

## **CABINET**

### **22 SEPTEMBER 2022**

## **RESOURCES REPORT – REVENUE BUDGET MONITORING - MONTH 4 (31 JULY) 2022/23**

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### **Relevant Cabinet Member**

Mr S E Geraghty

### **Relevant Officer**

Chief Financial Officer

### **Recommendations**

1. **The Cabinet Member with Responsibility for Finance (who is also the Leader of the Council) recommends that Cabinet:**
  - (a) **Notes the budget forecast as at 31 July 2022;**
  - (b) **notes and approves the Contain Outbreak Management Fund (COMF) reserves as detailed in paragraphs 24 - 27 and Appendix 2;**
  - (c) **notes the current progress regarding savings plans approved by Council in February 2022 as detailed in paragraphs 50 and 51;**
  - (d) **notes the financial impact and forecast for COVID-19 reserve funded expenditure as detailed in paragraphs 52 and 53 and Appendix 3;**
  - (e) **notes the progress and commitments relating to the Open for Business Reserve, as detailed in paragraphs 54 to 56 and Appendix 4;**
  - (f) **approves the use of reserves as detailed in paragraphs 57 to 61;**
  - (g) **recommends to Council the variations to the Capital Programme as detailed in paragraphs 62 – 68; and**
  - (h) **notes the report on borrowing and lending transactions during 2021/22 detailed in paragraphs 74 and 75 and Appendix 5.**

### **Introduction**

2. This report details the 2022/23 outturn forecast for the Council's £373 million net revenue budget as at Month 4 (31 July 2022), the forecast use of COVID-19 funding and progress to date on the savings and reforms programme.

3. Overall, the Council is forecasting a £8.281 million cost pressure without further action. This is reported after the delivery of savings and mitigations of over £15 million in year. This being a mixture of one-off and recurrent savings.

4. The majority of the overspend forecast is based on demand being faced within adults and children's social care and is a situation that could worsen as we progress through the year. Demand management and savings opportunities are being implemented within People Services; however significant cross council action is required to support the closure of the financial gap.

5. £4.65 million of the recurrent corporate savings target of £5.15 million is forecast to be achieved this financial year, as detailed in paragraphs 50 and 51. Although £2.3 million is non-recurrent so still needs to be addressed in year or for 2023/24.
6. It is expected that all of the Covid General and Contain Outbreak Management Grants which were carried forward will be fully utilised in 2022/23, as detailed in paragraphs 24 to 27 and Appendix 2.
7. Looking forward, the Council will be refreshing its Medium-Term Financial Plan in time for February's budget setting, noting the continual need to invest in the priorities that support vulnerable children and adults, ensuring road and infrastructure improvements support strong economic growth for the county area whilst acknowledging the financial risks on our income as we continue to recover from the effects of the pandemic.
8. This report also notes the latest position with regard to the continuing overspend on the Dedicated Schools Grant (DSG) High Needs Block as detailed in paragraphs 33 – 40.
9. An update on the latest borrowing and lending transactions are also reported in paragraphs 74 and 75.

### **Summary Revenue Budget Monitoring 2022/23 Forecast at Month 4 (31 July 2021)**

10. The County Council's net budget of £373 million was set by Full Council in February 2022.
11. This report covers the forecast financial position for 2022/23 to the end of Month 4 (31 July 2022).
12. The overall outturn forecast at Month 4 is for a net overspend of £8.337 million, as set out in **Table 1**, with further breakdown for each service area is set out in **Appendix 1**

**Table 1: 2022/23 Month 4 Forecast**

<b>Service Area</b>	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
People – Adults	139.827	146.326	6.499
People – Communities	20.593	20.593	0
Public Health	0.124	0.124	0
Children's Services/WCF	108.648	110.431	1.783
Economy & Infrastructure	59.226	59.228	0.002
Commercial & Change	7.256	7.256	0
Chief Executive	1.434	1.431	-0.003
<b>Total: Service excl DSG</b>	<b>337.108</b>	<b>345.389</b>	<b>8.281</b>
Finance/Corporate Items	36.589	36.145	-0.444
Non-assigned items	-0.500	0	0.500
<b>TOTAL</b>	<b>373.197</b>	<b>381.534</b>	<b>8.337</b>

13. The above table shows a net £8.281 million overspend on services, a £0.444 million underspend on corporate areas as a result of no commitments allocated against the corporate contingency budget, and a £0.5 million overspend due to a shortfall in the identification of corporate savings target (originally £5.15 million).
14. The identified £4.65 million corporate savings targets have been allocated to directorates and their base budgets reduced by the corresponding amounts, with details shown in paragraphs 50 and 51.

## **Adult Social Care Budget £139.8m, £6.5m overspend**

15. As reported at the end of 2021/22, placement activity was higher than forecast with an underlying overspend of c£6.1 million for last financial year, mitigated by one-off sources of funding. Demand has continued to rise in the first quarter of 2022/23 and unit costs have also increased.

16. 2022/23 financial forecasts have been based on a net 4% client growth in totality by the year end, any increase or decrease in client growth above or below the forecast rate will result in a change to this financial position.

17. As at the end of July, the long-term placement numbers had already identified client growth of 2% since the end of March 2022 equating to a net increase of 104 Clients.

18. This is a national issue being seen by councils across the country, following the effect of the pandemic and increases in unit costs due to the current economic climate and increases in utility, food, transport and wage costs.

19. The forecast gross outturn for Adult Services placements is currently estimated at £13.6m before mitigation, with variances from budget included in the following paragraphs.

- The *Older People* service area is currently forecasting a gross placement overspend of £4.8 million. Both an increase in client numbers (3%) and unit costs are the cost drivers within this area. An increase of 95 clients (15%) has been seen in residential care since the end of March, along with an average 6% increase in unit costs (£39 / client / week increase to budgeted costs). Although nursing care and direct payment client numbers have decreased by 1%, unit costs have increased by 6% (£47 / person / week) and 7% (£25 / person / week) respectively.
- *Learning Disabilities* is currently forecasting a gross placement overspend of £4 million. The total number of clients within this service area have not increased since March, but significant increases are being seen in the unit cost of placements, with residential placements increasing by 7% (£112 / person / week), domiciliary care costs increasing by 20% (£65 / person / week) and supported living costs increasing by 6% (£71 / person / week).
- *Mental Health Services* are demonstrating a forecast £2.8m overspend against budget in the main relating to an increase in unit costs for clients supported under S117 of the Mental Health Act. An average nursing placement is 27% greater than this time last year. There are currently very few providers within Worcestershire that can offer client placements with the required level of need, therefore these are having to be sought out of county, at additional cost. This is an area for development that is being explored.
- *Physical Disabilities* is currently forecasting an overspend of £1.9m, due to both client numbers and increases in unit costs. Residential average weekly costs have increased by 7% since budget setting (£84 / person / week) with client numbers increasing by 14%.

