

## **CABINET**

### **08 DECEMBER 2022**

## **RESOURCES REPORT – REVENUE BUDGET MONITORING - MONTH 7 (31 OCTOBER) 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 October 2022, which is a net overspend position, before action, of £13.1 million**
  - (b) **Notes the actions being taken by directorates to mitigate expenditure where possible to support the current forecast overspend position**
  - (c) **Notes the current position relating to the capital programme**
  - (d) **Notes the current forecast spend relating to Covid related grants including the extension to the Household Support Fund**
  - (e) **Approves the use of reserves and transfers between reserves to help mitigate in-year pressures, as set out at paragraph 66.**

### **Executive Summary**

2. The Council's 2022/23 forecast position as at Month 7 is a forecast £13.1 million overspend. This is net of all current planned savings, in-year spending reductions, and use of one-off income and reserves.
3. The drivers for the current forecast overspend position are predominantly related to demand, demographics and market forces in Adult Social Care, Home to School Transport, and Children's Social Care. There are also underlying pressures in areas of Economy and Infrastructure due to inflationary pressures (including the cost of energy and transport) and in Legal Services, which have been mitigated by one-off sources of funding for this financial year.
4. Of the £13.1 million overspend the majority of this is due to greater than forecast cost and demand arising from the global economic position and legacy of COVID. Of the £8 million in year savings target only £7.5 million (96%) have been identified and delivered.

5. The current overspend forecast does not include any potential pressure resulting from the acceptance of the pay award confirmed in November 2022 at £1,925 per employee on full time contract. The Council's maximum risk is estimated to be £4 million. It is recommended this is funded in-year from the Business Rates Reserve as planned and will need to be funded then on a recurrent basis in 2023/24 along with rises for that year.
6. The current forecast overspend includes other transfers of £5.335 million from reserves to fund in-year expenditure as recommended for approval in this report at paragraph 63. There may be further call on reserves, but at this stage between additional funding, use of reserves and further reviews of spending by management officers are taking actions to deliver a balanced budget by year end.

### **Summary Revenue Budget Monitoring 2022/23 Forecast at Month 7 (31 October 2022)**

7. The County Council's net budget of £373 million was set by Full Council in February 2022.
8. This report covers the forecast financial position for 2022/23 to the end of Month 7 (31 October 2022).
9. The overall outturn forecast at Month 7 is for a net overspend of £13.101 million (3.5% of the net budget), as set out in **Table 1**, with further breakdown for each service area set out in **Appendix 1A**.

**Table 1: 2022/23 Month 7 Forecast**

<b>Service Area</b>	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
People – Adults	139.369	145.972	6.603
People – Communities	20.601	20.109	-0.492
Children's Services/WCF	108.648	117.189	8.541
Economy & Infrastructure	59.225	58.534	-0.691
Commercial & Change	7.706	7.087	-0.619
Chief Executive	1.434	1.355	-0.079
Public Health	0.124	0.124	0.000
<b>Total: Service excl DSG</b>	<b>337.110</b>	<b>350.370</b>	<b>13.263</b>
Finance/Corporate Items	36.589	35.927	-0.662
Non-assigned items	-0.500	0.000	0.500
<b>TOTAL</b>	<b>373.199</b>	<b>386.297</b>	<b>13.101</b>

10. **Table 1** shows a net £13.263 million overspend on services, a £0.5 million underspend on the contingency budget and a £0.162 million underspend in Financial Services, and a £0.5 million corporate overspend due to a small shortfall in the identification of corporate savings target (originally £5.15 million).
11. All of the corporate savings identified £4.65 million have been allocated to directorates and their base budgets reduced by the corresponding amounts, with details shown in paragraphs 46 to 48.
12. In addition to the delivery of these £4.65 million corporate savings, and following a briefing from the Chief Executive to all WCC/WCF employees relating to the financial

challenge for 2022/23 and beyond, managers and staff have been asked to make further efforts to slow down or cease expenditure wherever possible. This will include holding vacancies where possible and ceasing non-essential spend. Finance will continue to work with service managers to identify potential savings, both in-year and ongoing to support the in-year financial position being reported. The Council is also working with partners around securing further grants, in particular around care. Details and terms of a nationally announced £500 million Hospital Discharge grant are still awaited and this could also alleviate some of the in-year pressures. In addition, we continue to review the Council's resilience and availability of reserves. As such it is forecast this action is aimed at bringing the budget back in to a balanced position.

