
2021/22 Revenue Financial Performance Quarter Two

| | |
|---|---------------------------|
| Committee considering report: | Executive |
| Date of Committee: | |
| Portfolio Member: | Councillor Ross Mackinnon |
| Date Head of Service agreed report: (for Corporate Board) | 02.11.21 |
| Date Portfolio Member agreed report: | n/a |
| Report Author: | Melanie Ellis |
| Forward Plan Ref: | |

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 Two 2021/22.

2 Recommendation

- 2.1 To note the year-end forecast £0.3m under spend, 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 over spend of £0.9m. If the over spend remains at year end and if the reserves were utilised, the resulting £0.3m under spend would be returned to reserves.
- 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.

3 Implications and Impact Assessment

| Implication | Commentary |
|------------------------|--|
| Financial: | £0.3m forecast under spend, after taking account of provision in reserves. Without this provision, £0.9m 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 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 Two.
- 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 £0.3m under spend, 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 over spend of £0.9m. If the over spend remains at year end and if the reserves were utilised, the resulting £0.3m under spend would be returned to reserves.

| Directorate Summary | Current Net Budget | Forecast Outturn | (Under)/over spend | | | | | | Change to Service Forecast from Last Quarter |
|---------------------|--------------------|------------------|--------------------|----------------------|-------------------|-------------|----------------------|-------------------|--|
| | | | Quarter One | Quarter One | Quarter One | Quarter Two | Quarter Two | Quarter Two | |
| | | | Forecast | Provided in Reserves | Year end forecast | Forecast | Provided in Reserves | Year end forecast | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| People | 79,390 | 81,410 | 800 | (740) | 59 | 2,020 | (867) | 1,153 | 1,093 |
| Place | 29,570 | 28,916 | 231 | 0 | 231 | (654) | 0 | (654) | (885) |
| Resources | 12,984 | 13,753 | 505 | (100) | 405 | 769 | (405) | 364 | (41) |
| Chief Executive | 553 | 571 | 0 | 0 | 0 | 18 | 0 | 18 | 18 |
| Capital Financing | 15,118 | 13,896 | (1,000) | 0 | (1,000) | (1,222) | 0 | (1,222) | (222) |
| Total | 137,615 | 138,546 | 535 | (840) | (305) | 931 | (1,272) | (341) | (36) |

- 4.4 The People Directorate forecast is an over spend of £2m. 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 over spend remains at year end, it could be reduced to £1.2m by accessing specific reserves which were set aside for risks that have arisen.

- In Adult Social Care (ASC), the forecast over spend is £0.4m. The 2021/22 budget was built using £2.3m of one-off Covid emergency grant, of which £1.4m is supporting the general budget pressures in ASC such as increased client numbers and their

costs, and £0.9m is being used to support specific Covid pressures. The ongoing budget pressures will be addressed as part of the 2022/23 budget setting process.

The £0.4m over spend 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.

Long term services (LTS) are forecast to be £0.8m over spent, after the allocation of Covid funding against specific pressures. There are higher client numbers than modelled, 1722 at September 2021 compared to 1698 modelled, with the rise attributable to 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.

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 76%. 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.

Short term services are £0.3m over spent after the allocation of Covid funding against specific pressures. The over spend is due to an increase in services being approved with more complex needs. There is a forecast over spend of £0.5m due to agency costs and reduced income in our own care homes. ASC teams are forecasting a further £0.3m over spend from agency usage covering vacant posts and the addition of fixed term posts reviewing long term transition packages.

The forecast over spend is being mitigated with Covid funding and discussions with Health for additional funding due to the impact of the Covid Hospital Discharge Scheme. A number of recruitment options are being explored with HR.

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, although the saving associated with this is currently amber as work continues. Net weekly spend on long term services is carefully monitored, with requests for long term services scrutinised weekly at Good Practice Forum.

The long term impact of Covid is still not completely clear in the ASC budgets. It is not yet known if any Covid emergency funding will be provided beyond this financial year. The ASC model will continue to be updated monthly

- In Children & Family Services (CFS), the forecast over spend is £0.8m. The risk reserve for residential placements of £0.4m could be used if the over spend remains at year end, which would reduce the over spend to £0.4m.

There is a forecast £0.6m over spend in placements, comprising an over spend of £1.1m in residential care offset by under spends in most other areas including fostering and UASC. Whilst the children in care population has generally been stable,

there is increasing complexity in the needs of children who have either recently entered care or have become unsettled after a period of relative stability in care. Five young people are placed in residential homes, demonstrating high risk behaviour, and incurring costs of £43k per week to provide safe care. This is considerably more than the typical price of £4k per week.

All the children in the costly residential provision were initially supported in foster placements but their care needs proved too high to deliver safely. This has contributed to the majority of the CFS projected overspend, and 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.

Covid funding has been used to cover £0.4m of additional staffing costs supporting the Ofsted response to increased caseloads within the teams.

- Education is reporting a £0.8m overspend, predominantly due to an exceptional residential placement which started in the autumn term, together with a forecast pressure on Home to School Transport.

