



# Report to Cabinet

**Date:** 13 June 2023

**Title:** **Budget Monitoring - Outturn 2022-23**

**Relevant councillor(s):** John Chilver, Cabinet Member for Accessible Housing and Resources

**Author and/or contact officer:** David Skinner, Service Director – Finance & S151 Officer

**Ward(s) affected:** none specific

**Recommendations:** **Cabinet is asked to:**

- **note the report and the success in achieving an overall balanced revenue outturn position.**
- **approve an increase to the Revenue Contribution to Capital Reserves (RCCR) by £0.6m to fund an update to the CCTV Control Room.**
- **approve the transfers to reserves as set out in paragraph 2.4b section vii.**
- **note the overall Capital outturn position of £107.5m of investment in Council's capital priorities.**
- **approve the carry-forward of slippage and accelerated spend as detailed in this report.**

**Reason for decision:** To understand the financial position of the Council in respect of 2022-23 Budgets.

## **1. Executive summary**

1.1 This report sets out the Revenue and Capital outturn position for Buckinghamshire Council for the financial year 2022/23.

1.2 The Council is continuing to experience significant financial pressures due to high levels of inflation and continued increase in demand and complexity in key services,

such as Adults Social Care and Children's Social Care. Portfolio budgets have seen unavoidable pressures in areas such as energy inflation, in the cost of placements for looked after children, in Adult Social Care, Temporary Accommodation and provision of Home to School Transport, with an adverse variance of £9.8m across portfolio budgets at financial year end.

- 1.3 Despite these pressures, the Council has managed to achieve a balanced revenue position overall, due to the effective processes in place for managing financial risk; pressures in portfolio budgets have been managed overall and mitigated by a favourable variance in corporate budgets.
- 1.4 The final year end position on capital is spend of £107.5m against a budget of £151.9m, and against total released budget of £129.9m, equating to 17% variance against released budgets.
- 1.5 Capital projects which were successfully completed this year include Kingsbrook Secondary School, Brunel Shed in Wycombe (which has now been leased out), the £1.8m DEFRA-funded Rural Broadband installation programme, the Berryfields and Haydon Hill Cycleways, upgrades to the Southern Waste Depot, a roof replacement on Bedgrove Community Centre, 7 School toilet projects, and SEN placement projects in Shortenhills, Holmer Green Senior School, Westfield and Princes Risborough Upper School.
- 1.6 Many capital projects have been impacted by the current challenging economic situation, with high levels of construction inflation, pressures in the labour market, supply shortages and delays to acquisitions causing slippage in the programme. This is reflected in the relatively high levels of slippage, but low level of overspends. Where necessary, projects are being reviewed and re-scoped, and funding implications being considered.
- 1.7 The final outturn variance of £44.3m consists of slippage into future years of £53.8m, accelerated spend ahead of profile of £16.3m, overspends of £4.0m, and underspends of £10.9m which will be released for other purposes.
- 1.8 Cabinet is requested to approve the carry forward of slippage to future years and accelerated spend as detailed in this report.

## 2. Revenue

- 2.1 The Revenue outturn for 2022/23 is a balanced position, after the proposed transfers to reserves as recommended above. This is in line with the forecast position at Quarter 3.
- 2.2 There has been an improvement within Portfolio budgets of £4.5m from the Quarter 3 forecast, from an adverse variance of £14.3m to an adverse variance of £9.8m.
- 2.3 The key areas of movement are as follows:

<b>Forecast variance Quarter 3</b>	<b>£0.0m</b>
<b>Climate Change and Environment</b> – favourable increase of £3.9m due to additional electricity income from the council’s Energy from Waste plant, due to the prevailing market rates.	(£3.9m)
<b>Education and Children’s Services</b> – reduction of £1.8m in the adverse variance from £6.7m to £4.9m. This reflects a decrease in staffing spend, maximisation of grant funding, and a reduction in placement spend from the Quarter 3 forecast.	(£1.8m)
<b>Housing &amp; Homelessness &amp; Regulatory Services</b> – an increase of £0.9m from an adverse variance of £3.8m to £4.7m due demand pressures and cost increases in Temporary Accommodation.	£0.9m
<b>Accessible Housing and Resources</b> – an increase in the adverse variance of £0.6m from £1.4m to £2.0m predominantly due to Energy costs.	£0.6m
<b>Other</b> – minor movements across other portfolios	(£0.3m)
<b>Corporate and Funding</b> – a movement of £4.5m from a favourable variance of £14.3m to favourable £9.8m. This relates to contingency budgets of £4.3m which had been kept back to mitigate any emerging pressures in Portfolios, but were not required, additional interest income of £1.1m due to increased interest rates, and the proposed reserve movements as set out in paragraph 2.4b section vii.	£4.5m
<b>Revenue Outturn 2022/23</b>	<b>£0.0m</b>

