

Report Title:	2022/23 Month 4 Budget Monitoring Report
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Hilton, Cabinet Member for Asset Management & Commercialisation, Finance, & Ascot
Meeting and Date:	Cabinet – 29 September 2022
Responsible Officer(s):	Andrew Vallance, Head of Finance and Deputy S151 Officer Adele Taylor, Executive Director of Resources and S151 Officer
Wards affected:	All

REPORT SUMMARY

This report details the forecast outturn against budget for the 2022/23 financial year as at the end of July (Month 4). It includes the revenue and capital budgets along with the forecast financial reserve position at year end.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) notes the forecast revenue outturn for the year is an overspend on services of £2.108m which reduces to £0.333m when taking into account unallocated contingency budgets (para 4.1);**
- ii) approves three budget virements (para 12); and**
- iii) notes the forecast capital outturn is expenditure of £58.787m against a budget of £60.066m (para 14).**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

Option	Comments
To note the Council's outturn.	This is the recommended option.
To not note the Council's outturn.	This is not the recommended option.

3. KEY IMPLICATIONS

- 3.1 The Council faces considerable financial risks that can have a significant and immediate impact on its finances. However, reserves are currently close to the

minimum levels assessed as being required to protect the Council from these financial risks as well as potential service risks that it may also face.

- 3.2 The Medium-Term Financial Plan assumes that the Council will identify sustainable savings over the medium term and therefore remain above the minimum level of reserves identified by the S151 Officer (£6.7m).

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
General Fund Reserves	<£6.7m	£6.7m to £6.9m	£6.9m to £16.9m	> £16.9m	31 March 2022

4. 2022/23 MONTH 4 REVENUE FORECAST OUTTURN

- 4.1 The current forecast is an overspend on service budgets of £2.108m. After including unallocated contingency budgets, this reduces to an overspend of £0.333m. This is an adverse variance of £0.365m from that reported in month 2.
- 4.2 There is adverse movement of £0.303m in the reported outturn for the Place directorate. This movement is mainly due to reduced income and concession fees from Leisure Focus, and in particular the receipts being less than budgeted due to the decision to “opt to tax”. This arrangement means that VAT is included in receipts from Leisure Focus that relate to Braywick Leisure Centre. There is also reduced forecast parking income based on receipts to date though this is a volatile budget and is kept under close review. Receipts were higher during the Jubilee weekend but on average takings remain below budget.
- 4.3 It should also be noted that whilst there has not been significant movement on the overall forecast in Adults, Health and Housing, there is an overspend in Adult Social Care that is being mitigated by one-off monies. In total £2.150m of one-off earmarked reserves and Better Care Fund monies are being utilised to manage the overspend, as well as the allocation of £0.750m of contingency that was set aside for demographic pressures.
- 4.4 Children’s services is showing an adverse movement of £0.070m mainly due to continued pressures from use of agency staff.

Table 3: 2022/23 Revenue Budget Forecast Outturn

	Current Budget	Forecast Outturn	Forecast over / (under) spend	Change since month 2
	£000	£000	£000	£000
Adults, Health and Housing	40,641	41,017	376	45
Children's Services	26,950	27,366	416	70
Place	13,204	14,885	1,681	303
Resources	5,234	4,983	(251)	(4)
Governance, Law and Strategy	3,677	3,563	(114)	(49)
Chief Executive Department	279	279	0	0
Total service expenditure	89,985	92,093	2,108	365
Contingency	2,525	750	(1,775)	0
Other funding and non-service exp	(92,510)	(92,510)	0	0
Decrease in General Fund	0	333	333	365

General Fund		
Opening balance	(8,753)	(8,753)
Transfer out	0	333
Closing balance	(8,753)	(8,420)

5. ADULTS, HEALTH & HOUSING

- 5.1 The Adults, Health & Housing directorate is forecasting an overspend of £0.376m, an adverse variance from month 2 of £0.045m. It should be noted that this is assuming £0.750m of the contingency is allocated to offset demographic pressures, and significant use of one-off earmarked reserves. This forecast overspend is largely due to pressures arising from increased older people residential care placements earlier in the year.