4.5 The Place Directorate forecast under spend is £0.65m arising from:

- Small under spends in Development & Planning and Public Protection. These two services will be reported from Quarter Three as a combined service, Development & Regulation
- A forecast under spend of £0.6m 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 over spend is £0.4m 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.
- Temporary staff costs covering vacancies in the Financial Reporting Team, whilst permanent recruitment is ongoing.
- Net income on Commercial Property showing a £0.3m shortfall, which can be accommodated from earmarked reserves. The shortfall is due to income from 4 The Sector coming through slightly later than anticipated. The 2022-23 budget position is not impacted.
- Forecast over spends from covering staff with agency in ICT and S&G. ICT has an income shortfall from school buy back/print room and installing new circuits, although

savings continue to be seen from postage costs. S&G has pressures from client disbursements and project slippage.

- Surplus income from the agency contract rebate in Commissioning as a result of the increased agency usage for Covid cover during the year.

4.7 The Capital Financing forecast is an under spend 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 under spend from 2020/21 will be used to fund the ongoing pandemic response. The Council is now seeing increased demand for some services which will have an impact on 2021/22. 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 68% 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 Two 2021/22

5.3 The table below shows the year-end forecast of £0.3m under spend, 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 £0.9m over spend. If the over spend remains at year-end and if the reserves were utilised, the resulting £0.3m under spend would be returned to reserves.

2021/22 Revenue Financial Performance Quarter Two

| Directorate Summary | Current Net Budget | Forecast Outturn | (Under)/over spend | | | | | | Change to Service Forecast from Last Quarter |
|---------------------|--------------------|------------------|--------------------|----------------------|-------------------|-------------|----------------------|-------------------|--|
| | | | Quarter One | Quarter One | Quarter One | Quarter Two | Quarter Two | Quarter Two | |
| | | | Forecast | Provided in Reserves | Year end forecast | Forecast | Provided in Reserves | Year end forecast | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| People | 79,390 | 81,410 | 800 | (740) | 59 | 2,020 | (867) | 1,153 | 1,093 |
| Place | 29,570 | 28,916 | 231 | 0 | 231 | (654) | 0 | (654) | (885) |
| Resources | 12,984 | 13,753 | 505 | (100) | 405 | 769 | (405) | 364 | (41) |
| Chief Executive | 553 | 571 | 0 | 0 | 0 | 18 | 0 | 18 | 18 |
| Capital Financing | 15,118 | 13,896 | (1,000) | 0 | (1,000) | (1,222) | 0 | (1,222) | (222) |
| Total | 137,615 | 138,546 | 535 | (840) | (305) | 931 | (1,272) | (341) | (36) |

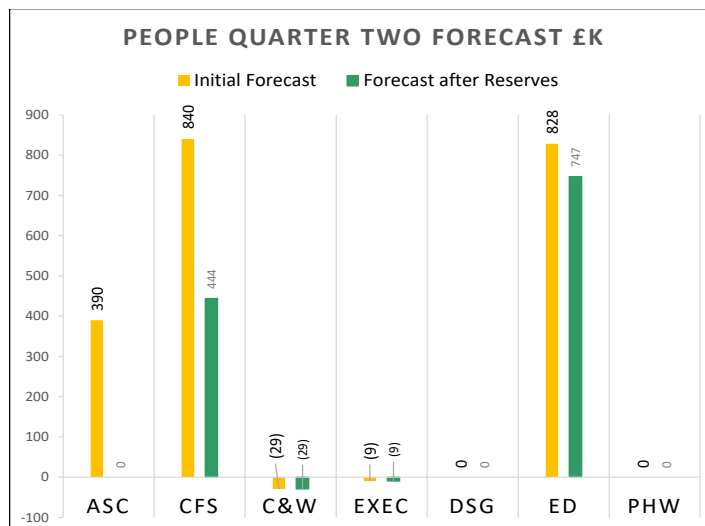
5.4 Forecasting remains challenging this year due to the ongoing impact of Covid-19. The forecasts by service are shown in the following chart:

| | Current Net Budget | Net Forecast | (Under)/over spend | | | | | | Change to Service Forecast from Last Quarter |
|----------------------------|--------------------|----------------|--------------------|----------------------|-------------------|----------------|----------------------|-------------------|--|
| | | | Quarter One | Quarter One | Quarter One | Quarter Two | Quarter Two | Quarter Two | |
| | | | Forecast | Provided in Reserves | Year end forecast | Forecast | Provided in Reserves | Year end forecast | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Adult Social Care | 51,172 | 51,562 | 344 | (344) | 0 | 390 | (390) | 0 | 0 |
| Children & Family Services | 16,877 | 17,718 | 463 | (396) | 67 | 840 | (396) | 444 | 377 |
| Communities & Wellbeing | 2,407 | 2,378 | 0 | 0 | 0 | (29) | 0 | (29) | (29) |
| Executive Director | 320 | 311 | (7) | 0 | (7) | (9) | 0 | (9) | (2) |
| Education DSG funded | (441) | (441) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Education | 9,135 | 9,963 | 0 | 0 | 0 | 828 | (81) | 747 | 747 |
| Public Health & Wellbeing | (80) | (80) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| People | 79,390 | 81,410 | 800 | (740) | 59 | 2,020 | (867) | 1,153 | 1,093 |
| Executive Director | 198 | 198 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Development & Planning | 3,763 | 3,742 | 101 | 0 | 101 | (21) | 0 | (21) | (122) |
| Public Protection | 1,900 | 1,875 | (15) | 0 | (15) | (25) | 0 | (25) | (10) |
| Environment | 23,710 | 23,101 | 144 | 0 | 144 | (608) | 0 | (608) | (752) |
| Place | 29,570 | 28,916 | 231 | 0 | 231 | (654) | 0 | (654) | (885) |
| Commissioning | 802 | 612 | (40) | 0 | (40) | (190) | 0 | (190) | (150) |
| ICT | 2,135 | 2,223 | 64 | 0 | 64 | 88 | 0 | 88 | 23 |
| Executive Director | 301 | 308 | 1 | 0 | 1 | 6 | 0 | 6 | 5 |
| Finance & Property | 3,292 | 4,054 | 443 | (100) | 343 | 762 | (405) | 357 | 14 |
| Strategy & Governance | 6,453 | 6,556 | 36 | 0 | 36 | 103 | 0 | 103 | 67 |
| Resources | 12,984 | 13,753 | 505 | (100) | 405 | 769 | (405) | 364 | (41) |
| Chief Executive | 553 | 571 | 0 | 0 | 0 | 18 | 0 | 18 | 18 |
| Capital Financing | 15,118 | 13,896 | (1,000) | 0 | (1,000) | (1,222) | 0 | (1,222) | (222) |
| Capital Financing | 15,118 | 13,896 | (1,000) | 0 | (1,000) | (1,222) | 0 | (1,222) | (222) |
| Total | 137,615 | 138,546 | 535 | (840) | (305) | 931 | (1,272) | (341) | (36) |

