

Introduction

1. This is the third financial monitoring update for the 2022/23 financial year and is based on information to the end of September 2022. Key issues, as well as risks relating to inflation, demand and other factors, plus 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 – 2c Supplementary estimate to approve
 - Annex B – 3 Earmarked reserves
 - Annex B – 4 Government grants
 - Annex B – 5 General Balances

Overall Financial Position

3. As shown in the table below there is a forecast Directorate overspend of £8.2m or 1.6%. The overall forecast variation is £6.6m or 1.3% after taking account of an increase in interest receivable on balances held by the council.

Directorate	Latest Budget 2022/23 £m	Forecast Spend 2022/23 £m	Variance September 2022 £m	Variance September 2022 %	Variance July 2022 £m	Change Since July £m
Adult Services	211.6	211.0	-0.6	-0.3	0.0	-0.6
Children's Services	148.7	157.4	8.7	5.8	7.9	0.8
Environment and Place	62.8	61.4	-1.4	-2.3	-1.3	-0.1
Public Health	2.4	2.2	-0.2	-8.3	-0.2	0.0
Community Safety	24.8	25.2	0.4	1.6	0.1	0.3
Customers, Culture and Corporate Services	61.1	62.4	1.3	2.3	0.7	0.6
Total Directorate Budgets	511.4	519.6	8.2	1.6	7.2	1.0
Budgets Held Centrally						
Capital Financing Costs	26.1	26.1	0.0	0.0	0.0	0.0
Interest on Balances	-13.0	-14.6	-1.6	-12.3	-1.3	-0.3
Inflation and Contingency	12.3	12.3	0.0	0.0	0.0	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	-8.4	-8.4	0.0	0.0	0.0	0.0
Budgeted contributions to reserves	24.2	24.2	0.0	0.0	0.0	0.0
Total Budgets Held Centrally	9.0	7.4	-1.6	-17.8	-1.3	-0.3
Net Operating Budget	520.4	527.0	6.6	1.3	5.9	0.7
Business Rates & Council Tax funding	-520.4	-520.4	0.0	0.0	0.0	0.0
Forecast Year-End Position	0.0	6.6	6.6	1.3	5.9	0.7

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 a change to the CIPFA code of practice on DSG High Needs deficits an unusable reserve was created in 2020/21 to hold negative High Needs DSG balances. The forecast deficit would 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 last two reports issues and volatility in the wider economy, including inflation and workforce shortages, continue to increase the risk to the financial position for the council and the overall landscape looks much more challenging than when the budget was set in February 2022 or compared to the same point in 2021/22 or earlier years.
6. The forecast overspend for Children's Services is particularly volatile and there remains real concern over the level of demand and lack of care placements available in the system. The last report to Cabinet noted that there was pressure of up to £11.5m requiring rapid and active intervention to achieve the forecast of £7.9m. Since then the underlying position appears to have deteriorated further. This is a significant risk for the council and requires further work to validate and understand what is causing this. An additional update on the council's financial position will be reported to Cabinet in December 2022.
7. Part of the action already underway is the development of a robust recruitment and retention policy for social work staff. A supplementary estimate request of £0.7m to meet the cost of implementing this in 2022/23 is included as part of this report.
8. After taking account of the overspend of £6.6m and the supplementary estimate request of £0.7m general balances would reduce to £29.4m. This is £0.5m above the risk assessed level. The level of balances will be considered as part of the Budget and Business Planning process for 2023/24.

Directorate Forecasts

Adult Services

9. Adult Services is forecasting an underspend of £0.6m (0.3%) against a budget of £211.6m.

Service Area	2022/23 Latest Budget	Variance September 2022	Variance July 2022	Change Since July
	£m	£m	£m	£m
Age Well Pooled Budget	68.3	0.0	0.0	0.0
Live Well Pooled Budget	122.5	0.0	0.0	0.0
Non- Pool Services	14.4	-0.6	0.0	-0.6
Commissioning	6.4	0.0	0.0	0.0
Total Adult Services	211.6	-0.6	0.0	-0.6

Age Well Pooled Budget

10. The 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. A breakeven position is forecast for the council elements of the pool. This reflects the use of £1.1m one-off funding held in reserves to meet forecast pressures.
12. The underlying overspend reflects an increase in the use of residential short stay beds linked to the cessation of the hospital discharge scheme. There is also a forecast £0.5m contribution to the council's provision in the accounts for the risk associated with the collection of adult social care service user income that is still due to be paid after six months.
13. The number of service users in a care home placement has remained stable over recent months. However, the average cost of new placements is higher than the average cost for existing placements. Funding for demographic growth added in the 2022/23 budget is currently being used to support this increase in unit costs. Reflecting inflation in the wider economy there is a continued risk of further pressure on the cost of care.
14. The forecast assumes that £2.6m savings built into the pooled budget contribution in 2022/23 are delivered.
15. The budget contributions for both pooled budgets in 2022/23 need be agreed by the Joint Commissioning Executive (JCE). 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. A three month budget to the end of June 2022 was agreed with OCCG with the expectation that the remaining budget for the rest of the financial year would be agreed by the ICB. The expectation is that each partner will continue to manage their own variations against the agreed contributions for the whole of the financial year, which will be confirmed with a new Section 75 agreement.
16. The council's share of the Better Care Fund held within the pool is expected to be £27.7m in 2022/23, an increase of 5.66% compared to 2021/22.

Live Well Pooled Budget

17. The 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.
18. A breakeven position is forecast for the council elements of the pool after taking into account the use of £1.3m one-off funding held in reserves. There are on-going risks and uncertainties around activity levels, complexity of new packages of care, the impact on the market of the continuing increase of inflation, and the position requires the delivery of £2.5m savings agreed as part of the 2022/23 budget.

19. The Learning Disability element of the pool is forecast to overspend by £1.6m as a result of an increase in the cost of supported living packages. An action plan is being developed to address the pressure linking to previously agreed savings plans and the forecast will be updated to reflect the outcome in future reports. The overspend is being offset by a £0.3m underspend within physical disabilities. The remaining £1.3m will be being offset by one-off funding held in the Budget Priorities reserve.
20. 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. The remaining £2.0m is expected to be met from within the directorate or from one-off funding held in reserves.
21. An overspend of £0.8m 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 £0.5m of this pressure.
22. Assuming the current level of activity is maintained until the end of the financial year the budget to support people with high functioning autism is forecast to underspend by £0.5m.
23. The council will continue to manage the majority of any variation for the whole of the financial year as was the case in previous years. In relation to Physical Disabilities, each partner will continue to manage their own variations against the agreed contributions. This will be confirmed as part of a new section 75 agreement with the Integrated Care Board.

Non-Pool Services

24. 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 in respect of Social Workers and Occupational Therapists. A targeted Adult Social Care recruitment campaign is due to be launched in Oxfordshire.

Reserves

25. £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.
26. 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 20, with a further £2.4m expected to be used to meet variances forecast with the pool budgets. The remaining £0.7m will be used to support transformation activity.

27. £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.

Medium Term Financial Plan Savings

28. The 2022/23 budget includes planned savings of £5.6m. All of these are currently expected to be delivered by year end. The process to achieve and maintain the saving is on-going but any variation is expected to be managed within the funding available.

Grants

29. 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.
30. 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.
31. 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.
32. The Adult Social Care Discharge Fund totalling £500m nationally was announced on 22 September 2022. It currently remains unclear how much Oxfordshire will receive or what terms and conditions will apply to the grant. Updates will be provided in future reports.

Virements

33. Cabinet is asked to approve the virement in Annex-2a relating to the Community Discharge Grant being added to the Live Well Pooled Budget. Cabinet is also asked to note the virements in Annex-2b moving centrally held inflation budgets into the pools to reflect price uplift panel decisions, and budget reallocations between the pools.

Debt Write-Offs

34. Cabinet is recommended to write off a debt of £0.3m for advance payments and the cost of arranging alternative provision for a home care provider that went into administration in early 2017. This was reported to Cabinet on 25 April 2017 and the debt was impaired in 2017/18 but the company was not liquidated and dissolved until early 2022. The Liquidator's final report confirms that the liquidated

funds did not allow any dividend payment to creditors and only covered the costs of liquidation, therefore there is no possibility of recovery.

Children's Services

35. The Children's Services forecast is volatile due to the unpredictable nature of support required for individual children and families as well as a lack of availability of appropriate provider services. The directorate continues to experience significant pressures in three of its budget areas – staffing (particularly agency staff), placement costs and high needs (Schools' Budget).

36. An £8.7m (5.9%) overspend compared to the 2022/23 budget of £148.7m is forecast. However, work is on-going to validate, manage and mitigate underlying pressures that were estimated at over £11.5m at the end of July 2022 but now appear to have increased further. The overspend on Dedicated Schools Grant (DSG) budget remains unchanged at £17.5m and relates wholly to High Needs.

Service Area	2022/23 Latest Budget £m	Variance September 2022 £m	Variance July 2022 £m	Change Since July £m
Education & Learning	36.5	0.6	-0.2	0.8
Children's Social Care ¹	35.7	0.0	0.0	0.0
Children's Social Care Countywide	71.5	8.1	8.1	0.0
Schools ²	0.2	0.0	0.0	0.0
Children's Services Central Costs	4.8	0.0	0.0	0.0
Total Children's Services	148.7	8.7	7.9	0.8
Overspend on DSG	246.8	17.5	17.5	0.0

37. The two main areas of financial pressure remain unchanged – front-line social work staff, in particular within Family Solutions Plus and placement costs arising partly from demographic changes in Children We Care For (CWCF). In addition there is forecast pressure related to the cost of Home to School Transport within Education & Learning. A range of actions are being taken to reduce pressures, as set out below.

Social Care

38. The continued workload pressure, increased vacancies and recruitment difficulties within front-line services have necessitated a higher use of agency staff within the teams undertaking assessment and safeguarding activity. This partly reflects the ongoing impact of the COVID-19 pandemic, but the actions to address this are bringing more stability. The additional staff costs have been essential to manage statutory case allocations and to maintain safe working practices.

¹ Forecast includes £2.2m transfer from Supporting Families reserve

² Maintained Schools are funded by Dedicated Schools Grant

39. Within Social Care a 'circuit breaker' (staff looking at 'immediate response' to vulnerable families), and integrated assessment team are already having an impact on reducing the activity and, consequently, social worker caseloads. This, together with a review of Children We Care For (CWCF) placements, and the Recruitment and Retention strategy, will result in a reduction in caseloads and the demand for additional agency staff.
40. The following actions are being taken:
- Addressing the flow of referrals to the council by revising thresholds and working practices, also with the introduction of the 'circuit breaker' in referrals to the Family Solutions Plus (FSP) service through the development of the integrated assessments service;
 - Reducing the backlog of assessments and intervention measures through the investment of managed teams in the FSP service. The service has made progress in reducing the overall caseload and is stepping down the additional teams that were managing the extra demand in the system.
 - Work to provide additional services in the community to support families alongside robust application of thresholds has stabilised the rising numbers of children we care for and started to deliver reductions in actual numbers, fall of 15 children since the start of August 2022.
 - Development of a robust recruitment and retention policy for social work staff. A supplementary estimate of £0.7m is requested to meet the cost of implementing this in 2022/23. £0.2m of this investment will maintain an experienced cohort of agency social workers to manage complex casework supporting newly qualified workers in their first year of practice as they graduate from the council's academy. On-going funding to support this policy will be considered as part of the council's Budget & Business Planning process for 2023/24.
41. The impact of the revised working practices and recruitment activities are already having a positive impact. The number of permanent social workers is increasing, whilst the number of agency staff has started to reduce. There has also been success in converting agency staff to permanent staff, with potentially several more to come. A tracking and forecasting mechanism, that assesses caseload demand and capacity alongside staffing costs, has been developed. The aim is to substantially reduce the reliance on agency staff by April 2023.
42. In addition to the plans outlined above, the directorate is also undertaking in-year mitigation measures to ensure staffing costs are managed within the overall budget (excluding placement costs). These include:
- Ensuring that maximum use is made of reserves and income streams e.g., government grants, health income. As part of this £2.2m of the Supporting Families reserve (money received by social care for meeting Troubled Families targets for intervention) will be used to support staffing costs; and
 - In-year vacancy management. In practice this means that all non-frontline and Special Educational Needs (SEN) vacancies in Children's Services will be held until the overall staffing pressures are managed.

Social Care Countywide

43. The forecast overspend of £8.1m reflects an increase in the number of Children We Care For since March 2022, when the total was 854. The total for September 2022 shows the impact of the circuit breaker programme in stabilising the historical rise in admissions of children into care (partly due to the impact of the COVID-19 pandemic), evidenced by a reduction in overall numbers.

44. The latest number of Children We Care For (CWCF) is shown below.

Children We Care For – category	July 2022	August 2022	September 2022
Mainstream	757	769	749
Disabled Children	61	61	66
Sub-total	818	830	815
Unaccompanied Children and Young People (UCYP)	67	68	74
Total	885	898	889

45. The total number of children in care (excluding unaccompanied children) has started to reduce and children whose plan is to cease being in care have been identified. For some of these children who are already at home, this will mean a change in legal status and a reduction in the need for statutory social work intervention and reducing caseloads across the statutory services. For other children, this will mean moving from their placement to live with family.

46. Some children remain in extremely high-cost placements due to the nature and complexity of their needs and the national shortage of specialist placements. This includes children living in temporary high-cost arrangements and in secure accommodation, the highest cost for which is about £20,000 per week. There has been a reduction in the number of children living in these arrangements (to nine, down from 14 in July). However, the cost continues to remain disproportionate due to the high levels of agency staffing required.

47. An action plan is being implemented to ensure more timely, suitable, and cost-effective placements are sourced by the council. 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.

48. The table below shows the number of children 'Becoming Looked After' (BLA) has reduced to 23 at the end of September compared to 31 at the end of July 2022.

	July 2022	August 2022	September 2022
Becoming Looked After	31	26	23

49. The Family Connection & Reunification team has been in operation for a year. There have been 68 referrals. To date, eleven children have been successfully returned home in accordance with their pathway. The total cost of their care

packages prior to returning home was just under £0.8m. These savings are incorporated into the current forecasts.

50. The target number of Unaccompanied Children and Young People (UCYP) is 148, in accordance with the new Home Office threshold of 0.1% (increased from 0.07%) of the child population in Oxfordshire. The grant received for children under 18 is either £114 per day or a higher rate of £143 per day (subject to the threshold and for the National Transfer Scheme). This equates to a maximum of about £1,000 per week. When a child reaches 18, the funding falls to £237 per week. As many UCYP are 17 years old, this means that there will be a significant drop in funding for them as they reach 18. A reserve of £0.1m has been established to help mitigate costs this year.

Education & Learning

51. 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. Forecast pressures of £1.1m on transport costs are offset by staffing underspends of £0.5m, giving a net pressure of £0.6m.

52. The main variations are:

- Overspend on SEN Post-16 arrangements £0.8m
- Other SEN overspends £0.6m
- Mainstream – saving of -£0.3m
- Efficiencies in staffing budgets -£0.5m

53. 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.

54. 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.

55. Some of the budget pressure relates to the impact of inflation. Generally, cost increases of 2.0% to 2.5% were anticipated in 2022/23. Some block contracts were agreed at these levels but other services, such as spot purchases are subject to market conditions and requests for higher increases have been received.

Schools' Costs (other than DSG)

56. There are no significant variances to report

Children's Services Central Costs

57. There are no significant variances to report.

Dedicated Schools Grant (DSG)

58. The forecast £17.5m deficit for High Needs is unchanged from May and has reduced from the £20.3m deficit set out in the report to Cabinet in January 2022.

The 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.

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	39.2	39.2	0.0
Total	246.8	264.3	17.5

59. Key risks to the forecast are tribunal challenges to placement decisions and the impact of inflation on providers' fees.

Virements

60. Cabinet is recommended to note the virements in Annex B-2b which include the receipt of grant for Delivering Better Value in SEND. This will form part of the regular budget monitoring process and the grant will be used to support data analysis as per the grant terms and conditions.

Supplementary Estimate Request

61. The Children's Services Recruitment and Retention Strategy is a key component in ensuring capacity to meet the demands of the service, particularly in terms of social workers' caseloads. This will also help drive down the use of expensive agency staff. Part year costs are estimated at £0.7m in 2022/23 and full year costs of £1.2m per annum in 2023/24 and beyond.

62. Cabinet is asked to approve a request for one-off funding for £0.7m for the part year cost in 2022/23 to be funded from balances through a supplementary estimate. The on-going cost from 2023/24 is being considered through the Budget and Business Planning process for 2023/24.

Environment & Place

63. Environment and Place is forecasting an underspend of £1.4m (2.2%) against a budget of £62.8m. The aim is to reduce spend compared to the budget by around £2m by the end of 2022/23 to aid the overall council position.

Service Area	2022/23 Latest Budget £m	Variance September 2022 £m	Variance July 2022 £m	Change Since July £m
Transport & Infrastructure	1.8	0.0	0.0	0.0
Planning, Environment & Climate Change	33.9	-1.6	-1.5	-0.1
Highways & Operations	25.6	0.2	0.2	0.0
Directorate Support	1.5	0.0	0.0	0.0
Total Environment & Place	62.8	-1.4	-1.3	-0.1

Transport & Infrastructure

64. The Transport & Infrastructure service area is forecasting a breakeven position.

Planning, Environment & Climate Change

65. The Planning Environment & Climate Change service area is forecasting an underspend of £1.6m.

66. Climate Change is forecasting an underspend of £0.2m due to the impact of restructuring and recruitment.

67. Environment & Circular Economy is forecasting an underspend of £1.3m 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	Forecast tonnage 2022/23	Budgeted tonnage 2022/23
Recycling / composts	-0.9	72,213	91,357
Energy recovery	-0.1	45,275	64,474
Landfill	-0.3	3,978	5,336

Highways & Operations

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

69. 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.

70. 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.

71. 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.

72. Supported Transport is currently forecasting a breakeven position. Within that a £1.2m overspend on home to school transport arising due to transport arrangements for school students for the 2022/23 academic year will be recharged to Children's Services and 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

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

Public Health & Community Safety

74. Public Health and Community Safety are forecasting a £0.2m combined overspend. Within that total Public Health are forecasting a £0.5m underspend relating to public health activity. £0.3m of that will be transferred to the Public Health reserve at year end. Community Safety is forecasting to overspend by £0.4m (1.6%).

Service Area	2022/23 Latest Budget £m	Variance September 2022 £m	Variance July 2022 £m	Change Since July £m
Public Health Functions	34.3	-0.5	-0.7	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		0.3	0.5	-0.2
Total Public Health	2.4	-0.2	-0.2	0.0
Total Community Safety	24.8	0.4	0.1	0.3
Total Public Health & Community Safety	27.2	0.2	-0.1	0.3

Public Health

75. There is a £0.3m forecast underspend on services funded by the Public Health ringfenced grant.

76. The sexual health service is now forecasting a £0.2m underspend, a £0.1m reduction from July. 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.

77. 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.

78. 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 82) means there is a £0.2m forecast underspend against council funded budgets.

Community Safety

79. The Fire and Rescue Service are forecasting an overspend of £0.3m. 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.

80. A large court case in Trading Standards is contributing to a forecast overspend of £0.1m.

Government Grants

81. 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.

82. £1.2m un-ringfenced grant is available to support the provision of accommodation-based support to victims of domestic abuse and their children.

83. The council has been notified that it 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.

84. £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.

85. The council will receive £1.3m in relation to the Firefighter's Pension Fund Grant and £0.1m from the New Dimensions Fund.

Reserves

86. Public Health earmarked reserves are expected to total £5.3m at 31 March 2023. Linked to the council's Budget & Business Planning process work is ongoing to agree a plan to utilise this funding in line with the grant conditions over the medium term.

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 reported to be held at the year-end in relation to the replacement of Airwave for Oxfordshire Fire and Rescue Service.

Medium Term Financial Plan Savings

90. All savings within the 2022/23 budget are to be delivered by year-end.

Virements

91. The Cabinet is asked to approve a budget virement to add £1.1m expenditure budget supported by the Rough Sleeping Drug and Alcohol un-ringfenced grant to Public Health.

Customers, Culture & Corporate Services

92. The Customers, Culture and Corporate Services division 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. The division is forecasting an overspend of £1.3m or 2% of the £61.1m budget.

Service Area	2022/23 Latest Budget	Variance September 2022	Variance July 2022	Change Since July
	£m	£m	£m	£m
Corporate Services	1.4	0.2	0.2	0.0
Human Resources & Organisational Development	3.9	-0.6	-0.1	-0.5
Communications, Strategy & Insight	3.4	-0.2	-0.3	0.1
IT, Innovation & Digital	11.3	0.0	0.0	0.0
Culture & Customer Experience	10.3	0.3	0.0	0.3
Finance & Procurement	8.1	0.1	0.0	0.1
Property, Investment & Facilities Management	16.1	0.8	0.7	0.1
Law & Governance	6.6	0.7	0.2	0.5
Total Customers, Culture & Corporate Services	61.1	1.3	0.7	0.6

93. Corporate Services is forecast to overspend by £0.2m. This is mainly due to staffing pressures and recruitment costs.

94. Human Resources & Organisational Development is forecasting to underspend by £0.6m. A recent restructure is no longer expected to be implemented in year and some new recruits are starting in the second half of year.

95. Communications, Strategy and Insight is forecasting an underspend of £0.2m due to staff vacancies and difficulties in recruiting in a challenging external market.
96. Culture and Customer Experience is forecasting an overspend of £0.3m. 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.
97. Finance and Procurement is forecasting an overspend of £0.1m due to an increased use of agency staff for backfilling and contracting out Internal Audit activity as result of vacancies.
98. Property, Investment and Facilities Management is forecasting a £0.8m overspend. Utility costs for the council's buildings are forecast to be £0.5m above the budget based on 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 £0.1m overspend in School Catering as result of higher food prices.
99. 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. Additional pressures include a court order cost for one childcare legal case at a cost of £0.2m and the £0.2m cost of an agency transformation lead.

Medium Term Financial Strategy Savings

100. The 2022/23 budget agreed includes planned directorate savings of £17.4m. 62% (£10.7m) are on track to be delivered in the year compared to a target of 95% set out in the budget agreed by Full Council in February 2022.
101. £1m savings for Home to School Transport are now assessed as red as well as a £0.4m saving in Environment and Place for Home to School contract management.
102. There are £0.2m other budget reductions within Environment and Place that also continue to be reported as red. These include savings related to a fleet management contract and a delay in the delivery of savings to reduce the reliance on agency staff.
103. As well as these savings there are four budget reductions within the Customers, Culture and Commercial Services totaling £0.5m that continue to be reported as red. These include a new cleaning contract and efficiency savings arising through digital solutions.
104. The anticipated delivery of the savings is built into the directorate positions reported above.

Debt Management

Corporate Debtors

105. The collection rate based on invoice volumes for August and September was 95.6%, 1.5% above the 95% target. The collection rate based on the value of invoices within those two months is 97.5%.
106. At the end of 2021/22 total debt requiring impairment was £0.3m. At the end of September the level of bad debt has risen to £0.5m. 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

107. The 120-day invoice collection rate has increased from 89% to 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.
108. The balance of bad debt as at the end of 2021/22 was £3.7m. This has increased to £4.2m at the end of September 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 carried forward debt of £3.7m, 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

109. There is a forecast underspend of £1.6m against budgets held centrally.

Capital Financing Costs

110. 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.
111. 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 need to be taken during the year.

Interest on Balances

112. The current forecast outturn position for in house interest receivable is £4.8m, which is £3.3m above budget. Of the £3.3m overachievement, an estimated £2.2m will need to be applied to Developer Contribution balances held by the council.

113. 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.
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. An update on the future impact will be included as part of the Budget & Business Planning reports for 2023/24.
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 totals £12.3m. This includes £4.4m funding for pay inflation assumed at 2.5% in the budget approved in February 2022. In June 2022 National Employers agreed that all local government staff would be offered a £1,925 pay rise, equating to a 10.5% rise for the lowest paid staff and 4% for the highest paid. Unison, GMB and Unite, which make up the trade union representation on the National Joint Council have now agreed this offer and the increase will be backdated to 1 April 2022. Virements to move contingency budget to directorates to support the on-going cost will be included in the next report.
118. The Fire Brigades Union is currently considering an offer of 5%.
119. As part of the 2022/23 budget £1.1m was allocated to directorates to fund the Health and Social Care Levy. Following the government announcement that the levy will be cancelled from 5 November, a budget of £0.4m for the remainder of the year will now not be required. Virements to remove this from directorate budgets are included in Annex B - 2b.

Reserves

120. As set out in Annex B - 3 Earmarked Reserves are forecast to be £184.4m at 31 March 2023. Changes since the last report include a £6m expected drawdown from the Grants and Contributions Reserve. £4.5m relates to the remaining balance of the Contain Outbreak Management Fund. £1m Extremely Clinically Vulnerable funding is being used to support measures to aid recovery and resilience for people previously considered Clinically Extremely Vulnerable and to support community resilience against future outbreaks.
121. **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 £0.250m will be used to support the cost of Council Tax hardship schemes across each of the district councils.

122. As set out in the Earmarked Reserves and General Balances Policy Statement for 2022/23 £7.0m from the Budget Priorities Reserve was agreed to be used to contribute to the Capital Reserve to help meet the costs of the 20 MPH Speed Limit Programme and the Zero Emission Buses Regional Areas (ZEBRA) Schemes.

123. £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 26 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.

124. **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 is £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.

125. £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. £0.5m is being used to fund IT equipment delivered in April 2022 that was originally agreed to be spent in 2021/22 and £0.2m has been committed for additional costs within the Coroner's and Legal services.

126. The balance of £5.1m is available to support further pressures related to COVID-19 on a one-off basis either in 2022/23 or future years.

127. **Council Tax Collection Fund Reserve** – as part of the 2022/23 budget, £3.0m of the £6.0m balance held in this reserve was agreed to be used to contribute to the Capital Reserve to help meet the costs of the 20 MPH Speed Limit Programme and the Zero Emission Buses Regional Areas (ZEBRA) Schemes.

128. **Business Rates Reserve** – This reserve is held to manage fluctuations in Business Rate income that the Council receives. As noted in the budget agreed by Council in February 2022, Business Rate income for 2022/23 was estimated as information about both the 2022/23 income and 2021/22 deficit position was received from the district councils after the budget was agreed. The in - year income is £5.9m more than estimated in the budget. This has been added to the Business Rates Reserve pending agreement about the use of this funding. A further update will be provided later in the year when grant funding for the council's share of the 2021/22 deficit is confirmed.

129. 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 paragraph 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.

Grants

130. As set out in Annex B - 4 government grants totalling £410.8m are expected to be received by the Council during 2022/23.

Homes for Ukraine

131. 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.

132. 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.

133. The latest data return to receive the grant funding was submitted in September 2022 and confirmed that as at 31 August 2022, 1,541 Ukrainian nationals had moved into Oxfordshire. £16m grant funding is expected to be received based on the number of guests 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.

134. Funding for 'thank you' payments of £350 per month per sponsoring household is being provided through a separate ringfenced grant. As at the end of August 2022 there were 1,478 sponsoring households in Oxfordshire.

135. 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.

General Balances

136. General Balances were £39.2m as at 31 March 2022 and increased to £40.2m after taking account of a budgeted contribution of £1.0m. The risk assessed level of balances for 2022/23 is £28.9m.

137. £3.0m is being used to support the help meet the costs of the 20 MPH Speed Limit Programme and the Zero Emission Buses Regional Areas (ZEBRA) Schemes. A further £0.5m is being used to fund a schools' condition survey. £0.7m is proposed to be used to fund the Children's Services Recruitment and Retention Strategy.

138. After taking account of the projected overspend of £6.6m and supplementary estimates, balances will be £29.4m. This is £0.5m above the risk assessed level. The on-going level of balances will be considered as part of the Budget & Business Planning Process for 2023/24.