

Finance Update Report Financial Year 2022/23 Month 10 – 31st January 2023



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Period 10 Finance Report

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As we enter the last few months of the financial year, the financial position at the end of Month 10 shows overall further signs of improvement, although within this improvement, there are some significant over and underspends.

Whilst still reporting an overspend on Council budgets, the scale of the overspend has reduced at month 10 to **£1,634k**, an improvement of (£857k) since month 9.

The improved forecast at month 10 mainly reflects updated staffing forecasts, where vacancies across a number of services remain open, resulting in an increase in the level of underspend. There is also a forecast reduced expenditure on a range of non-staffing budgets, in particular on utilities, as year end spend can now be predicted with more confidence and accuracy. In addition the Council has received a return of Business Rates levy surplus funding for 22/23, of (£472k), as part of the final local government settlement announced in January 2023.

On the pressures side, there have been a range of pressures over a number of service areas, including within Housing Benefit and Insurance provision. The most significant emerging pressure however is an increase of **£707k** costs due to increasing demand and complexity of adult social care placements.

Efforts will continue for the remaining months of the year to bring the overspend down further, in order to minimise any ongoing impact on the 23/24 budget position.

P10 Forecast Position and Net Variance

Forecast Position £000's	Forecast Position (Net)			Net Variance		Gross Budget (full year)	
	Budget	Forecast	Variance	Previous Month	Movement in Month	Expenditure Budget	Income Budget
Adults	45,961	48,233	2,272	1,565	707	118,879	(72,918)
Children's Services	57,024	57,371	347	617	(270)	69,344	(12,320)
Education	7,200	7,936	736	858	(121)	33,593	(26,393)
Schools	0	0	0	0	0	130,344	(130,344)
Population Health	14,301	12,820	(1,481)	(1,332)	(150)	15,995	(1,694)
Place	28,438	33,516	5,078	6,352	(1,275)	93,232	(64,794)
Governance	9,614	9,821	207	(162)	369	72,057	(62,443)
Finance and IT	9,882	9,828	(54)	(455)	401	11,914	(2,033)
Quality and Safeguarding	106	106	0	(8)	8	349	(243)
Capital and Financing	4,513	2,423	(2,090)	(1,988)	(102)	8,680	(4,167)
Contingency	(4,303)	(7,674)	(3,372)	(2,978)	(393)	2,704	(7,007)
Corporate Costs	5,169	5,144	(24)	7	(32)	5,479	(310)
Levies	30,704	30,719	15	15	0	30,704	0
TMBC Expenditure	208,609	210,243	1,634	2,491	(857)	593,275	(384,666)

The Month 10 forecast is for a significant net overspend by 31 March 2023 of £1,634k. This represents an improvement of (£857k) since M9.

Council budgets continue to face significant pressures with continued challenges with the delivery of savings, combined with ongoing inflationary cost pressures around utilities and fuel costs, meaning that the forecast outturn position by March 2023 remains challenging. The movements by directorate are detailed on the next pages;

Summary Position at P10 Council Budgets

Adults

The Adults Services Directorate is forecast to **overspend** against budget in 2022/23 by **£2,272k**. The main variations include a **£1,012k** increase in expenditure in Residential & Nursing Placements for short stay placements, Out of Borough Care and also Additional Support for increased needs for care. There has been a reduction in client contributions towards non residential care to the value of **£1,458k**. There is also a reduction in the Covid Grant income which was anticipated to be received. These overspends have been partially offset by vacant posts throughout the year and also additional funding streams such as Continuing Health Care Funding and Health contributions.

Significant movements since the last reporting period include adverse changes to placement demand and increased unit costs due to increased complexity in needs, resulting in an adverse variation of **£707k**.

Children's Services

At period 10 the Directorate forecast position is an **overspend of £347K**, a favourable reduction in forecast variation of (£270K) since period 9. The favourable reduction in forecast overspend is predominately due to additional Youth Justice Board Grant of (£95K) and slippage in training and events (£40K).