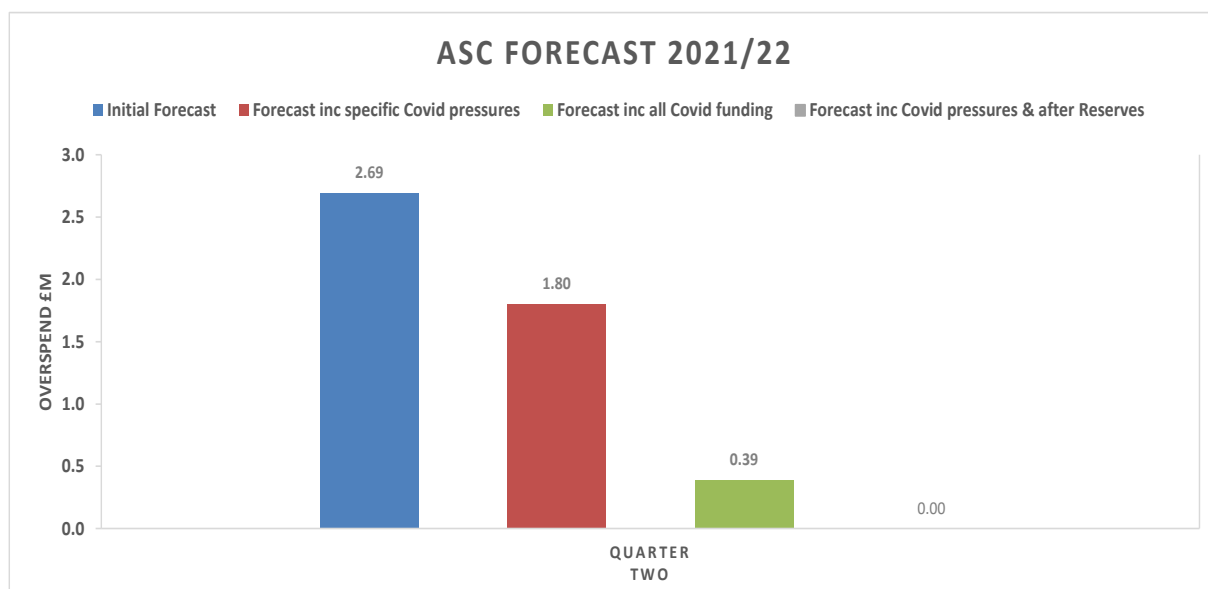
NB: Rounding differences may apply to the nearest £k.

People Directorate

- 5.5 The Directorate Quarter Two forecast is an over spend of £2m. If the over spend remains at year end, it could be reduced to £1.2m by accessing specific reserves which were set aside for risks that have arisen.



- 5.6 In ASC, the forecast over spend of £0.4m. The 2021/22 budget was built using £2.3m of one-off Covid emergency grant, of which £1.4m is supporting general budget pressures in ASC such as increased client numbers and their costs, and £0.9m 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 £0.4m over spend 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.



Long term services (LTS) are £0.8m over spent, after the allocation of Covid funding against specific pressures. There are higher client numbers than modelled, 1722 at September 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.

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 76%. 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.

Short term services are £0.3m over spent after the allocation of Covid funding against specific pressures. The over spend is due to an increase in services being approved with more complex needs. ASC have proactively claimed for Continuing Health Care (CHC) and Covid funding to help mitigate this.