- 2.4 Within the overall position the main variances are:
- a) The £9.8m adverse variance in Portfolios includes:
    - i. £2.4m pressure (£2.7m last quarter) in Health and Wellbeing from demand pressures and fee uplifts in Adult Social Care.
    - ii. £4.9m pressure (£6.7m last quarter) in Children’s Services, with the main pressures being:

- £2.6m in placement costs for children looked after. The national position in relation to the sufficiency of placements is leading to a shortage of available placements and very high unit costs of those placements that can be accessed.
  - £1.3m adverse variance in support for children with disabilities; in domiciliary care and direct payments, due to continued increases in seriousness and complexity of support needed for children with disabilities;
  - £1.2m in client costs in Children's social care due to demand pressures;
  - £0.8m in costs of accommodation and allowances for care leavers and £0.3m in other pressures.
  - The other pressures are offset by a £1.4m underspend in social care staffing costs due to difficulties in recruiting permanent staff and a reduction in the number of agency staff.
- iii. £2.1m in Accessible Housing and Resources (£1.4m last quarter), with the main variances being £2.1m pressure from inflation on energy costs in Property & Assets due to the exceptional price increases in 2022/23, £0.4m due to pressures in Insurance, and a favourable variance of £0.5m from increased rental income.
- iv. £3.2m adverse variance (£3.4m last quarter) in Transport Services due to increased contract costs and a 3% increase given to Home to School Contracts to mitigate rising fuel prices. Within the Highways service, energy pressures of £1.8m have been mitigated in year by additional income and underspends in contract payments.
- v. £4.7m adverse variance in Housing & Homelessness & Regulatory Services (£3.8m last quarter) in Temporary Accommodation budgets due to increased demand, particularly for nightly paid accommodation.
- vi. A favourable variance of £7.2m (£3.3m last quarter) in Climate Change & Environment from additional electricity income from the council's Energy for Waste (EfW) site due to prevailing market rates for electricity.
- b) The £9.8m of favourable variances in corporate budgets (£14.3m last quarter) includes:
- i. £4.4m contribution from earmarked reserves from income received in the Climate Change and Environment portfolio contributed to reserves, following partial resolution of the legal dispute with the council's EfW contractor.

- ii. A contribution to reserves of £4.5m to set up a reserve for the Opportunity Bucks programme.
- iii. £4.0m increased favourable variance relating to Interest on Revenue Balances (£2.7m last quarter). This reflects a higher level of cash balances than budgeted, and the recent further increase in Bank of England base rate to 4% during February with a further increase on 23<sup>rd</sup> March to 4.25%.
- iv. £0.5m favourable variance on capital financing budgets (£0.8m last quarter). This includes an additional contribution of £0.6m to fund improvements works to the CCTV control room.
- v. A surplus of £0.9m in grant income budgets (£0.8m last quarter). This include a grant of £0.5m from distribution of Business Rates levy surplus which has been contributed to the Collection Fund reserve to mitigate the risk to future funding streams from the reset of the Business Rates system.
- vi. Corporate Contingencies: favourable variance of £4.1m (£5.5m last quarter). £3.2m of service risk contingency was being held back to support any further pressures that might arise, and £1.2m in Pay, Pension and Redundancy contingencies. These risks have not materialised at year end, and the unrequired balance on corporate contingencies has increased by £4.3m to a favourable variance of £9.9m. £0.5m of this is proposed to be contributed to Highways reserves to create a Highways lining fund for work to be delivered in 2023/24, and £4.7m is proposed to be contributed to the Mitigating Future Financial Risks reserve to address ongoing risk of pressures within Portfolios.
- vii. Cabinet is recommended to approve the following reserves transfers:
  - a transfer of £0.5m to the Collection Fund reserve from additional grant income from Business Rates levy surplus;
  - a transfer to the Highways Reserve of £0.5m to fund Highways lining;
  - a transfer of £4.7m to the Mitigating Future Financial Risks reserve.

