

## Introduction

1. This is the fifth financial monitoring update for the 2022/23 financial year and is based on information to the end of November 2022. Key issues, as well as risks relating to inflation, demand and other factors, plus any areas of emerging pressure are explained below.
2. Further annexes are attached as follows:
 

Annex B – 1 (a) to (e)	Detailed directorate positions
Annex B – 2a	Virements to approve
Annex B – 2b	Virements to note
Annex B – 3	Earmarked reserves
Annex B – 4	Government grants
Annex B – 5	General Balances

## Overall Financial Position

3. As shown in the table on the next page there is a forecast Directorate overspend of £16.9m or 3.3%. The overall forecast variation is £12.6m or 2.4% after taking account of a further increase in interest receivable on balances held by the council, the use of the contingency budget, and £1.0m funding from the COVID-19 reserve to offset pressures in Children's Services.

Directorate	Latest Budget 2022/23 £m	Forecast Spend 2022/23 £m	Variance November 2022 £m	Variance November 2022 %	Variance October 2022 £m	Change Since October £m
Adult Services	211.8	212.9	1.1	0.5	-0.6	1.7
Children's Services	148.6	163.9	15.3	10.3	14.5	0.8
Environment and Place	62.5	61.1	-1.4	-2.2	-1.4	0.0
Public Health	3.5	3.2	-0.3	-8.7	-0.2	-0.1
Community Safety	24.7	24.9	0.2	0.2	0.2	0.0
Customers, Culture and Corporate Services	60.9	62.9	2.0	3.3	2.0	0.0
<b>Total Directorate Budgets</b>	<b>512.0</b>	<b>528.9</b>	<b>16.9</b>	<b>3.3</b>	<b>14.5</b>	<b>2.4</b>
<b>Budgets Held Centrally</b>						
Capital Financing Costs	26.1	26.1	0.0	0.0	0.0	0.0
Interest on Balances	-13.0	-15.0	-2.0	-15.4	-1.8	-0.2
Inflation and Contingency	12.3	11.0	-1.3	-10.6	-1.3	0.0
Un-ringfenced Specific Grants	-33.6	-33.6	0.0	0.0	0.0	0.0
Insurance	1.4	1.4	0.0	0.0	0.0	0.0
Contribution from COVID-19 Reserve	-9.6	-10.6	-1.0	11.4	-1.0	0.0
Budgeted contributions to reserves	23.8	23.8	0.0	0.0	0.0	0.0
Budgeted Contribution to Balances	1.0	1.0	0.0	0.0	0.0	0.0
<b>Total Budgets Held Centrally</b>	<b>8.4</b>	<b>4.1</b>	<b>-4.3</b>	<b>-51.7</b>	<b>-4.1</b>	<b>-0.2</b>
<b>Net Operating Budget</b>	<b>520.4</b>	<b>533.0</b>	<b>12.6</b>	<b>2.4</b>	<b>10.4</b>	<b>2.2</b>
Business Rates & Council Tax funding	-520.4	-520.4	0.0	0.0	0.0	0.0
<b>Forecast Year-End Position</b>	<b>0.0</b>	<b>12.6</b>	<b>12.6</b>	<b>2.4</b>	<b>10.4</b>	<b>2.2</b>

4. In addition to the overspend against council budgets, the forecast 2022/23 deficit compared to Dedicated Schools Grant (DSG) funding for High Needs is £17.5m after taking account of £1.2m of COVID-19 costs being met from council resources. In line with the CIPFA code of practice on DSG High Needs deficits an unusable reserve, created in 2020/21 holds negative High Needs DSG balances. The forecast deficit will increase the total accumulated negative balance for High Needs held in this reserve to £47.3m at 31 March 2023.
5. As noted in the previous reports there remains real concern over the level of demand for children's social care and a lack of suitable care placements available in the system. The forecast overspend for Children's Services reflects the impact of those pressures. Following the report to Cabinet in December 2022, an update about the action being taken to manage this and reduce future demand is included in the report.
6. After taking account of the £12.6m overspend, general balances would reduce to £23.4m. This is £5.5m below the risk assessed level for 2022/23.

## Directorate Forecasts

### Adult Services

7. Adult Services is forecasting an overspend of £1.1m against a budget of £211.8m.

Service Area	2022/23 Latest Budget	Variance November 2022	Variance October 2022	Change October Since
	£m	£m	£m	£m
Age Well Pooled Budget	68.5	0.0	0.0	0.0
Live Well Pooled Budget	122.7	1.7	0.0	1.7
Non- Pool Services	14.2	-0.6	-0.6	0.0
Commissioning	6.4	0.0	0.0	0.0
<b>Total Adult Services</b>	<b>211.8</b>	<b>1.1</b>	<b>-0.6</b>	<b>1.7</b>

8. The Oxfordshire Clinical Commissioning Group (OCCG) ceased to exist from 30 June 2022 and was replaced by the Integrated Care Board (ICB) for Buckinghamshire, Oxfordshire and Berkshire West (BOB). A three-month budget to the end of June 2022 was agreed with the OCCG with the expectation that the remaining budget for the rest of the financial year would be agreed by the ICB. The 2022/23 budget contributions for both pooled budgets were agreed at the December meeting of the Joint Commissioning Executive (JCE). Each partner will continue to manage their own variations against the agreed contributions for the whole of the financial year.

### **Age Well Pooled Budget**

9. The Age Well pool combines health and social care expenditure on care homes, activity relating to hospital avoidance and prevention and early support activities for older people

10. A breakeven position is forecast for the council elements of the pool. This is after the use of £1.4m one-off funding held in reserves to meet forecast pressures.
11. The underlying overspend relates to delays in delivering savings, which are no longer expected to be achieved in 2022/23. These relate to reductions in spend on residential placements and it is anticipated that these will be achieved in 2023/24.
12. The council's share of the Better Care Fund held within the pool is £27.8m in 2022/23, an increase of 5.66% compared to 2021/22.