20. In year mitigations totalling £7.2m have been identified by the directorate to bring the in-year forecast overspend down to £6.5m, as shown in **Table 2**.

**Table 2 – Net Position following in-year mitigations 2022/23**

	£m	£m
<b>Overspend Predicted</b>		<b>13.6</b>
Mitigations:		
- use of specific Adult Social Care reserve	2.2	
- unallocated growth for Liberty Protection Safeguards	1.0	
- additional forecast income for clients receiving Continuing Health Care	2.4	
- unallocated Transformation reserve	0.5	
- vacancy management	0.6	
- reduction in Direct Payment Contingency from 8 weeks to 6 weeks	0.4	
<b>Total Mitigations</b>		<b>7.1</b>
<b>Net Pressure</b>		<b>6.5</b>

21. As well as the mitigations above, as part of the identification of savings targets to support the £5.1m in year savings, Adults have identified a total of £2.7m towards this target, although c£0.8m of this relates to the one-off use of Public Health Ring-Fenced Grant (PHRG) and £0.8m use of COMF Funding.

22. The directorate is also working on a number of demand management opportunities and also reviewing the unit costs of all high-cost placements to ensure value for money whilst ensuring the clients Care Act needs are met. This includes focussing on the potential use of direct payments, community support and the further development of the Here2Help offer.

### **Communities Budget £20.6m**

23. The forecast break-even position includes the following managed risks, which have been managed by vacancy control and increased income in Registration Services:

- An increase in the vacant space within county libraries, which is resulting in a reduction of income,
- An increase in utility costs and
- An increase in the Hive PFI RPI rate higher than initially budgeted

### **Public Health includes £31.2m Public Health Grant Income and related expenditure. Other services with a net £0.12m budget at breakeven**

24. The ring-fenced Public Health Grant is expected to be fully utilised during 2022/23.

25. The Interim Director of Public Health has developed a 3-year plan for the use of the Public Health Reserve, the opening balance for 2022/23 being £9.7 million. Of this £3.7 million is expected to be utilised in year. The latest draft of the plan includes allocation of funding for children's prevention and early help, youth support, mental health support across children and adult services and health protection activities.

26. Any proposed changes to this plan will be reported to a future Cabinet for amendment.

27. **Appendix 2** also details the proposed allocation of the £4.266 million Contain Outbreak Management Fund (COMF) which was carried forward into 2022/23.

## **Worcestershire Children First (WCF) Budget 135m - £1.8m deficit**

28. Worcestershire Children First (WCF) is forecasting a deficit of £1.783 million. This deficit is within WCF and narrative is included alongside Council variances for information purposes. The Council's contract with WCF which is included in the People Directorate is forecast to balance as this relates to the agreed contract for this financial year, and variance on WCF will be a consideration for future Council budget allocations.

29. Placements numbers and average costs are the most volatile and high-risk area of the Social Care budget, and at present the trajectory of the figures indicates that the activity will drive a c£1.8 million overspend this year.

30. The current number of placements is 939, a sharp increase from the figure of 921 from June, in the last year the increase has been around 3%.

31. There is also pressure in the All-Age Disability Service mostly relating to the Educational Psychology Service which forecasts additional costs of £0.29 million for associates in order to manage demand/caseloads. This is offset by some underspend elsewhere in WCF to mitigate the pressure in the service.

32. Home to School Transport (HTST) is forecast to overspend by c£1+ million this year. This is due to current inflationary pressures on providers, which will result in increased prices for the service – primarily the impact of fuel and staffing costs. There is also increased demand with more parents seeking use of transport and more children receiving a transport package as part of their Education, Health and Care Plans. This predicted overspend position can be met from within the earmarked reserve for SEND transport and from an allocation from the COVID grant reserve. This position will continue to be closely monitored at the Corporate Transport Board.

## **Dedicated Schools Grant (DSG) - £236m budget**

33. The starting point for the DSG reserve is a deficit balance of £11.3m, built up from previous years High Needs overspends. With the in-year projections and known catch-up commitments from money received in 2021/22, the forecast position at year-end is a £15.3m deficit balance. **Table 3** details the forecast position for the current and next financial year.

**Table 3 – Forecast DSG Position**

<b>Summary Position for Dedicated Schools Grant</b>	
	<b>£m</b>
Accumulated Deficit 1 April 2022	11.3
High Needs Deficit 2022/23	4.9
Savings on Other Blocks	-0.8
<b>Accumulated Deficit 31 March 2023</b>	<b>15.4</b>
Projected Early Years and Schools Block	-0.5
Projected High Needs Shortfall 2022/23	5.0
<b>Projected Accumulated Deficit 31 March 2024</b>	<b>19.9</b>

34. Whilst DSG allocations are generally forecast to continue to rise but not at the rate of the last few years, the provisional 2023/24 DSG budgets have been announced and is to increase by around 5%. DSG spend is forecast to rise at a faster rate for Worcestershire and the deficit will increase to around £15 million by the end of 2022/23.

35. The High Needs deficit does impact on the council's financial sustainability, as the deficit sits as a negative unusable reserve on the balance sheet permitted via a statutory instrument. Currently, there is a temporary statutory override to ringfence DSG deficits from councils' wider financial position in their statutory accounts. The Council has not set aside any of its own resources, for example as an earmarked reserve, to specifically offset this accumulating deficit.

36. As it stands, this ringfence is due to end after the accounts for the financial year 2022/23, at which point authorities will need to demonstrate their ability to cover DSG deficits from their available reserves (the deficit is forecast to be c £15 million at the end of 2022/23) which could directly impact the Council's financial position, increasing funding pressures. It is worth noting that this is not a Worcestershire County Council issue in isolation and is a major concern amongst local authorities nationally.