2.5 The Council continues to experience significant financial pressures due to demand for key services and the impact of inflation. Pressures which have been felt in financial year 2022/23, are continuing into 2023/24 across the following areas and are expected to grow:

- a) **Adult Social Care:** pressures across the NHS are resulting in a higher demand for early hospital discharge, and clients having subsequent higher needs. In addition there is pent up demand for social care due to the impact of the Covid pandemic on mental health. Social care providers are also facing cost pressures as wages have not kept pace with the private sector.
- b) **Children's Social Care:** in Children's social care, the market has become sub-optimal, with demand significantly outpacing supply. The national shortage of available placements has resulted in very high unit costs of those placements that can be accessed, and this trend is expected to continue into financial year 2023/24.
- c) **Temporary Accommodation:** the pressures seen in 2022/23 in terms of increased demand for temporary accommodation and also increased unit costs, are expected to continue into 2023/24.
- d) **Energy costs:** costs are expected to be higher than budgeted due to variable network costs and contract costs.
- e) A strategic contribution to the Mitigating Future Financial Risks reserve is proposed and included within the outturn figures. This will help to address the increased financial risks and pressures being felt in financial year 2023/24.

2.6 The forecast revenue budget outturn is summarised in Figure 1. The key Portfolio variances are explained in Appendix 1.

**Figure 1: Revenue Budgets**

	Budget	Y/E Outturn	Variance	Change in Variance (from Q3 Cab)
	£m	£m	£m	£m
<b>Revenue</b>				
Expenditure	9.2	9.9	0.7	
Income	(0.7)	(1.7)	(1.0)	
<b>Leader</b>	<b>8.5</b>	<b>8.2</b>	<b>(0.3)</b>	<b>0.1</b> ↑
Expenditure	186.3	190.9	4.6	
Income	(132.0)	(134.5)	(2.5)	
<b>Accessible Housing &amp; Resources</b>	<b>54.3</b>	<b>56.4</b>	<b>2.1</b>	<b>0.8</b> ↑
Expenditure	41.4	59.5	18.1	
Income	(11.9)	(37.2)	(25.3)	
<b>Climate Change &amp; Environment</b>	<b>29.5</b>	<b>22.3</b>	<b>(7.2)</b>	<b>(3.9)</b> ↓
Expenditure	14.5	14.7	0.2	
Income	(6.8)	(6.9)	(0.1)	
<b>Communities</b>	<b>7.7</b>	<b>7.8</b>	<b>0.1</b>	<b>0.1</b> ↑
Expenditure	8.9	10.3	1.4	
Income	(3.8)	(5.4)	(1.6)	
<b>Culture &amp; Leisure</b>	<b>5.1</b>	<b>4.9</b>	<b>(0.2)</b>	<b>(0.1)</b> ↓
Expenditure	425.6	431.9	6.3	
Income	(335.3)	(336.7)	(1.4)	
<b>Education &amp; Childrens Services</b>	<b>90.3</b>	<b>95.2</b>	<b>4.9</b>	<b>(1.8)</b> ↓
Expenditure	252.0	256.9	4.9	
Income	(83.7)	(86.2)	(2.5)	
<b>Health &amp; Wellbeing</b>	<b>168.3</b>	<b>170.7</b>	<b>2.4</b>	<b>(0.3)</b> ↓
Expenditure	21.3	23.7	2.4	
Income	(14.2)	(11.9)	2.3	
<b>Housing &amp; Homelessness &amp; Regulatory Serv</b>	<b>7.1</b>	<b>11.8</b>	<b>4.7</b>	<b>0.8</b> ↑
Expenditure	18.6	19.5	0.9	
Income	(10.9)	(11.7)	(0.8)	
<b>Planning &amp; Regeneration</b>	<b>7.7</b>	<b>7.8</b>	<b>0.1</b>	<b>0.0</b>
Expenditure	74.1	77.8	3.7	
Income	(18.7)	(19.2)	(0.5)	
<b>Transport</b>	<b>55.4</b>	<b>58.6</b>	<b>3.2</b>	<b>(0.2)</b> ↓
<b>Portfolios</b>	<b>433.9</b>	<b>443.7</b>	<b>9.8</b>	<b>(4.5)</b> ↓
Corporate	27.1	18.2	(8.9)	
Corporate & Funding	(461.0)	(461.9)	(0.9)	
<b>Revenue Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b> ↑

2.7 The Appendix provides further detail for each Portfolio and information about performance relating to overdue debts and late payments of commercial debt.

