Public Health & Wellbeing	(80)			1,829					1,750
Communities & Wellbeing	2,428	76	38	284					2,826
People	85,219	120	957	2,323	0	13	0	0	88,631
Development & Regulation	6,584	274	12	166				(93)	6,943
Executive Director	215								215
Environment	24,208	60	(1)	628					24,895
Place	31,007	334	11	794	0	0	0	(93)	32,052
ICT	2,223		8	68					2,299
Executive Director	313		(14)						299
Commissioning & Procurement	745	111	34						890
Finance & Property	1,340	106	(39)	286					1,693
Strategy & Governance	7,000	447	(38)	58					7,467
Resources	11,621	663	(49)	412	0	0	0	0	12,648
Chief Executive	534								534
Capital Financing & Risk	15,460		(850)		130				14,740
Total	143,841	1,117	69	3,529	130	13	0	(93)	148,606
Quarter One	143,841	129		465					144,435
Quarter Two	143,841	177		245	130				144,987
Quarter Three	143,841	80	69	470		13			145,619
Quarter Four	143,841	731	0	2,349	0	0	0	(93)	148,606
Total	143,841	1,117	69	3,529	130	13	0	(93)	148,606