37. High Needs funding and the impact of the deficit is a national issue and to address the future sustainability the DfE is investing a one off £85 million (c£60m for LA's) in the Delivering Better Value in SEND (DBV) programme. This will support the 55 local authorities with deficits to reform their high needs systems, addressing the underlying issues that lead to increased pressure, and putting them on a more sustainable footing. Worcestershire is one of the 55 Local Authorities and is participating in the programme which is being supported by Newton Europe and CIPFA who we have previously worked aside in Social Care and through the Society of County Treasurers. Worcestershire is confirmed in Phase 1 - tranche 2, which starts in January to June 2023.

38. For information Authorities with the highest deficits participate in the safety valve intervention programme.

39. The crystallisation of this risk will continue therefore to be monitored alongside the Chief Finance Officer's (CFO's) assessment of the adequacy of the Council's reserves, in particular the Financial Risk Reserve.

40. The council continues to work with the Local Government Association and other local authorities to seek clarification on both the position once the statutory instrument expires and a sustainable funding strategy for the High Needs budget.

### **Economy & Infrastructure (E&I) – Budget £59.7m**

41. The Economy and Infrastructure Directorate is forecasting to broadly meet its £59.7 million budget.

42. The most significant variance from budget is a c£7.5million overspend for Waste Services. This comprises the previously agreed savings target and additional tonnage and inflationary costs. It is anticipated that the net overspend will be funded by a transfer from the Waste PFI reserve, the agreed reduced contract price currently being finalised and a contribution from the COVID general reserve.

43. There are a number of pressures relating to inflationary increases, recognising increased materials and fuel costs, and reduction in levels of income partly due to the impacts of COVID-19. Additional pressures are also being seen where consultancy costs are being incurred to cover hard to fill vacancies. It is however expected that additional income generated within Network Management will offset these pressures. Work continues within the directorate to monitor and evaluate the impacts of the current economic climate and establish mitigating action to ensure budget pressures can be contained.

### **Commercial and Commissioning – Budget £7.3m**

44. The Commercial and Commissioning Directorate is forecasting to deliver in line with its cash limited budget. The recurring element of the underspend identified in 2021/22 has been used to support the council-wide savings target.

45. The most significant variances from budget are as follows:

- A forecast £0.6 million overspend in Legal and Democratic Services due to a significant increase in child-care cases which require pre-proceedings and court support. The overspend is planned to be offset in year by the use of the COVID grant reserve.
- £0.2 million forecast inflationary pressures within Property Services which has been offset by a decrease in forecast costs expected within the reactive maintenance budget.

### **Chief Executive/HR – Budget £1.4m**

46. The Chief Executive/HR function is forecasting to broadly break even after identifying c£0.15 million of savings to contribute to the corporate savings target.

### **Finance / Corporate / Non-assigned Budget £36.6m, underspend £0.444m underspend**

47. The Financial Services budget includes corporate items such as the Financial Services team, Debt Interest and Minimum Revenue Provision (MRP).

48. The £34.6 million budget for Finance / Corporate Items is forecast to underspend in total by £0.444 million. This relates to an assumed release of the £0.444 million Whole Organisation Contingency. There are currently no spending commitments against this balance and thus can be released as an underspend to offset overall cost pressures.

49. At this stage it is understood that national employers have submitted a “final offer” to Trade Unions relating to the 2022/23 pay increase. This equates to £1,925 per person but brings with it increases in employers’ pension and national insurance contributions. This equates to a budgetary increase of c£5.5m for Worcestershire County Council. In February 2022, Council set a budget with an assumed pay uplift of 1.25%. The gap equates to £4 million of new and additional pressure. It is intended to fund this additional cost in 2022/23 from the Finance Risk Reserve. This will need to be addressed recurrently in setting the 2023/24 budget.

### **Savings programme Update**

50. The Council set its budget for 2022/23 in February 2022. Within that there was a £5.15 million savings target to be identified. At the end of July 2022 £0.225 million had been identified from a good housekeeping exercise, plus a further £4.425 million (including £2.708 million from ASC) resulting in the total found being £4.65 million. This leaves a gap of £0.5 million to find of the £5.15 million target, as shown in **Table 4**.

51. However, £1.6 million of these proposals are relating to one-off use of Public Health grant and a further £0.7 million of the savings are also one-off, giving a recurrent pressure from 2023/24 of £2.3 million to be mitigated.

**Table 4: Savings Forecast as at Month 4 2022/23**

Service Area	Saving £m	Detail
People – Adults	2.708	Use of Public Health Grant and COMF funding on a one off basis to fund eligible expenditure Deletion of non-essential vacant posts and use of forecast additional income to fund learning disability reviews
People - Communities	0.025	Vacancy management
COACH	0.430	Review of supplies and services and property spend Increase in income and deletion of non-essential vacancies
E&I	0.435	Deletion of non-essential vacant posts Additional network control income
Finance	0.182	Deletion of vacant posts
HR	0.150	Talent Management reduced delivery
WCF	0.495	Deletion of vacant posts and delay in recruitment
Good housekeeping	0.225	General reduction in supplies and service budgets including subscriptions and office expenses
<b>Total</b>	<b>4.650</b>	
<b>Target</b>	<b>5.150</b>	
<b>Balance Remaining</b>	<b>0.500</b>	

#### **Planned use of COVID Grant Reserve**

52. A total of £13.292 million of Covid-19 related general grants were carried forward from 2021/22 into 2022/23. A plan to allocate the unspent grant has been prepared to support ongoing recovery across the Council's services in 2022/23. This includes the previously approved

- £2.0 million increase to the Open for Business Reserve continue to support the economy and tourism as the County continues to recover from the pandemic
- £1.0 million transfer from COVID grant carry forward to the Waste Reserve to reflect the ongoing additional cost of waste disposal still being incurred due to the pandemic.
- £2.1 million to support the overall council budget

53. Cabinet is requested to approve the remaining planned allocations from this fund, as detailed in **Appendix 3**, which includes

- £0.5 million allocation for additional costs associated with Adult Social Care reviews delayed due to staff working on pandemic activities
- £0.6 million to support the additional costs arising from increase in Home to School and SEND transport
- £0.6 million to support additional legal costs associated with childcare cases, education and adult care appeals and legal fees
- £0.1 million in relation to improvements at Countryside Centres and Libraries
- A provision of £1.5 million to support ongoing inflationary increases in services recovering from the impact of the pandemic such as transport



## Update on Open For Business Reserve

54. Council originally allocated £7 million within the Capital Programme towards schemes meeting the relevant criteria for funding. To date £5.273 million has been allocated, leaving £1.727 million available. A report elsewhere on this cabinet agenda entitled Open For Business recommends the use of £0.727 million of this remaining allocation towards the Business Worcestershire Scheme. This leaves an uncommitted balance of £1 million for future allocation. A breakdown of commitments to date are included in **Appendix 4a**, and includes allocations towards Here to Help Business Support, a transport model for Worcestershire and investment into the W6 Programme.