### 3. Achievement of Savings

3.1 £19.2m of savings and income targets were incorporated into the approved 2022-23 Revenue budgets. The table below shows performance against those targets.

**Figure 2 Savings Targets by Portfolio**

Portfolio	Target £k	Delivered £k	Actual Shortfall
Accessible Housing & Resources Portfolio	2.5	2.5	-
Climate Change & Environment	2.9	2.9	-
Communities	1.9	1.9	-
Culture & Leisure	1.6	1.6	-
Education & Children's Services	0.7	0.3	0.4
Health & Wellbeing	3.3	2.9	0.4
Housing & Homelessness & Regulatory Services	0.4	0.4	-
Leader	0.6	0.6	-
Transport	5.3	5.3	-
<b>Total</b>	<b>19.2</b>	<b>18.4</b>	<b>0.8</b>

3.2 Achievement of the £19.2m savings targets is summarised in the above table. Overall there was a shortfall of £0.8m (£0.5m Q3). The principal shortfalls relate to:

- a) Health & Wellbeing – a net adverse variance of £0.385m. A saving based on supporting more clients in Community Services rather than Residential and Nursing has not been achieved. Changes in the Discharge to Assess process have meant client numbers have exceeded the target, and increased Residential and Nursing clients in the last 2 months of the financial year has reduced the saving significantly.
- b) Children's – an adverse variance of £0.440m relating to elements of the Placement Sufficiency Strategy. The Placements budget has seen an overall overspend and the growth in Special Guardianship Orders could not be contained within the overall budget.



## 4. Capital Budget Outturn

- 4.1 The final outturn position on capital is a 17% variance against released budgets. There has been spend of £107.5m against the total budget of £151.9m, and against total released budget of £129.9m.
- 4.2 The total variance of £44.3m consists of slippage of £53.8m where spend has slipped into future years, accelerated spend ahead of profile of £16.3m, overspends of £4.0m, which have been funded through external funding and reserves, and some £0.1m of small scale overspends funded from the capital contingency (£2m, which now rolls forward to next year), and underspends of £10.9m which will be released for other purposes.
- 4.3 The table below shows the outturn compared to budgets by portfolio.

**Figure 4: Capital Budgets**

Portfolio	Released Budget	Unreleased Budget	Total Budget	Y/E Outturn	Variance	% of released budget	% of total budget	Change in Variance from Q3
	£m	£m	£m	£m	£m	%	%	
Leader	7.2	10.5	17.7	16.1	(1.6)	124%	(9%)	(0.2)
Climate Change & Environment	6.7	5.2	11.9	10.2	(1.7)	52%	(14%)	(2.4)
Communities	0.3		0.3		(0.3)	(100%)	(100%)	(0.1)
Culture & Leisure	7.1	0.6	7.7	3.9	(3.8)	(45%)	(49%)	(1.1)
Health & Wellbeing	0.3		0.3		(0.3)	(100%)	(100%)	
Transport	40.5	1.7	42.2	37.8	(4.4)	(7%)	(10%)	(0.4)
Homelessness & Regulatory Services	9.9	0.0	9.9	9.3	(0.6)	(6%)	(6%)	(1.4)
Education & Children's Services	38.2	0.8	39.0	23.4	(15.6)	(39%)	(40%)	(1.0)
Accessible Housing & Resources	5.5	0.6	6.1	3.5	(2.7)	(37%)	(43%)	(1.2)
Planning & Regeneration	14.1	2.6	16.7	3.2	(13.5)	(77%)	(81%)	(3.6)
<b>Total</b>	<b>129.9m</b>	<b>22.0m</b>	<b>151.9m</b>	<b>107.5m</b>	<b>(44.3m)</b>	<b>(17%)</b>	<b>(29%)</b>	<b>(11.3m)</b>

- 4.4 Spend was £11.3m less than forecast in Quarter 3. The main contributors to this change were Future High Streets Fund Programme (£1.8m, from some delays in contract payments on agreed projects), Cressex Aldi Regeneration project (£1.5m, due to the contractual timing of Escrow payments), Biowaste Treatment (£1.5m, project will now complete next year), Affordable Housing s.106 (£0.7m, as a registered provider did not yet claim their funding allocation), £0.7m additional slippage on Primary School Places, East West Rail Network Fibre installation (£0.6m, as Network Rail have not yet sent a completion statement for the works), £0.5m additional slippage on cycleway Canal Towpath project. In addition there was a further £3.8m of variance spread across 94 projects in the Capital Programme.
- 4.5 Projects and Programmes with Slippage over £1m are:
- Future High Streets** £9.6m - the core original project for this funding (the Curve) fell through this year, and is in the process of being replaced by a proposal for the Tesco site at Eden Centre, plus slippage of contract and acquisition payments on

approved projects into next year. The remaining c£7m of uncommitted funding has to be committed by 31 March 2024.