At the end of January, the number of Cared for Children was 661, an increase of 5 from the previous month.

Education

The overall position for Education has improved by (£121k) but there is a continued pressure of **£736k**. The main reason for the overspend relates to Transport Related expenditure (SEN Transport) of **£1,100k** which has a continued increasing demand. This is partly offset by in year staffing under spends of (£414k).

The main reasons for the improved forecast relate to an increased forecast on fixed penalty notice income in Education Welfare of (£54k), a reduced forecast spend on SEN Transport of (£50k) and health income expected for support provided on the Neurological Developmental Pathway within the Pupil Support Service of (£78k). This is partly offset by an increase in forecast cost of **£97k** for the use of Associates on the Education Psychology Service for the delivery of statutory assessments. There are other minor variations under (£50k).

Summary Position at P10 Council Budgets

Population Health

The Population Health Directorate is forecast to underspend against budget in 2022/23 by (£1,481k). The main variations to budget include a (£693k) underspend on staffing due to full and part year vacancies in the service. Contain Outbreak Management Funding of (£229k) to support staffing on Covid related objectives. (£204k) underspend due to a reduction in the ICFT contract. A (£124k) underspend relating to prescribing costs based on actual activity levels.

Place

Overall the Growth Directorate is forecasting an overspend of **£2,400k** by 31 March 2023. This overspend position is slightly better than previously forecast due to a reduction in the forecast cost of utilities since the last monitoring period. The overspend is driven by a number of factors, with key pressures relating to energy costs, non delivery of planned savings and shortfalls in income recovery.

The forecast position for Operations & Neighbourhoods is a **£2,700k** overspend. The level of forecast overspend has reduced since period 9, mainly due to a reduction in the forecast for Street Lighting Electricity costs. The overall forecast overspend can be categorised into the following key themes; Energy & Fuel **£540k**; Non delivery of savings **£839k**; Income shortfalls in Parking Services **£874k**; Net staffing underspend pending service redesigns and vacant posts (£300k); Other key variations **£755k**, including additional demand for housing & temporary accommodation.

Governance

The directorate is reporting an overall **£207k over budget**. This is a change from period 9 of £369k, This is mainly due to an additional pressure for the need to increase the level of the bad debt provision for Council Tax Summons costs. The increase is needed following a re-assessment in January of the level of the provision required for unpaid debts. Rising debt levels and falling collection rates are a national issue and mean that the likelihood of collection has reduced, resulting in an increase in provision for debt write offs.

The main areas of overspend are in Exchequer services where additional costs have arisen due to a need to increase the provision for non recovery of council tax court costs combined with reduced housing benefit overpayment income. There are also additional staffing costs due to work required by government in response to the cost of living crisis. In addition Legal Services face cost pressures due to the cost of locums and shortfalls in schools traded services income is creating a budget pressure in HR Operations and Strategy. The significant overspends are being off set by underspends on employee costs across the other service areas due to vacancies and delays to recruitment/service reviews.

Finance and IT

Overall the directorate is forecast to be (£54k) underspent. The main reasons for this are vacant posts across the service, as well as IT projects not going ahead as a result of the spending moratorium. The reduction in the level of underspend reported compared with the previous month is primarily due to additional costs of insurance claims required, following receipt of the annual actuarial review in January 2023, to be funded from the provision and a corresponding increase in the contribution to the insurance provision in excess of budget.

Capital and Finance, Contingency and Corporate Costs

The overall forecast on Corporate Budgets is an underspend of (£5,471k), which is an improvement in the forecast of £527k compared to period 9. The main factors driving the improved forecast are the Business rates levy surplus funding for 2022/23 that was announced in the Final Local Government Settlement on 6 February 2023 (£472k), additional investment income as interest rates continue to rise (£34k), an increase in the pension advance payment saving following the Local Government pay award (£68k), and some other minor changes **£47k**.