### **Adult Social Care Budget £139.4m, £6.6m overspend**

13. 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 half of 2022/23 and unit costs have also increased.
14. 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.
15. As at the end of October, the long-term placement numbers had identified client growth of 2% since the end of March 2022 equating to a net increase of 137. Although the growth in packages is broadly in line with forecast, significant pressures are being seen relating to the price of care packages, which is due to both inflation and increased assessed client need.
16. 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.
17. The forecast gross outturn for Adult Services placements is currently estimated at £13.4m before mitigation, with the following key variances.
  - The *Older People* service area is currently forecasting an overspend of £3.4 million before mitigation. Within this variance is a £1.9 million overspend in Residential placements, a £1 million overspend in Direct Payments, a £1.1 million overspend in Nursing placements and a £0.5 million underspend in home care. Whilst these areas currently have client numbers that are within budget-setting expectations, average weekly costs are now 5% higher than budgeted, with information from Brokerage suggesting that new clients are being placed at considerably higher costs than last year, for the same level of support. This indicates that the overspend in this area is being driven by market forces rather than increased complexity. For example, within residential services, we are seeing an increase in average weekly cost of 5% above budgeted rates (£691.57 at budget setting vs £729.02 at month 7 – an increase of £37.46 per client per week).
  - *Learning Disabilities* is currently forecasting a gross placement overspend of £3.3 million, with the highest variances being in Young Adults (£2.4 million) and Supported Living (£0.7 million). The new clients entering this service are currently higher than expected, and there have also been significant increases in average weekly costs for care packages, with Residential and Nursing placements for

example being higher than last year. Supported Living client numbers are lower than budgeted; however, unit costs have increased by 8% (£89.42 per person per week), and unit costs have increased by 8.6% (£143.95) in Residential care and 9.7% (£156.24) within Nursing care.

- *Mental Health Services* are forecasting a £2.7 million overspend against budget, largely relating to Supported Living packages (£1.6 million overspend) where average weekly costs are 28% higher than last year, equating to an increase of £219.16 per person per week. The Residential service is forecast to overspend by £0.8 million due to an increase in Section 117 client growth and increases in unit costs of 10.8% (£108.39 per person per week).
  - *Physical Disabilities* is currently forecasting an overspend of £1.9 million, due to client numbers and placement costs remaining higher than expected.
18. In-year mitigations including use of one-off reserves, clawback of unspent Direct Payments, and staffing vacancies, have reduced the forecast overspend to the £6.6 million shown in **Table 1**.
19. 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 - £0.5m underspend**

20. The forecast underspend position includes the following managed risks, which have been managed by vacancy control and increased income in Registration Services, as well as flexible use of grant income.
- An increase in the vacant space within county libraries, which is resulting in a £15k reduction of income,
  - A £30k increase in utility costs and
  - A £80k increase in the Hive PFI RPI rate higher than initially budgeted

#### **Public Health includes £31.2m Public Health Ringfenced Grant (PHRG) and related expenditure. Other services with a net £0.12m - breakeven**

21. The ring-fenced Public Health Grant is expected to be fully utilised during 2022/23.
22. 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. The expectation at the commencement of the financial year was to fully spend the PHRG and draw down £3.765 million from reserves to fund agreed activities relating to the first year of the 3-year plan.
23. As at Month 6 there is a total forecast underspend of £0.795 million against the ring-fenced grant, which means that the underspend can fund an element of expenditure originally planned to be funded from reserves. As such, this will result in a reduced forecast transfer from reserves at year end to £2.969 million against the original budgeted use of reserves of £3.765 million.

## **Worcestershire Children First (WCF) Budget £108.6m - £8.5m overspend**

24. Worcestershire Children First (WCF) is forecasting a deficit of £2.947 million. This deficit is within WCF, and narrative is included alongside Council variances. Any variance on WCF will be a consideration for future Council budget allocations.
25. 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£4.9 million overspend this year.
26. The current number of placements is 1,016. This number reflects all costed placement and includes those for children no longer “looked after” but financially supported in their leaving care placement such as through “Staying Put” or Safe Base. The overall is an increase from the figure of 917 recorded last October, showing a 10.8% rise in number over the 12-month period.
27. There is also a £0.7 million pressure in the All-Age Disability Service, relating to the Educational Psychology Service and SEND teams in order to tackle demand and caseloads.
28. Home to School Transport (HTST) is forecast to overspend by £4.7 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 partly mitigated by use of the earmarked reserve for SEND transport and from an allocation from the COVID grant reserve, bringing the overspend in this area down to £3.7 million net.
29. WCF have identified a number of mitigating actions and underspends, predominantly staffing within the Resources and Social Care Directorates, as well as potential call on reserves to reduce the overall forecast overspend to the £8.5 million shown in **Table 1**.