### **Live Well Pooled Budget**

13. The Live Well pool supports a mix of health and social care needs for adults of working age with learning disabilities, acquired brain injury or mental health needs and adults with physical disabilities.
14. An overspend of £1.7m is forecast for the council elements of the pool after taking into account the use of £3.1m one-off funding held in reserves.
15. The Learning Disability element of the pool is forecast to overspend by £2.2m. This is due to a £1.2m increase in the cost of Continuing Health Care Placements since 2021/22 (causing a variance to the county council through the agreed risk share) and a £1.0m delay in the delivery of savings relating to supported living to 2023/24.
16. There is a £3.5m forecast overspend on the social care costs contract for service users covered by the Outcome Based Contract (OBC) within the Mental Health element of the pool. £1.5m will be funded from on-going budget added as part of the 2022/23 Budget and Business Planning process, with the remaining £2.0m reported as an overspend.
17. An overspend of £0.9m relating to the cost of people with mental health needs falling outside the scope of the Outcome Based Contract with Oxford Health Foundation Trust (OHFT) is also included within the forecast. Under the current risk share arrangement, the council is responsible for £0.6m of this pressure. This is an increase of £0.1m compared to the previous report.

### **Non-Pool Services**

18. A £0.6m underspend is forecast for all non-pool services, linked to the number of staff vacancies held and the current workforce issues being encountered. This is in line with the national and regional position for Social Workers and Occupational Therapists. A targeted Adult Social Care recruitment campaign is due to be launched in Oxfordshire in 2023.

### **Reserves**

19. £10.6m one-off funding held in the Budget Priorities reserve at the end of 2021/22 is available to support pressures in 2022/23 and the risks as outlined above. £5.5m of this total relates to additional contributions made by OCCG over the last three financial years. This funding has been committed in agreement with OCCG through the Joint Commissioning Executive, with the majority of the funding expected to be used during 2022/23.

20. The remaining £5.1m is available to meet cost pressures within Adult Social Care (ASC). £2.0m is earmarked against the pressure related to the Outcome Based Contract for Mental Health as noted in paragraph 16, with a further £2.7m expected to be used to meet variances forecast with the pool budgets. The remaining £0.4m will be used to support transformation activity.
21. £0.6m held within the Government Initiatives reserve relates to un-ringfenced grant funding allocated to Oxfordshire from the Omicron Support Fund in 2021/22. This is being used to provide further sustainability support to providers and an extension of the Recruitment and Retention scheme during this financial year.

### **Grants**

22. The Improved Better Care Fund Grant is £10.7m in 2022/23. The conditions attached to the grant funding require it to be used for the purposes of meeting adult social care needs, including contributing to the stabilisation of local care markets and supporting the NHS in addressing pressures such as delayed discharges.
23. The Market Sustainability & Fair Cost of Care grant (£1.5m) must be used to implement the Fair Cost of Care which is part of the reforms of Adult Social Care announced by the Government in late 2021. Up to 25% of the funding can be used to carry out and implement the fair cost of care exercise, with the remaining 75% to be used to begin to increase rates where these fall below the fair cost for that service.
24. A further £0.1m non-ringfenced grant funding has also been received to cover the planning and preparation costs associated with charging reform to recruit additional staff to manage the increased demand for assessments and the implementation of the care account module.
25. The Adult Social Care Discharge Fund totalling £500m nationally was announced on 22 September 2022. The council will receive £1.9m, which needs to be used flexibly on the interventions that best enable the discharge of patients from hospital to the most appropriate location for their ongoing care.

### **Medium Term Financial Plan Savings**

26. The 2022/23 budget includes planned savings of £5.6m. 55% of savings are currently expected to be delivered by year end. The balance of savings are built into the directorate's savings delivery programme and are now forecast to be delivered in 2023/24.

### **Virements**

27. Cabinet is asked to note the virements in Annex-2b to add the Adult Social Care Discharge Fund grant, the movement the income team into the Adults Directorate, the movement from the earmarked reserves into the Age Well pool and various budget virements tidying up the budgets outside the pooled budgets.

### **Children's Services**

28. As at the end of November 2022, Children's Services continues to experience significant pressures in three of its budget areas – staffing (particularly agency

staff), placement costs and high needs (Schools' Budget). The forecast overspend is £15.3m on non-DSG budgets, and has increased by £0.6m since the last update to Cabinet in December 2022. The overspend on Dedicated Schools Grant (DSG) budget remains unchanged at £17.5m and relates wholly to High Needs.

29. The previous report explained pressures relating to Corporate Parenting (within Children's Social Care Countywide) and, in particular, Children We Care For (CWCF). This is where most of the increased pressures are this month.

<b>Service Area</b>	<b>2022/23 Latest Budget</b>	<b>Variance November 2022</b>	<b>Variance October 2022</b>	<b>Change Since October 2022</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Education &amp; Learning</b>	36.4	0.5	0.6	-0.1
<b>Children's Social Care<sup>1</sup></b>	35.7	1.9	2.2	-0.3
<b>Children's Social Care Countywide</b>	71.5	12.9	11.7	1.2
<b>Schools<sup>2</sup></b>	0.2	0.0	0.0	0.0
<b>Children's Services</b>	4.8	0.0	0.0	0.0
<b>Central Costs</b>				
<b>Total Children's Services</b>	<b>148.6</b>	<b>15.3</b>	<b>14.5</b>	<b>0.8</b>
<b>Overspend on DSG</b>	<b>246.8</b>	<b>17.5</b>	<b>17.5</b>	<b>0.0</b>

