



Report to Cabinet

Date:	29 March 2022
Title:	Quarter 3 Budget Monitoring Report 2021-22
Relevant councillor(s):	John Chilver
Author and/or contact officer:	Richard Ambrose, Service Director – Corporate Finance & S151 Officer
Ward(s) affected:	none specific
Recommendations:	Cabinet is asked to: - note the report and the risks and opportunities contained within it. - approve the principle to transfer unused contingencies at year end, currently forecast as £6.2m, to an earmarked reserve, to mitigate the potential impact of Local Government Finance Reform, and heightening risks around the financial implications associated with political uncertainty, global turbulence, increased inflationary pressures, Adult Social Care reforms and the ongoing impact of Covid-19.
Reason for decision:	To understand the financial position of the Council in respect of 2021-22 Budgets.

1. Executive summary

- 1.1 This report sets out the Revenue and Capital position for Buckinghamshire Council for the financial year 2021/22 as at the end of December.
- 1.2 The local government settlement in February 2022 was the 4th consecutive one year settlement. The government have indicated an intention to reform local government

funding in the near future based on an up-to-date assessment of Councils' needs and resources, and it is also unknown at this stage how the 'Levelling Up' agenda may be reflected in funding policy. There is, therefore, high risk around future funding levels, with changes expected from financial year 2023/24.

- 1.3 The following report details the Council's financial performance for 2021/22 and, whilst there have been pressures in Portfolio budgets in the year, these have been managed and successfully mitigated, meaning that an element of the corporate contingency budget is no longer required. A contribution to an earmarked reserve is proposed which can be released, if necessary, in future years. This aligns to the Select Committee's view (budget scrutiny task & finish group) on risk and whether the level of contingencies for pressures such as inflation are sufficient.
- 1.4 This proposed transfer to an earmarked reserve will help to maintain financial sustainability and will assist in mitigating against the risk of future funding settlements which could divert funding away from relatively prosperous areas in the south east, to areas in the midlands and the north of the country.
- 1.5 In addition, the proposed transfer to reserves will help to mitigate against heightening risks around political uncertainty, global turbulence, inflationary pressures which have further increased as a result of global economic upheaval, with inflation now exceeding the 5% levels discussed during setting the 2022/23 budget, social care reform and market sustainability, and the ongoing impact of Covid-19. The Bank of England in the February inflation forecast were already predicting inflation peaking at just over 6%, and that was prior to increased energy prices as a result of the current conflict in Ukraine. Commentators are forecasting that this could increase and the Resolution Foundation are now forecasting a peak of 8.5% inflation across 2022/23.
- 1.6 The impact of inflation will be felt across revenue and capital in both the direct supply of goods and services. For each 1% change in inflation, the estimated cost is £4.6m annually in revenue and £5.2m across the 4 year capital programme. The revenue budgets for 2022/23 contain contingencies which will provide an element of mitigation, however consideration will need to be given as to how to further mitigate the impact, and this may have implications for borrowing, cashflow or the scale and scope of projects.
- 1.7 The Appendix provides further detail for each Portfolio and information about performance relating to overdue debts and late payments of commercial debt.

2. Revenue

- 2.1 The forecast revenue budget outturn is summarised in Figure 1. The key Portfolio variances are explained in Appendix 1.
- 2.2 Overall a favourable variance of £0.9m is forecast after allowing for £6.8m of corporate mitigations. This is a favourable movement of £0.9m since Q2 where a balanced budget position was reported.

