



Finance  
and  
Systems

# Scrutiny Committee Update

## 16<sup>th</sup> March 2022

---

# Coverage

- Estimated Outturn 2021/22
- Estimated Reserves balance March 2022
- Key Budget Risks
- Finance and Change Board

# Period 10 Estimated Outturn 2021/2022

Budget Monitoring results by Service	2021/22 Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Children's Services	42,784	43,965	1,181
Adult Services	52,750	52,332	(418)
Public Health	12,505	11,076	(1,429)
Place	31,565	32,904	1,339
Strategy & Resources	5,685	5,295	(390)
Finance & Systems	7,818	7,857	39
Governance & Community Strategy	6,328	6,513	185
<b>Total Directorate Budgets</b>	<b>159,435</b>	<b>159,942</b>	<b>507</b>
Council-wide budgets	20,037	19,524	(513)
<b>Net Service Expenditure variance</b>	<b>179,472</b>	<b>179,466</b>	<b>(6)</b>
<b>Funding</b>			
Business Rates	(62,459)	(62,459)	0
Council Tax	(105,869)	(105,869)	0
Reserves Budget Support	(2,803)	(2,803)	0
Reserves to Support COVID-19	(8,341)	(8,341)	0
<b>Funding variance</b>	<b>(179,472)</b>	<b>(179,472)</b>	<b>0</b>
<b>Net Revenue Outturn variance</b>	<b>0</b>	<b>(6)</b>	<b>(6)</b>

# Period by Period Service Estimated Outturn

Budget Monitoring results by Service	Forecast Variance P6 (£000's)	Forecast Variance P8 (£000's)	Forecast Variance P10 (£000's)
Children's Services	339	879	1,181
Adult Services	1,291	467	(418)
Public Health	(875)	(882)	(1,429)
Place	1,748	1,189	1,339
Strategy & Resources	(163)	(341)	(390)
Finance & Systems	227	184	39
Governance & Community Strategy	146	233	185
<b>Total Directorate Budgets</b>	<b>2,713</b>	<b>1,729</b>	<b>507</b>
Council-wide budgets	(292)	(292)	(513)
<b>Net Service Expenditure variance</b>	<b>2,421</b>	<b>1,437</b>	<b>(6)</b>

## Movements across the periods

- Vacancy Management protocols introduced in summer -£1.0m (non social care services)
- Public Health Contract Inflation savings -£0.4m
- Additional Income from CCG re Hospital Discharge Programme -£0.7m
- Income from THT re VAT Sharing Agreement (Windfall) -£0.2M
- Staffing in social care difficulties in filling vacancies -£0.5m
- Home to School Transport +£0.3m
- COVID pressures +£0.1m

## Underlying Pressures

- Children's placements £1.116m increase in cases and complexity during the year
- Home to School Transport pressures are now £589k due to increase in demand, fuel and staff cover
- Strategic Investment Programme pressures £1.51m largely COVID related delay in developer loans, delays in pipeline, lower rental income
- COVID-19 related pressures in Place and central services directorates of £813k – income from traded services (further lockdowns)
- Pay Award – £980k pressure as assumed pay freeze, met from entire contingency budget

## Savings Programme

- Period 6 - £2.86m below target
- Period 8 - £2.37m below target
- Period 10 - £2.43m below target

Strategic Investment Programme makes up largest shortfall £1.5m Period 10.

Some savings not likely to be achieved have been removed in final budget 2022/23, £606k Adults and £323k Place

# Estimated Reserves Balances

<i>Usable Reserves</i>	Opening Balance 1/4/2021 £m	Estimated Balance 1/4/2022 £m	Estimated Balance 1/4/2023 £m	Estimated Balance 1/4/2024 £m
<b>Earmarked Reserves</b>				
MTFP Budget Resilience, Innovation and Change Reserve	6.35	11.16	12.17	12.67
Smoothing and Business Risk Reserves	15.64	14.03	14.00	12.65
Strategic Priority	13.76	9.38	4.97	4.75
Corporate	(2.94)	0.50	1.07	0.00
General Reserve	8.00	9.50	9.50	9.50
Service Area Priorities	11.10	5.08	1.56	0.87
<b>Total Earmarked Reserves</b>	<b>51.91</b>	<b>49.65</b>	<b>43.27</b>	<b>40.44</b>
<b>Other Reserves (Ring-fenced and Accounting)</b>				
COVID-19 Reserves (*)	114.27	10.39	1.59	0.00
Capital Related Reserves	18.99	11.44	4.48	4.48
School Related Reserves	15.17	15.17	15.17	15.17
<b>Total Earmarked Reserves</b>	<b>148.43</b>	<b>37.00</b>	<b>21.24</b>	<b>19.65</b>

(\*) The COVID-19 Reserves mainly relate to compensation grants received from the Government making good the shortfall in Business Rates and Council Tax income as a result of the Government's various rate and council tax relief schemes. These reserves are therefore fully used to compensate the Collection Fund for the accumulated shortfall and cannot be used for any other purposes.

Review of reserves as part of final budget 2022/23 has enabled the Council to develop sufficient resource within an MTFP Budget Resilience Innovation and Change Reserve to provide capacity to meet the budget gap in the medium term whilst the Council develops a suitable innovation and change programme to deliver a balanced budget

# Key Budget Risks

MTFS - Score in strategic risk register at 25 (no other risk is as high)

Key Budget Risks :-

- National Reset of Business Rates Reset and Fair Funding Review 2023/2024
- Delivery of Savings Programme
- Maintaining income levels/Recycling of the Council's Investment Portfolio
- Fair Price for Care and Market Sustainability
- Charging Reforms in health and social care (unknown and large impact)
- Pressure in Schools High Needs Budget
- Increases in inflation/energy
- Use of Budget Support Reserves 2021/2023 at nearly £23m is not sustainable

## Finance and Change Board

The medium term budget strategy has incorporated the requirement to embark on a programme of innovative change to make permanent reductions in net expenditure.

The programme will be supported by a Finance and Change Board to provide strategic direction and proactive governance.

# Initial Milestones

## Pre - Mobilisation

Share presentation and discussion with CLT

**9 February**

Leader update

**11 February**

Exec Briefing update

**14 February**

Virtual Leaders sessions to explain F&C Programme and financials

**23 February, 1 & 24 March**

## Mobilisation

F&C Board meeting #1 – Vision, scope, programme framework and initial ideas

**8 March**

F&C Board meeting #2 – Developing the programme and resources aligned

**29 March**

Agree target development / support for F&C Board

**31 March**

## Implementation

**April 2022 onwards**

Build on the framework in the coming months - develop processes, monitoring etc





# Questions ?

---