30. The above table does not include the additional £0.7m supplementary estimate for recruitment and retention of social workers, approved by Cabinet on 15 November 2022. More details will be included in the next monitoring report but it is anticipated that some of the supplementary estimate can be returned to balances as not all of the funding will be spent in 2022/23.
31. Oxfordshire, in common with other authorities across the southeast and nationally, is financially exposed to the fractured national care market for children's placements and the workforce costs driven by recruitment and retention of children's social workers. The Association of Director of Children Services latest Safeguarding Pressures report collects information from 125 local authorities, 83% of all Councils nationally. The interim report findings indicate that, of the four funding pressures in the sector, placement costs for children in care, specifically independent fostering agencies and private residential children's homes placements as well as the cost of agency social workers and managed project teams are the top areas of concern. Those authorities that responded to the funding pressures element, report an average total shortfall of 7.5% of their children's services budget. Extrapolated to all 151 local authorities, the total required nationally just to stand still and close the budget gap is £778m.

<sup>1</sup> Forecast includes £2.2m transfer from Supporting Families reserve

<sup>2</sup> Maintained Schools are funded by Dedicated Schools Grant

32. The previous report highlighted the actions being taken to manage down these pressures as much as possible but also highlighted that there were risks and pressures that could increase the forecast spend further. There has been a mixture of efficiencies and increased pressures and these are discussed below.

33. The key risks previously highlighted, that remain, are:

High-cost arrangements (forecast spend £8.2m, an increase of £0.5m)

- These arrangements are needed where appropriate provisions are not readily available in the marketplace. The forecast had assumed that suitable alternative placements for some of the existing arrangements would be found by the middle of December 2022 but there were no firm plans at that stage. Most of these arrangements have been extended, resulting in the increased spend. There is a £0.3m contingency provision in the forecast, which provides the flexibility of one placement for three months.
- Following concerted efforts to find suitable alternatives, a number of arrangements have been agreed, which have resulted in significant reductions in the weekly costs. There are now firm plans for six of them of the nine children in these placements at the end of November. There are three further arrangements (of which two were new in November 2022) that are being reviewed. The aggregate reduction in weekly cost of those arrangements that have planned new arrangements is about £74,000. Were all of these to remain in their current arrangements until the end of March 2023, the additional cost would be about £0.9m.

Inflation uplifts

- These have been agreed for the majority of the service. However, some providers are requesting significant increases for 2022/23. A process to review uplift requests is in place, and will also be used in 2023/24, but this could add a further pressure of between £0.1m and £0.5m in 2022/23.

Unaccompanied Asylum Children and Young People

- The Home Office threshold of Unaccompanied Children and Young People (UCYP) is 0.1% of the child population in Oxfordshire target number, which equates to 148. Prior to August 2022, this was 0.07% or 104 UCYP.
- As at the end of November, there were 111 UCYP being accommodated, an increase of 27 since the previous month.
- The grant received for children under 18 is usually sufficient to cover the costs of placements. However, the grant funding reduces significantly when a child reaches 18. As many UCYP are 17 years old, this means that there is a risk that there is insufficient grant to cover the cost. A reserve of about £0.1m has been established to help mitigate costs this year, but this may be insufficient and there is a risk of overspend as further placements are made.
- The Home Office has recently announced that it is introducing a new funding pilot, on a fixed term basis. This will include incentivised funding of £15,000 per Unaccompanied Asylum-Seeking Child (UASC) who are transferred from a hotel run by the Home Office or from the Kent Reception and Safe Care Service. Further funding may be available for long-term accommodation, subject to successful implementation of the first phase by the end of February

2023.

34. As noted in the last report the following actions are being taken to reduce pressures:

- Review of all high cost placements to ensure that suitable alternative, and less costly, arrangements are made as a matter of urgency;
- Review of all contracts to ensure that maximum use is being made (e.g. reduction of voids) and that maximum income is being recovered (including health and other local authority contributions);
- Review of all children's placements to ensure permanency plans are prioritised and potential savings are identified;
- Prioritising work within the re-unification hub to maximise the potential for children to return home, thus achieving better outcomes and reducing costs.

35. A brokerage action plan has been implemented to ensure more timely, suitable, and cost-effective placements are sourced. The forecast includes provision for the current arrangements for the highest cost placements to be replaced by new placements during the rest of the year, with further provision for potential new arrangements to March 2023.

36. A 'LEAN' review is being carried out on the whole process for placement arrangements and will address efficiencies that can be made. This is a priority to address the shortfalls in processes and it will improve financial forecasting.

### **Education & Learning**

37. Within Education & Learning, the Home to School Transport and the Special Educational Needs (SEN) service continue to be high risk areas in terms of budget variance. The forecast pressure has increased by £0.2m to £1.3m. This is offset by staffing underspends of £0.8m, giving a net pressure of £0.5m.

38. The main variations are:

- Overspend on SEN Post-16 arrangements £1.0m (previously £0.8m)
- Other SEN overspends £0.6m
- Mainstream – saving of -£0.3m
- Efficiencies in staffing budgets -£0.8m

39. Cost pressures included within the forecast for Home to School Transport include inflation for the last mainstream bus contract tranche, which started in April 2022. There is a risk that further inflationary pressures will emerge as contracts are renewed.

40. Within the Special Education Needs service there are considerable ongoing pressures on the SEN casework team and Educational Psychologists due to the continued high number of Education, Health and Care Plan (EHCP) requests. An additional £0.3m funding from the COVID-19 reserve and an extra £0.9m have been included in the 2022/23 budget to meet the cost of additional staff to manage demand.