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

30. The starting point for the DSG reserve is a deficit balance of £11.3 million, 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 £15.6 million deficit balance. **Table 2** details the forecast position for the current and next financial year.

**Table 2 – 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	5.2
Savings on Other Blocks	-0.8
<b>Accumulated Deficit 31 March 2023</b>	<b>15.6</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>20.1</b>

31. 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, with an increase of c5%. Whilst income is increasing, DSG spend is forecast to rise by more than the predicted income, meaning the deficit will increase to around £20 million by the end of 2023/24.
32. 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 over three years 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. For information, Authorities with the highest deficits participate in the safety valve intervention programme.
33. Worcestershire is confirmed in Phase 1 - tranche 2, which starts in January to June 2023, and we met with the DfE on 11 August 2022 and continually receive updates from the Programme. We have already started to collect the last 5 years data which needs to be sent to the DfE by 15 December 2022 to support the diagnostic, below is the diagram of the programme. It has now been confirmed that we will receive one off grant funding of £1 million for Worcestershire. This is not to be used to pay off the existing accumulated deficit.
34. From meeting with the Programme Leads our feedback is consistent with the common themes being fed back to the DfE:
- The inequalities with the historic cap on Funding Formula
  - Concerns around the extension of statutory override or the ask for support on payments for historic deficits
  - Recognition that this sits in context of wider challenges in Local Government and Children’s Social Care
  - The impact of Covid-19 on the demand for services and the types of support required for Children and Young People
  - Workforce challenges e.g., increased demand for Educational Psychologists, across BAU and to deliver change

35. The Council continues to work with schools to optimise pressures within funding, whilst lobbying Central Government through all available forums including our MPs for the issue to be addressed nationally.

#### **Economy & Infrastructure (E&I) – Budget £59.2m - £0.7m underspend**

36. The Economy and Infrastructure Directorate is forecasting to underspend its £59.2 million budget by £0.691 million. The improvement in the overall position from that previously reported is attributable to the holding of vacant posts across the service, alongside increased income in the Network Management service.
37. The most significant variance from budget is a c£7.5 million 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.
38. There is also a forecast increase in energy costs relating to street lighting and other road lighting budgeted due to the current national increase in energy prices and increases in contract costs which are planned to be funded by the Finance Risk Reserve (c£0.9 million, part of which already reported to Cabinet in previous monitoring reports). This is net of the savings being delivered relating to the conversion to more energy efficient LED bulbs.
39. There are also a number of pressures relating to inflationary increases, 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 £7.7m - £0.6m underspend**

40. The Commercial and Commissioning Directorate is forecasting to deliver an in-year underspend of c£0.6 million due to holding posts vacant, and additional one-off backdated premises income.
41. The most significant variances from budget are as follows:
- A forecast £1 million overspend in Legal and Democratic Services due to additional input required to adult's cases, education and children's services court related costs including a specific child case. This has been mitigated in-year with one-off reserves and general COVID grant.
  - £0.3 million forecast inflationary pressures within Property Services which has been offset by a decrease in forecast costs expected within the reactive maintenance budget.
  - There is also a forecast overspend of c£0.3 million on energy costs due to the current national increase in energy prices, which is planned to be funded by the Finance Risk Reserve

42. The adjustments shown in Appendix 1A for Technology services and Transformation & Change are planned use of capitalisation and reserves to fund specific project activity.

### Chief Executive/HR – Budget £1.4m – break-even

43. 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 - £0.662m underspend

44. The Financial Services budget includes corporate items such as the Financial Services team, Debt Interest and Minimum Revenue Provision (MRP).
45. The £34.6 million budget for Finance / Corporate Items is forecast to underspend in total by £0.662 million. This relates to an assumed release of the £0.5 million Whole Organisation Contingency, alongside £0.162 million of staffing underspends within Finance due to holding vacant posts.

### Savings Programme Update

46. Included within the budget set for 2022/23 was a £5.15 million savings target. At the end of September 2022, £0.225 million had been identified from a good housekeeping exercise, plus a further £4.425 million (including £2.708 million from adult services) resulting in the total identified and delivered being £4.65 million. This leaves an unidentified gap of £0.5 million, as shown in **Table 3**.
47. £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 potential recurrent pressure from 2023/24 of £2.3 million to be mitigated.
48. In addition to the budgeted savings, directorates have also been requested to identify further savings to support the council's overall financial position. This includes the demand related services relating to adults and children looking at ways to avoid any increase in, and the potential to reduce, their current forecast overspends. Additional savings are being requested by scrutinising vacant posts prior to being advertised, reducing or ceasing non-essential spend, for example purchase of stationery, attendance at training events, and looking at further income generating opportunities.

