



Report to Policy Committee

Author/Lead Officer of Report: Ryan Keyworth,
Director of Finance and Commercial Services

Tel: +44 114 474 1438

Report of: *Ryan Keyworth*
Report to: *Transport, Regeneration & Climate Committee*
Date of Decision: *21st September 2022*
Subject: *Month 4 Monitoring*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes		No	X	
Has appropriate consultation taken place?	Yes		No	X	
Has a Climate Impact Assessment (CIA) been undertaken?	Yes		No	X	
Does the report contain confidential or exempt information?	Yes		No	X	

Purpose of Report:

This report brings the Committee up to date with the Council's financial position as at Month 4 2022/23.

Recommendations:

The Committee is recommended to:

1. Note the Council's challenging financial position as at the end of July 2022 (month 4).

Background Papers:

[2022/23 Revenue Budget](#)

Lead Officer to complete: -		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Ryan Keyworth, Director of Finance and Commercial Services</i>
		Legal: <i>David Hollis, Assistant Director, Legal and Governance</i>
		Equalities & Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i>
		Climate: <i>n/a</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission:	<i>Ryan Keyworth</i>
3	Committee Chair consulted:	<i>Cllr Bryan Lodge</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Ryan Keyworth</i>	Job Title: <i>Director of Finance and Commercial Services</i>
	Date: <i>1st September 2022</i>	

1. PROPOSAL

1.1 This report brings the 22/23 M4 monitoring information for each committee. Executive directors and Directors will be required to develop plans to mitigate the in-year forecast overspends.

1.2 Council Portfolio Month 4 2022/23

1.2.1 The Council is forecasting a £21.7m overspend against the 2022/23 budget as at month 4.

Full Year £m	Outturn	Budget	Variance
Corporate	(462.0)	(461.2)	(0.8)
City Futures	47.1	46.6	0.5
Operational Services	115.0	114.9	0.1
People	313.2	293.7	19.5
Policy, Performance Comms	3.2	2.9	0.3
Resources	5.2	3.1	2.1
Total	21.7	0	21.7

1.2.2 This overspend is due to a combination of agreed Budget Implementation Plans ("BIPs") not being fully implemented and ongoing cost / demand pressures that are partially offset by one-off savings.

Full Year £m	One-off	BIPs	Trend	Total Variance
Corporate	0.0	0.0	(0.8)	(0.8)
City Futures	0.0	0.0	0.5	0.5
Operational Services	(5.0)	2.4	2.7	0.1
People	0.1	15.3	4.0	19.4
Policy, Performance Comms	(0.1)	0.3	0.1	0.3
Resources	(0.3)	1.7	0.7	2.1
Total	(5.3)	19.7	7.2	21.7

1.3 Committee Financial Position

1.3.1 Overall Position - £21.7m overspend at Month 4

There is a £12.4m overspend in the Adult Health and Social Care Committee and a £7.5m overspend in the Education, Children and Families Committee	Full Year Forecast £m Month	Outturn	Budget	Variance
	Adult Health & Social Care	163.1	150.8	12.4
	Education, Children & Families	136.1	128.6	7.5
	Strategy & Resources	(440.1)	(442.3)	2.1
	Economic Development & Skills	11.0	10.9	0.1
	Housing	8.8	8.8	(0.0)
	Waste & Street Scene	56.2	56.2	(0.0)
	Transport, Regeneration & Climate	41.8	41.9	(0.1)
	Communities Parks and Leisure	44.9	45.2	(0.3)
	Total	21.7	(0.0)	21.7

The 22/23 pay award proposal affected the outturn in the General Fund by £3.3m The proposed pay award of £1,925 flat rate per employee has been factored into forecasts in M4. Within the outturn at M3, an increase of £4.2m had already been accounted at service level, £5.6m had been provisioned corporately meaning an additional pressure of £3.3m has now been forecast in the M4 outturn, broken down into committees as follows:

£000s	Increase (inc on costs)	Pay Pressures covered	Corporate Funding	Remainin g Pressure
Committee				
Education, Children & Families	3,882	1,181	1,655	1,046
Strategy And Resources	2,817	1,209	1,201	407
Adult Health And Social Care	2,658	815	1,133	709
Communities, Parks, And Leisure	1,570	483	670	418
Waste And Street Scene	820	255	350	215
Transport, Regen & Climate	546	227	233	86
Economic Development & Skills	410	27	175	208
Housing	396	-	169	227
Grand Total	13,100	4,197	5,586	3,317

The overall position worsened by £1.4m from M3 to M4, improvements elsewhere have offset the full impact of the pay award. The £3.3m pressure for pay was offset in M4 by improvements totalling over £2m across the organisation:

- Transport, regen & climate committee budget position improved by £1.2m due to a release of a one-off provision to mitigate the loss of income from the delayed go live date for the clean air zone
- Education, children's & families improved by £700k due a combination of better-quality forecasting in services and slippage in recruitment
- Strategy & resources improved overall by £270k mainly due to higher investment returns in the market

Most of the full year forecast overspend is attributable to shortfalls in Budget Implementation Plans (BIPs) delivery	Variance Analysis £m	One-off	BIPs	Trend	Total Variance
	Month 4				
	Adult Health & Social Care	(0.3)	8.5	4.1	12.4
	Education, Children & Families	0.7	6.8	0.0	7.5
	Strategy & Resources	(0.3)	1.9	0.6	2.1
	Economic Development & Skills	(0.0)	0.0	0.1	0.1
	Housing	0.0	0.0	(0.0)	(0.0)
	Waste & Street Scene	(3.0)	0.2	2.8	(0.0)
	Transport, Regeneration & Climate	(2.1)	2.1	(0.1)	(0.1)
	Communities Parks and Leisure	(0.3)	0.2	(0.1)	(0.3)
	Total		(5.3)	19.7	7.3
				7.3	21.7

£5.3m of one-off savings are mitigating part of Contributions from provisions for energy and waste inflation mitigate the in-year impact of rising baseline costs. These are one-off contributions that will not help our position in 23/24 as the trend continues.

the ongoing overspend

Balancing the 22/23 budget was only possible with £53m of BIPs, £33m are reported as deliverable in year	£m Portfolio	Total Savings 22/23	Deliverable in year	FY Variance
	People	37.7	22.4	15.3
	Operational Services	7.1	4.7	2.4
	PPC	1.2	0.9	0.3
	Resources	6.7	5.1	1.6
	Total	52.7	33.1	19.7

Focus must be on delivering BIPs in 22/23 and preventing the budget gap from widening

Of the £33.1m BIPs forecast as being deliverable, £10.1m are rated red, which indicates considerable risk of increased overspending.

Of the £19.6m savings that are forecast to be undelivered this year, some can be delivered next financial year. It is estimated that £10m of this year's undelivered savings will still be unachievable in 23/24 and form part of the baseline pressures captured in the draft medium term financial analysis presented to the Strategy and Resources Committee on 5th July 2022.

Adult Health and Social Care are forecast to overspend by £12.4m

The high cost of packages of care put in place during covid has increased our baseline costs into 22/23. Work is underway as part of an investment plan with additional resource to tackle the underlying issues although recruitment issues are impacting our ability to deliver.

Education, Children and Families are forecast to overspend by £7.5m

Forecast under-delivery of budget implementation plans in the service are the main cause of overspends; plans to reduce staffing and increase income from Health are looking unlikely and the residential children's home strategy looks unlikely to deliver financial benefits. The service needs to provide mitigations to bring overspends back in line with budgets.

The following section provides further detail for the Transport, Regeneration & Climate Committee.

1.4.1 **Transport, Regeneration & Climate Committee - underspend of £0.1m at Month 4**

The Transport, Regeneration & Climate Committee is forecast to underspend by £0.1m at month 4	Full Year Forecast £m @ Month 4	Outturn	Budget	Variance
	Direct Services (<i>Carbon Reduction; Transport</i>)	0.0	0.0	0.0
	Street scene & Regulation (<i>Clean Air Zone</i>)	0.1	0.0	0.1
	Inclusive Growth & Development (<i>Capital Delivery; Director of Inclusive Growth; Property and Regeneration</i>)	0.5	0.4	0.1
	Planning, Investment & Sustainability (<i>Planning Services; ITA Levy; Transport and Infrastructure</i>)	41.2	41.5	(0.3)
	Total	41.8	41.9	(0.1)
The planned Clean Air Zone saving of £2.1m has been offset by use of a specific reserve in 22-23.	Variance Analysis £m @ Month 4	One-off	BIPs	Trend
	Direct Services	0.0	0.0	0.0
	Street scene & Regulation	(2.1)	2.1	0.1
	Inclusive Growth & Dev	0.0	0.0	0.1
	Planning, Investment & Sustain	0.0	0.0	(0.3)
	Total	(2.1)	2.1	(0.1)

The planned Clean Air Zone saving of £2.1m has been offset by use of a one-off specific reserve. However, this pressure requires a sustainable mitigation be identified for future years.

Operating spend assumed to be met from income forecast from the introduction of the charging Clean Air Zone remains a risk given potential slippage in the programme following continued dialogue with central government.

The impact of the proposed pay offer creates an extra £0.1m pressure to the committee

The proposed pay award of £1,925 flat rate per employee has been factored into forecasts in M4. The proposal leaves an additional pressure of £0.1m for the Committee.

It should be noted that the pay offer cost is an initial indicative estimate which will require further work to fully understand the actual impact on each service.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The recommendations in this report are that each Policy Committee undertakes any work required to both balance their 2022/23 budget and prepare for the 2023/24 budget.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

4.2 Financial and Commercial Implications

- 4.2.1 There are no direct financial implications from this report.

4.3 Legal Implications

- 4.3.1 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:

- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
- the adequacy of the proposed financial reserves.

- 4.3.2 There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves.

- 4.3.3 By the law, the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

4.4 Climate Implications

- 4.4.1 There are no direct equality implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

4.4 Other Implications

- 4.4.1 No direct implication

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.