Table 4: Adults, Health & Housing Forecast Outturn

	Budget	Forecast outturn	Forecast over / (under) spend	Change since month 2
	£000	£000	£000	£000
Director & Support	2,398	2,228	(170)	(170)
Housing	2,742	2,816	74	(7)
Adult Social Care	35,512	36,949	687	437
Public Health – spend	5,058	5,058	0	0
Grants and BCF income	(5,069)	(5,284)	(215)	(215)
Total	44,641	41,774	376	45

Director & Support

- 5.2 There has been a £0.170m favourable movement within Director & Support due to release of earmarked reserves to the General Fund. This relates to the safeguarding reserve which has accumulated over several years but which upon review it has been determined can be released.
- 5.3 Expenditure on the Homes for Ukraine scheme is managed as part of the Director and Support budget. The Council is providing support to approximately 250 refugees through the Homes for Ukraine scheme. This includes making initial payments on arrival to refugees, and regular payments to the host. The Council receives grant funding of £10,500 per refugee to cover costs, such as administrative costs additional burdens on social care teams. There is separate grant to cover the £350 monthly payments to the host.
- 5.4 The current position on this grant is that the Council have received £1.876m in respect of guests arriving in Q1 of which £1.100m has been committed and is reflected in forecasts within this report. Some of the balance is likely to be needed to cover new pressures on Temporary Accommodation. The Council is expecting additional grant income for new guests arriving in the Autumn.

Adult Social Care

- 5.5 Adults Social Care services are forecasting an outturn overspend of £0.687m, an adverse variance of £0.437m from month 2. This is primarily due to a high-volume of residential placements for older people and mental health clients. The residential pressure reflects continuing costs from an extended period of high demand via NHS sources that previously would have been funded by the hospital discharge fund. This is being partly mitigated by an underspend on Learning Disability clients. It should be noted that this position reflects the use of £2.150m of one-off earmarked Adult Social Care reserves and Better Care Fund monies.
- 5.6 The contingency includes £0.750m for adult demographic pressures which has been assumed as being used to reduce the additional pressure. Further detail on Adult Social Care budget forecasts is provided below.

Table 5: Adults Social Care Forecast Outturn

	Budget	Forecast outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Older people & physical dis.	21,394	22,711	1,317	317
Learning disability	15,717	15,287	(430)	(130)
Mental health	2,949	3,499	550	250
Other Adult Social Care	3,166	3,166	0	0
Better Care Fund income	(7,714)	(7,714)	0	0
Less: use of contingency	0	0	(750)	0
Total	35,512	36,949	687	437

5.7 The pressure on older people in residential placements is significantly higher than in previous years pre-covid due to the high numbers placed, rather than returning home with support during the pandemic. Officers have developed an action plan jointly with Optalis which is managing decisions to provide residential care, with a focus on care at home as this will be key to reducing placements in the medium term. Actions include working with care providers to increase capacity, providing support to the officers commissioning services, and review of internal processes such as the 6-weekly review. However, it should be noted that this demand led budget remains a significant risk to the final outturn as few residents return home from residential or nursing care once admitted.

5.8 Appendix G details Adult Social Care client numbers and demonstrates why there is a pressure on the older people budget. The number of older people in receipt of care packages is currently 143 higher than assumed when setting the budget.

Housing

5.9 Housing services are forecasting an outturn overspend of £0.074m, primarily due to a reduction of income on Hackney carriage license renewals of £0.130m. Street performing licenses renewals are also forecast to overspend by £0.010m. There is underspend due to recruitment delays of £0.063m, and a one-off expenditure for site clearance of £0.019m and an underspend on equipment, supplies & services £0.23m.

5.10 Temporary accommodation is forecast to overspend on current numbers by £0.093m which is to be funded from homelessness prevention grant, however this is a volatile area and cost of living pressures may impact numbers going forward. Last year numbers did increase during the year before dropping to the current level.

Public Health

5.11 At the start of this financial year there was £0.588m in the Public Health reserve. In addition to spending this year's grant, Public Health are forecasting to utilise £0.193m of this reserve on identified priorities.

Grants and BCF income

- 5.12 Grant of £0.215m has been released into the general fund. This is Covid test and trace grant which will not have to be repaid.

6. CHILDREN'S SERVICES

Non-Dedicated Schools Grant

- 6.1 Non-school Children's Services show an overspend of £0.416m. This is driven by the impact of the National Transfer Scheme for unaccompanied asylum-seeking children and high legal costs, due to complex cases. Delays in recruitment and additional grants have contributed to manage the overspend.