Figure 1: Revenue Budgets

	Budget	Y/E Outturn	Variance	Change in Variance (from Q2 Cab)
	£000	£000	£000	£000
Revenue				
Expenditure	9,000	8,900	(100)	
Income	(1,000)	(1,000)	0	
Leader	8,000	7,900	(100)	(100) ↓
Expenditure	38,100	42,600	4,500	
Income	(8,800)	(14,200)	(5,400)	
Climate Change & Environment	29,300	28,400	(900)	(100) ↓
Expenditure	14,100	14,300	200	
Income	(3,400)	(4,200)	(800)	
Communities	10,700	10,100	(600)	200 ↑
Expenditure	11,500	11,500	0	
Income	(4,700)	(4,000)	700	
Culture & Leisure	6,800	7,500	700	(100) ↓
Expenditure	620,400	622,100	1,700	
Income	(534,400)	(532,700)	1,700	
Education & Childrens Services	86,000	89,400	3,400	1,300 ↑
Expenditure	173,400	178,800	5,400	
Income	(120,100)	(125,900)	(5,800)	
Finance, Resources, Property & Assets	53,300	52,900	(400)	(1,200) ↓
Expenditure	244,700	247,700	3,000	
Income	(87,100)	(88,200)	(1,100)	
Health & Wellbeing	157,600	159,500	1,900	1,200 ↑
Expenditure	15,400	19,400	4,000	
Income	(8,300)	(11,700)	(3,400)	
Housing & Homelessness & Regulatory Serv	7,100	7,700	600	300 ↑
Expenditure	14,800	16,200	1,400	
Income	(9,000)	(10,200)	(1,200)	
Planning & Regeneration	5,800	6,000	200	200 ↑
Expenditure	69,100	72,600	3,500	
Income	(14,400)	(16,800)	(2,400)	
Transport	54,700	55,800	1,100	(600) ↓
Portfolios Total	419,300	425,200	5,900	1,100 ↑
Corporate	34,700	29,800	(4,900)	
Funding	(454,000)	(455,900)	(1,900)	
Corporate & Funding Total	(419,300)	(426,100)	(6,800)	(2,000) ↓
Revenue Total	0	(900)	(900)	(900) ↓

2.3 The favourable variance of **£0.9m** comprises:

- £5.9m** adverse variance on Portfolio budgets (£4.8m adverse Q2);
- £4.2m** favourable variation on Corporate Contingencies, after a proposed transfer to earmarked reserves of £6.2m (£2.8m Q2);

- c) **£1.9m** favourable variation relating to Covid Sales Fees and Charges compensation scheme (£0.9m at Q2). £1.2m of this relates to the claim for the current year, as eligible pressures were higher than budgeted for, leading to the additional compensation. A further £0.7m relates to the previous year, as further scrutiny has enabled the identification of more compensation than had been identified at financial year end;
- d) **£0.7m** favourable variation on Corporate Budgets, principally capital financing costs (£1.1m at Q2).

2.4 The total Portfolio net revenue forecast variance is £5.9m adverse (1.4% of the total Portfolio budget).

2.5 Further risks to the Revenue forecasts have been identified, a proportion of which may still materialise prior to the end of the financial year. These, and any new pressures, could be covered by a number of contingencies that are not yet fully committed and could be used if required. **Appendix 1** provides further detail on the revenue forecast outturn by Portfolio.

3. Achievement of Savings

3.1 £13.2m of savings were incorporated into the approved 2021-22 Revenue budgets. The table below shows performance against those targets.

Figure 2 Savings Targets by Portfolio

Portfolio	Target £k	Forecast £k	Shortfall £k
Climate Change & Environment	1,126	1,126	0
Communities	392	392	0
Culture & Leisure	1,113	933	180
Education & Childrens Services	2,363	2,256	107
Finance, Resources, Property & Assets	2,251	2,121	130
Health & Wellbeing	2,319	2,532	-213
Housing & Homelessness & Regulatory Serv	305	305	0
Leader	1,274	1,124	150
Planning & Regeneration	1,219	1,219	0
Transport	875	691	184
Total	13,237	12,699	538

- a) Achievement of the £13.2m savings targets is summarised in the above table. Overall there is forecast shortfall of £0.5m (£0.6m Q2) which is taken into account within Portfolio forecasts.

4. Covid Grant Funding

- 4.1 The table below shows all grants which were carried forward from FY20/21 and new grants for FY21/22 with their accompanying grant allocations across the two financial years. The final column shows the actuals spent to date for each grant.
- 4.2 Total new grant allocations for FY21/22 not including corporate grants totalled c.£62.7m.
- 4.3 Excluding Business Support Grants the total amount carried forward to FY21/22 from the previous financial year totalled c.£15.3m.
- 4.4 There are currently 16 COVID grants that are open (excluding corporate grants).