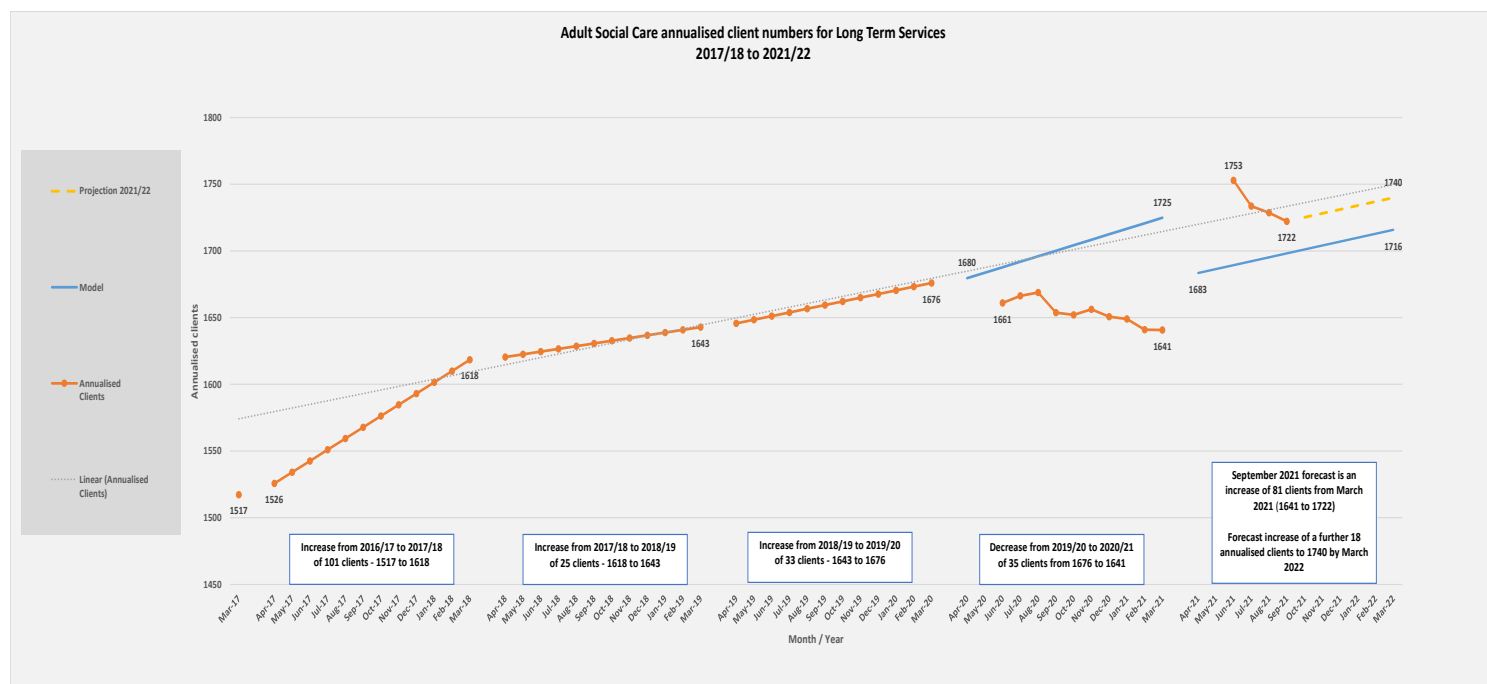
There is a forecast over spend of £0.5m due to agency costs and reduced income in our own care homes. ASC teams are forecasting a further £0.3m over spend from agency usage covering vacant posts and the addition of fixed term posts reviewing long term transition packages.

The forecast over spend 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.

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, although the saving associated with this is currently amber as work continues. 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.

It is not yet known if any Covid emergency funding will be provided beyond this financial year. 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.

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5.7 In CFS, the forecast is a £0.8m over spend. The risk reserve for residential placements of £0.4m could be used if the over spend remains at year end, which would reduce the over spend to £0.4m.

There is a forecast £0.6m over spend in placements, comprising an over spend of £1.1m in residential care offset by under spends 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 either recently entered care or have become unsettled after a period of relative stability in care. The issue most obvious is poor mental health and emotional wellbeing, with behaviours such as self-harm, aggression, and risk taking behaviours becoming more prevalent. As a consequence it is harder for these children to be cared for in a foster home, and a specialist residential facility becomes necessary. We have five young people placed in residential homes who are demonstrating behaviours which are very high risk and incurring costs of £43k per week to provide safe care. This is considerably more than the typical price of £3.5k and £4.5k per week. All the children in the costly residential provision were initially supported in foster placements but their care needs proved too high to deliver safely.