Table 6: Children's (non-Dedicated Schools Grant) Forecast Outturn

	Budget	Forecast outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
AfC: Social Care and Early Help	19,883	20,699	816	199
AfC: Mgt & Business Services	3,610	3,522	(88)	14
AfC: Education	1,102	1,077	(25)	(107)
AfC: Public Health	1,597	1,597	0	0
AfC: Special Educational Needs	3,471	3,417	(54)	(12)
Retained Children's Services	(2,714)	(2,947)	(233)	(24)
Total	26,950	27,366	416	70

- 6.2 The net position on AfC services is an overspend of £0.649m.
- 6.3 The primary reason for this is due to the continued pressure on the Legal Services contract due to high volumes, increased complexity and duration of the legal process £0.241m. There is a forecast overspend of £0.169m due to the net impact of the National Transfer Scheme for an additional 15 unaccompanied asylum-seeking children, taking the Borough up to the 0.07% quota as initially directed by the Home Office. This pressure is likely to increase as the quota has been increased to 0.1%.
- 6.4 Additionally, within AfC, there have been increased staff costs of £0.260m due to the continued challenges in recruiting to permanent positions resulting in the reliance on interims to fill child focused posts to meet the increased demand in early help. Furthermore, Home to School Transport has seen an increased volume and complexity of the current and planned cohort of pupils £0.090m for the academic year 2022/23.
- 6.5 These costs in AfC have been partly offset by underspends relating to the review of direct payment support packages of £0.117m.

- 6.6 The underspend on Retained Children’s Services of £0.233m is primarily due to additional grants of £0.186m partly matched by increased costs within the AfC Contract and reduced central education support costs £0.047m.

Dedicated Schools Grant

- 6.7 The Dedicated Schools budget forecast overspend is £0.420m. This overspend is transferred to a dedicated reserve so does not impact on the general fund. However, it should be noted that the accumulated projected deficit as at 31 March 2023 now stands at £2.467m.

Table 7: Dedicated Schools Grant Forecast Outturn

	Budget	Forecast outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
AfC – DSG	12,987	13,748	761	0
Retained – DSG	58,897	58,556	(341)	0
Transfer (to) / from DSG reserve	(71,884)	(72,304)	420	0
Total	0	0	0	0

Dedicated Schools Reserve	£000
Opening Deficit	2,047
Forecast 2022/23 deficit	0.420
Closing Deficit	2.467

- 6.8 The Schools Block underspend £0.450m relates to the release of uncommitted pupil growth fund as no new school places have been required this year.
- 6.9 The Central School Services Block underspend £0.100m relates to reduced management overheads and non-independent special school places.
- 6.10 The Early Years Block underspend £0.080m reflects historic funding levels compared to planned levels of provision.
- 6.11 The High Needs Block overspend of £1.050m is primarily due to provision of Independent Special or Non-Maintained Schools and other associated direct support.
- 6.12 The Dedicated Schools Grant conditions require that any authority with an overall deficit on its Dedicated Schools Grant account at the end of the financial year prepare a Deficit Management Plan, including a recovery period of three to five years. It will be challenging to clear the cumulative deficit with increased costs and rising demand for complex service provision, and the SEND reforms (2014) that increased support to include individuals up to 25 years of age. The Deficit Management Plan was reported to the Schools Forum in May 2022.

- 6.13 In conjunction with the Deficit Management Plan, AfC is participating with the DfE Delivering Better Value (DBV) in SEND support programme. The programme will provide dedicated support and funding to help local authorities with substantial deficit issues to reform their high needs systems. In addition, the aim of the programme is to establish a more sustainable structure so authorities are better placed to respond to the forthcoming SEND Review reforms. The DBV programme is expected to commence in the summer of 2022 and operate for 30/36 months.
- 6.14 The Department for Levelling Up, Housing and Communities is currently consulting on whether the statutory override, which allows the Dedicated Schools Grant deficit to be kept separate from the General Fund, should be extended past 31 March 2023. The Council has responded to this consultation that the removal of the override would have a significant and detrimental impact on the Council's finances.

7. PLACE

- 7.1 The Place directorate forecast outturn is an overspend of £1.681m an adverse variance of £0.303m from month 2. This movement is mainly due to parking income and concession fees from Leisure Focus. It should also be noted that there is a significant risk in leisure services from the increasing cost of utility bills, though further work is to be done on potential mitigations before that is included in the forecast.
- 7.2 Although the 2022/23 budget includes £0.500m of support for reduced parking charges as a result of the pandemic, the overall outturn is in the context of the removal of £4.016m of one-off Covid budgets across the directorate.

Table 8: Place Forecast Outturn

	Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Executive Director of Place	237	237	0	0
Neighbourhood Services	8,701	9,887	1,186	138
Planning	1,341	1,653	312	0
Communities	(975)	(804)	171	171
Infrastructure, Sust. & Transport	3,900	3,912	12	(6)
Total	13,204	14,885	1,681	303

- 7.3 Neighbourhood Services is forecasting an overspend of £1.186m, an adverse variance of £0.138m from month 2. The movement is primarily due to the updated parking forecast. Income from pay and display car parks is averaging at 92% of the profiled budget. A similar level of has been assumed for the remainder of the year but this will be kept under review as it is a volatile budget. Appendix G gives further information on parking income performance.

- 7.4 Communities is reporting an overspend of £0.171m. This is due to the VAT arrangements and the decision to “opt to tax”, meaning the lease income receipts include VAT when relating to Braywick Leisure Centre. As such the actual receipts are less than budgeted in the current year to the value of this VAT that must go to HMRC. There is also a potentially significant risk not yet recognised in the forecast in respect of utility fees. Leisure Focus Trust have advised the Council that their utility costs will be significantly more by the end of the year than their business plan allowed for when they were appointed June 2020. Discussions are ongoing in respect of what further actions can be taken to mitigate the pressure, in addition to what has already been actioned, but our best estimate at this stage is that the Council’s exposure could be an additional £0.350m.

8. RESOURCES

- 8.1 The Resources directorate forecast outturn is an underspend of £0.251m, a favourable movement of £0.004m from the prior month. There have been no significant movements this month.

Table 9: Resources Forecast Outturn

	Budget	Forecast Outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Executive Director of Resources	218	218	0	0
Libraries & Residents Services	2,355	2,273	(82)	(30)
Revenues and Benefits	1,561	1,310	(251)	(29)
Housing Benefit	(320)	(200)	120	21
HR, Corporate Projects, and IT	2,768	2,748	(20)	0
Corporate Management	(42)	(42)	0	0
Finance	1,531	1,542	11	11
Property	(2,837)	(2,866)	(29)	23
Total Resources	5,234	4,983	(251)	(4)

9. GOVERNANCE, LAW & STRATEGY

- 9.1 The Governance, Law & Strategy directorate forecast outturn is an underspend of £0.114m, a favourable movement of £0.049m from month 2. This is made up of number of smaller items, the most significant being an increase in income projection for the Guildhall of £0.035m.

Table 10: Governance, Law & Strategy Forecast Outturn

	Budget	Forecast outturn	Forecast over / (under) spend	Change
	£000	£000	£000	£000
Deputy Director	112	112	0	0
Communications & Marketing	341	305	(36)	(35)
Governance	2,064	2,007	(57)	(4)
Law	636	611	(25)	(10)
Performance Team	380	326	(54)	0
Policy Comms & Engagement	144	202	58	0
Total	3,677	3,563	(114)	(49)

10. SUNDRY DEBT

- 10.1 The current level of outstanding sundry debt is £11.493m. Note that Table 11 has been amended from previous months to capture debt on subsidiary systems and to exclude debt which is not yet due.

Table 11: Aged Debt

	> 1 month	> 2 months	> 6 months	> 1 year	Debt 31 July 2022	Increase (decrease) in debt provision
	£000	£000	£000	£000	£000	£000
AH&H: Adult Social Care	831	943	697	1,936	4,407	212
AH&H: Housing	5	307	246	1,035	1,593	328
Children's Services	64	541	0	66	671	1
GL&S	4	3	3	2	12	2
Place	114	93	46	167	420	22
Resources: Commercial property	175	115	167	285	742	59
Resources: Other	11	7	0	72	90	4
Total Agresso Debt	1,204	2,009	1,159	3,563	7,935	628
Debt on subsidiary systems:						
Housing Benefit Overpayments					3,414	(39)
Housing Rents					144	36
Total debt					11,493	625

11. RESERVES

11.1 Appendix H details the movements in reserves based on current forecasts.

12. BUDGET VIREMENTS

12.1 Budget virements more than £0.100m should be approved by Cabinet. The following virements are proposed and have been reflected in this report.

Table 12: Budget virements for Cabinet approval

Reference	Budget Line	Debit £000	Credit £000
1	Resources: Revenues & Benefits	411	
1	Resources: Housing Benefits		(411)
2	GL&S: Communications & Marketing	176	
2	AHH: Director & Support		(176)
3	AHH: Director & Support	107	
3	Funding: Taxation and non-specific grant income		(107)
	Total	694	(694)

- 12.2 Virement 1 represents a rebalancing of the budget in Revenues & Benefits to better reflect actual expenditure and government grants. There is no net effect on service expenditure.
- 12.3 Virement 2 reflects the transfer of budget of the Berkshire Records Office (a Berkshire-wide joint arrangement) from the Adults, Health and Housing Directorate to Governance, Law and Strategy.
- 12.4 Virement 3 reflects additional government grant received to help local authorities prepare for the implementation of the Adult Social Care reforms in October 2023. This is the first tranche with a second payment expected later in the year.