### **Children's Social Care**

41. This service predominantly includes staffing costs. The continued workload pressure, increased vacancies and recruitment difficulties within front-line services has necessitated a higher use of agency staff within the teams undertaking assessment and safeguarding activity. This is essential to manage statutory case allocations and to maintain safe working practices.
42. An investment of £2.8m in managed teams in the Family Solutions Plus service to reduce the backlog of assessments and intervention measures from April to end of November. This is being funded from the COVID-19 reserve and the application of the Supporting Families reserve.
43. The overspend of £1.9m in social care includes:
- £2.5m in relation to Family Solutions Plus (FSP) teams, mostly relating to agency costs but also non-staff costs, especially transport. Agency costs have reduced as the grip on front door processes has tightened.
  - £0.7m on other costs, including legal expenses due to the increased number of cases. However, this is being reviewed with Legal Services to identify any efficiencies or changes in working practices that can be made to reduce the pressure.
  - £0.1m net saving on other staff teams, of which £0.3m saving relates to Youth Services as a result of delayed staff recruitment
  - £1.1m savings on various other budgets arising from management reviews
44. A range of savings measures were planned but further reviews have identified that some are now deemed unlikely to be achieved. Further measures are being considered and, at best, may deliver savings of around £0.5m but this is considered too uncertain to include at this stage.
45. A target of 1,900 planned caseloads as at 31 March 2023 has been set, from a starting point of over 2,200. This, together with staff numbers and finances, is being tracked on a weekly basis to ensure the trajectory is maintained. The intention is to reduce the dependence on agency staff to a minimum, in order to stay within the 2023/24 budget. This has already resulted in a reduction in agency staff costs (£0.3m reduction in forecast since last month). However, this still remains a potential pressure and is included in the 2023/24 budget proposals.

### **Children's Social Care Countywide**

46. This service covers a number of services but the most significant area of spend is the cost of placing Children We Care For. The budget for 2023/24 is £71.5m with a forecast overspend based on the positions to the end of November of £12.9m, an increase of £1.2m since October. The table below sets out the service areas.

Service Area	2022/23 Latest Budget £m	Variance November 2022 £m	Variance October 2022 £m	Change Since October £m
Corporate Parenting	57.7	10.8	9.7	1.1
Disabled Children	9.2	2.1	2.0	0.1
Safeguarding Services	3.7	0	0	0
Youth Justice & Exploitation	0.9	0	0	0
<b>Total Children's Services</b>	<b>71.5</b>	<b>12.9</b>	<b>11.7</b>	<b>1.2</b>

47. The last report to Cabinet on 20 December 2022 set out that the total number of children we care for (excluding unaccompanied children), rose significantly from December 2021 (742) until August 2022 (849). Since then there has been a steady reduction to about 820, which remains the situation. However, numbers are still higher than at the end of March 2022 and higher than the 2022/23 budget allows for. However, the recent downward trend is due to the new assessment procedures, resulting in fewer children entering into care.

48. In addition to reducing the number of children coming into care, emphasis is also being placed on permanence planning and finding other more suitable (and usually more cost-effective) placements, including re-unification to the family home and adoption.

49. The October report to Cabinet gave detail of all the corporate parenting pressures and described how the pressures have increased since the time the 2022/23 budget was agreed. The increase of £1.2m between October and November is accounted for primarily in the following areas:

Placement type	Forecasts (£m)		
	Oct	Nov	Change
<b>Crisis arrangements</b>	7.1	7.6	0.5
<b>Independent Living</b>	5.5	6.1	0.6
<b>Mother &amp; Baby</b>	0.6	1.2	0.6
<b>Secure Unit</b>	1.9	1.6	-0.3
<b>Children's Home Other</b>	20.8	20.6	-0.2
<b>Total</b>	<b>35.9</b>	<b>37.1</b>	<b>1.2</b>

50. The total number of high cost 'crisis' arrangements placements made during 2022/23 is 25 as at the end of November 2022, with nine currently on-going. The total includes two disabled children placements during the year at a cost of £0.7m, which is accounted for within the Disabled Children's budget. Discussions are ongoing with health to provide funding for some of these placements, which would reduce the forecast pressure.

51. Independent Living – increased numbers in the 16+ arrangements include two

placements at a high cost that were previously in the ‘Crisis’ budget.

52. Mother & Baby – three new placements in November plus extensions to others, partly due to lack of suitable accommodation and partly due to delays in court proceedings. Placements are typically averaging 16 weeks rather than the usual 12. One placement includes both parents at a very high cost of £7,700 per week. However, this is likely to decrease following further assessments and will be adjusted accordingly in the future.

53. The reduction in Secure Unit costs relates partly to a re-categorisation of a placement that was recorded here in error and reduced costs for another placement.

### Disabled Children

54. An overspend of £2.1m is forecast based on the position to the end of November 2022, an increase of £0.1m from October 2022. The overspend comprises £0.9m on staffing costs, mainly agency staff costs and £1.2m on placement and contract costs, including £0.7m on two high cost arrangements referred to above. These increased costs relate to a higher number of placements than budgeted for, with 66 placements at the end of October 2022 compared to a budget for 58.

### Schools’ Costs (other than DSG)

55. There are no significant variances to report

### Children’s Services Central Costs

56. There are no significant variances to report.

### Dedicated Schools Grant (DSG)

57. The Dedicated Schools Grant (DSG) budget, which is ring-fenced specifically for schools, has a forecast variance of £17.5m overspend, due to continuing pressures on High Needs. This is £2.8m lower than the planned deficit.