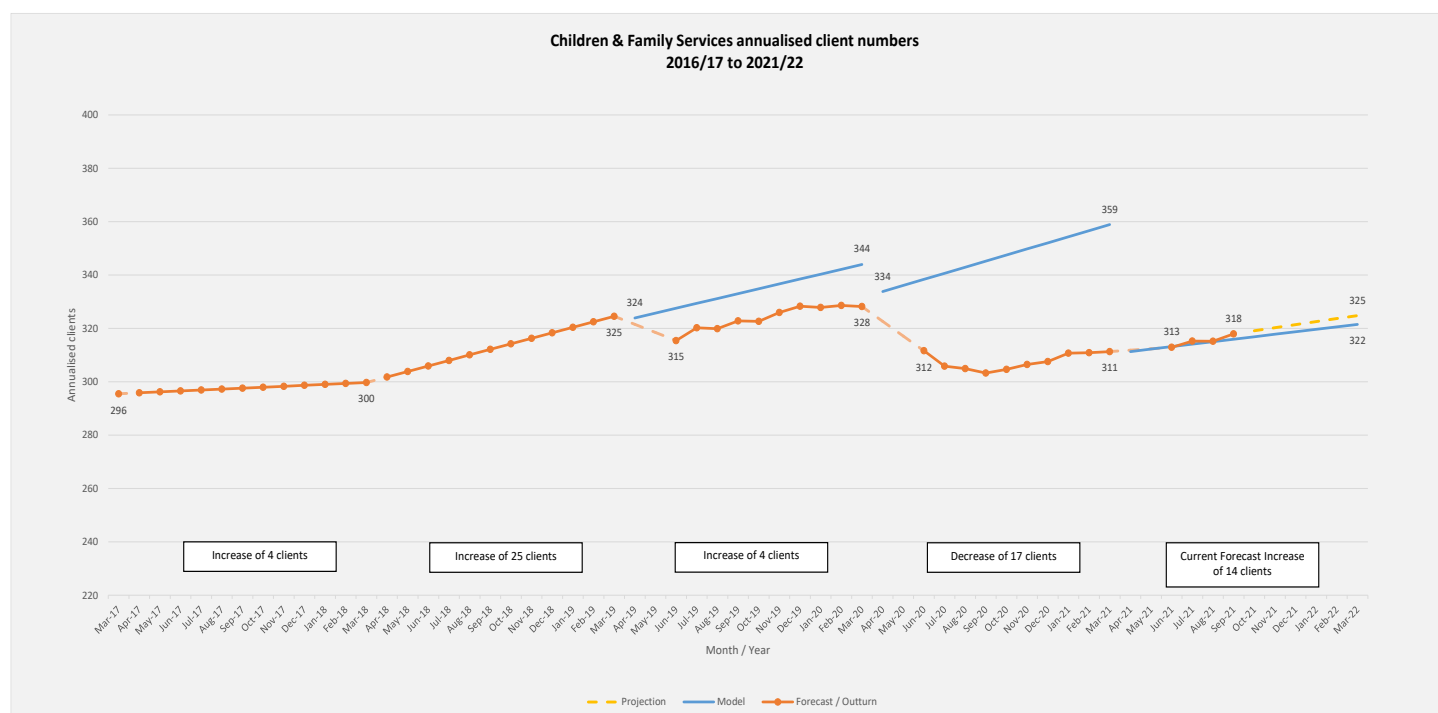
This has contributed to the majority of the CFS projected overspend, and has meant the saving we were hoping to achieve from the placements budget is no longer possible.

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.

Covid funding has been used to cover £0.4m of additional staffing costs supporting the Ofsted response to increased caseloads within the teams.

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The model for placements has been refined and will be updated monthly.



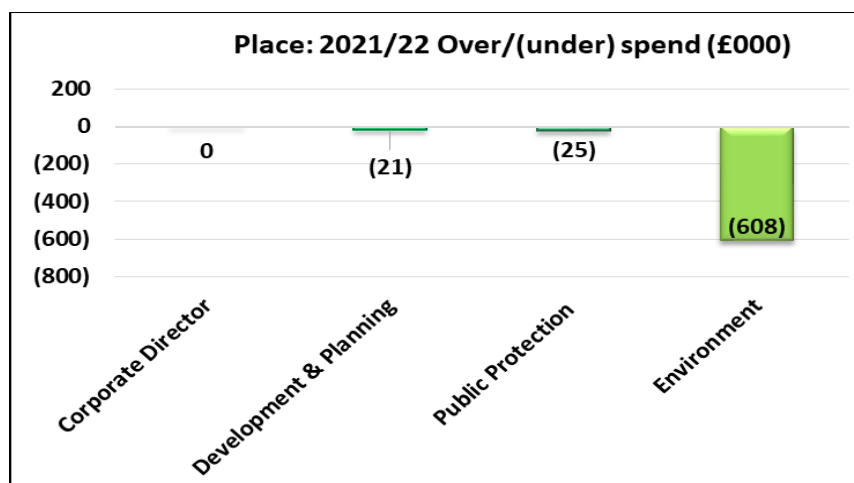
5.8 Communities and Wellbeing is reporting a £29k underspend.

5.9 Education is reporting a £0.8m overspend. The over spend is predominantly due to an exceptional residential placement which started in the autumn term, together with a forecast pressure on Home to School Transport of £122k.

5.10 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 £0.7m under spend which will transfer to the reserve. This is mainly due to staff projects being supported from COMF funding.