55. A total of £9 million has been made available since April 2020 in the form of the Open for Business revenue reserve. £2.490 million of this has been allocated to date towards schemes, leaving £6.511 million of the reserve funding available for allocation. A breakdown of commitments to date are included in **Appendix 4b**, and includes allocations towards Inspiring Worcestershire, One Worcestershire Tourism scheme, implementation of 5G and Here to Help for Businesses.

56. The three schemes in Open for Business Cabinet report are requesting allocation of a total of £6.121 million, with £3.364 million towards Business Worcestershire, £1.460 million for Visit Worcestershire and £1.297 million for Workforce Planning. This leaves an uncommitted balance of £0.390 million for future allocation.

## Earmarked Reserves

57. All earmarked and grant reserves are retained either under the delegated authority given to Chief Officers in the Financial Regulations or by Cabinet/Cabinet Member approval, this is subject to recommendations jointly by a Chief Officer in agreement with the Chief Financial Officer for carry forward each year.

58. In February 2022 the Cabinet approved a 2022/23 Budget and Medium-Term Financial Plan Update report that included a forecast of Earmarked Reserves which was based on the best knowledge available at that time.

59. During the year, the Council draws down funding from unspent grant and earmarked reserves to help fund expenditure.

60. Cabinet are being asked to note that funding was set aside from the Finance Risk Reserve, as previously agreed by Cabinet, to support households and businesses following the flood which occurred in February 2022. The scheme was open for applications from 8 March 2022 to 19 May 2022. 65 payments were made to businesses and 79 to private householders affected. The 144 payments relating to support which were made by the County Council had a total cost of £84,750.

61. Cabinet are recommended to approve the following uses of reserves support expenditure being incurred in the revenue account

- £0.360 million from the Strategic Infrastructure Fund to complete the Outline Business Cases for North West Worcestershire Corridor (NWWC) Scheme and the A44 / A4538 scheme which is detailed in a separate report on this agenda
- £2.2 million allocation from the Adult Social Care Reserve to partially mitigate overspend position within the directorate
- £0.2 million allocation from the Strategic Infrastructure Fund for external legal and financial advice to support development of strategic business cases
- £0.5 million from the Transformation Reserve for Adult Social Care to partially mitigate the gross overspend forecast

- £0.15 million allocation for costs arising from the scheduled upgrade and improvements to the Councils corporate financial system (E5) to be funded from the Finance Risk Reserve
- £0.3 million allocation from the Finance Risk Reserve to support a legal challenge in relation to a planning matter
- £0.4 million from the SEND transport reserve to offset the forecast increase in costs, along with £0.6 million use of COVID grant reserves
- £4 million to fund the potential higher than forecast “final pay offer” proposed nationally by employers, from the Business Rates Risk Reserve

## Update on Capital Programme

62. Since the Draft Capital Programme was approved in February 2022, the Council has received the following increases in external funding and therefore requests that Cabinet recommends to Council an increase in the Capital Programme as detailed in the following paragraphs.

63. Following notification from the Department of Transport, the Council is expected to receive an additional £21.161 million for 2022/23 relating to Local Transport Capital. A similar amount has also been indicated for 2023/24 and 2024/25, meaning an increase to the capital programme of c£63.5 million over the three-year period.

64. On 8 August 2022 the Department for Transport announced £43 million will be invested into the Council's A38 improvement scheme in Bromsgrove as part of the Major Road Network Fund, subject to successful submission of the final business case. The money will help to tackle congestion, improve journeys and support thousands of new jobs and homes. Planned works will install new lanes at key junctions and widen the existing road, helping to improve traffic flow and reduce the threat of any unnecessary bottlenecks. These upgrades will take place on a 7.5-mile stretch of the route, between the M5 Junction 4 to the north and the A38/B4094 to the south.

65. Following notification from the Department for Education, the 2022/23 Basic Need Grant has increased by £0.525 million from the £7.57 million included in the Draft Capital Programme to £8.095 million. Funding for 2023/24 and 2024/25 has also been allocated at £7.128 million and £5.303 million respectively.

66. Subject to approval of the Cabinet Report elsewhere on today's agenda relating to Kepax Bridge, virements and additions to the Capital Programme will be requested to be approved by Council as detailed within that report, namely

- £0.813m – external contribution from Worcester City Council
- £2.325m – external contribution from Worcester City Council via the Towns Fund
- £5m virement from the existing allocation in the Capital Programme to address inflationary pressures on Major Projects
- £0.410 million from the unallocated Public Realm existing capital programme
- £1.781 million from the Strategic Infrastructure existing capital programme
- a £0.571 million allocation from the Highways Capital Maintenance Budget

67. Other education and schools' grants have also been awarded, which are

- £4.081 million for the Schools Condition Allocation,
- £5.285 million relating to Higher Needs Provision Capital with an allocation of £5.422 million for 2023/24
- £0.703 million for the Devolved Formula Grant,
- £0.2 million for the Schools Nurseries Grant.
- £0.193 million for the "One Bedroom Project".

68. The Council is currently involved in a legal adjudication with one of its suppliers, with an anticipated payment of up to £3.9m being required should the ruling go against the Council. The Council is continuing to take legal advice, and should the Council be compelled to pay the stated sums, we expect to be able to recover some or all of this payment within this financial year. In the interim, a variation to the capital programme is required, funded from additional borrowing.

### **Medium Term Financial Planning**

69. The County Council's Medium Term Financial Plan (MTFP) was approved by Full Council in February 2022, however, based on the current economic climate, the impact of inflation and pay awards there will be a need to consider the current financial pressures and the extent to which they affect future years when the MTFP is revised as part of the normal budget planning cycle.

70. The Council continues to manage the residual local impact of COVID-19 whilst maintaining service delivery. The knock-on effects on the number of claimants of Council Tax Support (managed by our District Councils) and potential reductions in business rates income will put stress on the level of funding available to the Council.