Summary of DSG funding	2022/23 Budget £m	2022/23 Projected Outturn £m	Variance September 2022 £m
Schools block	127.3	127.3	0.0
Central Services Schools block	4.8	4.8	0.0
High Needs block	75.5	93.0	17.5
Early Years block	41.3	41.3	0.0
<b>Total</b>	<b>248.9</b>	<b>263.9</b>	<b>17.5</b>

58. The forecast deficit for High Needs has reduced from the £20.3m deficit agreed at Cabinet in January 2022 to £17.5m and is unchanged from previous reports. This reduction is due to a lower number of expected independent placements than initially budgeted, due to lower numbers of young people in schools in 2021/22 and the expansion of resource bases. In addition, funding set aside for contract

pressures is expected to be lower.

59. Cabinet is asked to approve a £0.7m increase in the contribution from the County Council to the Children’s Integrated Therapy Service to increase the capacity of the service and to support service transformation. The current contribution is £0.5m. The funding for this increase was included in the High Needs budget to Cabinet in January 2022.

### **Environment & Place**

60. Environment and Place is continuing to forecast an underspend of £1.4m (2.2%) against a budget of £62.8m. Including an underspend of £1.6m arising from reduced waste tonnages, the aim is to temporarily reduce spend compared to the budget by around £2m by the end of 2022/23 to aid the overall council position.

<b>Service Area</b>	<b>2022/23 Latest Budget £m</b>	<b>Variance November 2022 £m</b>	<b>Variance October 2022 £m</b>	<b>Change Since October £m</b>
Transport & Infrastructure	1.8	0.0	0.0	0.0
Planning, Environment & Climate Change	33.9	-1.6	-1.6	0.0
Highways & Operations	25.2	0.2	0.2	0.0
Directorate Support	1.6	0.0	0.0	0.0
<b>Total Environment &amp; Place</b>	<b>62.5</b>	<b>-1.4</b>	<b>-1.4</b>	<b>0.0</b>

### **Transport & Infrastructure**

61. The Transport & Infrastructure service area is forecasting a breakeven position. However, there is a risk that it will not be possible to capitalise staffing costs associated with Homes England recharges, which would result in pressure of £0.3m.

### **Planning, Environment & Climate Change**

62. The Planning Environment & Climate Change service area is forecasting an underspend of £1.6m.
63. Climate Change is forecasting an underspend of £0.2m due to the impact of restructuring and recruitment.
64. Strategic Planning is forecasting an overspend of £0.2m due to continuing pressures in Development Management around planning income.
65. Environment & Circular Economy is forecasting an underspend of £1.6m due to reduced waste disposal tonnages. The level of waste has not recovered to levels prior to the COVID-19 pandemic and appears to be impacted by the national economic situation and increases in the cost of living. The forecast assumes that waste tonnages broadly remain at current levels for the rest of the year. If tonnages increase the forecast underspend will reduce.

Waste Stream	Underspend £m	Annual Forecast tonnage 2022/23	Annual Budgeted tonnage 2022/23	Tonnage Variance 2022/23
Recycling / composts	-1.0	160,533	171,637	-11,104
Energy recovery	-0.3	106,596	105,758	-838
Landfill	-0.3	7,452	10,471	-3,019

### Highways & Operations

66. Highway & Operations service area is made up of Highway Maintenance, Network Management and Supported Transport. The service is forecasting an overspend of £0.2m.

67. In Highways & Operations there is a £0.7m pressure on Highway Maintenance relating to the Street Lighting and Furniture energy budget where it is estimated that increases in energy costs will increase expenditure by up to £1.2m. Highway Operations are also reporting pressure due to abnormal contract inflation in highway maintenance for the current financial year. This pressure is being mitigated within the existing highway operations budget. However, the ability to do this could be impacted if the number of safety, incident and severe weather events over the winter means expenditure increases.

68. Network management is currently forecasting an underspend of £0.5m. This is due to Parking and Network Coordination activity being greater than expected and generating more income with parking returning to pre-pandemic levels and new sources of parking income are now being realised.

69. Network Coordination is also seeing a greater level of work on the network, generating more permit income and network enforcement is bringing in greater returns than previously forecasted.

70. Supported Transport is currently forecasting a breakeven position. Within this there is a £1.3m overspend on home to school transport which has increased by £0.2m since the last report. Transport arrangements for school students for the 2022/23 academic year are recharged to Children's Services and this is included in the forecast for Education and Learning. There has been a significant increase in the number of Special Educational Needs (SEN) students eligible for home to school transport which has increased the volume of contracted services. This has been offset by an increase in income generated by more students applying to the Spare Seat Scheme.

### Directorate Support

71. The Directorate Support service area is currently forecasting a breakeven position.

### Public Health & Community Safety

72. Public Health and Community Safety are forecasting a breakeven position. Within that total there is a £0.7m forecast underspend relating to public health activity.

£0.4m of that will be transferred to the Public Health reserve at year end. The forecast overspend for Community Safety has reduced by £0.2m since the last update and is now £0.2m.

Service Area	2022/23 Latest Budget £m	Variance November 2022 £m	Variance October 2022 £m	Change October Since £m
Public Health Functions	35.4	-0.7	-0.5	-0.2
Public Health Recharges	0.6	0.0	0.0	0.0
Grant Income	-32.5	0.0	0.0	0.0
Transfer to Public Health Reserve		0.4	0.3	0.1
<b>Total Public Health</b>	<b>3.5</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.1</b>
<b>Total Community Safety</b>	<b>24.7</b>	<b>0.2</b>	<b>0.4</b>	<b>-0.2</b>
<b>Total Public Health &amp; Community Safety</b>	<b>28.2</b>	<b>-0.1</b>	<b>0.2</b>	<b>-0.3</b>

### Public Health

73. There is a £0.4m forecast underspend on services funded by the Public Health ringfenced grant.
74. The sexual health service is continuing to forecast an underspend of £0.2m. A £0.3m underspend arising as a result of reduced activity linked to COVID-19 and the impact of providers managing the outbreak of Monkeypox, is partly offset by a £0.1m overspend due to an increase in activity within the long-acting reversible contraception service.
75. The remaining £0.1m underspend relates to Health Checks and reflects lower uptake of the service and the level of General Practitioner staffing capacity available to support this.
76. Comprehensive services for Domestic Abuse meeting the needs of the local population and in line with the Oxfordshire Domestic Abuse Strategy are being recommissioned for commencement in April 2023. Ahead of that current service levels are being maintained. The availability of grant funding (see paragraph 80) means there is a £0.3m forecast underspend against council funded budgets.