Place Directorate

5.11 The Place Directorate is forecasting an under spend of £0.65m against a budget of £30m.

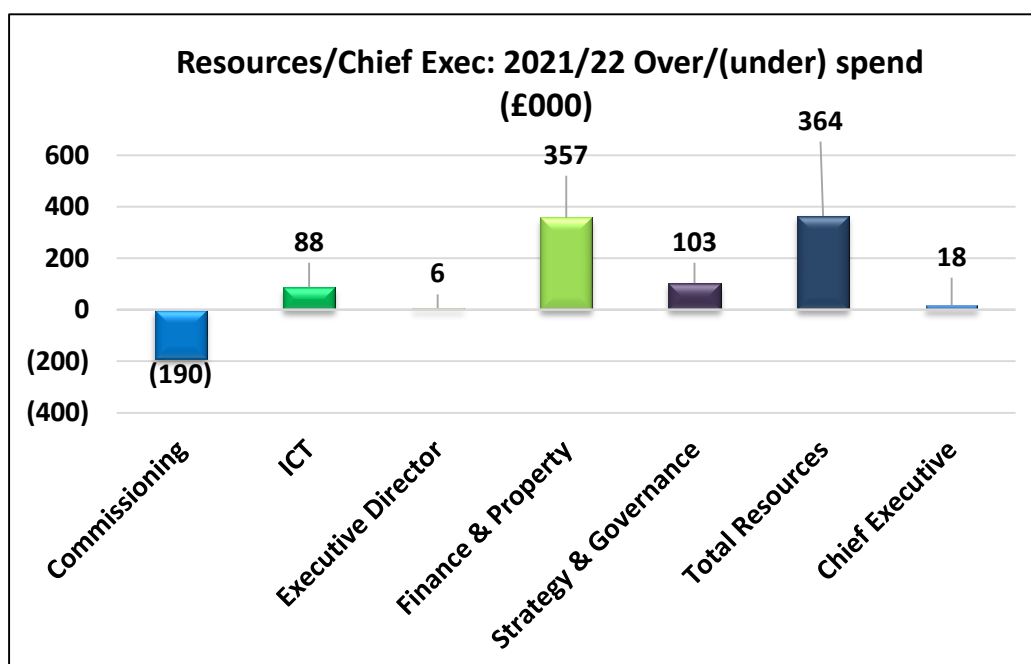


5.12 In Development and Planning, the £21k forecast under spend is from Home Improvement Agency works fees and rental income from temporary accommodation, offset by over spends on ecological assessments at Sandleford Park and disputed water charges on the Gypsy Sites. Public Protection is forecasting a £25k under spend from registrar fee income and savings from slippage of digital transformation projects. These two services will be reported from Quarter Three as a combined service, Development and Regulation.

5.13 In Environment, there is a £0.6m forecast under spend. There is expected to be additional income of £0.5m from dry recycling sales and diversion of waste from landfill to 'energy from waste' sites. Public Transport received Covid grant funding of £250k to support income targets and to accommodate expected social distancing requirements, however, these losses have subsequently been recouped. There is a forecast over spend of £0.14m due to Ash Dieback remedial work required to ensure safety on the highway. It was previously agreed to treat this as a risk, however, an investment will need to be made for 2022/23 and future years, unless funding becomes available to mitigate the costs.

Resources Directorate/Chief Executive

5.14 The Directorate is forecasting an over spend of £0.4m against a budget of £13m.



5.15 In Commissioning, there is a £190k surplus income from the agency contract rebate, as a result of the increased agency usage for Covid cover during the year.

5.16 In ICT the forecast over spend of £88k is from covering staff absence, income shortfall from school buy back/print room and installing new circuits. Savings continue to be seen from postage costs.

5.17 In Finance and Property, the £0.36m forecast over spend 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 over spend of £50k. The forecast over spend has decreased due to subsequent restructure arrangements.
- Quarter Two estimates of net income on Commercial Property are showing a shortfall in net income for the year of around £305k. The position will be closely monitored throughout the year to take account of the outcome of ongoing lease negotiations in securing a tenant for 4 The Sector. The shortfall against budget can be accommodated from earmarked balances and will not impact General Fund reserves.

5.18 Strategy and Governance is forecasting an over spend of £103k due to agency and overtime in support of legal work on corporate projects, client disbursements, project slippage. There are savings from vacant posts offsetting some of the pressures in the service.

Capital Financing

5.19 The Capital Financing forecast is an under spend 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.

Covid-19 impact on the 2021/22 budget

5.20 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.

5.21 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. The balance of unallocated general grant funding is forecast at £0.7m, which will be required to support the longer term recovery from Covid.

