

Brighton & Hove City Council

Policy & Resources Committee

Agenda Item 38

Subject:	Targeted Budget Management (TBM) 2022/23: Month 2 (May)		
Date of Meeting:	29 July 2022		
Report of:	Chief Finance Officer		
Contact Officer:	Name:	Jeff Coates	Tel: 29-2364
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT:

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an early indication of forecast risks as at Month 2 on the council's revenue and capital budgets for the financial year 2022/23.
- 1.2 The forecast risk for 2022/23 at this early stage is an £8.636m overspend on the General Fund revenue budget. This includes a forecast overspend of £0.235m on the council's share of the NHS managed Section 75 services. Forecasts at this stage of the year are based on early trends and are more difficult to predict with high accuracy, particularly in relation to those areas subject to seasonal variation. There are also some continuing impacts from the pandemic in relation to economic recovery which are currently suppressing incomes such as planning fees and commercial rents as well as continuing to drive higher Council Tax Reduction claimant numbers. A significant level of savings are also shown to be at risk with the report indicating that £4.885m (46%) of the substantial savings package in 2022/23 of £10.509m is potentially at risk.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the forecast risk position for the General Fund, which indicates a potential forecast overspend risk of £8.636m. This is net of an overspend of £0.235m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note the forecast for the Housing Revenue Account (HRA), which is currently an overspend of £0.722m.
- 2.3 That the Committee note the forecast position for the Dedicated Schools Grant which is currently break-even.
- 2.4 That the Committee agrees to set aside £0.395m in a Schools Financial Smoothing Reserve to provide short-term support to schools already in, or expected to be in, deficit that will allow them additional time to adjust their budget plans.

- 2.5 That the Committee note the forecast outturn position on the capital programme which is a forecast overspend of £3.502m and approve the variations and slippage in Appendix 5 and new schemes as set out in Appendix 6.

3 CONTEXT/ BACKGROUND INFORMATION

Targeted Budget Management (TBM) Reporting Framework

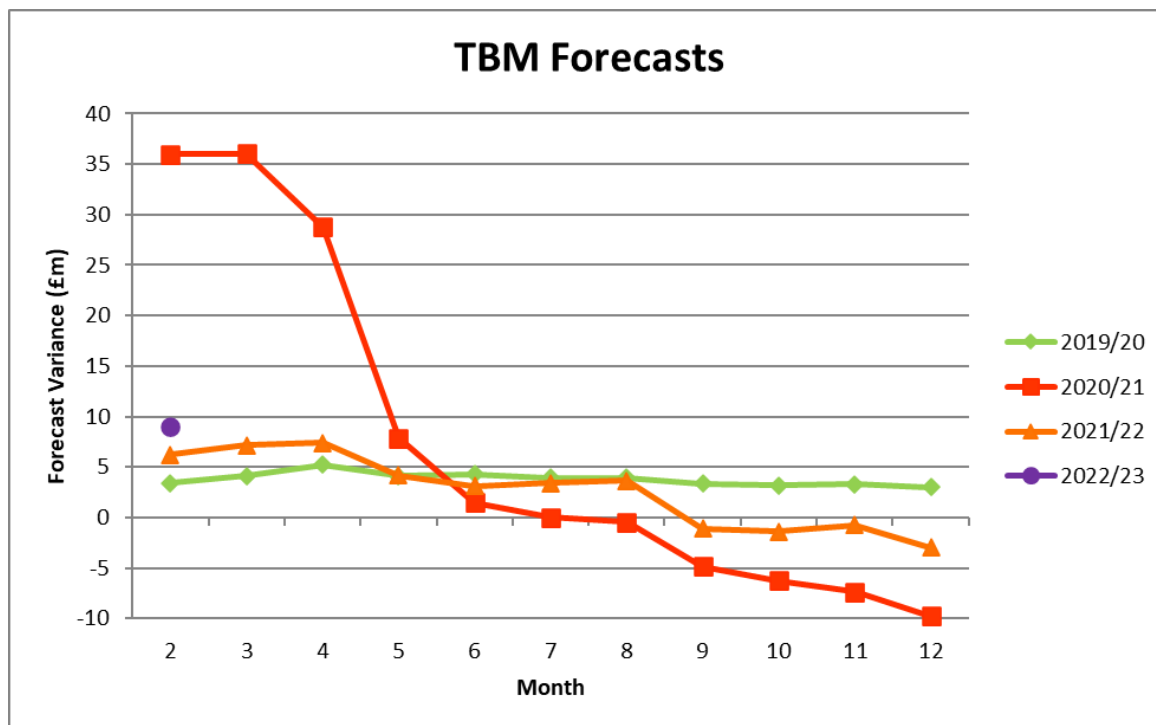
- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending through effective financial recovery planning together with more regular monitoring of high risk demand-led areas as detailed below.
- 3.2 The TBM report is normally split into the following sections:
- i) General Fund Revenue Budget Performance
 - ii) Housing Revenue Account (HRA) Performance
 - iii) Dedicated Schools Grant (DSG) Performance
 - iv) NHS Controlled S75 Partnership Performance
 - v) Capital Investment Programme Performance
 - vi) Capital Programme Changes
 - vii) Implications for the Medium Term Financial Strategy (MTFS)
 - viii) Comments of the Chief Finance Officer (statutory S151 officer)