### Community Safety

77. The Fire and Rescue Service are forecasting an overspend of £0.1m. This reflects an increase in operational activity within the On-Call (Retained) Firefighter budget linked to the unprecedented demand during the dry weather over the summer and an increase in diesel costs.
78. A large court case in Trading Standards is contributing to a forecast overspend of £0.1m.

### Government Grants

79. The ringfenced Public Health grant totals £32.6m in 2022/23. This includes £0.2m to support the delivery of routine commissioning in relation to pre-exposure prophylaxis (PrEP) for HIV.

80. £1.2m un-ringfenced grant is available to support the provision of accommodation-based support to victims of domestic abuse and their children.
81. The council will receive £0.6m un-ringfenced grant in relation to Supplementary Substance Misuse Treatment and Recovery. This is the first year of a three-year scheme where the Office for Health Improvement and Disparities (OHID) is working alongside other government departments to support a process of investment in a whole system approach to tackling illicit drug use, including enforcement, diversion and treatment and recovery interventions.
82. £1.1m un-ringfenced grant in relation to Rough Sleeping Drug and Alcohol Grant is being used to provide specialist support for rough sleepers and those at risk.
83. The council will receive £1.3m in relation to the Firefighter's Pension Fund Grant and £0.1m from the New Dimensions Fund.

### **Reserves**

84. Public Health earmarked reserves are expected to total £4.2m at 31 March 2023. Annex 1b of the Budget & Business Planning report to Performance & Corporate Services Overview and Scrutiny Committee on 9 December 2022 includes plans to use this funding in line with the grant conditions over the medium term.
85. The council is holding £0.2m in reserves to expand the Making Every Contact Count work programme in Oxfordshire. £0.03m will be spent in 2022/23 with the remaining balance being used over the following two financial years.
86. £0.1m of the Community Outbreak Management Fund (COMF) was allocated to Public Health, this has been used to part fund the healthy homes and moving together projects with funding still being held to contribute to the wayfinding enhancement scheme.
87. £2.2m will be held in reserves at the year-end for the renewal of fire and rescue vehicles. This reflects an in-year increase of £0.7m with a larger scale of renewal expected from 2023 onwards.
88. The Fire Uplink Grant reserve is expected to be £0.5m at 31 March 2023. This is being held to fund employee costs expected to be incurred over the next three to five years.
89. £0.5m is expected to be held at the year-end in relation to the replacement of Airwave for Oxfordshire Fire and Rescue Service.
90. The council has been notified that the Firelink grant will be £0.2m in 2022/23 a 20% reduction from the previous year, this an un-ringfenced grant. The level of grant will continue to reduce by 20% in each of the next five years.

### **Virements**

91. The Cabinet is asked to note a virement relating to a Public Health contribution towards the family solutions plus contract held within Children's Services.

### **Customers, Culture & Corporate Services**

92. Customers, Culture and Corporate Services brings together the services under

the responsibility of the Corporate Director of Customers, Organisational Development and Resources, the Director of Finance and the Director of Law and Governance. Collectively there is a forecast overspend of £2.0m or 3.3% of the £60.9m budget. All forecasts are unchanged since the last update.

<b>Service Area</b>	<b>2022/23 Latest Budget</b>	<b>Variance November 2022</b>	<b>Variance October 2022</b>	<b>Change Since October</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Corporate Services</b>	1.4	0.2	0.2	0.0
<b>Human Resources &amp; Organisational Development</b>	3.9	-0.3	-0.3	0.0
<b>Communications, Strategy &amp; Insight</b>	2.9	-0.1	-0.1	0.0
<b>IT, Innovation &amp; Digital</b>	11.2	-0.1	-0.1	0.0
<b>Culture &amp; Customer Experience</b>	10.6	0.4	0.4	0.0
<b>Finance &amp; Procurement</b>	7.8	0.3	0.3	0.0
<b>Property, Investment &amp; Facilities Management</b>	16.1	0.9	0.9	0.0
<b>Law &amp; Governance</b>	6.5	0.7	0.7	0.0
<b>Delivery &amp; Partnership</b>	0.5	0.0	0.0	0.0
<b>Total Customers, Culture &amp; Corporate Services</b>	<b>60.9</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>

93. Corporate Services is forecasting an overspend by £0.2m. This is mainly due to staffing pressures and recruitment costs.
94. Human Resources & Organisational Development is forecasting to underspend by £0.3m. The underspend has reduced due to a review of the previous forecast and the recent successful recruitment to new posts starting in November and December.
95. Communications, Strategy and Insight is forecasting an underspend of £0.1m due to staff vacancies and difficulties in recruiting in a challenging external market.
96. IT, Innovation and Digital is reporting an underspend of £0.1m from not renewing some IT support licenses as contracts are being reviewed.
97. Culture and Customer Experience is forecasting an overspend of £0.4m. This is attributed to an unachievable income target in Libraries due to changes in the market conditions including the loss of the DVD rental income stream. Higher income expected by the Registration Service has mitigated some of the shortfall in Library income.
98. Finance and Procurement is forecasting an overspend of £0.4m due to an increased use of agency staff for backfilling and contracting out Internal Audit activity as result of vacancies.
99. Property, Investment and Facilities Management is forecasting a £0.9m overspend.