71. Setting aside COVID-19, the Council will continue to face more demand for some services through an increasing and ageing population, this, together with increases in cost pressures that arise through our partners and key suppliers means the Council should keep looking for opportunities to deliver even better value for money.

72. There are a number of areas which are subject to considerable change over the next few months and the Council will look to update its MTFP in preparation for the 2023/24 Budget Cycle. The main areas include the level of income expected to be collected and the impact on future demand and inflation.

73. It is nevertheless anticipated that we will present a draft budget by January 2023 for public consultation whilst also revising our Corporate Plan outlines priority investment in services.

### **Borrowing and Lending Transactions 2021/22**

74. In accordance with Financial Regulations and the County Council's Treasury Management Policy Statement, the Chief Financial Officer is required to report annually on the activities of the Treasury Management operation. This report is set out at **Appendix 5**.

75. The key highlights of this report are: -

- The Council's treasury activities were managed successfully within the approved Prudential Indicator limits.

- There were a number of base rate changes during the year being 0.50% on the 3 February 2022 and 0.75% from the 17 March 2022.
- Investments were prudently made to the UK Debt Management Office, other local authorities, Money Market Funds and Ultra-Short duration Bond Funds are in line with the existing County Council Treasury Management Policy.
- £36.5 million of existing loans have been repaid during the year.
- No new long-term loans were taken out during 2021/22 as the cashflow needs were managed from within internal resources during the year.
- Total long-term debt outstanding is within plan and stood at £486.5 million at 31 March 2022 at an average rate of 3.27% (3.27% for 2020/21).

### **Legal Implications**

76. Legal advice will be provided to support any changes in service delivery in accordance with the requirements of the Council's policies and procedures.

### **Financial Implications**

77. Members are required under Section 25 of the Local Government Act 2003 to have regard to the Chief Financial Officer's report when making decisions about the budget calculations for each financial year. This is undertaken through the approval of the annual budget in February each year.

78. Section 25 of the Act also covers budget monitoring, and this process monitors the robustness of budgets, adequacy of reserves and the management of financial risk throughout the year. This Cabinet report highlights forecast variances arising from current financial performance and the possible impact of existing pressures on future expenditure so that appropriate action may be taken.

79. In discharging governance and monitoring roles, Members are asked to consider the issues arising and the potential impact on the budget as well as the financial risks arising.

80. The Council's procedures for budget monitoring is reinforced through close financial support to managers and services on an ongoing basis to ensure processes and controls are in place to enable tight financial control.

### **HR Implications**

81. A number of existing savings may impact on staff roles and responsibilities and where appropriate senior officers take advice from the Council's Human Resources team.

82. This will include undertaking consultations with staff, trade unions and any other affected body as appropriate.

### **Equality Duty Considerations**

83. The Council will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The Council will continue to assess the equality impact of all relevant transformational change programmes and will ensure that Full Council has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering any changes to the budget. The Council will continue to ensure best practice is followed with regard to these requirements.

## **Risk Implications**

84. The Cabinet report includes recommendations regarding the Council's forecast financial position for 2022/23 and the use of earmarked reserves and unspent grants.

85. If approved, there are normal risks regarding ensuring that appropriate qualifying expenditure is incurred, and that spending is within the cash limited for budgets. These risks are mitigated through the regular budget monitoring process.

## **Privacy and Public Health Impact Assessment**

86. A Health Impact Assessment has been undertaken with regard to this report and recommendations relating to new spending decisions to understand the potential impact they can have on Public Health outcomes across the county area.

87. This report is mainly about confirming the forecast financial position at this stage of the year reflecting existing Cabinet decisions and policies, and where appropriate utilising specific grant monies with spending restrictions associate with these grants.

88. Taking this into account, it has been concluded that there are no other specific health impacts as a result of new decisions arising from this Cabinet report.

89. A similar assessment has been undertaken with regard to privacy/data protection and has confirmed that there is no impact anticipated as a result of this report.

## **Supporting Information**

- **Appendix 1** – Budget Monitoring Outturn Forecast for Month 4 as at 31 July 2022
- **Appendix 2** – COMF allocations
- **Appendix 3** – Allocation of COVID General Funding
- **Appendix 4** – Open For Business – Capital Programme and Revenue Reserve
- **Appendix 5** – Treasury Management

## **Contact Points**

### County Council Contact Points

County Council: 01905 763763

### Specific Contact Points for this Report

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## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

Previous Cabinet Resources Reports

P4 Outturn Forecast - 2022/23 SLT Revenue Budget Monitoring Forecast by Service					One Off / Adjustments						
Service	2022/23 Gross Budget	2022/23 Net Budget	2022/23 Forecast Excluding One-off Adjustments	22/23 Draft Variance Before Adj's	Transfer to Capital	Trf To Reserves	Trf From Reserves	Use of general Covid grant	Proposed C/Fwds	Variance After Adj's	Variance After Adj's
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
DSG - School Formula Budgets	124,528	128,077	127,737	(340)	0	0	0	0	340	0	0.0%
DSG - High Needs Pupils	59,275	69,060	73,960	4,900	0	0	0	0	(4,900)	0	0.0%
DSG - Early Years	36,476	35,418	34,914	(504)	0	0	0	0	504	0	0.0%
DSG - Statutory Duties / Historic Commitments	3,377	3,325	3,325	0	0	0	0	0	0	0	0.0%
DSG - Other School Grants	15,177	0	0	0	0	0	0	0	0	0	0.0%
DSG - Dedicated Schools Grant	7,320	(235,880)	(235,880)	0	0	0	0	0	0	0	0.0%
<b>Total Dedicated Schools Grant (DSG)</b>	<b>246,153</b>	<b>0</b>	<b>4,056</b>	<b>4,056</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,056)</b>	<b>0</b>	<b>0.0%</b>
WCF Contract	124,949	108,648	110,431	1,783	0	0	0	0	0	1,783	1.6%
<b>Total WCF (Excl DSG)</b>	<b>124,949</b>	<b>108,648</b>	<b>110,431</b>	<b>1,783</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,783</b>	<b>1.6%</b>
Economy & Sustainability	5,688	1,425	3,996	2,571	(26)	722	(3,400)	0	0	(133)	-9.3%
Planning and Regulation	1,482	724	1,845	1,121	(159)	0	(687)	0	0	275	38.0%
Major Projects	2,603	28	1,142	1,114	(1,025)	0	0	0	0	89	317.9%
Passenger Transport Operations	18,071	11,565	11,803	238	(36)	0	(152)	0	0	50	0.4%
Business Management	827	(30)	(118)	(88)	58	0	0	0	0	(30)	100.0%
Infrastructure & Contracts	1,509	1,509	1,611	102	(62)	0	0	0	0	40	2.7%
Waste Management	51,044	29,805	37,348	7,543	0	0	(7,571)	0	0	(28)	-0.1%
Network Management	3,767	452	417	(35)	(107)	126	(207)	0	0	(223)	-49.3%
Development Management	1,113	166	166	0	0	0	0	0	0	0	0.0%
Highways Operations & PROW	8,754	8,733	10,678	1,945	(1,972)	0	(42)	0	0	(69)	-0.8%
Road Lighting	4,913	4,849	5,023	174	(143)	0	0	0	0	31	0.6%
<i>Economy Overview and Scrutiny Panel</i>	<i>30,180</i>	<i>15,221</i>	<i>20,279</i>	<i>5,058</i>	<i>(1,250)</i>	<i>722</i>	<i>(4,239)</i>	<i>0</i>	<i>0</i>	<i>291</i>	<i>1.9%</i>
<i>Environment Overview and scrutiny panel</i>	<i>69,591</i>	<i>44,005</i>	<i>53,632</i>	<i>9,627</i>	<i>(2,222)</i>	<i>126</i>	<i>(7,820)</i>	<i>0</i>	<i>0</i>	<i>(289)</i>	<i>-0.7%</i>
<b>Economy &amp; Infrastructure</b>	<b>99,771</b>	<b>59,226</b>	<b>73,911</b>	<b>14,685</b>	<b>(3,472)</b>	<b>848</b>	<b>(12,059)</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0.0%</b>

P4 Outturn Forecast - 2022/23 SLT Revenue Budget Monitoring Forecast by Service					One Off / Adjustments						
Service	2022/23 Gross Budget	2022/23 Net Budget	2022/23 Forecast Excluding One-off Adjustments	22/23 Draft Variance Before Adj's	Transfer to Capital	Trf To Reserves	Trf From Reserves	Use of general Covid grant	Proposed C/Fwds	Variance After Adj's	Variance After Adj's
	£000	£000	£000	£000	£000		£000	£000	£000	£000	%
COACH - Management	619	261	261	0	0	0	0	0	0	0	0.0%
Property Services	8,367	89	290	201	(75)	0	(181)	0	0	(55)	-61.8%
Commercial Team	2,926	711	806	95	0	0	(95)	0	0	0	0.0%
Legal and Democratic Services	8,267	5,250	5,958	708	(20)	112	(670)	(75)	0	55	1.0%
Technology	9,838	952	1,392	440	(254)	0	(186)	0	0	0	0.0%
Transformation & Change	1,863	(7)	1,120	1,127	0	0	(1,127)	0	0	0	0.0%
<b>Total Commercial and Change</b>	<b>31,880</b>	<b>7,256</b>	<b>9,827</b>	<b>2,571</b>	<b>(349)</b>	<b>112</b>	<b>(2,259)</b>	<b>(75)</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
Health & Safety	366	24	24	0	0	0	0	0	0	0	0.0%
HR Core Structure	4,954	658	860	202	0	0	(202)	0	0	0	0.0%
Content & Communications	1,199	365	391	26	0	0	(26)	0	0	0	0.0%
HR Old Structure	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Chief Executive	387	387	384	(3)	0	0	0	0	0	(3)	-0.8%
<b>Total Chief Executive</b>	<b>6,906</b>	<b>1,434</b>	<b>1,659</b>	<b>225</b>	<b>0</b>	<b>0</b>	<b>(228)</b>	<b>0</b>	<b>0</b>	<b>(3)</b>	<b>-0.2%</b>
Adults Commissioning Unit	16,159	1,342	2,554	1,212	0	0	(1,289)	0	0	(77)	-5.7%
Learning Disabilities	77,135	65,701	68,936	3,235	0	0	0	0	0	3,235	4.9%
Mental Health	27,941	19,150	21,073	1,923	0	0	0	0	0	1,923	10.0%
Older People	106,724	71,948	74,422	2,474	(440)	0	0	(50)	0	1,984	2.8%
Physical Disabilities	20,900	16,418	18,306	1,888	0	0	0	0	0	1,888	11.5%
Support Services	558	(18,706)	(19,039)	(333)	0	0	0	0	0	(333)	1.8%
Future Fit including Grants	1,071	(16,026)	(15,947)	79	0	0	(2,200)	0	0	(2,121)	13.2%
<b>Total People - Adult Services</b>	<b>250,488</b>	<b>139,827</b>	<b>150,305</b>	<b>10,478</b>	<b>(440)</b>	<b>0</b>	<b>(3,489)</b>	<b>(50)</b>	<b>0</b>	<b>6,499</b>	<b>4.6%</b>
Registration & Coroner	2,245	765	765	0	0	0	0	0	0	0	0.0%
Strategic Libraries & Learning	12,392	4,362	4,482	120	0	0	0	0	0	120	2.8%
Museums Service	776	658	653	(5)	0	0	0	0	0	(5)	-0.8%
Severn Arts Music	0	0	0	0	0	0	0	0	0	0	0.0%
Countryside Greenspace	2,159	196	197	1	0	0	0	0	0	1	0.5%
Community Leadership	351	326	210	(116)	0	0	0	0	0	(116)	-35.6%
Skills & Inv incAdult learning	5,466	430	430	0	0	0	0	0	0	0	0.0%
SENDIASS	265	57	57	0	0	0	0	0	0	0	0.0%
Chs Comm & Ptnership	365	365	365	0	0	0	0	0	0	0	0.0%
Education Statutory	43	0	0	0	0	0	0	0	0	0	0.0%
Historic Chs	11,046	120	225	105	0	0	(105)	0	0	0	0.0%
Archives & Archaeology	3,656	1,573	1,573	0	0	0	0	0	0	0	0.0%
Provider services	16,369	9,645	9,645	0	0	0	0	0	0	0	0.0%
Childrens S75	2,297	2,096	2,096	0	0	0	0	0	0	0	0.0%
Here 2 Help	0	0	0	0	0	0	0	0	0	0	0.0%
<b>Total People - Communities</b>	<b>57,430</b>	<b>20,593</b>	<b>20,698</b>	<b>105</b>	<b>0</b>	<b>0</b>	<b>(105)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

