

Introduction

1. This annex sets out the second financial monitoring information for the 2023/24 financial year and is based on information to the end of May 2023. Key issues, as well as risks relating to inflation, demand and other factors, plus areas of emerging pressure are explained below.

The following additional information is provided to support the information in this Annex:

Annex B – 1 (a) to (f)	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
Annex B – 6	Homes for Ukraine Funding

Overall Financial Position

2. As shown below there is a forecast Directorate overspend of £5.3m. After taking account of additional interest on balances and the use of funding held in contingency and the COVID-19 reserve the overall forecast expenditure is in line with the budget and available funding.

	Latest Budget 2023/24	Forecast Spend 2023/24	Forecast Variance May 2023	Variance May 2023
	£m	£m	£m	%
Adult Services	226.9	226.9	0.0	0.0%
Children's Services	169.3	172.4	3.1	1.8%
Environment & Place	74.5	75.1	0.6	0.8%
Public Health	2.2	2.2	0.0	0.0%
Community Safety	24.8	24.8	0.0	0.0%
Resources	69.7	71.3	1.6	2.3%
Directorate Total	567.4	572.7	5.3	0.9%
Budgets Held Centrally				
Capital Financing	28.4	28.4	0.0	0.0%
Interest on Balances	-16.7	-17.2	-0.5	3.0%
Inflation ¹	9.3	9.3	0.0	0.0%
Contingency	12.4	9.1	-3.3	-29.6%
Un-ringfenced Specific Grants	-41.5	-41.5	0.0	0.0%
Insurance	1.4	1.4	0.0	0.0%
Contribution from COVID-19 reserve	-7.4	-8.9	-1.5	20.3%

¹ Funding for pay inflation assumed at 4.5% will be allocated when the pay award for 2023/24 is agreed. Further funding from contingency would be needed if the increase is higher than 4.5%.

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Contribution from Budget Priority Reserve	-2.3	-2.3	0.0	0.0%
Contributions to reserves	20.1	20.1	0.0	0.0%
Contribution to balances	7.6	7.6	0.0	0.0%
Total Budgets Held Centrally	11.3	6.0	-5.3	-49.6
Net Operating Budget	578.7	578.7	0.0	0.0%
Business Rates & Council Tax funding	-578.7	-578.7	0.0	0.0%
Forecast Year End Position	0.0	0.0	0.0	0.0%

3. The budget for 2023/24 agreed in February 2023 includes £38m new funding for inflation as well as £19m for demand and other pressures. New budget reductions of £30.0m were also agreed and built into budgets for 2023/24.
4. The Provisional Revenue Outturn 2022/23 report to Cabinet in June 2023 explained that 43% of savings built into 2022/23 budgets had been achieved. Collective action is being taken through the council's management team to ensure that existing planned savings and new budget reductions are achieved in 2023/24 and maintained over the medium term.
5. At this early stage in the financial year there are also significant demand and inflation risks and other uncertainties that could impact on the final position, particularly for Children's Social Care and the Pooled Budgets within Adult Services. The Council's Management Team are working to ensure that collective and sustained action to manage within the agreed budget is identified, agreed and monitored.
6. £8.3m on-going budget was agreed to be held as contingency as part of the 2023/24 budget. As explained in the Financial Monitoring Report to Cabinet in May 2023, £5.0m additional one – off council tax and business rates funding will be received in 2023/24. After taking account of a £0.8m additional contribution required to top – up balances to the 2023/24 risk assessed level, £4.2m was agreed to be added to contingency as part of the Provisional Outturn Report to Cabinet in May 2023.
7. After taking account of the use of contingency and funding from the COVID-19 reserve to support the overall forecast position balances would remain at the £30.2m risk assessed level as at 31 March 2024.
8. The forecast 2023/24 deficit compared to Dedicated Schools Grant (DSG) funding for High Needs is £18.3m and is in line with the budget agreed by Cabinet in May 2023. The CIPFA code of practice requires negative High Needs DSG balances to be held in an unusable reserve. The forecast deficit would increase the negative balance held in this reserve from £41.1m as at 31 March 2023 to £59.4m at 31 March 2024.