Utility costs for the council's buildings are forecast to be £0.5m above the budget based on the latest estimates from suppliers. Higher costs and lower income are contributing to a £0.2m overspend relating to joint use arrangements for sports facilities. There is also a £0.2m overspend in School Catering as result of higher food prices.

100. Law and Governance is forecasting an overspend of £0.7m which is made up of £0.6m in Legal Services and £0.1m agency costs in Governance. Increased childcare cases have led to the number of locums doubling compared to last year and at a significantly higher hourly rate due to the national shortage of childcare solicitors.

101. Delivery & Partnership includes the delivery of COVID-19, Ukraine and Transformation programmes. The service is currently forecasting a breakeven position.

## **Medium Term Financial Strategy Savings**

102. The 2022/23 budget includes planned directorate savings of £17.8m. 46% (£8.2m) are expected to be delivered and 27% (£4.9m) are assessed as amber so work is on-going to ensure these are achieved by year end. £4.7m (27%) are now assessed as red and include:

- Adult Services: Savings of £1.5m relating to the turnover and utilisation of block contracts for residential and nursing care and £1.1m relating to a programme to invest in supported and dementia care accommodation are now expected to be achieved in 2023/24.
- Children's Services: £1.0m relating to Home to School Transport
- Environment and Place: £0.4m relating to Home to School contract management and £0.2m relating to fleet management efficiencies plus a delay in the delivery of savings to reduce the reliance on agency staff.
- Customers, Culture and Corporate Services: four savings totalling £0.5m relate to the council's cleaning contract and efficiency savings arising through digital solutions.

103. The anticipated delivery of the savings is built into the forecast for the relevant directorate.

### **Debt Management**

#### **Corporate Debtors**

104. The collection rate based on invoice volumes for October and November was 94.1%, 0.9% below the 95% target. The collection rate based on the value of invoices within those two months is 93.3%.

105. At the end of 2021/22 total corporate debt requiring impairment was £0.3m. At the end of November the level of bad debt has risen to £0.6m. This is within the target range for bad debt at this point of the year; the top five cases account for over 50% of the total and these are all being actively progressed.

### **Adult Social Care Debtors**

106. The 120-day invoice collection rate has remained at 90%. This is below the 95% target, however it remains in line with performance throughout the last year. Processes are being reviewed and should improve collection rates towards the end of 2022/23 and into 2023/24.
107. The balance of bad debt as at the end of 2021/22 was £3.7m. This has increased to £4.4m at the end of November 2022. During 2021/22 the trailing impacts of COVID-19 had a significant effect on bad debt related to means tested social care contributions. A task group, which has an objective to clear the balance at the end of 2021/22 has been operational since July 2022 and will run through to the end of the next financial year. However, there are resource challenges within both the task group and business as usual teams having an impact on debt case levels; consequently, there is a risk that new debt will become bad, netting out gains achieved on the older debt.

### **Budgets Held Centrally**

108. There is a forecast underspend of £4.3m against budgets held centrally.

#### Capital Financing Costs

109. The borrowing costs and minimum revenue provision for capital projects funded by prudential borrowing are either recharged to directorates where savings arising from the scheme are expected to meet them or met corporately from the budget for capital financing costs. It is anticipated that after taking account of recharges to directorates the actual costs of the capital financing will be broadly aligned with the budget in 2022/23.
110. The budget for interest payable assumed new external borrowing of £46m would be taken during 2022/23. Slippage in the capital programme and an increase in the level of cash balances mean that it is unlikely any new external borrowing will be needed to be taken during the year.

#### Interest on Balances

111. The current forecast outturn position for in house interest receivable is £5.7m, which is £4.2m above budget. Of the £4.2m overachievement, an estimated £2.8m will need to be applied to Developer Contribution balances held by the council.
112. Interest payable is currently forecast to be £13.8m, which is £0.6m below the budgeted figure of £14.4m. This is due to £46m of new external borrowing not required during the year.
113. The overachievement of interest receivable to revenue is £1.4m (£4.2m overachievement less £2.8m applied to Developer Contributions). Together with the underspend of £0.6m on interest payable, means the forecast outturn position for treasury management is an underspend of £2.0m.
114. Cash balances for the year are forecast to be £42.3m lower than they would otherwise have been as a result of negative DSG balances. The impact of this is an estimated opportunity cost of £0.5m in unearned interest during 2022/23.

115. The forecast outturn position for external fund returns is £3.8m, in line with the budget.

#### Inflation and Contingency

116. Contingency budget is held to cover:

- the risk that demographic pressures are higher than forecast;
- any unfunded new burdens or unfunded elements of government grant;
- any potential pay awards beyond budgeted assumptions plus other inflationary risk; and
- the risk that proposed savings are not achieved in full, based on the performance targets set out in the Financial Strategy.

117. The inflation and contingency budget for 2022/23 is £12.3m. Of this, £4.4m was intended to fund the 2022/23 local government pay award, estimated at 2.5% when the budget was agreed in February 2022. Virements to utilise £10.5m of the total to fund the 2022/23 pay award were agreed by Cabinet in December 2022. A further £0.5m will be held pending agreement of an increase for Firefighters. The underspend against the remaining £1.3m will be used to offset the directorate overspend on a one – off basis in 2022/23 and will then be held as part of the on-going contingency available in 2023/24.

#### **Reserves**

118. As set out in Annex B - 3 Earmarked Reserves are forecast to be £169.7m at 31 March 2023. £1.0m funding held in the COVID-19 reserve will be used to offset pressures in Children's services.