forecast

Service	2022/23 Gross Budget	2022/23 Net Budget	2022/23 Forecast Excluding One-off Adjustments	22/23 Draft Variance Before Adj's	Transfer to Capital	Trf To Reserves	Trf From Reserves	Use of general Covid grant	Proposed C/Fwds	Variance After Adj's	Variance After Adj's
	£000	£000	£000	£000	£000		£000	£000	£000	£000	%
Public Health Ring Fenced Grant	36,648	0	3,323	3,323	0	0	(3,323)	0	0	0	0.0%
Trading Standards	879	122	122	0	0	0	0	0	0	0	0.0%
Public Analyst	69	2	2	0	0	0	0	0	0	0	0.0%
Non PHRFG activities	1,194	0	98	98	0	0	(98)	0		0	0.0%
<b>Public Health</b>	<b>38,790</b>	<b>124</b>	<b>3,545</b>	<b>3,421</b>	<b>0</b>	<b>0</b>	<b>(3,421)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Total : Services (Excl DSG)</b>	<b>610,214</b>	<b>337,108</b>	<b>370,376</b>	<b>33,268</b>	<b>(4,261)</b>	<b>960</b>	<b>(21,561)</b>	<b>(125)</b>	<b>0</b>	<b>8,281</b>	<b>2.5%</b>
Financial Services	5,575	1,483	1,878	395	0	0	(395)	0	0	0	0.0%
Financing Transactions (Borrowing and Investments)	18,075	19,678	19,678	0	0	0	0	0	0	0	0.0%
MRP	11,098	11,098	11,098	0	0	0	0	0	0	0	0.0%
Contributions and Precepts	267	267	267	0	0	0	0	0	0	0	0.0%
Pension Fund Backfunding Liabilities	4,464	4,464	4,464	0	0	0	0	0	0	0	0.0%
Miscellaneous Whole Organisation Services	924	668	668	0	0	0	0	0	0	0	0.0%
New Homes Bonus Grant Income	0	(1,513)	(1,513)	0	0	0	0	0	0	0	0.0%
COVID-19	0	0	0	0	0	0	0	0	0	0	0.0%
Whole Organisation - Contingency	444	444	0	(444)	0	0	0	0	0	(444)	-100.0%
<b>Finance / Corporate Items</b>	<b>40,847</b>	<b>36,589</b>	<b>36,540</b>	<b>(49)</b>	<b>0</b>		<b>(395)</b>	<b>0</b>	<b>0</b>	<b>(444)</b>	<b>-1.2%</b>
Organisation Review	(1,500)	(500)	0	500	0	0	0	0	0	500	-100.0%
Other General Covid-19 Pressures	0	0	0	0	0	0	0	0	0	0	0.0%
Commercial Savings	0	0	0	0	0	0	0	0	0	0	0.0%
Financial Risk Reserve	0	0	0	0	0	0	0	0	0	0	0.0%
<b>Non-Assigned Items</b>	<b>0</b>	<b>(500)</b>	<b>0</b>	<b>500</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>-100.0%</b>
<b>Funding - Transfer To/(From) Reserves</b>			<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>		<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Total (Excl DSG)</b>	<b>651,061</b>	<b>373,197</b>	<b>406,916</b>	<b>33,719</b>	<b>(4,261)</b>		<b>(21,956)</b>	<b>(125)</b>	<b>0</b>	<b>8,337</b>	<b>2.2%</b>
Council Tax	(301,346)	(301,346)	(301,346)	0	0		0		0	0	0.0%
Collection Fund (Surplus) / Deficit	(2,904)	(2,904)	(2,904)	0	0		0		0	0	0.0%
Net Use of Reserves	(261)	(261)	(261)	0	0		0		0	0	0.0%
Business Rates Retention Scheme	(68,686)	(68,686)	(68,686)	0	0		0		0	0	0.0%
<b>Total - Funding</b>	<b>(373,197)</b>	<b>(373,197)</b>	<b>(373,197)</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Grand Total - Services and Funding (Excl DSG)</b>	<b>277,864</b>	<b>0</b>	<b>33,719</b>	<b>33,719</b>	<b>(4,261)</b>		<b>(21,956)</b>	<b>(125)</b>	<b>0</b>	<b>8,337</b>	
<b>Total Dedicated Schools Grant (DSG)</b>	<b>246,153</b>	<b>0</b>	<b>4,056</b>	<b>4,056</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>(4,056)</b>	<b>0</b>	
<b>Total</b>	<b>524,017</b>	<b>0</b>	<b>37,775</b>	<b>37,775</b>	<b>(4,261)</b>		<b>(21,956)</b>	<b>(125)</b>	<b>(4,056)</b>	<b>8,337</b>	



**Appendix 2**  
**COMF Allocation**

<b>Spend Category</b>	<b>2022/23 allocation £'000</b>
Compliance and Enforcement: COVID-19 Secure Marshals or equivalents	237
Compliance and Enforcement: Environmental Health Officers	185
Project Management, commercial support and other staffing	310
Other: Prevention, management of local outbreaks and data intelligence, surveillance and communications	1,395
Support for vulnerable groups and targeted community interventions	1,860
Testing	90
Tracing	206
<b>Total</b>	<b>4,266</b>

### Appendix 3 – Allocation of COVID General Funding

Description	Bfwd from 2021/22	New for 22/23	Total Allocated
Funding the Council's budget for 22/23 as agreed by Council in February 2022	2,100,000		2,100,000
Commitment to Here to Help & Integrated Wellbeing Offer as part of the community recovery from the pandemic	2,500,000		2,500,000
Legal - WCF for increased cases post pandemic	35,000	250,000	285,000
Legal - Adults / Education for increased cases post pandemic including schools appeals	55,000	250,000	305,000
Democratic Services - Schools Appeals to manage case loads	2,300	17,700	20,000
Covid recovery - accommodation costs including Council Chamber	218,292	187,708	406,000
Health & Safety professional	98,000		98,000
Commitment to businesses, Tourism and Economic Recovery managed by the Open For Business Board	922,851	2,000,000	2,922,851
Additional Waste Tonnages arising from the pandemic		1,000,000	1,000,000
Allocation for additional costs associated with Adult Social Care reviews delayed due to staff working on pandemic activities	500,000		500,000
In-house Provider Services Support - Adults to continue to deal with Covid related impacts	275,000		275,000
Additional spend relating to marketing and improvements to Countryside Centres and Libraries to help recovery		100,000	100,000
Here to Help Staffing including the Wellbeing advisers as part of the community recovery from the pandemic	251,000		251,000
General Support for inflation and demand issues arising post pandemic for items such as care costs		1,500,000	1,500,000
General spend on Testing, PPE etc		429,510	429,510
Additional costs relating to Home to School and Public Transport on services start to recover numbers post pandemic		600,000	600,000
<b>Total</b>	<b>6,957,443</b>	<b>6,334,918</b>	<b>13,292,361</b>

**Open For Business Allocations from the Capital Programme**

	£
<b>Capital Programme Allocation</b>	<b>7,000,000</b>
<b>Committed to date</b>	<b>5,273,000</b>
Projects include:	
<ul style="list-style-type: none"> <li>• Malvern Hills Technology Park (1)</li> <li>• Malvern Hills Technology Park (2)</li> <li>• Redditch Rail Feasibility / Quarter</li> <li>• Shrub Hill Estate</li> <li>• Worcester Six Expansion</li> <li>• Worcester Transport model</li> <li>• Here2Help Businesses</li> </ul>	
Proposed in this report:	
Business Worcestershire	727,000
<b>Total commitments</b>	<b>6,000,000</b>
<b>Balance Remaining</b>	<b>1,000,000</b>

## Allocations from the Open for Business Revenue Reserve

	£
<b>Reserve total allocation from 1 April 2020 to 31 March 2022</b>	<b>9,000,000</b>
<b>Committed to date</b>	<b>2,489,783</b>
Projects include:	
<ul style="list-style-type: none"> <li>• Energy Strategy</li> <li>• Midlands Engine (contribution for 2 years)</li> <li>• Visit Worcestershire</li> <li>• One Worcestershire</li> <li>• Inspiring Worcestershire</li> <li>• One Worcestershire - Tourism</li> <li>• 5G Contribution</li> <li>• Moving Evesham Forward (Evesham Traffic)</li> <li>• Gamechanger delivery fund</li> <li>• Here2Help Businesses</li> <li>• Malvern College</li> </ul>	
Proposed in this report:	
Business Worcestershire	3,364,071
Visit Worcestershire	1,459,500
Workforce Planning	1,297,079
<b>Total commitments</b>	<b>8,610,433</b>
<b>Balance Remaining</b>	<b>389,567</b>

## BORROWING AND LENDING TRANSACTIONS 2021/22

1. In accordance with Financial Regulations and the Council's Treasury Management Policy Statement, the Chief Financial Officer is required to report annually on the activities of the Treasury Management operation
2. This report details the borrowing and lending transactions undertaken by the Council for the 2019/20 financial year. Long term borrowing is used to fund Capital Projects and to replace principal sums repaid during the year. Lending transactions comprise instant access deposits, short-term investments on the London Money Markets, Ultra Short duration Bond Funds and with the Debt Management Office's deposit facility, held at the Bank of England

### Background

3. In response to the levels of inflation and increases in cost of living the bank rate was increased to 0.50% on 3 February 2022 and 0.75% from 17 March 2022. In line with the Treasury Management strategy approved by Council investments have been made with the UK Debt Management Office, other Local Authorities, selected banks, Short Bond Funds and Money Market funds.

### Borrowing

4. The borrowing transactions and debt outstanding for the Council in 2021/22 are summarised as follows:

#### Statement of Borrowing Transactions for the year ended 31 March 2022

	Short Term		Long Term			Total Debt £'000
	Local Deposit Loans	Short Term Temporary Loans	PWLB Loans	Money Market Loans	Total Longer Term	
	£'000	£'000	£'000	£'000	£'000	
<b>Debt Outstanding at</b>						
<b>1 April 2021</b>	<b>326</b>	<b>57,500</b>	<b>415,179</b>	<b>50,000</b>	<b>465,179</b>	<b>523,005</b>
Loans Raised	0	0	0	0	0	0
Loans Repaid	(0)	(25,000)	(11,523)	(0)	(11,523)	(36,523)
Net Borrowing	0	(25,000)	(11,523)	0	(11,523)	(36,523)
<b>Debt Outstanding at</b>						
<b>31 March 2022</b>	<b>326</b>	<b>32,500</b>	<b>403,656</b>	<b>50,000</b>	<b>453,656</b>	<b>486,482</b>

5. Total debt outstanding decreased from £523.0 million to £486.5 million during the year. This decrease was primarily of £36.5 million debt repayment. This level of debt is within the Capital Financing Requirement for 2021/22 (£664.1m) and also meets the Prudential Indicators for the authorised limit for external debt (£713.0m) and the operational boundary (£678.0m). All debt is fixed rate and meets the Council's limits on the type of debt it holds (fixed and variable).

6. The total debt consists of longer and short-term debt. The longer-term debt of £486.5 million falls due for repayment as follows:

<b>Within</b>	<b>£m</b>	<b>% of Total Debt</b>
1 year	76.941	15.8
1 – 2 years	28.453	5.8
2 – 5 years	33.879	6.9
5 – 10 years	49.634	10.2
10 years and over	297.575	61.3
	486,482	100.0

7. Total debt outstanding is within plan and stands at £486.5 million at 31 March 2021, at an average rate of 3.27% (3.27% for 2020/21).
8. The short-term debt consists of local deposit loans repayable at seven days' notice which total £0.326 million on 31<sup>st</sup> March 2022 which is the same when compared with March 2021.

## **Lending**

9. The temporary lending transactions for 2021/22 of the Council's cash balances are summarised as follows:

	<b>£m</b>	<b>£m</b>
<b>Balance at 01/04/2021</b>		57
Investments made during the year (267)	886	
<b>Less</b>		
Investments recalled during the year (276)	(854)	
		32
<b>Balance at 31/03/2022</b>		<b>89</b>

10. All investments are made in accordance with the Council's Treasury Management Policy and to institutions that satisfy the criteria in the Council's Treasury Management Practices.
11. The average rate earned on investments during 2021/22 was 0.73%. The net interest earned on investments totalled £0.899 million.
12. The Chief Financial Officer concludes that the management of debt and short-term investments continues to be cost effective.