Directorate Forecasts

Adult Services

9. Adult Services is forecasting breakeven against a budget of £226.9m.

Service Area	2023/24 Latest Budget	Forecast Outturn Variance
	£m	£m
Adult Social Care	23.8	0.0
Health, Education & Social Care Commissioning	5.1	0.0
Housing & Social Care Commissioning	1.4	0.0
Business Support Service	1.0	0.0
Pooled Budgets	195.6	0.0
Total Adult Services	226.9	0.0

Pooled Budgets

Age Well Pooled Budget

10. 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.
11. Budgets within the pool are managed on an aligned basis with the Integrated Care Board (ICB) for Buckinghamshire, Oxfordshire, and Berkshire West (BOB).
12. The council elements of the Age Well pool are forecast to spend to budget in 2023/24, on the assumption that all savings are delivered.
13. The council's share of the Better Care Fund (BCF) held within the pool is £29.4m in 2023/24, an increase of 5.7% compared to 2022/23.

Live Well Pooled Budget

14. 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.
15. Budgets within the pool are managed on an aligned basis with the Integrated Care Board (ICB) for Buckinghamshire, Oxfordshire, and Berkshire West (BOB).
16. The council elements of the Live Well pool as at the end of May are forecast to spend to budget in 2023/24, on the assumption that all savings are delivered.
17. Having overspent in 2022/23 it is anticipated that following changes to the budget and contract for 2023/24 spend on the Mental Health services provided through the Outcome Based Contract with Oxford Health will spend in line with budget this year.

Non-Pool Services

18. A balanced position is forecast across all other services. A one – off saving of

£1.0m is included in the budget for staffing for 2023/24, and at present this is on track to be delivered.

Reserves

19. £0.4m held in the Budget Priorities reserve for Adult Social Care as at 31 March 2023 will be used to support mental health transformation activity and intensive support costs in 2023/34.
20. £2.1m held as a result of additional contributions made by Oxfordshire Clinical Commissioning Group over the last three financial years is also committed to be used in 2023/24.
21. £0.3m was added to the Government Initiative Reserve in 2022/23 related to charging reform, reflecting elements of the Trailblazer programme where costs will continue to be incurred in 2023/24 and 2024/25 ahead of the revised date for charging reform in autumn 2025.

Ringfenced Grants

22. As set out in Annex 4, ring-fenced government grants expected to be received by Adult Services in 2023/24 total £17.6m.
23. The Improved Better Care Fund Grant is £10.7m in 2023/24, with no change since 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.
24. The Market Sustainability and Improvement Fund is £5.4m and is being used to enhance provider fee uplifts in 2023/24 in line with the terms of the grant. It is also being used to maintain uplifts from 2022/23. These were funded through the Market Sustainability and Fair Cost of Care grant which now forms part of this grant.
25. The Adult Social Care Discharge Fund is £1.5m which is to be used to provide interventions that improve discharge of patients from hospital to the most appropriate location for their ongoing care.

Children's Services

26. Children's Services is forecasting an overspend of £3.1m against a budget of £169.3m.
27. The underlying pressures in Children's Services highlighted in the Outturn overspend in 2022/23 reported to Cabinet in June 2023 remain a significant challenge in 2023/24. They are driven by a combination of staffing (particularly the reliance on agency staff to cover vacancies) and care placements costs.

Service Area	2023/24 Latest Budget	Forecast Outturn Variation
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	£m	£m
Education & Learning	40.8	0.0
Children's Social Care	37.7	1.8
Children's Social Care Countywide	85.8	1.2
Schools ²	0.2	0.0
Children's Services Central Costs	4.8	0.0
Total Children's Services	169.3	3.1
Overspend on High Needs DSG that will be transferred to unusable reserve	84.4	18.3

Education & Learning

28. Within Education & Learning, the Home to School Transport and the Special Educational Needs (SEN) service continue to be high risk in terms of budget variance. The service is working on the implications of the new attendance regulations in September 2023; this may require additional resource to meet the new requirements. In addition, the Department for Education (DfE) has announced additional Early Years funding from September 2023. There is limited information at this stage but it is likely that there will be additional costs in implementing and administering this.