119. **Budget Priorities Reserve** – This includes £7.7m one - off funding to support the council's priorities that was agreed as part of the 2022/23 budget in February 2022. £0.250m has been agreed to be used to support the implementation of "Vision Zero". A further £0.250m has been agreed to be used to support partners in the delivery of a food strategy action plan. This will seek to address food poverty, inequality, access to healthy food, and supporting/enhancing local food supply. As set out in the Responding to the Cost of Living report to Cabinet on 20 September 2022, funding of up to £0.380m will be used to support the cost of Council Tax hardship schemes across each of the district councils.

120. £0.360m will be used to fund Active Travel Tranche Two. This funding will enable the continuation of active travel schemes and pay for staff time and costs associated with Low Traffic Neighbourhoods. £0.185m has been agreed to be used to plant 450 replacement trees on highways over the winter period.

121. £10.6m of the total held in the reserve relates to Adult Social Care. £2.0m is earmarked against the pressure related to the Outcome Based Contract for Mental Health as noted in paragraph 20. A further £5.5m was released from the council's contribution to the Better Care Fund Pool as a result of additional contributions from OCCG over the last three financial years. As noted in paragraph 19 the majority of this funding is expected to be used during 2022/23. The remaining balance is being used to support forecast overspends within the pooled budgets and transformation costs as set out above.

122. **COVID-19 Reserve** - The balance held in the reserve after taking account of £8.4m agreed to be used to support directorate budgets in 2022/23 was £17.8m. A

further £0.4m has been agreed to be used to extend the funding for the managed teams in the Family Solutions Plus (FSP) service in 2022/23. A £1.0m contribution from the reserve towards the overspend in Children's Services, on the basis that some of the additional cost and activity for Children we Care For is likely driven by the on-going impact of the COVID-19 pandemic is built into the forecast position for 2022/23.

123. £11.6m has been agreed to be used to fund COVID-19 related pressures in future years as part of the Medium Term Financial Strategy agreed by Council in February 2022. £0.5m has been used to fund IT equipment delivered in April 2022 that was originally agreed to be spent in 2021/22 and £0.2m has been previously committed for additional costs within the Coroner's and Legal services. An additional £0.170m will be used to meet an increase in agency costs in Legal Services arising from the residual impact of COVID-19.
124. £0.150m will be used to extend capacity needed within the Information Management team within Governance to support the council's ability to respond to Subject Access Requests (SARs).
125. The use of a further £1.8m is proposed as part of the 2023/24 Budget and Business Planning process and is included elsewhere on the Cabinet agenda.
126. A summary of the planned use of the reserve is included at Annex B-3a. The uncommitted balance of £2.0m is available to support further pressures related to COVID-19 on a one-off basis either in 2022/23 or future years.
127. An unusable reserve was created in 2020/21 to hold **negative High Needs DSG** balances in line with a change to the CIPFA code of practice on DSG High Needs deficits. The net deficit of £17.5m for 2022/23 (see paragraphs 57-58) will increase the total deficit related to High Needs held in the reserve to £47.3m as at 31 March 2023. The overall forecast balance including all DSG funding held in the reserve is £42.3m as at 31 March 2023.
128. It is proposed that the £1.8m funding held in the **Budget Equalisation Reserve** should be transferred to the Transformation Reserve in 2022/23 to support one – off expenditure needed to support continuous improvement and transformation.

### **Grants**

129. As set out in Annex B - 4 government grants totalling £422.7m are expected to be received by the Council during 2022/23.

#### Homes for Ukraine

130. The Homes for Ukraine scheme was launched on 14 March 2022. The scheme is open to Ukrainian nationals who were residents in Ukraine prior to 1 January 2022 and their immediate family members.
131. Grant funding of £10,500 per guest is being provided to upper tier councils to enable them to work with district councils and other partners to provide support to families to rebuild their lives and fully integrate into communities. This funding is un-ringfenced but has a number of conditions attached which are continuing to evolve as the scheme develops.
132. £16.2m grant funding has been received to date and is being used to support

costs related to the scheme incurred by both the county and district councils. Work is continuing to identify and assess future costs and risks related to the scheme generally and particularly the impact of guests moving on to alternative accommodation. The next data return is due to be submitted in January 2023.

133. Funding for 'thank you' payments of £350 per month per sponsoring household is being provided through a separate ringfenced grant totalling £0.5m to date.
134. The Department for Education (DfE) is allocating funding to councils on a per pupil basis to provide education services and support for children with special educational needs and disabilities (SEND) for children from families arriving from Ukraine.
135. An update to the scheme announced in December 2022 sets out that Homes for Ukraine hosts 'thank you' payments will increase to £500 a month after a Ukrainian's first year of sponsorship and will be extended from 12 months to 24 months. From 1 January 2023, councils will receive £5,900 to help support each new arrival. The Government will also provide £150million of new UK-wide funding in the 2023/24 financial year to local authorities and devolved governments to help mitigate homelessness in place of the tariff. New potential hosts will be asked to come forward and apply to re-match existing guests through the scheme.

### **General Balances**

136. General Balances were £37.2m at 1 April 2022. Calls on balances previously agreed include £0.5m to fund a schools' condition survey and £0.7m to fund the Children's Services Recruitment and Retention Strategy.
137. After taking account of the £12.6m projected overspend, balances will be £23.4m. This is £5.5m below the risk assessed level of £28.9m for 2022/23

## **Financial Implications**

138. This report includes an update on the forecast financial position and risks for the council along with action being taken to manage the budget within the position agreed by Council in February 2022. On-going impacts are being considered through the Budget & Business Planning process for 2023/24.

Comments checked by: Lorna Baxter, Director of Finance

## **Legal Implications**

139. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

Comments checked by: Anita Bradley, Director of Law & Governance and Monitoring Officer

Annex B: Business Management & Monitoring Report November 2022

Contact Officer: Kathy Wilcox, Head of Financial Strategy