Grants per directorate (FY22)	Open /Closed	FY20/21 Grant Allocation	FY21/22 Grant Allocation	Total Allocation	Actuals to date
PG&S					
Additional Restrictions Support Grant	Open	(21,013,760)	(1,334,142)	(22,347,902)	20,957,303
Emergency Travel Grant Tranche 1 - Revenue	Closed	(25,720)	-	(25,720)	19,855
Emergency Travel Grant Tranche 1 - Capital	Closed	(488,198)	-	(488,198)	341,219
Re-opening High Streets & Welcome Back Fund	Open	(481,588)	(481,588)	(963,176)	255,165
Homelessness Prevention Grant*	Open	-	(345,188)	(345,188)	-
Protect & Vaccinate - Rough Sleeping Initiative	Open	-	(150,438)	(150,438)	-
Travel Demand Management	Closed	-	(75,000)	(75,000)	17,320
Sub total		(22,009,266)	(2,386,356)	(24,395,622)	21,590,862
Children's					
Wellbeing for Education	Closed	(89,287)	-	(89,287)	88,537
Wellbeing for Education Recovery	Open	-	(76,718)	(76,718)	-
Subtotal		(89,287)	(76,718)	(166,005)	88,537
Communities					
Home to School Grant	Closed	(973,000)	(359,531)	(1,332,531)	1,332,531
Subtotal		(973,000)	(359,531)	(1,332,531)	1,332,531
DCE					
Winter Grant Scheme	Closed	(1,303,503)	-	(1,303,503)	1,303,475
Contain Outbreak Management Fund (COMF)	Open	(13,016,496)	(2,872,720)	(15,889,216)	9,386,950
Support for Clinically Extremely Vulnerable Resident	Open	(1,202,864)	-	(1,202,864)	551,113
Supporting the Vulnerable (Emergency Assistance C	Closed	(358,545)	-	(358,545)	358,264
LA Practical Support	Open	-	(1,054,805)	(1,054,805)	681,777
COVID Local Support Grant	Closed	-	(1,138,239)	(1,138,239)	1,138,239
Household Support Fund	Open	-	(2,399,190)	(2,399,190)	784,611
Subtotal		(15,881,408)	(7,464,954)	(23,346,362)	14,204,429
Adults & Health					
Infection Control (IFC3) and Testing Fund (RT2)	Closed	-	(3,371,148)	(3,371,148)	3,347,916
Surge Testing	Closed	(75,770)	-	(75,770)	77,591
Infection Control (IFC4) and Testing Fund (RT3)	Closed	-	(2,449,046)	(2,449,046)	2,151,492
Adult Social Care Omicron Support Fund*	Open	-	(417,830)	(417,830)	-
Infection Control (IFC5) and Testing Fund (RT4)*	Open	-	(3,754,379)	(3,754,379)	2,101,833
Workforce Recruitment and Retention Fund*	Open	-	(3,220,770)	(3,220,770)	-
Subtotal		(801,530)	(13,213,173)	(13,288,943)	7,678,832
Resources					
Council Tax Hardship	Closed	(2,813,901)	-	(2,813,901)	1,943,000
LRS G C (Tier 5ii)	Closed	(11,095,411)	-	(11,095,411)	7,246,035
Closed business lockdown payments	Closed	(21,177,000)	-	(21,177,000)	13,987,000
Restart Grant	Closed	-	(22,596,615)	(22,596,615)	21,036,153
Omicron Hospitality and Leisure Grant*	Open	-	(4,050,225)	(4,050,225)	1,694,067
Test and trace scheme £500 payments	Open	(313,103)	(523,574)	(836,677)	1,267,442
COVID Additional Relief Fund	Open	-	(11,728,484)	(11,728,484)	-
Mid Year Discretionary Housing Payment	Open	-	(309,042)	(309,042)	-
Community Testing Programme	Open	(725,760)	-	(725,760)	730,044
Subtotal		(36,125,175)	(39,207,940)	(75,333,115)	47,903,741
Total exc. Corporate		(75,153,906)	(62,708,672)	(137,862,578)	92,798,932
Corporate					
Sales, fees and charges (Tranche 3)*	Open	-	(5,174,495)	(5,174,495)	-
Sales, fees and charges (Tranche 4)*	Open	-	(2,487,000)	(2,487,000)	-
New Burdens 4 (Restart and ARG)	Open	-	(154,400)	(154,400)	-
New Burdens 5	Open	-	(48,600)	(48,600)	-
Subtotal		-	(7,864,495)	(7,815,895)	-
Total inc. Corporate		(75,153,906)	(70,573,167)	(145,678,473)	92,798,932

Key	Description
	Open grants which were extended or carried forward from FY21
	Open grants which are new grants for FY22

4.5 **The Contain Outbreak Management Fund (COMF)**

4.6 The Contain Outbreak Management Fund (COMF) provides funding to local authorities to help reduce the spread of coronavirus and support local public health. Buckinghamshire is expected to benefit from £15.9m of this spread over three financial years as detailed in Figure 3 below.