13. BORROWING

- 13.1 Throughout the year the Council's borrowing levels are updated based on cash-flow and spending on the capital programme. Currently, the Council is borrowing temporarily pending anticipated capital receipts in future years, with short-term interest rates remaining low by historic standards. £20.000m of long-term PWLB borrowing was taken out in July to help reduce the Council's exposure to future interest rate rises.
- 13.2 Table 13 details current borrowing offset against investment balances.

Table 13: Net borrowing

	Opening balance £000	Current balance £000	Year-end forecast £000
Long term	71,265	91,265	90,265
Short term – Local Authority	119,000	104,000	97,000
Short term – LEP / Trusts	15,598	16,727	10,000
Investments	(41,609)	(61,004)	(33,410)
Total	164,254	150,988	163,855

14. CAPITAL

- 14.1 Capital expenditure is currently projected at £58.717m. Appendix E details the capital budget movements and Appendix F provides more detail on variances.
- 14.2 This month additional budget of £2.708m has been added to the capital programme for Windsor Girls school expansion works. The budget, that was approved in July 2021, will be utilised to build a new sixth form block, an all-weather pitch, new netball courts and increased staff car parking.
- 14.3 Property services report that their schemes are in progress and forecasting has not changed significantly since last month for most projects. The Vicus Way car park build is scheduled to complete by October 2022. Further detail on the progress of the St Clouds Way Scheme (Part II) can be found in the report to Cabinet dated 25 August 2022.
- 14.4 Current year variances of £0.367m have been identified where 2021/22 schemes are complete and slippage is no longer required in 2022/23, allowing external funding to be utilised on alternative schemes in future.

Table 14: Capital programme outturn

	Gross budget £000	Slippage £000	Current year variances £000	Gross outturn £000
Chief Executive department	0	0	0	0
Governance, Law and Strategy	289	0	0	289
Children's Services	10,495	0	0	10,495
Adults, Health and Housing	2,691	0	0	2,691
Resources	22,297	(416)	(34)	21,847
Place	24,294	(496)	(333)	23,465
Total	60,066	(912)	(367)	58,787

- 14.5 The £58.787m of 2022/23 projected capital expenditure will be funded by the income streams as set out below. At present, after use of capital fund reserves

of £0.400m the cost of short-term borrowing at a short-term borrowing rate of 0.50% is estimated to cost £0.165m for current year projected expenditure.

Table 15: Capital programme financing

Source of funding	£000
Government grants	(14,626)
Developers' contributions (s106 & CIL)	(10,513)
Other contributions	(275)
Corporate funding	(33,373)
Total	(58,787)

Table 16: Capital programme status

Number of schemes in programme	
Yet to start	13%
In progress	69%
Completed	9%
Ongoing programmes e.g., Disabled Facilities Grant	9%

15. LEGAL IMPLICATIONS

- 15.1 In producing and reviewing this report the Council is meeting its legal obligations to monitor its financial position.

16. RISK MANAGEMENT

- 16.1 Projected variances require mitigation to reduce them during the financial year.

17. POTENTIAL IMPACTS

- 17.1 Equalities. See EQIA at Appendix J.
- 17.2 Climate change/sustainability. There are no direct impacts.
- 17.3 Data Protection/GDPR. There are no direct impacts.

18. CONSULTATION

- 18.1 None.

19. TIMETABLE FOR IMPLEMENTATION

Implementation date if not called in: 'Immediately'.

20. APPENDICES

20.1 This report is supported by nine appendices:

Appendix A Revenue monitoring statement
Appendix B Savings tracker
Appendix C Growth tracker
Appendix D Capital budget summary
Appendix E Capital programme budget movements
Appendix F Capital monitoring report
Appendix G Key financial information
Appendix H Children's variance analysis
Appendix I Usable reserves
Appendix J EQIA

21. BACKGROUND DOCUMENTS

21.1 This report is supported by one background document, the budget report to [Council February 2022](#).

22. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputies)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	24/08/22	
Emma Duncan	Director of Law, Strategy & Public Health/ Monitoring Officer	24/08/22	12/09/22
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	24/08/22	09/09/22
Elaine Browne	Head of Law (Deputy Monitoring Officer)	24/08/22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	24/08/22	25/08/22
<i>Mandatory:</i>			
Ellen McManus	Equalities & Engagement Officer	24/08/22	
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Duncan Sharkey	Chief Executive	24/08/22	
Andrew Durrant	Executive Director of Place	24/08/22	25/08/22
Kevin McDaniel	Executive Director of People Services	24/08/22	25/08/22

Confirmation relevant Cabinet Member(s) consulted	Cabinet Member for Asset Management & Commercialisation, Finance, & Ascot	Yes
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REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Non-key decision	No	No

Report Author: Julian McGowan, Senior Finance Business Partner
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