4 General Fund Revenue Budget Performance (Appendix 3)

- 4.1 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendix 3.

Provisional Outturn 2021/22 £'000	Directorate	2022/23 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(118)	Families, Children & Learning	103,262	106,515	3,253	3.2%
(4,421)	Health & Adult Social Care	74,805	75,559	754	1.0%
(1,618)	Economy, Environment & Culture	41,189	42,778	1,589	3.9%
2,042	Housing, Neighbourhoods & Communities	25,879	27,184	1,305	5.0%
254	Governance, People & Resources	29,797	31,695	1,898	6.4%
(3,861)	Sub Total	274,932	283,731	8,799	3.2%
913	Corporately-held Budgets	(59,825)	(59,988)	(163)	-0.3%
(2,948)	Total General Fund	215,107	223,743	8,636	4.0%

- 4.2 The General Fund includes general council services, corporate budgets and central support services. Corporate Budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools). The chart below shows the monthly forecast variances for 2022/23 and the previous three years for comparative purposes.

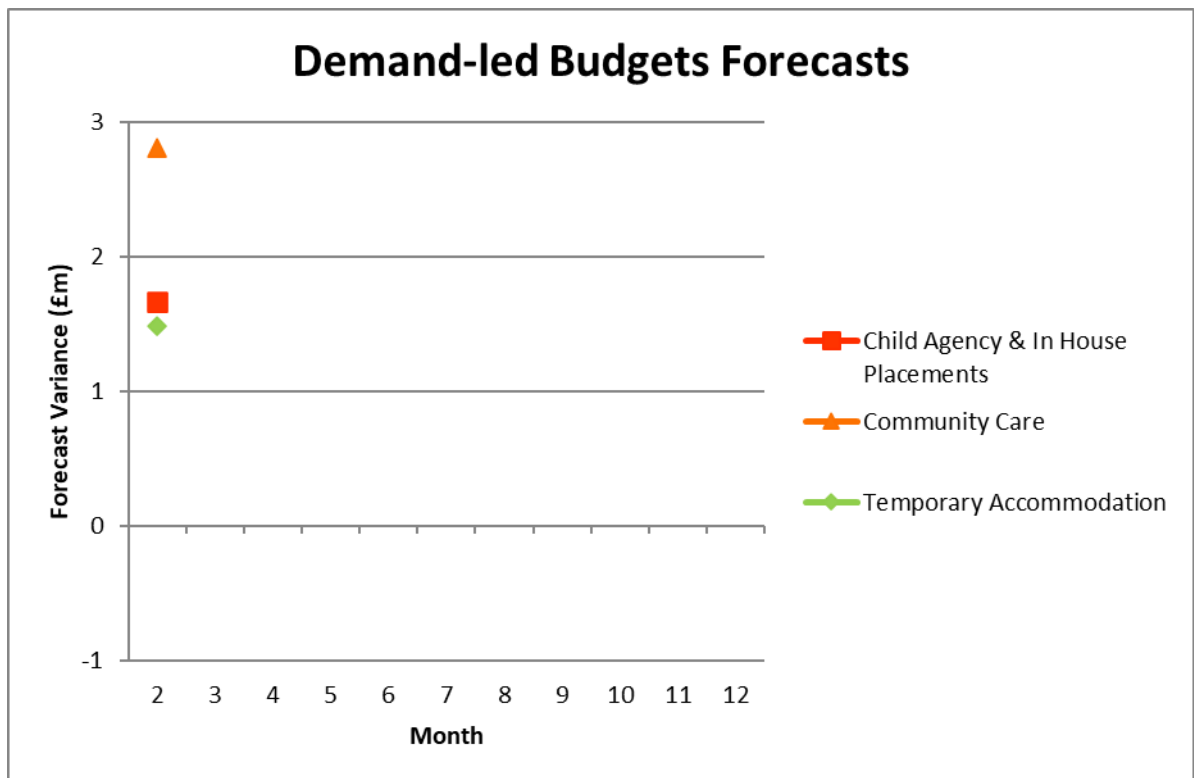


Demand-led Budgets

- 4.3 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council’s overall financial position. These are budgets of corporate significance where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council’s budget strategy. These can include income related budgets. These therefore undergo more frequent and detailed analysis.

Provisional Outturn 2021/22 £'000	Demand-led Budget	2022/23 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
969	Child Agency & In House Placements	24,477	26,137	1,660	6.8%
(5,034)	Community Care	86,903	89,712	2,809	3.2%
2,084	Temporary Accommodation	5,701	7,181	1,480	26.0%
(1,981)	Total Demand-led Budget	117,081	123,030	5,949	5.1%

The chart below shows the monthly forecast variances on the demand-led budgets for 2022/23.



TBM Focus Areas

The main pressures identified at Month 2 are across parts of Families, Children & Learning, Homelessness, Transport, City Environmental Management and Culture, Tourism & Sport. Information about these pressures and measures to mitigate them are summarised below:

4.4 **Families, Children & Learning:** The current projected position identifies potentially significant cost pressures: £1.665m on Children’s Social Care Services, £1.268m on Adult Learning Disabilities Community Care, £0.320m on in-house disability provision and £0.411 on Home to School transport. However, there are estimated recovery measures totalling £0.511m. These, together with other variances of £0.100m result in a forecast overspend of £3.253m overspend as at Month 2. The key drivers of the overspend are as follows:

- **Children’s Residential Placements** The number of children placed in residential children’s homes has been rising since the start of the 2020/21 financial year. As at 31st May there were 36 children placed in residential homes. In addition, the average unit cost per placement is significantly higher than the budget, driven by a number of very high cost placements. The result is the forecast overspend of £1.222m for residential placements