**Table 3: Savings Forecast as at Month 7 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>	

## 2022/23 Pay Award

49. National employers have reached agreement with Trade Unions relating to the 2022/23 pay increase. This equates to £1,925 per full time equivalent (i.e., £1,925 will be added to each Spinal Column Point), which also brings with it increases in employers' pension and national insurance contributions. The impact of the pay award and associated costs 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% totalling c£1.5 million. The gap equates to £4 million of new and additional pressures, which are intended to be funded in 2022/23 from the Business Rates Reserve. This will need to be addressed recurrently in setting the 2023/24 budget.

## COVID related expenditure and income received

50. A total of £13.292 million of Covid-19 related general grants were carried forward from 2021/22 into 2022/23. At its September meeting, Cabinet approved the planned allocations from this fund.
51. As at the end of September 2022, 65% of this had been spent or contractually committed, with the remaining expected to be fully utilised during the remainder of the financial year.
52. The Council also carried forward £4.226 million of Containment Outbreak Management Fund. It is expected that all this funding will be spent by the end of the financial years on projects relevant to the grant conditions. An analysis of forecast spend by the year end is given in **Table 4**.

**Table 4: Forecast Spend on areas covered by COMF funding**

<b>Area of Spend</b>	<b>£'000</b>
Children & Young People including Enhanced Youth Support and "Act on It"	711
Health Improvement including Lifestyle and Behaviour change, Focus groups and Population Health Management	302
Health Protection - WRS, Prevention/Enforcement	2,110
Mental Health and Well Being including Suicide Prevention, Community Builders, Asset Based Community Development (ABCD) and Information and Advice	242
Adult services Commissioners, Quality Team Covid Response and Safer Communities and support for older people	864
Currently unallocated	37
<b>Total</b>	<b>4,226</b>

## Household Support Fund (HSF)

53. On 23 March 2022 the Chancellor announced an extension to the Household Support Fund (HSF), to 30 September 2022, with an additional £500 million of funding for all local authorities to support vulnerable households. Worcestershire's allocation of the fund was £3.949 million, spanning the time period 1 April 2022 – 30 September 2022.
54. On 26 May 2022 Government announced a further £500 million extension of this funding to 31 March 2023, and as before the Worcestershire allocation is £3.949 million between 1 October and 31 March 2023.
55. The funding has been allocated to County Council and Unitary Authorities in England to support those in most need to help with global inflationary challenges and the significantly increasing cost of living.
56. Local Authorities have the discretion on exactly how this grant funding is used (within scope of the grant determination and guidance). There is a requirement to work collaboratively with the Department for Work and Pensions (DWP) and other local authorities, including delivery partners for example District Councils, Charitable or voluntary sector organisations.
57. Worcestershire has been working closely with DWP, District Councils and 3rd party / voluntary organisations to deliver support to Households, further detail of the expenditure and volume of awards are found in **Table 5**.

**Table 5: Areas of Funding relating to the HSF**

Area of Funding	Volume of Awards	£
Support for Food	16,354	867,569
Free School meals during holidays	29,326	912,675
Support for Energy & Water	9,588	1,307,026
Support for essentials linked to Energy & Water	1,506	352,905
Support for wider essentials	1,211	163,367
Support for Housing costs	239	49,269
Scheme administration	n/a	296,328
<b>Total</b>	<b>58,224</b>	<b>3,949,139</b>

58. The rise in energy costs and food prices are some of the key drivers of the cost-of-living crisis. Worcestershire has supported c56,000 households access additional financial support totalling £3.4 million. The remainder of the grant has been spent on supporting wider essentials (for example white goods and school uniforms) and increases in housing related costs.
59. District Councils have been passported £0.889 million of the total grant (22.5%) to support households with the areas detailed in **Table 5**. The funding formula for the District Councils has been based on Council Tax hardship numbers within each area, therefore there are some variations across the county, and their allocations are detailed in **Table 6**.