29. 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 on-going investment of £0.5m was included in the 2023/24 budget to fund additional staff to manage demand for EHCPs.

Children's Social Care & Children's Social Care Countywide

30. Given the scale of the £19.1m overspend for Children's Social Care in 2022/23, the lead-lag impact of the actions taken to date and the urgent need to address the shortfalls in market capacity the service is undertaking a comprehensive review of its vision and strategy which will be set out in a new Financial Strategy. This will set out a new baseline and financial investment, cost reduction and timeline to bring spend within current budget and recover the overspend.

Social Care & Countywide Placement Services – Current Position, Drivers and Action Plan

31. The underlying pressures remain despite additional budget added in 2023/24 and actions to prevent and reduce costs. This is due to a combination of:

- (i) The 2022/23 overspend increased in the last quarter of the year so was not

² *Maintained Schools are funded by Dedicated Schools Grant

fully anticipated in the Budget & Business Planning process for 2023/24.

- (ii) The lead-lag time delay in changing practice, intervening to prevent unnecessary referrals and reducing the number and cost of cases is taking longer than anticipated.
- (iii) The financial volatility in the market for care together with the impact of spiralling inflation and shortages in local capacity are undermining the service Sufficiency Strategy to manage the market. As a consequence, the service continues to experience an accelerating increase in placement fees especially 'Spot' rates

32. The drivers remain the same as in 2022/23 and include:

- (i) Continued workload pressure, increased vacancies and recruitment difficulties within front-line services especially Family Solutions Plus.
- (ii) Though the number of children in care is reducing the rate is slower than anticipated and is being offset by increases in underlying unit cost rates especially the growing number of very complex cases.

33. Actions in train include:

- New executive management team put in place.
- Streamlining of referrals at the 'front door' (MASH) - revising thresholds & practices.
- The Family Solutions Plus (FSP) teams are working to reduce the backlog of assessments and intervention measures.
- Developing a robust recruitment and retention policy.
- Reducing the number of children in care and identifying those due to cease.
- Ongoing reduction in the number of children living in high cost placements.
- Brokerage action plan to ensure timely, suitable, cost-effective placements are sourced.
- A 'LEAN' review of the placement process and identification of efficiencies.
- Move to 148 target number of Unaccompanied Children and Young People.

34. Evidence that the actions are having an impact is reflected in the continued downward trend in the number of Children We Care For (CWCF). The numbers are set out in the table below.

	Q1 2022	Q2 2022	Q3 2022	Jan 2023	Feb 2023	March 2023	April 2023	May 2023
Mainstream	757	778	755	752	735	719	722	704
Disabled Children	61	61	62	57	57	59	57	57
Subtotal	818	839	817	809	792	778	779	761

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Unaccompanied	66	69	73	115	105	104	104	102
Total	884	908	890	924	897	882	883	863

35. Following a 14% increase from December 2021 (742) to August 2022 (849) the service, through the actions above, has reversed the previous upward trend and the number has reduced to 761 at the end of May 2023. Though the numbers are still higher than at December 2021 the downward trend is expected to continue through this financial year due to the actions being taken and in particular the new assessment procedures, resulting in a greater number of families and their children being supported in their own homes and fewer children entering into care.
36. 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.
37. Though the activity is coming under control the underlying costs continue to rise and are offsetting and undermining the improvement in activity.
38. The focus of the Financial Strategy will be to set out how the improvements are continued and grown while also applying the same rigor and focus to managing the market, the escalation in rates, the challenge of greater complexity and pushing the joint partnership work to address Continuing Healthcare (CHC) needs and resource. Any additional capital requirements to support the strategy will need to be considered through the Budget & Business Planning process for 2024/25.

Schools' Costs (other than DSG)

39. There are no significant variances to report

Children's Services Central Costs

40. There are no significant variances to report.

Dedicated Schools Grant (DSG)

41. The current position on DSG is a forecast deficit of £18.3m, consistent with the budget agreed by Cabinet in May 2023.

Summary of DSG funding	2023/24 Budget	2023/24 Projected Outturn	Variance May 2023
	£m	£m	£m
Schools block	131.2	131.2	0.0
Central Services Schools block	5.0	5.0	0.0

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High Needs block	84.4	102.7	18.3
Early Years block	44.3	44.3	0.0
Total	264.9	283.2	18.3

42. Key risks to the forecast are the number of additional placements in September (over and above those currently planned), tribunal challenges to placement decisions and the impact of inflation on providers' fees.
43. There is no change forecast on Central and Schools DSG. Early Years DSG will be amended when the DfE release further detail on the changes intended for September 2023.

Environment & Place

44. Environment & Place is forecasting an overspend of £0.6m against a budget of £74.5m.

Service Area	2023/24 Latest Budget	Forecast Outturn Variation
	£m	£m
Transport & Infrastructure	2.4	0.0
Planning, Environment & Climate Change	37.1	0.0
Highways & Operations	34.1	0.6
Directorate Support	0.9	0.0
Total Environment & Place	74.5	0.6

Transport & Infrastructure

45. Transport & Infrastructure comprises Transport Policy, Place Making and Infrastructure Delivery. A breakeven position is currently forecast.

Planning, Environment & Climate change

46. The Planning, Environment & Climate change service area is made up of Strategic Planning, Climate Change and Environment & Circular economy. The service area is forecasting a breakeven position.
47. There is a risk of an overspend in Strategic planning due to staffing pressures and activity related to the delivery of a local plan project. The forecast assumes that the pressure can be managed within the service area.
48. Climate Change may underspend if recruitment is unsuccessful due to a challenging recruitment market.
49. Waste management data is currently available to the end of April 2023. The table below shows the budgeted and forecast tonnages and forecast variation for each waste stream as well as actual tonnages for 2022/23.

Waste Stream	Forecast Variation to Budget £m	Forecast Tonnage 2023/24	Budgeted Tonnage 2023/24	Actual Tonnage 2022/23
Recycling/Compost	0.1	161,106	166,260	159,420
Energy recovery	0.1	104,010	103,050	103,163
Landfill	-0.2	7,286	11,025	8,108
Total	0.0	272,402	280,335	281,024

50. Key risks will be the amount of waste produced as the year progresses and the volume of Persistent Organic Pollutants waste where a change in the law means the council needs to fund the cost of storing, shredding, and burning soft furnishings, as an alternative to landfill. An additional budget allocation of £0.2m to support this was included in the budget for 2023/24 but the cost that the service is anticipating is currently around £0.6m. The current expectation is that this can be managed within the overall budget but there are also risks around inflation and market stability that may impact on expenditure as the year progresses.

Highways & Operations

51. Highways & Operations is forecasting an overspend of £0.6m against a budget of £34.1m.

52. Within the Highway Maintenance service there has been a significant increase in highways defects that needed repair in the first quarter of the financial year. While the number of defects has reduced in June 2023 there were 25% more in the first quarter of 2023/24 than the same period in 2022/23. This is likely to be primarily attributable to the consequence of the bad weather earlier in the year and in 2022 and is similar to higher levels of activity seen across the country.

Month	Defects 2022/23	Defects 2023/24	% Increase/Decrease
April 2023	3,320	4,143	+25%
May 2023	2,927	4,944	+69%
June 2023	2,212	1,474	-33%
Total	8,459	10,561	+25%

53. Depending on the on-going level of activity there is a risk that it may not be possible to manage the spend within the budget but updates will be provided as the year progresses.

54. Network Management has received higher than anticipated income in the first

quarter of the year. This may result in an underspend but it is not yet clear if the trend will continue throughout the year. The Parking Account has also received a slightly higher than anticipated level of income but this is offset by an increase in costs of delivering the service in more areas of the county.

55. Supported transport is currently forecasting a £0.6m overspend. This is due to unachieved savings of £0.350m from 2022/23 plus a further saving of £0.250m in 2023/24 that are not expected to be delivered. Both of these savings relate to the anticipated use of technology and changes to processes to reduce costs and effort required and the implementation of automated processes for home to school contract management.