- **Adults with Learning Disabilities** The 2022/23 community care budget allowed a 2% across the board fee uplift to all providers across all care types. However, due to recent events such as the increase in the cost of living and the higher than anticipated increased in living wage there have been strong representations from providers for an additional uplift in 2022/23.
- **Home to School Transport.** Due to local driver, VPA and vehicle shortages, and increased fuel costs, the service is receiving fewer and more costly bids on routes. Driver/VPA and vehicle shortages are not unique to B&H, they are being seen across the country and a benchmarking exercise is underway to ascertain the scale of the problem. The DfE have declared that nationally HTST is at

significant risk of failure due to these unprecedented capacity issues. There is increasingly less capacity in the local system to meet demand. The number of EHCPs in BHCC are currently at 2,146 in June 2022. This is an increase of 293 in the last 2 years (double the number since 2016).

The forecast for the 2022/23 central Dedicated Schools Grant is currently a breakeven position. More details are provided in Appendix 3.

- 4.5 **Adults Services:** service is facing significant challenges in 2022/23 in mitigating the risks arising from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining a resilient local provider market. It is to be noted that this is after applying service pressure funding of £3.211m in 2022/23 which has been used to fund budget pressures resulting from the increased complexity and costs of care.

At this stage, £0.900m of the £2.224m 2022/23 savings plan are being forecast as unachievable this financial year. Actions are focussed on attempting to manage demand on and costs of community care placements across Assessment Services and making the most efficient use of available funds.

The HASC directorate has a Modernisation Programme which aims to implement a consistent strengths-based approach across key work streams, ensuring robust pathways are in place, developing a community reablement offer and re-designing the front door service. Currently the Health & Social Care system is under considerable pressure and this is generating additional costs for the council due to:

- Pressures on NHS budgets resulting in reduced funding contributions from the CCG;
- Significant pressures on the acute hospital resulting in increased costs to support timely discharge into residential and nursing home care;
- Ongoing transformation of GP practices and enhancement of their clinical screening and general medical services which contribute to preventative support;
- Pressures on NHS outreach and other preventative services including community nursing (known as Integrated Primary Care Teams);
- Workforce capacity challenges across adult social care services;
- There is also focus nationally on improving rates of hospital discharge in order to accommodate winter pressures.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. Established safeguards are in place to provide assurance within this process.