- b) **Aylesbury HIF Grid Reinforcement** £7.9m – due to a project delay from finding an alternative site as original site (Bucks Sports and Social Club) has been allocated for housing; alternative sites have been identified and are being assessed for suitability by UKPN.
  - c) **SEN School Placements** £3.2m from delays in commencing projects. SEN & School Placement budgets are fully externally funded from s.106 and grant.
  - d) **Affordable Housing s.106** £1.9m from a combination of funds remaining uncommitted, and Registered Providers not yet claiming agreed funds.
  - e) **Primary School Places** £2.9m mainly from unallocated funds.
  - f) **Cressex Aldi works** £1.3m as payments to Aldi will take place next year under an ESCROW arrangement.
  - g) **Culture & Leisure s.106 funded projects** - £1.1m slippage across 27 small projects.
  - h) **Parks and Play area projects** - £1m due to delays in equipment installation
- 4.6 A further 33 individual projects had slippage between £250k and £1m, totalling £13.0m.
- 4.7 Projects with accelerated spend over £1m were SEALR (£6.7m, from early works on archaeology and utilities), Eastern Link Road (£1.3m, from progression of design spend compared to original profile), and Disabled Facilities Grant (£1.3m, accelerated use of grant held over from prior years, as the team expanded to manage a backlog in adaptations).
- 4.8 7 projects had overspends which were funded as follows:
- i) **Chesham Grammar School** £1.0m, currently with arbitrators due to dispute over final construction costs, to be funded from unallocated secondary school place budget (externally funded).
  - j) **Southern Waste - London Road Depot improvement works** £0.8m, which has been funded from the Waste Reserve.
  - k) **Southern Waste Depot enhancements** £0.2m, has been funded from a revenue contribution from the Waste Reserve.
  - l) **Strategic Highways Maintenance** £0.4m from increased costs of tar removal, has been funded from a revenue contribution from Highways budgets.
  - m) **Great Missenden Junior expansion** £0.3m currently with legal due to dispute with contractor, funded from unallocated primary school place budget (externally

funded).

- n) **Desborough Road Temporary Accommodation** £0.3m of additional build costs, has been funded by s.106 contributions.
- o) **Community Centre maintenance** £0.2m from roof repairs on Bedgrove Communities Centre, has been funded from revenue contribution from headroom in Property Maintenance.

4.9 A small number of projects underspent, and the headroom funding is set to be redistributed formally by Cabinet at Quarter 1, including:

- a) **Kingsbrook Secondary School** £6.6m from not requiring the contingency and temporary classroom budget, headroom will be redirected into HIF programme to support SEALR delivery (request currently with Homes England).
- b) **Kingsbrook Primary School** £2.2m and **Maids Morton Primary School** £0.6m, from not requiring project contingency, headroom proposed to be retained in the Primary School Funding line for reinvestment in future years.
- c) **Chiltern Hills Academy** £1m and **The Amersham School** £0.4m, from not requiring project contingency, headroom proposed to be retained in the Secondary School Places Funding line reinvestment in future years.
- d) **Westcott Venture Park** £0.3m from project not requiring contingency, underspend to be returned to the corporate pot through the carry forward process.
- e) There are other smaller projects with funding that is unlikely to be required, and this will be captured and reported via the carry forward and MTFP commitment review process, taking place in May and June.

4.10 Further details for each portfolio may be found in **Appendix 1**.

## **5. Other options considered**

5.1 None arising directly from this report.

## **6. Legal and financial implications**

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

6.2 There are no legal implications arising from the report.

## **7. Corporate implications**

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

## **8. Local councillors & community boards consultation & views**

8.1 Not applicable.

## **9. Communication, engagement & further consultation**

9.1 Not applicable.

## **10. Next steps and review**

10.1 A report on the Council's 2023/24 financial position, based on the Q1 position, will be brought to Cabinet in July.

## **11. Background papers**

11.1 Appendix 1 – Portfolio level summaries.

## **12. Your questions and views (for key decisions)**

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 email [[democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk)].