

**CABINET
7 FEBRUARY 2023**

REVENUE BUDGET MONITORING 2022/23 – QUARTER 3

**Responsible Cabinet Member -
Councillor Scott Durham, Resources Portfolio**

**Responsible Director -
Elizabeth Davison, Group Director of Operations**

SUMMARY REPORT

Purpose of the Report

1. To provide a forecast of the 2022/23 revenue budget outturn as part of the Council's continuous financial management process.

Summary

2. This is the third revenue budget management report to Cabinet for 2022/23. The latest projections show an overall decline of £0.616m on the 2022-26 Medium Term Financial Plan (MTFP), however this is an improvement of £0.735m compared with the previous Quarter 2 revenue budget monitoring report, reported to Cabinet in November 2022. This is due to an improvement in the departmental position of £0.412m, which is detailed later in this report, and the release of the Risk Contingencies budget of £0.323m.

Recommendation

3. It is recommended that:-
 - (a) The forecast revenue outturn for 2022/23 be noted.
 - (b) Further regular reports be made to monitor progress and take prompt action if necessary
 - (c) The carry forward requests detailed in paragraphs 16 and 17 be approved.

Reasons

4. The recommendations are supported by the following reasons:-
 - (a) To continue effective management of resources.
 - (b) To continue to deliver services to agreed levels.

Elizabeth Davison
Group Director Operations

Background Papers

No background papers were used in the preparation of this report.

Brett Nielsen : Extension 5403

S17 Crime and Disorder	There are no specific crime and disorder implications in this report.
Health and Wellbeing	There are no issues relating to health and wellbeing which this report needs to address.
Carbon Impact and Climate Change	There are no specific carbon impact issues in this report.
Diversity	The report does not contain any proposals that impact on diversity issues.
Wards Affected	All wards are affected.
Groups Affected	No specific groups are particularly affected.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	The report does not require a key decision.
Urgent Decision	The report does not require an urgent decision.
Council Plan	The subject matter of the report, the Councils financial standing and financial management, is critical to delivery of the Council Plan, but this report does not contain new proposals.
Efficiency	The report contains updated information regarding efficiency savings contained in the MTFP.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

5. This is the third revenue budget management report to Cabinet for 2022/23 and provides the latest forecast of the 2022/23 revenue position as part of the Council's continuous financial management process.
6. To enable timely information to be presented and in accordance with the report publication requirements, this report has been completed before the end of the third quarter. As the Council operates frequent, regular and predictive budget management processes, including quarterly reports to Cabinet, changes in projected outturn, which are inevitable in a large and complex organisation, will be reported to future meetings.
7. The information in this report has been taken from the financial records for November and managers' projections for the remainder of the year, using their knowledge of events affecting the services they manage.
8. Overall, the projected General Fund reserves position as at the 31 March 2023 is £23.397m, which is an improvement of £0.735m on the position reported in the previous report to Cabinet. This improvement relates to an improvement in departmental budgets of £0.412m and the release of the Risk Contingencies budget of £0.323m, detail is given below.

Departmental Resources

9. Departmental resource projections are summarised in **Appendix 2** and detailed in **Appendices 2(a) to 2(e)**.
10. The **People Group** budget is projected to be overspent by £1.028m after previously approved carry forwards and new requests, which is a slight improvement of £0.026m on the position reported at Quarter 2. The main changes to the budget position since Quarter 2 are detailed below:
 - (a) **Children's Services** are projecting an overspend of £1.954m at year end, which is a decline in the position reported at Quarter 2 of £0.396m. The main changes to the budget position since Quarter 2 are detailed below:
 - (i) The **Assessment & Care Planning & LAC** budget is projected to be overspent by £0.239m an increase of £0.091m on the position reported at Quarter 2. This increase in overspend has mainly arisen due to an increase in the demand for support for children and families, not currently in care.
 - (ii) The **Adoption and Placements** budget is projected to be overspent by £2.418m at year end, £0.706m greater than reported at Quarter 2. Placement costs have increased due to an additional 8 residential placements at a projected cost of £0.612m and 2 additional independent foster carer placements at £0.161m. This increase has been offset by savings in the other placements budgets of £0.067m.

- (iii) **First Response & Early Years** budgets are projected to be underspent by £0.506m an increase in underspend of £0.392m on the figure reported at Quarter 2. This saving results from the receipt of grant funding which has offset expenditure, staff turnover and savings across supplies and services budgets.
 - (b) **Education** is projected to be underspent by £0.101m a decrease in underspend of £0.022m on the position reported in Quarter 2. This is mainly due to additional school transport routes and price changes of £0.066m which have been partly offset by additional savings in running costs and the use of specific grant of £0.041m.
 - (c) **Adult Social Care and Health** is projected to be underspent by £0.732m at the year end, which is an improvement £0.416m on the position reported at Quarter 2. The main elements of this movement are broken down into:
 - (i) There is a projected saving of £0.636m from the **External Purchase of Care** budget areas, an improvement in saving from that reported at Quarter 2 of £0.457m. This movement comprises savings of £0.310m due to a reduction in care packages, including domiciliary care, (a reduction of 206 hours) and attrition. The review and assessment of people's ability to contribute towards their care and support services has increased the income projection by £0.063m. The non take up of transport, has led to a saving of £0.054m and additional reclaims of Direct Payment balances of £0.030m have been achieved.
 - (ii) The **Older People** budget area has improved due to the receipt of backdated income from Health for Independent Mental Health Advocacy of £0.129m.
 - (iii) The **Service Development & Integration** budget is showing an increase in overspend of £0.205m from the position reported at Quarter 2. This increase arises from an increase in the bad debt provision due to expected unrecovered charges for services.
11. The **Services Group** is projecting an underspend of £0.610m after previously approved carry forwards and new requests. This is an improvement of £0.077m from the reported position at Quarter 2. The headline changes are detailed below:
- (a) **Capital Projects, Transport & Highways Planning** the overall projected underspend is £0.232m, this is an improvement of £0.102m from Quarter 2.
 - (i) **Highways** – the expected impact of inflationary growth on responsive repairs is now expected to be managed within existing resources as the milder winter impacts positively on the repairs programme. As the procurement of electricity delivered by NEPO for 2022/23 is finalised, we expect the overall costs of electricity to be lower than previously reported. There are additional staffing costs within engineering services, however overall, there is an expected improvement of £0.074m from Quarter 2.
 - (b) **Community Services** is expected to be underspent by £0.256m an improvement on Quarter 2 of £0.053m as detailed below:

- (i) **Community Catering** – transitional costs of £0.019m linked to the withdrawal of the school meals service are not expected to be fully incurred.
 - (ii) **Street Scene** – costs associated with the introduction of a new waste collection round have not been fully needed in 2022/23 as the new collections have been managed within existing crews. Overall, the underspend for Street Scene has improved by £0.050m since Quarter 2.
 - (iii) **Waste Management** – the overall position is expected to be better than budget by £0.117m which is an improvement of £0.029m from the previously reported position as household tonnages continue to return to pre-covid levels.
 - (iv) **Transport Unit – Fleet Management** – the service is needing to replace their existing software management system and is requesting a carry forward of £0.050m to support the implementation, resulting in a forecast overspend at year end of £0.050m. The existing system has come to the end of its life cycle and the provider is to end ongoing support.
- (c) **Building Services** is projected to be overspent at the year end by £0.070m from a reported balanced budget position at Quarter 2. Construction is not expected to achieve its surplus target in 2022/23 following the slippage on several schemes and will see a shortfall against target of £0.190m, however, additional works carried out on void properties within the maintenance team and recovery of the recent pay award from clients will see this pressure reduce by £0.120m to give a net pressure of £0.070m.
12. The **Operations Group** is projecting a year end budget overspend of £0.017m, after previously approved carry forwards. This is an improvement of £0.061m on the position reported at Quarter 2.
- (a) **Assistant Director Law & Governance** is projecting an overspend of £0.258m, which is an increase of £0.088m from the Quarter 2 report. The main movements are an increase in Children’s legal costs due to increased caseloads and complexity of cases of £0.124m, partly offset from savings due to vacant posts and running costs.
 - (b) **Assistant Director Housing and Revenues** is projecting an underspend of £0.057m an improvement of £0.090m on the position reported at Quarter 2. This improvement is from staff turnover and savings on running costs across all teams within this division
13. The **Chief Executive & Economy Group** is projecting an underspend by £0.308m after previously approved and a new carry forward request of £0.018m, an increase in underspend of £0.248m from the position reported previously.
- (a) **Property Management and Estates** has seen an improvement of £0.227m from Quarter 2 following final agreement on back-dated service charges that has allowed the release of a previously accrued expenditure provisions of £0.134m. Net savings in

staffing, supplies and improved fee projection, totalling £0.093m have seen the position improve.

14. The School balances and allocations are shown in **Appendix 2(f)**.

Carry Forward Requests

15. There are a number of carry forward requests to 2023/24 amounting to £0.178m from departments as detailed below. The requests are categorised into three areas: slippage, assisting in achieving the conditions of the MTFP and budget pressures. Approval is requested to carry these amounts forward into the new financial year.

16. Assist in achieving the conditions set out in the MTFP :-

(a) **Street Scene £0.040m** – there is a lack of adequate storage available at the depot for the equipment and supplies used by Street Scene. It is proposed to purchase and install a storage solution in the Street Scene garage. This will improve efficiency as well as meet any H&S requirements. The estimated cost of the solution has increased and it is requested to carry forward £0.040m to support its implementation in 2023/24.

(b) **Indoor Bowling Centre £0.006m** – anticipated backdated service charge costs following upcoming review by provider.

(c) **Transport Unit £0.050m** – the current fleet management system has come to the end of its support cycle and the supplier has given notice that support will end in 2023/24. An alternative solution has been identified and it is requested to carry forward £0.050m to support its implementation.

17. Slippage :-

(a) **People Performance & Transformation £0.064m**- to provide additional short term capacity to develop further transformation workstreams across People services.

(b) **Environmental Health £0.018m** – to ensure all inspections that were delayed or slipped due to the impact of covid are carried out in 2023/24.

Council Wide and Corporately Managed Resources

18. The Risk Contingencies budget for ordinary residence within Adults Social Care of £0.323m is no longer required in 2022/23 and is being returned to general reserves.

Housing Revenue Account

19. HRA projections are shown in **Appendix 3** with an overall projected balanced budget.

- (a) Repairs and maintenance projected spend has increased by £0.066 due to ongoing inflationary pressures for the cost of goods and services.

Conclusion

- 20. The Council's projected revenue reserves at the end of 2022/23 are £23.397m, a £0.616m decline on the initial 2022-26 MTFP position. This reduction in reserves includes a brought forward amount of £0.384m from 2021/22, £0.127m of projected departmental overspends, and a £0.873m decrease in corporate resources.
- 21. Of the £23.397m projected reserves, we have a commitment to use £22.490m to support years 2 – 4 of the **current** MTFP, which leaves a £0.907m in unallocated reserves.

Outcome of Consultation

- 22. No external consultation has been carried out in preparing this report.