- 4.6 **Housing Services and Temporary Accommodation:** Overall these services are forecasting an overspend of £1.480m but there is a financial recovery place to address the current forecast for unmet savings of £0.472m. The overspend relates to the following elements:

A provision for underlying Temporary Accommodation and Rough Sleeping pressures of over £1m was provided in the 2021/22 budget, which was expected to be supported by additional funding from the government's announcement of an additional £254 million national funding. However, although core funding increased overall, it was insufficient to support the service pressure funding and the budget therefore remains significantly oversubscribed (by £1m) due to the number of leased and emergency properties required.

Further overspends of £0.369m are forecast due to the continuation of a higher than budgeted level of empty properties and associated repairs costs. The current level of empty properties in TA is reducing as the backlog of works takes place, however, there are still more properties empty for longer than the current budget allows for. The forecast also includes an overspend on the contribution to the bad debt provision of £0.189m as there is a risk that more people will fall into arrears given the pressures on household incomes.

The forecast assumes that the number of placements in Emergency Accommodation (EA) will reduce during the year by 131 units including the number of households placed in spot purchased nightly accommodation reducing to 45, from 121 in April, by the year-end. However, this is not sufficient to meet the budget savings plans and so the cost of EA is forecast to overspend by £0.516m largely as a result of prudent assumptions for reducing numbers of households in EA due to the current rising cost of living and the possible effects this may have on homelessness. There are various short-term funds (such as the Household Support Fund) that the council can use to try to alleviate the rising cost of living for low-income households, which may mitigate some of this pressure going forward alongside other government support for low income households. For this year, the housing service has a one-off budget of £1.280m (carried forward from 2021/22) for homelessness prevention which may relieve the immediate rising cost of living pressures for households and therefore allow further reduction in EA/TA as the year progresses.

The above pressures are partially offset by a forecast contribution of (£0.454m) from the Homelessness Prevention Grant after other expenditure has been considered and an underspend of (£0.176m) on leased rents expenditure as the numbers of leased properties used for TA has fallen during 2021/22. There is also a financial recovery plan in place to further reduce the numbers in EA and reduce costs by £0.472, in order to meet the savings target for 2022/23.

There is a forecast overspend of £0.159m associated with the provision of additional emergency hotel accommodation originally acquired early in the pandemic as a result of the Government's 'Everyone In' Initiative. This is due to the 2 remaining hotels being decanted later than anticipated at budget setting time. The one remaining hotel is planned to be decanted around the end of July. This forecast assumes that the cost of Commissioned Rough Sleeper and Housing Related Support services will break-even in 2022/23,

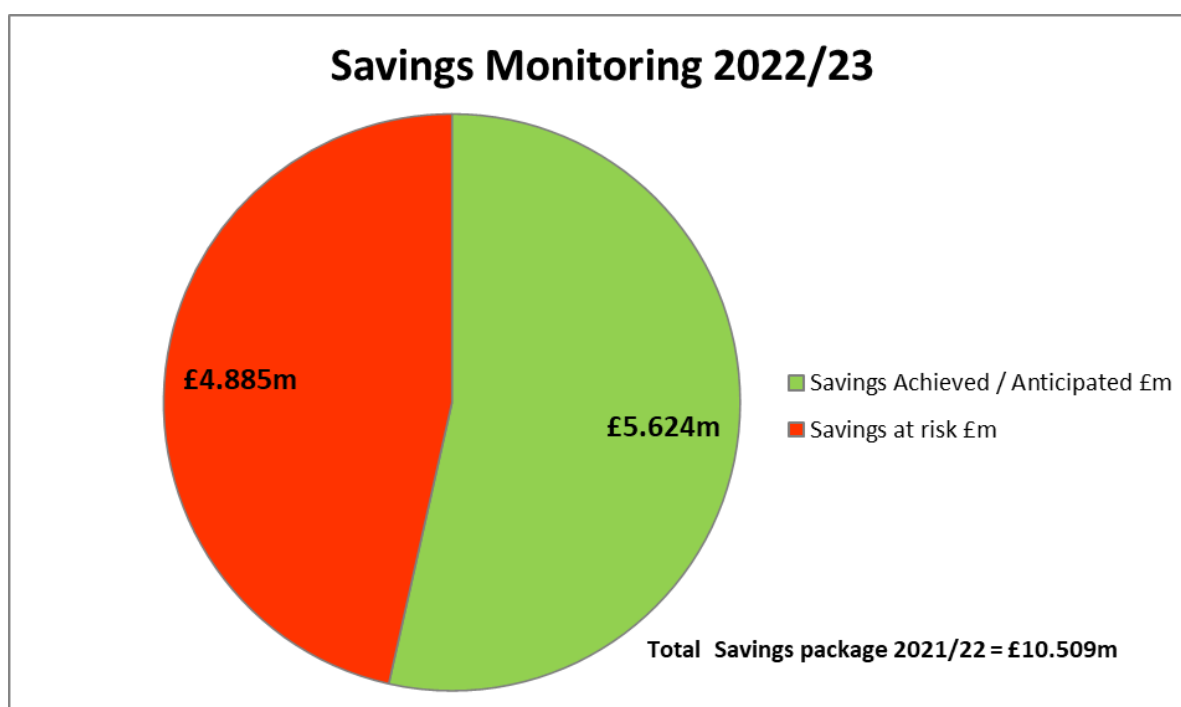
Housing are continuing to seek additional cost reductions to reduce the overspend further through the continuation of the Homelessness Transformation Programme which is an 'end to end' improvement programme to help the service improve its processes to reduce the use and length of stay in Temporary Accommodation by improving homeless prevention, homeless processes and enabling move on to more sustainable accommodation. The service is already seeing reductions to the number of households in TA through a combination of better prevention from homelessness and improved move-on. Further efficiencies will be sought by (for example) continuing to improve move-on processes, void turnaround times in emergency accommodation, and improving income collection thereby continuing to reduce costs in 2022/23 in line with the budget strategy.

- 4.7 **Environment, Economy & Culture:** The Directorate has substantial income budgets for parking, planning and venues and for the council's commercial property portfolio, all of which are dependent on visitor numbers and commercial activity. There is also a challenging additional income target for Parking Services of

£1.722m as well as other income areas across the directorate for 2022/23. These activities and services had been heavily impacted by COVID-19 in previous years and the services are starting to see recovery, but these targets will only be achieved if demand returns. The directorate also contains large budgets for the waste collection and street cleansing services which are forecasting greater than budgeted costs due to agency cover of vacant posts. As recruitment into these posts is conducted, high agency spend should reduce the overspend on these services. The overall effect of these factors is a forecast risk of £1.904m for Month 2. The Directorate is applying financial recovery measures of reviewing expenditure budgets and income potential throughout the year to address budget overspends within Parking and Venues services. These financial recovery measures will seek to reduce the forecast risk to £1.589m.

Monitoring Savings

- 4.8 The savings package approved by full Council to support the revenue budget position in 2022/23 was £10.509m following directly on from a £10.687m savings package in 2021/22. This is very significant and follows 12 years of substantial packages totalling over £199m, since government grant reductions commenced in 2009/10, that have been necessary to enable cost and demand increases to be funded alongside managing the reductions in central government grant funding.
- 4.9 Appendix 3 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 4 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 2 which is an early indication. This shows that £4.885m (46%) is currently at risk. Mitigation of these risks will be included in the development of services' financial recovery actions as far as possible.



5 Housing Revenue Account Performance (Appendix 3)

- 5.1 The Housing Revenue Account is a separate ring-fenced account within the General Fund that covers income and expenditure related to the management and

operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents and housing benefits.

- 5.2 The forecast outturn is an overspend of £0.722m and more details are provided in Appendix 4. This year will still be challenging for the HRA as the service has to deal with inflationary pressures, the rising costs of utilities and continues to deal with the rent loss and other costs associated with the remaining backlog of empty properties. The service will be reviewing spend to try to reduce this forecast overspend during the year. If this cannot be managed within budget then the overspend can be met from HRA reserves.

6 Dedicated Schools Grant Performance (Appendix 3)

- 6.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant within the General Fund which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is currently a break-even position and more details are provided in Appendix 3. Under the Schools Finance Regulations any underspend or overspend must be carried forward within the schools budget in future years.

7 NHS Managed S75 Partnership Performance (Appendix 3)

- 7.1 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.
- 7.2 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. An overspend of £0.235m is currently forecast and more details are provided in Appendix 3.

8 Capital Programme Performance and Changes

- 8.1 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast overspend of £3.502m at this early stage. More details are provided in Appendix 5.

Directorate	Reported Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
Families, Children & Learning	25,678	25,678	0	0.0%
Health & Adult Social Care	9,545	9,545	0	0.0%
Economy, Environment & Culture	87,715	91,147	3,432	3.9%
Housing, Neighbourhoods & Communities	6,125	6,125	0	0.0%
Housing Revenue Account	102,789	102,859	70	0.1%
Governance, People & Resources	1,690	1,690	0	0.0%

Total Capital	233,544	237,046	3,502	1.5%
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(Note: Summary may include minor rounding differences to Appendix 5)

- 8.2 Appendix 5 shows the changes to the capital budget and Appendix 6 provides details of new schemes for 2022/23 to be added to the capital programme which are included in the budget figures above. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at Budget Council.

Summary of Capital Budget Movement	Reported Budget Month 2 £'000
Original Budget	233,594
Changes reported at other committees and already approved	5,150
New schemes to be approved in this report (see Appendix 5)	258
Variations to budget (to be approved)	2,199
Reprofiling of budget (to be approved)	(7,657)
Slippage	0
Total Capital	233,544

- 8.3 Appendix 5 also details any slippage into next year. However, as normal, project managers have forecast that none of the capital budget will slip into the next financial year at this early stage.

9 Implications for the Medium Term Financial Strategy (MTFS)

- 9.1 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.
- 9.2 The forecast risk at month 2 indicates a number of underlying pressures, for example, across children's residential care, Adult Learning Disability services, homelessness, Orbis Services and some income targets. Excluding income pressures where every effort will be made to turn the positions around, the majority of expenditure pressures have been reflected in the Medium Term Financial Strategy projections reported to the July meeting of Policy & Resources Committee and will be kept under review as the 2023/24 budget process progresses and further TBM forecasts are provided during the year.

Capital Receipts Performance

- 9.3 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Modernisation Fund, Asset Management Fund and the Information, Technology and Digital Investment Fund. The planned profile of capital receipts for 2022/23, as at Month 02, is £13.3m which includes receipts

expected from the land transferring to the HRA for the Moulsecoomb housing redevelopment, land disposals at Patcham Court Farm, Patcham Place Lodge and Montague Place, plus a number of lease extensions. To date there have been receipts of £0.005m in relation to some minor lease payments. The capital receipts performance will be monitored over the remainder of the year against capital commitments.

- 9.4 The forecast for the 'right to buy sales' in 2022/23 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 40 homes will be sold and net retained receipt of up to £2.000m available to re-invest in replacement homes. In addition to this net retained receipt the HRA will also retain circa £0.500m to fund investment in the HRA capital programme. To date 13 homes have been sold in 2022/23.

Collection Fund Performance

- 9.5 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.
- 9.6 The council tax collection fund is forecast to be in deficit by £1.586m for the financial year outside of the 3-year spread of the deficit from 2020/21 that is already funded. The main areas resulting in increased costs are SMI exemptions £0.688m, student exemptions £0.754m and CTR awards £0.163m. For student exemptions there has been £0.204m awarded against previous years at the end of May and if it follows a similar profile to last financial year it is forecast this could reach backdated awards of £0.700m. There has been an increase of nine SMI exemptions in the first two months and whilst forecasting a continued increase gives an increased cost for the current year liability of £0.088m, it is the backdated element that is considerably larger. SMI exemption backdating can go back over many years and at the end of May £0.117m had been awarded in respect of previous years and is forecast to increase to £0.600m by year-end. The CTR claimant numbers are higher than assumed in the tax base calculation although the increased cost forecast of £0.328m is partly being offset by the forecast reversal of CTR awards in respect of previous years of £0.165m. The council's share of the overall deficit of £1.586m is £1.343m.
- 9.7 The business rates collection fund is forecasting a break-even position for the financial year outside of the 3-year spread of the deficit from 2020/21 that is already funded. There are a range of risks that could change this forecast significantly with the main uncertain factors being business failures and any step increase in empty properties.

Reserves, Budget Transfers and Commitments

- 9.8 The creation of reserves, the approval of budget transfers (virements) of over £0.250m, and agreement to new financial commitments of corporate financial significance that are not provided for in the approved budget and policy framework require Policy & Resources Committee approval in accordance with the council's Financial Regulations and Standard Financial Procedures.
- 9.9 As reported to Policy & Resources Committee on 7 July 2022, the approval of changes to the council's pay and grading structure to improve pay for its lowest paid staff impacts on schools' budgets as well as the General Fund (council services).

Changes in pay costs, including pay awards, are funded from the Dedicated Schools Grant (DSG) and it is for schools to plan for and manage ongoing pay costs including pay awards and other changes. However, alongside other pressures on schools' budgets, the council recognises the additional impact on schools' budget plans, particularly in the short term. In this respect, the July report advised that the council would review the overall impact of the pay and grading changes and may need to consider options for supporting those schools at the greatest risk of financial instability.

- 9.10 Any support would need to be one-off and the council's General Fund has never been used to provide recurrent (ongoing) resources to schools who are funded by the ring-fenced DSG. This is primarily because the General Fund has experienced very substantial government grant reductions since 2009/10 and, as a result, the council has experienced very large annual budget deficits requiring multi-million pound savings packages each year for over a decade. The council can, however, consider providing short-term, one-off support, with or without pay-back, to give schools more time to adjust budget plans, subject to available resources. This has been provided in the past in relation to equal pay and other back-pay settlements and has provided schools with a form of financial smoothing. In this vein, the council has guaranteed to meet any back-pay costs of the pay and grading change prior to April 2022 as schools would not have had time to make provision for this in their 2021/22 budget plans.
- 9.11 Since the July report, schools' budget plans for 2022/23 have now been finalised and the annual process of agreeing licensed deficits for those experiencing pressures has been completed. Licensed Deficits are allowable under the Scheme for Financing Schools and enable a school to achieve a balanced budget over a longer period of time i.e. beyond one year. There were 14 schools with licensed deficits of varying scale, the majority of whom were already in deficit for reasons other than the latest pay and grading change, for example, falling roll numbers. However, further analysis of the additional cost of the pay and grading review indicates that a further 16 schools, who had previously submitted balanced plans, could potentially be put into deficit in 2022/23 by the increased pay and grading offer. While schools will do all they can to manage this in-year and there is a schools contingency budget of approximately £0.300m (not available to Special Schools who do not contribute), officers' assessment is that additional support would be appropriate to provide short-term financial smoothing to afford these schools more time to adjust their forward budget plans during 2022/23.
- 9.12 Based on an analysis of potential deficits, a General Fund risk provision of £0.395m is recommended to: a) match the schools contingency budget (i.e. £0.300m) to provide support mainly to primary schools, and b) provide £0.095m support for Special Schools who do not have access to the schools contingency. The risk provision, if approved, will be held in a Schools Financial Smoothing Reserve and would be a further call against the £1.655m unallocated 2021/22 outturn underspend, reducing the amount available to mitigate higher national pay award costs on the General Fund. The exact level of support to schools will not be known until financial year-end as some may be able to mitigate the financial impacts in-year through securing additional income or external funding, or through other financial management actions.

10 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 10.1 The provisional outturn position on the General Fund is an overspend of £8.636m. This includes a forecast overspend of £0.235m on the council's share of the NHS

managed Section 75 services. Any overspend at year-end would either need to be carried forward or potentially met from available one-off resources.

11 COMMUNITY ENGAGEMENT & CONSULTATION

11.1 No specific consultation has been undertaken in relation to this report.

12 CONCLUSION AND COMMENTS OF THE CHIEF FINANCE OFFICER (S151 OFFICER)

12.1 The forecast risk at Month 2 represents 4.0% of the net General Fund. This early forecast indicates a number of significant demand and cost pressures alongside income pressures, some of which are driven by ongoing pandemic impacts on the economy. Directorates and services will work on actions to mitigate the position, particularly in relation to savings plans at risk, and will develop recovery actions wherever possible.

13 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

13.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Executive Leadership Team and the management and treatment of forecast risks is considered by the Audit & Standards Committee as part of its review of strategic risks.

Finance Officer Consulted: Jeff Coates

Date: 20th June 2022

Legal Implications:

13.2 Decisions taken in relation to the capital and revenue budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Lawyer Consulted: Elizabeth Culbert

Date: 30th June 2022

Equalities Implications:

13.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

13.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet council priorities including Carbon Neutral priorities set out in the Corporate Plan.

Risk and Opportunity Management Implications:

13.5 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

SUPPORTING DOCUMENTATION

Appendices:

1. Financial Dashboard Summary

2. Revenue Budget RAG Rating
3. Revenue Budget Performance
4. Summary of 2022/23 Savings Progress
5. Capital Programme Performance
6. New Capital Schemes