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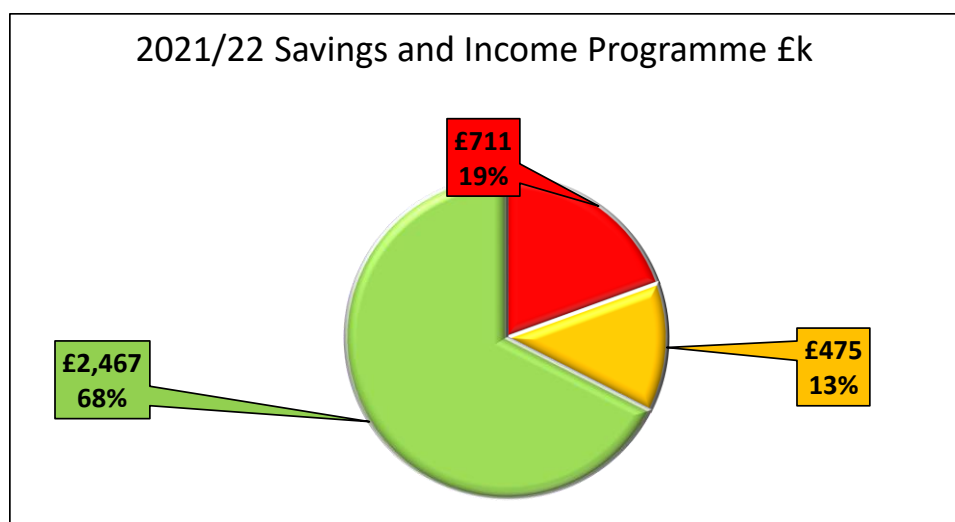
| | General Grants 2021/22 | | | |
|--|-----------------------------|--|----------------------------|----------------|
| | Emergency Expenditure Grant | | Income compensation Scheme | Total |
| Covid Funding 2021/22 | £000 | | £000 | £000 |
| Grants brought forward | (2,947) | | | (2,947) |
| Grants 2021/22 | (3,257) | | (1,114) | (4,371) |
| Total grants available | (6,204) | | (1,114) | (7,318) |
| To be awarded to services: | | | | |
| Adult Social Care | 2,604 | | 157 | 2,761 |
| Children & Family Services | 436 | | 0 | 436 |
| Education | 257 | | 10 | 267 |
| Communities & Wellbeing | 560 | | 71 | 631 |
| People | 3,857 | | 238 | 4,095 |
| Development & Planning | (45) | | 45 | 0 |
| Public Protection | 120 | | 5 | 125 |
| Environment | 785 | | 275 | 1,060 |
| Place | 861 | | 324 | 1,185 |
| Commissioning | 0 | | 0 | 0 |
| Customer Services & ICT | 274 | | 0 | 274 |
| Finance & Property | 584 | | 77 | 661 |
| Strategy & Governance | 152 | | 5 | 157 |
| Resources | 1,011 | | 81 | 1,092 |
| CEX | 0 | | | 0 |
| Recovery | 232 | | | 232 |
| Total to be awarded to services | 5,961 | | 643 | 6,604 |
| Grant Remaining | (243) | | (471) | (714) |

5.22 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.

5.23 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

5.24 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:





5.25 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 over spend 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 over spend 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.

5.26 Amber items are as follows:

- £250k from ASC Market Management. Currently working with local providers to ensure supply and demand are better aligned and offering better value for money.
- £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

- 5.27 To note the Quarter Two forecast, including the use of Covid funding and amounts provided for in reserves.

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 Two 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 under spend from 2020/21 will be 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 which will have an impact on 2021/22. 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 68% achieved to date, and will be reported on each quarter.

8 Appendices

- 8.1 Appendix A – Quarter Two position
- 8.2 Appendix B – Budget changes

Corporate Board's recommendation

*(add text)

Background Papers:

*(add text)

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 ☐

Wards affected: *(add text)

Officer details:

Name: *(add text)
 Job Title: *(add text)
 Tel No: *(add text)
 E-mail: *(add text)

Document Control

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

Change History

| Version | Date | Description | Change ID |
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| 1 | | | |
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Appendix A – Quarter Two position