**Table 6: District Allocations of HSF – First 6 months**

<b>District Council</b>	<b>£</b>
Bromsgrove BC	100,344
Redditch DC	146,200
Malvern Hills DC	89,105
Worcester City	189,089
Wychavon	157,060
Wyre Forest	207,342
<b>Total</b>	<b>889,140</b>

60. The plan for the October 2022 to March 2023 is in development and will be reported in a subsequent Cabinet report.

### **Earmarked Reserves**

61. 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.
62. 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. At its meeting in September 2022, further allocations from reserves were approved, as the Council needed to draw down funding from unspent grant and earmarked reserves to help fund expenditure.
63. As part of this update report, Cabinet are recommended to approve the following uses of reserves to support expenditure being incurred in the revenue account or transfers between reserves to earmark funding for specific capital or risk purposes:
- **Revenue**
    - Use of £4 million from the Business Rates Risk Reserve to fund the final national pay award for 2022/23.
    - Use of £0.3 million from the Finance Risk Reserve to fund energy inflation across council properties and a further £0.3 million for street lighting (in addition to the £0.6 million approved in September 2022) based on current forecast increase in energy prices.
    - Use of £1 million Adult Social Care reserves to fund an element of the in year overspend.
    - Allocation of £0.135 million from the Transformation Fund to fund the development of the council's intranet site.
    - Use of £2 million of Children's Revenue Grants and £1.9 million of earmarked risk reserves to fund the in-year pressures faced by Children's care.
  - **Capital**
    - A transfer from the Revolving Investment Fund reserve totalling £3.763 million into the Capital Investment Reserve to support the funding of the capital programme for 2023/24 onwards

- £0.9 million from the Strategic Infrastructure Fund to complete feasibility studies and outline business cases as part of the development of the South Worcestershire Development Plan, the Bromsgrove local plan, support for major applications and appeals and the Local Transport Plan 5 programme
- Allocation from the Future Capital Investment Fund to support the dilapidations work at Berkley Business Park following the vacation of Scientific Services (£0.085 million)
- **Risk**
- A transfer of £1.9 million from the Financial Risk Reserve to the Waste and Mineral Strategy Reserve to fund the development of statutory core waste and mineral strategies over the medium term.
- Use of £3 million of Business Rates Risk Reserve to fund the overspend in school transport.

### Update on Capital Programme

64. The Draft Capital Programme was approved by Council in February 2022, and due to additional external resources being received, the programme was amended formally in September 2022. Following a detailed review of schemes within the existing programme at the end of Quarter 2, a revised capital programme has been completed.
65. A full copy of the Draft Updated Capital Programme can be found at **Appendix 2** with specific details of schemes where additional funding is currently expected to be required are detailed in the following paragraphs.
66. A further £0.2 million is required for the completion of the Broomhall Way Footbridge due to inflationary pressures.
67. The funding for the Southern Link Road Phase 4 is expected to be fully funded, however a further £7.65 million of s106 funding is not expected to be received from developers in time to fund expenditure required. This is in addition to the existing £7.5 million section 106 funding which will also need forward funding. As such, the County Council is being requested to forward fund this total amount until external funding is received.
68. A further £1 million is forecast to be required to fund the completion of the Pershore Infrastructure Improvements scheme due to inflationary uplifts, this is net of small reallocations of funding from other schemes which have forecast underspends.
69. As reported to Cabinet in September, additional payments were required to be made in relation to one of our school projects, totalling £3.56 million, which were unfunded.
70. The development of the capital programme requirement for digitisation and IT enhancement over the medium term to support the council's move to "Digital First" will require investment into technological solutions and upgrades to existing systems. A medium-term pressure of c£4 million is forecast over the next 4 years.
71. The corporate non-school estate capital maintenance programme has been developed with data from updated condition surveys completed on behalf of Property Services. These surveys identify essential and near end of life works and any health and safety or other works which could have a detrimental impact on service delivery. The programme now includes capital works to the rural estate to comply with

our landlord obligations. A short-term pressure of c£3 million is forecast over the next 2 years.

### **Medium Term Financial Plan (MTFP)**

72. The Chancellor's budget statement was delivered on 17 November, with further details to follow on the full impact for Local Authorities. It is expected that the detail of the local government provisional settlement will not be known until just before Christmas, as such a further update will be brought forward to Cabinet in January as part of the budget setting papers.

### **Legal Implications**

73. 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**

74. 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.
75. 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.
76. 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.
77. 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**

78. 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.
79. This will include undertaking consultations with staff, trade unions and any other affected body as appropriate.

### **Equality Duty Considerations**

80. 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

81. The Cabinet report includes recommendations regarding the Council's forecast financial position for 2022/23 and the use of earmarked reserves and unspent grants.
82. 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

83. 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.
84. 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.
85. 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.
86. 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 1A** – Budget Monitoring Outturn Forecast for Month 7 as at 31 October 2022
- **Appendix 1B** – Revenue Monitoring Forecast Variances above £0.250m
- **Appendix 2** – Capital Programme

## Contact Points

### County Council Contact Points

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### 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