56. Home to school transport is currently forecasting a breakeven position. However, there are risks around contract inflation & the level of demographic growth compared to the assumptions in the budget that will need to be monitored as the year progresses.

Directorate Support

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

Public Health and Community Safety

58. Public Health and Community Safety are forecasting a breakeven position.

Service Area	2023/24 Latest Budget	Forecast Outturn Variance
	£m	£m
Public Health Functions	35.6	0.0
Public Health Recharges	0.6	0.0
Other Income	-0.7	0.0
Grant Income	-33.6	0.0
Transfer to Public Health Reserve	0.0	0.0
Total Public Health	2.2	0.0
Total Community Safety	24.8	0.0
Total Public Health & Community Safety	27.0	0.0

Public Health

59. A break-even position is forecast for services funded by the Public Health grant.

Community Safety

60. The Fire and Rescue Service are forecasting a break-even position at this stage of the financial year.

Ringfenced Government Grants

61. The ringfenced Public Health grant totals £33.6m in 2023/24 with an indicative 1.4% uplift expected for 2024/25.

Use of Un-ringfenced Government Grant Funding

62. Un-ringfenced grants held centrally and agreed to be used to support expenditure budgets within Public Health include:

- £1.2m Domestic Abuse Duty Grant supporting the provision of accommodation-based support to victims of domestic abuse and their children.
- £0.6m Substance Misuse Treatment & Recovery Housing Grant being used to deliver the Government's aim that by 2024/25 there will be more people recovering from addiction in stable and secure housing.
- £0.6m Supplementary Substance Misuse Treatment and Recovery grant. This is the second 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.
- £1.1m Rough Sleeping Drug and Alcohol Grant is being used to provide specialist support for rough sleepers and those at risk.

Reserves

63. The Public Health reserve held £5.9m at 1 April 2023. £1.7m is forecast to be spent in 2023/24, £1.1m in 2024/25 and £0.7m in 2025/26, leaving a balance of £2.4m. Options to utilise all the funding by 2026/27 in line with the grant requirements are being considered.

64. £2.7m is held in reserves for the renewal of fire and rescue vehicles and breathing apparatus equipment. A fleet replacement strategy is being agreed which will use all of this funding in the medium term.

65. £0.7m is being held to cover the cost of the replacement of Airwave for Oxfordshire Fire and Rescue Service and the implementation of the new national Emergency Service Mobile Communications Programme.

Virements

66. Cabinet is asked to approve a virement to add £1.8m expenditure budgets to Public Health. This will be funded by the rough sleeping drug and alcohol grant and the supplementary substance misuse housing support grant.

Resources

67. The services within Resources are forecasting a combined overspend of £1.6m against a budget of £69.7m.

Service Area	2023/24 Latest Budget £m	Forecast Outturn Variance £m
Corporate Services	3.0	0.0

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Human Resources & Organisational Development	3.0	0.6
Communications, Strategy & Insight	3.1	0.0
IT, Innovation & Digital	10.4	0.3
Culture & Customer Experience	11.9	0.2
Finance & Procurement	8.6	0.1
Property, Investment & Facilities Management	19.1	0.2
Law & Governance	7.7	0.2
Delivery & Partnership	2.9	0.0
Total Resources	69.7	1.6

68. **Human Resources & Organisational Development** is forecast to overspend by £0.6m. This reflects a delay in the anticipated delivery of a £1.5m reduction in agency costs across the council. However, this is partially mitigated by the savings from the associated delay in the implementation of the Resourcing Team.
69. **IT, Innovation & Digital** are forecasting an overspend of £0.3m. Action to achieve £0.9m cross directorate savings agreed as part of the 2023/24 budget is underway. Half of the savings are currently forecast to be delivered but this will be updated as the year progresses.
70. **Culture and Customer Experience** are forecasting an overspend of £0.2m. This is mainly in the Libraries Service where saving targets are particularly challenging and in the Customer Service Centre.
71. **Property Services** are forecasting an overspend of £0.2m. The School Catering service is forecasting to overspend due to inflationary pressure on costs and income streams, but this will be mitigated by savings in other areas. Anticipated savings from vacating one of the council's office buildings will be offset by estimated dilapidation costs in 2023/24.
72. **Law and Governance** are forecasting an overspend of £0.2m. 2023/24 is a transition year for the new structures which, subject to consultation, are planned to be implemented in Governance in the second quarter of 2023/24 and Legal in quarter four of 2023/24. As a result of higher locum costs in Legal Services are still expected to be incurred for most of the year.
73. £0.1m one – off funding held in the COVID-19 reserve will be used to further extend capacity needed within the Information Management team to support the council's ability to respond to Subject Access Requests (SARs).
74. **Delivery & Partnership** includes the delivery of cost of living measures and the council's migration and asylum programmes, including Homes for Ukraine. The budget is mainly funded from earmarked reserves and specific government grants and is forecast to break even.

Medium Term Financial Strategy Savings

75. After taking account of new and previously agreed savings the 2023/24 budget

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agreed includes planned directorate savings of £28.2m.

76. As set out in the Provisional Outturn Report 2022/23 £10.2m of savings were not achieved as planned in the last financial year. Any planned savings not delivered in 2022/23, where the on-going impact was not adjusted through the 2023/24 Budget & Business Planning Process, will need to be achieved in 2023/24 as well as new savings agreed in February 2023.
77. £13.8m (50%) of the 2023/24 savings are assessed as delivered or are expected to be delivered. £11.3m are currently assessed as amber and £3.1m are assessed as red. Work is continuing to ensure that these savings are achieved.

	2023/24 Planned Savings	2022/23 Savings that need to be delivered in 2023/24	Total
	£m	£m	£m
Adult Services	-18.1	-4.0	-22.1
Children's Services	-3.4	-1.9	-5.3
Environment & Place	-1.4	-2.3	-3.7
Community Safety	-0.2	0.0	-0.2
Resources & Cross Directorate	-5.1	-2.0	-7.1
TOTAL	-28.2	-10.2	-38.4

Adult Services

78. The 2023/24 budget includes planned savings of £18.1m. 35% of these savings have been delivered, 19% are expected to be delivered and 46% are currently unconfirmed and have an element of risk in the delivery.
79. The savings with the greatest risk around delivery are those which are expected to be achieved through care reviews and those which relate to managing demand, particularly in care homes. These account for £8.3m of the savings.
80. Savings of £1.2m relating to the turnover and utilisation of block contracts for residential and nursing care plus £1.1m relating to a programme to invest in supported and dementia care accommodation that it was not possible to achieve in 2022/23 are now built into the directorate's savings delivery programme and expected to be achieved in 2023/24.
81. £0.6m savings for the review of block contract for care home beds, a £1.1m reduction in the cost of out of area placements and placement commissioning savings are also expected to be achieved in 2023/24.

Children's Services

82. New savings of £3.4m are built into the 2023/24 budget. 51% of these savings are forecast to be delivered and include £0.7m one – off contributions from

reserves and a reduction of £0.3m relating to the removal of the Health & Social Care Levy. £0.9m (26%) are currently assessed as amber. £0.8m (23%) of the savings are assessed as red.

Environment & Place

83. £1.0m (72%) of new 2023/24 savings for Environment & Place are expected to be achieved. £0.4m (28%) are assessed as red and include a saving related to the use of technology and improved processes to reduce costs and effort required, providing greater accuracy of expenditure and implementing automated processes for home to school contract management.

84. Due to service transformation taking shape partway through the financial year it is anticipated that a saving of £0.5m will not be fully realised by the end of 2023/24. However, this will be managed within the overall budget for the directorate.

85. £1.7m of the £2.3m savings not achieved in 2022/23 related to street lighting and is expected delivered in 2023/24. The energy usage for the units that have had LED lanterns installed decreased by 7,367,068 kWh in the last financial year, (21,388,773 kWh in 2021/22 and 14,021,705 kWh in 2022/23). However, due to new electrical assets being installed across the highway network (as part of developments or the council's infrastructure improvement programmes) and inflation on energy costs, the authority did not see a direct reduction in energy consumption costs. The service is currently monitoring energy cost prices and network consumption and updated will be provided in future reports if the levels increase above the budgeted levels.

Community Safety

86. A £0.1m saving relating to a review of mid and supervisory leadership levels is currently assessed as amber.

Resources

87. £1.2m savings built into Resources budgets are expected to be delivered and £1.9m are amber. Work is underway to achieve the £1.5m reduction related to the use of agency staff across the council and £0.9m savings related to digital transformation that were agreed as part of the 2023/24 budget. The forecast currently assumes that half of these savings will be achieved. Savings currently assessed as red include the other half of these savings along with savings from vacating a council building (see paragraph 71). Updates on progress will be included in future reports as the year progresses

88. The anticipated delivery of both 2023/24 and any outstanding 2022/23 savings is reflected in the directorate positions reported above.

Debt Management

Corporate Debtors

89. The combined collection rate, based on invoice volumes, for April and May was 97%, 2% above the 95% target. In terms of collection based on the value of

invoices the figure for the same period was 99.5%.

90. Debt requiring impairment was £0.44m at the end of May 2023 compared to a target of £0.35m. The top five cases, which account for 50% of all bad debt are being actively progressed.

Adult Social Care Debtors

91. The 120-day invoice collection rate for April was 89% for all invoices, this increases to 90% when excluding deferred payment invoices; the target collection rate for 2023/24 is 92%. The service has developed an improvement plan which is underway to address 'up stream' processing issues impacting invoices being paid on receipt. In addition, changes to automated reminders and initial recovery actions, previously reported, are due to be deployed in quarter 3 of this financial year.
92. The 2022/23 year-end adults care contribution impairment for bad debt was £4.6m. Bad debt at the end of May 2023 is £4.7m. As reported previously the trailing impacts of COVID-19 have had a significant effect on means tested social care contribution bad debt levels. A bad debt task team has been operational since July 2022 with plans to run through to the end of 2023/24 and an objective to resolve historic debt of £3.7m. Resourcing challenges within both the debt task group and business as usual teams impacted performance during 2022/23. The service is reviewing activity and updating their improvement plans.
93. Cabinet is recommended to write off four Adult Social Care contribution debts totaling £0.070m. Three cases are those where arrears were not resolved before the person passed away and the estate was confirmed as insolvent. In the other case the person in receipt of services has mismanaged their finances and are in arrears with a number of creditors. They are only receiving state benefits and have no means to pay their accrued debt.

Budgets Held Centrally

94. After taking account of the use of one – off funding and contingency to support the forecast directorate overspend, there is a combined underspend of £5.3m against budgets held centrally.

Capital Financing Costs

95. 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 2023/24.
96. The budget for interest payable assumed no new external borrowing would be taken during 2023/24.

Interest on Balances

97. The current forecast outturn position for in house interest receivable is £11.5m, which is £0.5m above budget. The additional interest reflects an increase in the forecast of average base rate for the year of 4.80%, compared to the rate assumed in the budget of 4.31%.

98. Interest payable is currently forecast to be £13.1m, which is in line with the budget.

99. Cash balances for the year are forecast to be £51.9m lower than they would otherwise have been as a result of negative DSG balances. The impact of this is an estimated opportunity cost of £1.5m in unearned interest during 2023/24.

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

Inflation and Contingency

101. Ongoing funding for pay inflation totals £9.4m and the contingency budget for 2023/24 totals £8.3m. In addition £4.2m one – off council tax and business rates funding was also agreed to be added to contingency as part of the Provisional Outturn Report 2022/23 to Cabinet in June 2023.

102. The agreed budget includes funding for an estimated pay award equivalent to 4.5% in 2023/24. The claim lodged by UNISON, GMB and Unite on 30 January 2023 included a request to increase pay by RPI (10.70%) + 2.0% on all pay points. On 23 February 2023, national employers responded with the following offer:

- With effect from 1 April 2023, an increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.
- With effect from 1 April 2023, an increase of 3.88 per cent on all pay points above the maximum of the pay spine but graded below deputy chief officer.

103. After taking account of the number of staff on different pay points the current pay offer is estimated to equate to an overall estimated increase equivalent to 5.5%, 1.0% more than budgeted at a cost of £2.6m per annum. All three unions have rejected this offer and Unison have begun balloting for strike action. If agreed, strike action would take place between 18 July 2023 and 3 January 2024.

104. An increase to the existing offer equivalent to 1% overall would be estimated to cost around £2.6m on-going and would need to be met from contingency.

105. The Gold Book pay award for 2022 and 2023 which affects the Chief Fire Officer, Assistant Chief Fire Office and Deputy Chief Fire Officer was agreed in May 2023. The 2022 award at 4% is payable from January 2022 and the 2023 pay award of 3.5% is payable from January 2023.

106. The forecast assumes that £3.3m of the £4.2m one – off funding agreed to be added to contingency as part of the Provisional Outturn Report to Cabinet in June 2023 is utilised to support the directorate position.

Reserves

107. As set out in Annex B - 3 Earmarked Reserves are forecast to be £176m at 31 March 2024.
108. **COVID-19 Reserve** - The balance held in the reserve as at 1 April 2023 was £15.4m. The use of £13.4m to support planned expenditure from 2023/24 – 2025/26 is built into the Medium Term Financial Strategy. £0.1m of the remaining £2.0m balance that was uncommitted at the end of 2022/23 will be used to further extend capacity needed within the Information Management team within Governance to support the council's ability to respond to Subject Access Requests (SARs). £1.5m of the remaining balance is included in the forecast position and will be used to support pressures in Children's Social Care in 2023/24. £0.4m remains uncommitted.
109. **Transformation Reserve** - As set out in the Earmarked Reserves and General Balances Policy Statement for 2023/24, the £4.3m balance from the Budget Equalisation Reserve has been transferred to the Transformation Reserve to meet costs associated with continuous improvement and transformation programmes. A number of transformation activities, including the introduction of a Delivery Unit for the council, have been identified to improve service delivery and reduce costs over the medium and long term. £2.0m is proposed to be used to enable the delivery of this activity in 2023/24.
110. 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 £18.3m for 2023/24 will increase the total High Needs deficit held in the reserve to £59.4m as at 31 March 2024. The regulations which require the negative balance to be held in an unusable reserve will come to an end on 31 March 2026. The impact of the unusable reserve on the council's ability to set a balanced budget over the medium term will need to be considered through the Budget & Business Planning Process for 2024/25.

Grants

111. As set out in Annex B - 4 government grants totalling £445.4m are expected to be received by the Council during 2023/24. Increases compared to the budget agreed in February 2023 include the Extended Rights to Free travel grant (£0.5m), Domestic Abuse Grant (£1.1m) and Substance Misuse Treatment and Recovery grant (£0.6m) and Substance Misuse Treatment and Recovery Housing Grant (£0.6m).

Homes for Ukraine

112. At the end of 2022/23 £16.8m unspent grant funding for the Homes for Ukraine scheme and £2.1m unspent funding for education costs relating to the scheme was held in the Grants & Contributions Reserve. Funding received to date, as well as further amounts that will be claimed in 2023/24, will be used to support the on-going cost of the scheme in Oxfordshire. Cabinet is recommended to agree the allocation of Homes for Ukraine funding as set out in Annex B-6 and authorise the Director of Finance to finalise the agreements with the City and District Councils following consultation with the Leader of the Council and the Cabinet Member for Finance.

General Balances

113. As set out in the Provisional Outturn Report to Cabinet on 20 June 2023, general Balances were £22.6m as at 31 March 2023.
114. The risk assessed level of balances for 2023/24 is £30.2m. Funding of £6.8m estimated to be required to top balances up to the risk assessed level for 2023/24 was included in the budget for 2023/24. A further £0.8m top- up was agreed to be funded from the £5.0m additional Business Rates and Council Tax funding noted in the Financial Monitoring Report to Cabinet in May 2023.
115. After taking account of the projected breakeven position for the council balances are currently forecast to remain at the risk assessed level at the end of 2023/24.