| | Budget | | | | Forecasted Performance | | | | | | | | |
|---|---------------------------|---------------------------|--|--------------------------|---|---|------------------------------------|------------------------------------|--------------------------------------|-------------------------------|-------------------|------------------------|---------------------|
| | Original Budget 2021/22 £ | Changes in year 2021/22 £ | Funding Released from Reserves 2021/22 £ | Revised Budget 2021/22 £ | Expenditure | | | Income | | | Forecast | | |
| | | | | | 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 | 69,291,860 | 74,319,980 | 5,028,120 | -18,119,640 | -22,757,940 | -4,638,300 | 389,820 | -389,820 | 0 |
| Childrens and Family Services | 16,718,350 | 0 | 159,000 | 16,877,350 | 18,949,610 | 19,719,670 | 770,060 | -2,072,260 | -2,002,110 | 70,150 | 840,210 | -396,000 | 444,210 |
| Executive Director - People | 320,270 | 0 | 0 | 320,270 | 320,270 | 310,900 | -9,370 | 0 | 0 | 0 | -9,370 | 0 | -9,370 |
| Education (DSG Funded) | -444,000 | 0 | 2,880 | -441,120 | 116,407,170 | 115,831,340 | -575,830 | -116,848,290 | -116,272,460 | 575,830 | 0 | 0 | 0 |
| Education | 9,026,100 | 0 | 108,570 | 9,134,670 | 12,857,120 | 13,219,390 | 362,270 | -3,722,450 | -3,256,470 | 465,980 | 828,250 | -81,000 | 747,250 |
| Public Health & Wellbeing | -80,000 | 0 | 0 | -80,000 | 5,954,930 | 6,844,280 | 889,350 | -6,034,930 | -6,924,280 | -889,350 | 0 | 0 | 0 |
| Communities and Wellbeing | 2,352,530 | 0 | 54,300 | 2,406,830 | 3,827,260 | 3,677,070 | -150,190 | -1,420,430 | -1,299,240 | 121,190 | -29,000 | 0 | -29,000 |
| | | | | | | | | | | | | | |
| People | 79,065,470 | 0 | 324,750 | 79,390,220 | 227,608,220 | 233,922,630 | 6,314,410 | -148,218,000 | -152,512,500 | -4,294,500 | 2,019,910 | -866,820 | 1,153,090 |
| | | | | | | | | | | | | | |
| Public Protection | 1,873,200 | 0 | 26,680 | 1,899,880 | 6,298,050 | 6,328,250 | 30,200 | -4,398,170 | -4,453,170 | -55,000 | -24,800 | 0 | -24,800 |
| Executive Director – Place | 197,790 | 0 | 0 | 197,790 | 197,790 | 197,790 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Development and Planning | 3,686,980 | 0 | 76,000 | 3,762,980 | 6,144,670 | 6,658,650 | 513,980 | -2,381,690 | -2,916,660 | -534,970 | -20,990 | 0 | -20,990 |
| Environment | 24,337,330 | -766,300 | 138,630 | 23,709,660 | 34,295,630 | 34,277,150 | -18,480 | -10,585,970 | -11,175,740 | -589,770 | -608,250 | 0 | -608,250 |
| | | | | | | | | | | | | | |
| Place | 30,095,300 | -766,300 | 241,310 | 29,570,310 | 46,936,140 | 47,461,840 | 525,700 | -17,365,830 | -18,545,570 | -1,179,740 | -654,040 | 0 | -654,040 |
| | | | | | | | | | | | | | |
| ICT | 2,162,970 | -28,040 | 0 | 2,134,930 | 2,989,340 | 3,029,740 | 40,400 | -854,410 | -807,040 | 47,370 | 87,770 | 0 | 87,770 |
| Executive Director - Resources | 203,910 | -5,000 | 102,570 | 301,480 | 301,480 | 307,500 | 6,020 | 0 | 0 | 0 | 6,020 | 0 | 6,020 |
| Commissioning and Procurement | 802,460 | 0 | 0 | 802,460 | 10,283,490 | 10,286,900 | 3,410 | -9,481,030 | -9,674,840 | -193,810 | -190,400 | 0 | -190,400 |
| Finance and Property | 5,077,040 | -1,892,470 | 107,560 | 3,292,130 | 46,710,240 | 47,007,890 | 297,650 | -43,418,110 | -42,953,840 | 464,270 | 761,920 | -405,000 | 356,920 |
| Strategy and Governance | 6,437,480 | 5,000 | 10,480 | 6,452,960 | 7,518,530 | 7,673,740 | 155,210 | -1,065,570 | -1,117,290 | -51,720 | 103,490 | 0 | 103,490 |
| | | | | | | | | | | | | | |
| Resources | 14,683,860 | -1,920,510 | 220,610 | 12,983,960 | 67,803,080 | 68,305,770 | 502,690 | -54,819,120 | -54,553,010 | 266,110 | 768,800 | -405,000 | 363,800 |
| | | | | | | | | | | | | | |
| Chief Executive | 552,850 | 0 | 0 | 552,850 | 552,850 | 593,220 | 40,370 | 0 | -22,370 | -22,370 | 18,000 | 0 | 18,000 |
| | | | | | | | | | | | | | |
| Capital Financing and Management | 12,430,960 | 2,686,810 | 0 | 15,117,770 | 15,237,770 | 14,036,020 | -1,201,750 | -120,000 | -140,000 | -20,000 | -1,221,750 | 0 | -1,221,750 |
| | | | | | | | | | | | | | |
| Total | 136,828,440 | 0 | 786,670 | 137,615,110 | 358,138,060 | 364,319,480 | 6,181,420 | -220,522,950 | -225,773,450 | -5,250,500 | 930,920 | -1,271,820 | -340,900 |

Appendix B – Budget Changes

| Service | Original Net Budget | Approved Budget B/F from 2020/21 | Budget changes not requiring approval | FAGG approved release from reserves | Approved by S151 & Portfolio Holder | Requiring Executive Approval | Budget C/F to 2022/23 | Final Net Budget |
|------------------------------|---------------------|----------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Adult Social Care | 51,172 | | | | | | | 51,172 |
| Children and Family Services | 16,718 | | | 159 | | | | 16,877 |
| Communities & Wellbeing | 2,353 | | | 54 | | | | 2,407 |
| 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 | 0 | 325 | 0 | 0 | 0 | 79,390 |
| Executive Director | 198 | | | | | | | 198 |
| Development & Planning | 3,687 | | | 76 | | | | 3,763 |
| Public Protection | 1,873 | | | 27 | | | | 1,900 |
| Environment | 24,337 | | | 139 | | (766) | | 23,710 |
| Place | 30,095 | 0 | 0 | 241 | 0 | (766) | 0 | 29,570 |
| Commissioning | 802 | | | | | | | 802 |
| Customer Services & ICT | 2,163 | | | | | (28) | | 2,135 |
| Executive Director | 204 | | | 98 | | | | 301 |
| Finance & Property | 5,077 | | | 108 | | (1,892) | | 3,292 |
| Strategy & Governance | 6,437 | | | 15 | | | | 6,453 |
| Resources | 14,684 | 0 | 0 | 221 | 0 | (1,920) | 0 | 12,984 |
| Chief Executive | 553 | | | | | | | 553 |
| Capital Financing | 12,431 | | | | | 2,686 | | 15,118 |
| Total | 136,828 | 0 | 0 | 787 | 0 | (0) | 0 | 137,615 |
| Quarter One | 136,828 | 0 | 0 | 353 | 0 | 0 | 0 | 137,181 |
| Quarter Two | 136,828 | 0 | 0 | 434 | 0 | 0 | | 137,615 |
| Quarter Three | | | | | | | | |
| Quarter Four | | | | | | | | |
| Total | 136,828 | 0 | 0 | 787 | 0 | 0 | 0 | 137,615 |