Figure 3: COMF Income, Spend and Current Unallocated Income

	Approved Spend / Allocation			Total Allocated
	FY21 £	FY22 £	FY23 £	
Spent in 2020-21	6,422,263			6,422,263
COVID Grants - Admin Support		314,000	183,000	497,000
Public Health		437,000	282,000	719,000
Health Outbreak Control		486,000	456,489	942,489
Local Contact Tracing		392,000		392,000
Social Work Caseloads - CS		1,870,000	2,200,000	4,070,000
Social Work Caseloads - ASC		650,000	600,000	1,250,000
Mutual Aid		13,567		13,567
Emergency Response Co-Ordinator		100,000	100,000	200,000
Imbalance/Health Bus		15,000		15,000
Flu jabs		57,000		57,000
Community Support Team		200,000	522,500	722,500
Legal Services (child protection caseloads)		173,700	173,700	347,400
Business Support for ASC social workers		14,000		14,000
MQS iPads		1,900		1,900
Business Ops - admin support for CS		26,857		26,857
Business Ops - assessments support for CS		168,568	173,641	342,209
Total Approved Allocations	6,422,263	4,919,592	4,691,330	16,033,185
Overallocation offset by FY22 underspend				-143,969
Total Grant Income	13,016,496	2,872,720	0	15,889,216

4.7 Portfolio forecasts include this spending and income (net £nil).

4.8 A number of bids are pending approval; once confirmed the COMF grant is fully committed.

4.9 The 2021/22 forecast estimates that there will be an underspend of £143k on approved bids, which will enable sufficient funds to support the pending bids.

4.10 No further COMF grant funding is anticipated.

5. Capital Budget Outturn

Capital slippage has increased between Q2 and Q3 from 7.9% (£14.8m) to 11.7% (£22.5m). This is now exceeding the Council's target of 10% of budgets and could further increase in the final quarter of the year. As part of the MTFP process, the profile of capital expenditure has been reviewed and challenged to ensure that realistic budgets based on achievable timescales are set.

5.1 There are a number of specific circumstances which will impact on the progress of capital projects during the current financial year including.

- a) On-going impact of COVID-19, where contractor or subcontractors are affected by the requirement for staff to isolate.
- b) The availability of building materials and supply chain issues which are impacting on several industries.
- c) The worldwide shortage of semi-conductors, resulting in delays in the supply of technology equipment and vehicles.
- d) Post unitary impacts, including reviews to ensure that projects are still essential, changes in key staff and internal reorganisations.
- e) Whilst the aspiration is to deliver the capital programme and minimise slippage, it is important that we take consider the post Covid-19 environment and the priorities of the new Buckinghamshire Council.
- f) Further details for each portfolio may be found in **Appendix 1**.

Figure 4: Capital Budgets

Directorate	Actuals to Date £000	Released Budget £000's	Unreleased Budget £000's	Total Budget £000's	Forecast Outturn Released £000's	Forecast Unreleased £000's	Forecast Outturn £000's	Forecast Variance £000's
Children's Services	45,087	57,476	1,410	58,886	58,991	460	59,451	566
Climate Change & Environment	1,387	6,795	1,276	8,071	6,450	659	7,109	-962
Communities	112	133	0	133	133	0	133	0
Culture & Leisure	12,647	16,340	1,020	17,360	13,952	228	14,180	-3,181
Finance, Resources, Property & Assi	4,808	9,524	766	10,290	9,853	0	9,853	-437
Health & Wellbeing	0	436	0	436	0	0	0	
Housing, Homelessness & Regulator	3,963	11,308	2,019	13,326	11,846	0	11,846	-1,480
Leader	4,182	-174	8,403	8,229	6,522	20	6,542	-1,686
Planning and Regeneration	13,412	29,999	626	30,625	16,948	2,913	19,861	-10,764
Transport	25,775	41,504	4,179	45,683	39,819	1,743	41,562	-4,121
Grand Total	111,373	173,342	19,698	193,040	164,515	6,023	170,538	-22,502

6. Other options considered

6.1 None arising directly from this report.

7. Legal and financial implications

7.1 This is a Finance report and all the financial implications are included in the report.

7.2 There are no legal implications arising from the report.

8. Corporate implications

8.1 Actions resulting from consideration of this report may influence future expenditure in areas of concern / interest.

9. Local councillors & community boards consultation & views

9.1 Not applicable.

10. Communication, engagement & further consultation

10.1 Not applicable.

11. Next steps and review

11.1 A report on the Council's outturn for 2021/22 will be brought to Cabinet on 7 June 2022.

12. Background papers

12.1 Appendix 1 – Portfolio level summaries.

13. Your questions and views (for key decisions)

13.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk].