

CABINET REPORT

FINANCIAL MONITORING REPORT

October 2022

Report by the Director of Finance

RECOMMENDATION

1. The Cabinet is RECOMMENDED to

- a) note the report and annexes
- b) agree the virements in Annex B-2a
- c) note the virements in Annex B-2b
- d) agree the use of a further £1.0m from the COVID-19 reserve to offset pressures in Children's Services.

Executive Summary

2. The Business Management and Monitoring report to the end of September 2022, which was considered by Cabinet on 15 November 2022, highlighted the risks and volatility around the forecast for children's social care. Reflecting the wider financial risk to the council the report explained that further work was required to validate and understand what is causing this. This report explains the updated forecast at the end of October 2022, incorporating the outcomes from that work, along with actions being taken.

Introduction

3. This is the fourth financial monitoring update for the 2022/23 financial year and is based on information to the end of October 2022. Key issues, as well as risks relating to inflation, demand and other factors, plus areas of emerging pressure are explained below.

4. 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

5. As shown in the table on the next page there is a forecast Directorate overspend of £14.5m or 2.8%. The overall forecast variation is £10.4m or 2.0% after taking account of an increase in interest receivable on balances held by the council, the use of contingency 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 October 2022 £m	Variance October 2022 %	Variance September 2022 £m	Change Since Sept £m
Adult Services	211.1	210.5	-0.6	-0.3	-0.6	0.0
Children's Services	149.1	163.6	14.5	9.8	8.7	5.8
Environment and Place	62.5	61.1	-1.4	-2.2	-1.4	0.0
Public Health	2.4	2.2	-0.2	-8.3	-0.2	0.0
Community Safety	24.8	25.0	0.2	0.8	0.4	-0.2
Customers, Culture and Corporate Services	62.2	64.2	2.0	3.3	1.3	0.7
Total Directorate Budgets	512.0	526.5	14.5	2.8	8.2	6.3
Budgets Held Centrally						
Capital Financing Costs	26.1	26.1	0.0	0.0	0.0	0.0
Interest on Balances	-13.0	-14.8	-1.8	13.8	-1.6	-0.2
Inflation and Contingency	12.3	11.0	-1.3	-10.6	0.0	-1.3
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	11.9	0.0	-1.0
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
Total Budgets Held Centrally	8.4	4.3	-4.1	-45.5	-1.6	-2.5
Net Operating Budget	520.4	530.8	10.4	2.0	6.6	3.8
Business Rates & Council Tax funding	-520.4	-520.4	0.0	0.0	0.0	0.0
Forecast Year-End Position	0.0	10.4	10.4	2.0	6.6	3.8

- 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.
- As noted in the last two 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 report to Cabinet on 20 September 2022, which was based on the position at the end of July 2022, noted that there was pressure of up to £11.5m requiring rapid and active intervention to achieve the forecast of £7.9m. The report to Cabinet on 15 November 2022 report explained that the underlying position had deteriorated further but required further work to validate and understand what was causing this. The outcome from that work is set out in this update.
- After taking account of the £10.4m overspend, general balances would reduce to £25.6m. This is £3.3m below the risk assessed level for 2022/23.

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 October 2022	Variance September 2022	Change Since September
	£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	13.9	-0.6	-0.6	0.0
Commissioning	6.4	0.0	0.0	0.0
Total Adult Services	211.1	-0.6	-0.6	0.0

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. 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 required to increase 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 increased over recent months, but this trend is expected to reduce over the winter months. This is consistent with past trends but there is a risk this won't be repeated therefore impacting negatively on the forecast. 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 following which the ICB have now confirmed their contribution for the remainder of

the financial year which is in line with the anticipated budget that OCCG had set out. The expectation is that each partner will continue to manage their own variations against the agreed contributions for the whole of the financial year.

16. 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

17. 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.
18. A breakeven position is forecast for the council elements of the pool after taking into account the use of £1.5m 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 £1.8m, a £0.2m increase from the report to Cabinet in November 2022, 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 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 for 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 £2.7m expected to be used to meet variances forecast with the pool budgets. The remaining £0.4m 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.

Grants

28. 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.
29. 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. The future of the Fair Cost of Care policy is currently unclear following the delay to the reforms set out in the Autumn Statement. The Council is expecting the DHSC to provide an update on both current and future years policies in this area shortly.
30. 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.
31. The Adult Social Care Discharge Fund totalling £500m nationally was announced on 22 September 2022. The fund can be used flexibly on the interventions that best enable the discharge of patients from hospital to the most appropriate location

for their ongoing care. Funding should prioritise those approaches that are most effective in freeing up the maximum number of hospital beds and reducing bed days lost within the funding available, including mental health inpatient settings.

32. Oxfordshire County Council will receive £1.9m. The grant needs to be pooled into the Better Care Fund and will be provided in two tranches: 40% in December 2022 and 60% in January 2023, this needs to be spent by 31 March 2023 and cannot be carried forward. The council will need to provide a planned spending report and fortnightly activity data returns to meet the grant criteria.

Virements

33. Cabinet is asked to note the virements in Annex-2b to add the Adult Social Care Discharge Fund grant. Further virements are required to adjust budget allocations both within and outside the pools.

Children's Services

34. Children's Services has significant pressures in three of its budget areas – high needs (Dedicated Schools Grant); staffing (particularly agency staff) and placement costs. The overspend on Dedicated Schools Grant (DSG) budget remains unchanged at £17.5m and relates wholly to High Needs. The forecast overspend on council funded services is £14.5m (an increase of £5.8m since the position set out in the report to Cabinet on 15 November 2022).
35. The report to Cabinet in November 2022 noted that the underlying pressure in Children's Services appeared to have deteriorated since the forecast position set out in the report to Cabinet in September which was based on information to the end of July 2022. This required further work to validate and understand the underlying causes. The forecast overspend for the Directorate based on the position to the end of October 2022 reflects the outcome of this work and consequently, for this report, comparisons back to the forecasts based on July 2022 are included for Children's Social Care.

Service Area	2022/23 Latest Budget	Variance October 2022	Variance September 2022	Change Since September 2022	Variance July 2022
	£m	£m	£m	£m	£m
Education & Learning	36.5	0.6	0.6	0.0	-0.2
Children's Social Care¹	36.1	2.2	0.0	2.2	0.0
Children's Social Care Countywide	71.5	11.7	8.1	3.6	8.1
Schools²	0.2	0.0	0.0	0.0	0.0
Children's Services Central Costs	4.8	0.0	0.0	0.0	0.0
Total Children's Services	149.1	14.5	8.7	5.8	7.9
Overspend on DSG	246.8	17.5	17.5	0.0	17.5

36. The report to Cabinet on 20 September 2022, which was based on the position at the end of July 2022, included a forecast overspend of £7.9m (5.3%). Within that total there was a forecast overspend of £8.1m for Children's Social Care Countywide. The report noted that work was on-going to validate the underlying pressures that were estimated at up to £11.5m.

37. 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.

38. Actions are being taken to manage down these pressures as much as possible. However, the mitigations may take some time to take effect and there are also risks and pressures set out below that may increase the forecast spend further.

39. The key risks that may still have a negative impact on the forecasts include:

- High cost arrangements needed where appropriate provisions are not readily available in the market place. The forecast assumes that suitable alternative placements for some of the existing arrangements will be found by the middle of December 2022. However, if these all continue until the end of the financial

¹ Forecast includes £2.2m transfer from Supporting Families reserve

² Maintained Schools are funded by Dedicated Schools Grant

year, the net additional cost could be about £1.3m. There is a £0.3m contingency provision in the forecast, which provides the flexibility of one placement for three months.

- Inflation uplifts have been agreed for the majority of the service. However, there are some providers requesting significant increases for 2022/23 which have not been agreed. This could add a further pressure of between £0.1m and £0.5m.
- 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. 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.

40. Annex 1 provides updates on the performance measures that are used to assess the performance for Priority 7 – Create opportunities for children and young people to reach their full potential. Four monthly measures, the number of children with an Education, Health and Care Plan, the number of early help assessments completed by health visitors, the number of children we care for and the percentage of Education, Health and Care Plans completed within 20 have consistently been assessed as red during 2022/23. The financial impact is reflected in the forecast for Children's Services and in the wider financial position for the council.

Education & Learning

41. 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.

42. 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

43. 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 later in the year.

44. 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

45. This service predominantly covers the cost of staffing. 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.
46. 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.
47. The overspend of £2.2m in social care includes:
- £2.7m in relation to Family Solutions Plus (FSP) teams, mostly relating to agency costs but also non-staff costs, especially transport.
 - £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.
 - £1.4m savings on various other budgets arising from management reviews
48. 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.
49. 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.

Children's Social Care Countywide

50. 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 October of £11.7m (16%). The table below sets out the service areas.

Service Area	2022/23 Latest Budget £m	Variance October 2022 £m	Variance July 2022 £m	Change Since July £m
Corporate Parenting	57.7	9.7	6.8	2.9
Disabled Children	9.2	2.0	1.3	0.7
Safeguarding Services	3.7	0	0	0
Youth Justice & Exploitation	0.9	0	0	0
Total Children's Services	71.5	11.7	8.1	3.6

51. The table below sets out that the total number of children we care for (excluding unaccompanied children) rose significantly from December 2021 until August 2022 but has now started to reduce. However, numbers are still higher than at the end of March 2022 and higher than the 2022/23 budget allows for.

	Sep -21	Dec -21	Mar -22	Apr -22	May -22	Jun -22	Jul -22	Aug -22	Sep -22	Oct -22
Mainstream	687	690	738	731	755	783	783	787	763	752
Disabled Children	51	52	58	61	61	60	62	62	66	66
Sub-total	738	742	796	792	816	843	845	849	829	818
Unaccompanied	51	51	57	62	65	71	71	75	83	84
Total	789	793	853	854	881	914	916	924	912	902

52. High level analysis shows that the number of children becoming looked after is slowing down, whereas the numbers of placements ending has remained relatively low. As well as the number of placements the mix of placement types will also impact on costs.

53. Because of the recent reduction in the number of Children We Care For, there is no provision built into the forecast for additional placements to the year end. There is a risk that numbers may increase, and if this happens, the forecast overspend may increase further.

54. The target is to reduce to 750 at 31 March 2023. Based on the trajectory since August 2022 this is potentially achievable.

Corporate Parenting

55. The following table sets out the number of placements and variance to the budget at the end of the 2021/22 financial year.

	2021/22 Year end		
	Budget £000	Variance £000	Number
Key Mainstream placements			
Children's Home - Main *	11,836	1,442	63
Foster Placement - allowances	3,176	-963	123
Foster – kinship	1,170	-66	154
Foster Placement - IFA	9,805	-27	233
Secure Unit	675	374	6
Crisis Arrangements	2,216	2,163	5
Sub-total	28,878	2,923	584
Other (including LA Homes, Block contracts, Kinship, Placed at Home, Placed for Adoption, SGO, Adoption allowances, Foster teams)	24,211	-569	154
Corporate Parenting total	53,089	2,354	738

* unit costs – gross

56. The year-end position for 2021/22 was an overspend of £2.4m against a budget of £53.1m. The number of placements increased significantly during the year. The full year cost of the placements at the end of March 2022 impact into 2022/23 and as a result the costs and anticipated numbers were higher when the 2022/23 budget was set. This means that the 2022/23 budget was already under pressure at the start of the year.

57. The Business Management & Monitoring Reports to Cabinet in 2021/22 referred to an increase in unit costs, with a 10%+ increase on mainstream residential placement costs between April 2021 and September 2021 (from about £4,600 per week to about £5,100 per week) noted. Part of this was due to the increasing complexity of children's needs, resulting in higher staff to child ratios and other support that was not readily available in the market. Consequently, significant additional costs were incurred in making 'bespoke' arrangements. As these issues became more prevalent, the costs were separately identified (referred to as 'Crisis arrangements' in the table). As the table above shows, by March 2022 the costs were £2.2m.

58. The table also shows that there was a significant increase (17) in Independent Foster Agency placements forecast at the end of the year – 233 compared with the forecast of 216. This equates to a full year additional cost of about £0.8m. However, there was a reduction (33) of in-house foster care placements – meaning an annual reduction of about £0.35m.

59. It should be noted that figures are 'snapshots' at a particular point in time, and there are significant changes (both in numbers and costs) throughout the year, resulting in average costs changing. These include:

- Variability in numbers of new placements and placements which have ended.
- Individual placement changes.
- Specific support arrangements required.
- Assumptions/estimates on placement end dates and 'growth'.
- Delays in the system e.g. court orders.
- Delays in information being input on the system, resulting in backdated numbers.

60. The table below sets out the budget for 2022/23 and the forecasts to year end based on the position at the end of July and October 2023.

	2022/23 Budget			July 2022		October 2022		Current
	Budget £000	Budget Nos***	Average cost (pw)	Variance £000	Actual No.	Variance £000	Actual No.	Average cost (pw)
Key Mainstream placements								
Children's Home - Main *	13,957	58	5,139	114	56	1,598	61	5,531
Foster Placement - allowances	4,123	156	430	-699	119	-702	122	430
Foster - kinship	1,236	173	201	-72	160	-76	154	205
Foster Placement - IFA	10,321	216	891	1,240	243	1,008	227	908
Secure Unit	301	1	n/a	2,027	5	1,627	4	7,800
Crisis Arrangements	71	2	n/a	6,662	14	7,084	8	18,000
Sub-total	30,009	606	n/a	9,272	597	10,539	576	n/a
Other (incl LA Homes, Block contracts, Kinship, Placed at Home, Placed for Adoption, SGO, Adoption allowances, Foster teams)	27,681	**	n/a	-1,544	186	-888	176	n/a
Corporate Parenting total	57,690	**	n/a	7,728	783	9,651	752	n/a

*Unit costs - gross

** Total not budgeted, also includes non-placement costs

*** Average number of placements spread across the whole year

61. The forecast overspend of £9.7m for 2022/23 based on projections at the end of October 2022, is made up of a number of elements in order of magnitude with further information and analysis in the ensuing paragraphs:

- High-cost ('crisis') arrangements - £7.1m (a net increase of £1.0m since July)
- Secure Unit costs - £1.6m
- Children's Homes - Inflation £1.2m and increased numbers of placements compared to budget of £0.4m
- Fostering - Independent Foster Agency placements - £1.0m, offset by savings of £0.7m on in-house foster placements
- An underspend of £0.9m on other services -

62. High-cost arrangements: The most significant financial impact is in relation to the 'crisis arrangements', which are the high placement costs for children who need significant support, which is not readily available. As referred to in paragraph 55 and 56, this became an emerging issue in the latter half of 2021/22. These are

extremely high-cost placements due to the nature and complexity of children's 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.

63. The table below sets out the number of these type of placements during 2022/23. There has been a reduction in the number of children living in these arrangements (to eight at the end of October, down from 14 in July). However, the cost continues to remain disproportionate due to the high levels of agency staffing required.

	Budget	Forecast	Variance	Number Young People			
	£'000	£'000	£'000	Current	Ended	Additional Provision	Total
April 2022	71	4,783	4,712	8	3	1	12
May 2022	71	4,712	4,641	8	3	1	12
June 2022	71	4,946	4,875	13	3	2	18
July 2022	71	6,773	6,702	14	5	1	20
August 2022	71	6,371	6,300	9	10	1	20
September 2022	71	6,613	6,542	8	14	1	23
October 2022	71	7,848	7,777	8	16	1	25

64. Forecast costs are based on service planned 'move on' dates and, where the subsequent placement is known, a provision is made in the forecast for that service area (usually a residential placement).

65. Placements are reviewed daily, and weekly reports and financial forecasts are updated. There is a further provision of £300,000 in the forecast, which equates to about one extra placement for the rest of the year.

66. There is significant effort being applied to ensure that these young people move on as soon as possible. The 2023/24 budget proposals include growth of £1.0m to provide for two such placements for a full year.

67. Secure Unit costs: An overspend of £1.6m is forecast due to the average number of placements being higher, at five, than the budgeted number of one. As with the high cost placements, this increase in numbers became an emerging issue in the latter half of 2021/22 and continues into 2022/23.

68. Children's Homes: As shown in the table at paragraph 60, mainstream residential costs have continued to increase – from about £5,100 per week included in the budget to around £5,500 per week currently, an 8% increase. This accounts for around £1.2m pressure in the budget. In addition, the average forecast number of placements for the financial year is 61 compared to a budget of 58, causing a pressure of £0.4m.

69. Fostering: As set out in paragraph 58, there was a significant increase in the numbers of Independent Foster Agency placements forecast at the end of the 2021/22 financial year which had an ongoing impact into 2022/23. There is a

forecast overspend in 2022/23 of £1.0m based on the current placement numbers of 227 compared to the budget of 216. Conversely, there are less internal foster-care placements compared to the budget assumptions, at 122 compared to 156 leading to an underspend of £0.7m. The ambition is to increase the numbers of in-house foster placements.

Disabled Children

70. An overspend of £2.0m is forecast based on the position to the end of October 2022, an increase of £0.7m from July 2022. The overspend comprises £0.8m on staffing costs, mainly agency staff costs and £1.2m on placement and contract costs. 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 of 58.

Actions being taken to reduce the pressure

71. The following actions are being taken, in addition to those already in place (including vacancy management, use of reserves etc):

- Review of all high cost placements by a dedicated senior officer 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;
- 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;
- Review of all planned placement moves so that more accurate costs can be provided;

72. 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.

73. 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.

Schools' Costs (other than DSG)

74. There are no significant variances to report

Children's Services Central Costs

75. There are no significant variances to report.

Dedicated Schools Grant (DSG)

76. 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	75.1	92.6	17.5
Early Years block	39.2	39.2	0.0
Total	246.4	263.9	17.5

77. 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.

78. 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.

Environment & Place

79. Environment and Place is forecasting 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.

Service Area	2022/23 Latest Budget £m	Variance October 2022 £m	Variance September 2022 £m	Change Since September £m
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
Total Environment & Place	62.5	-1.4	-1.4	0.0

Transport & Infrastructure

80. The Transport & Infrastructure service area is forecasting a breakeven position. However, there is a growing 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

81. The Planning Environment & Climate Change service area is forecasting an underspend of £1.6m.
82. Climate Change is forecasting an underspend of £0.2m due to the impact of restructuring and recruitment.
83. Strategic Planning is forecasting an overspend of £0.2m due to pressures in Development Management around planning income.
84. 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	159,763	171,637	-11,874
Energy recovery	-0.3	104,843	105,758	-915
Landfill	-0.3	9,082	10,471	-1,389

Highways & Operations

85. Highway & Operations service area is made up of Highway Maintenance, Network Management and Supported Transport. The service is forecasting an overspend of £0.2m.
86. 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.
87. 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.
88. 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.

89. Supported Transport is currently forecasting a breakeven position. Within this is a £1.1m overspend on home to school transport which is unchanged from 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

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

Public Health & Community Safety

91. Public Health and Community Safety are forecasting a breakeven position. 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 now forecasting a £0.2m overspend, which is a reduction of £0.2m from last month.

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

Public Health

92. There is a £0.3m forecast underspend on services funded by the Public Health ringfenced grant.
93. 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.
94. 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.

95. 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 99) means there is a £0.2m forecast underspend against council funded budgets.

Community Safety

96. 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.

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

Government Grants

98. 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.

99. £1.2m un-ringfenced grant is available to support the provision of accommodation-based support to victims of domestic abuse and their children.

100. 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.

101. £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.

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

Reserves

103. Public Health earmarked reserves are expected to total £5.3m 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.

104. 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.

105. £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.

106. £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.

107. 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.

108. £0.5m is expected to be held at the year-end in relation to the replacement of Airwave for Oxfordshire Fire and Rescue Service.

109. 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

110. The Cabinet is asked to note the virement for the Protection Funding Uplift Grant.

Customers, Culture & Corporate Services

111. 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 £2.0m or 3% of the £62.2m budget. This is an increase of £0.7m from the previous month.

Service Area	2022/23 Latest Budget	Variance October 2022	Variance September 2022	Change Since September
	£m	£m	£m	£m
Corporate Services	1.4	0.2	0.2	0.0
Human Resources & Organisational Development	3.9	-0.3	-0.6	0.3
Communications, Strategy & Insight	2.9	-0.1	-0.2	0.1
IT, Innovation & Digital	11.8	-0.1	0.0	-0.1
Culture & Customer Experience	10.8	0.4	0.3	0.1
Finance & Procurement	8.2	0.3	0.1	0.2
Property, Investment & Facilities Management	16.1	0.9	0.8	0.1
Law & Governance	6.6	0.7	0.7	0.0
Delivery & Partnership	0.5	0.0	0.0	0.0
Total Customers, Culture & Corporate Services	62.2	2.0	1.3	0.7

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

113. 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.
114. Communications, Strategy and Insight is forecasting an underspend of £0.1m due to staff vacancies and difficulties in recruiting in a challenging external market.
115. IT, Innovation and Digital is now reporting an underspend of £0.1m from not renewing some IT support licenses as contracts are being reviewed.
116. 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.
117. Finance and Procurement is forecasting an overspend of £0.3m due to an increased use of agency staff for backfilling and contracting out Internal Audit activity as result of vacancies.
118. 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 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.
119. 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.
120. 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

121. The 2022/23 budget includes planned directorate savings of £17.4m. 62% (£10.7m) are expected to be delivered and 26% (£4.6m) are assessed as amber so work is on-going to ensure these are achieved by year end. £2.1m (12%) are assess as red:
- Children's Services: £1.0m relating to Home to School Transport
 - Environment and Place: £0.4m relating to Home to School contract management, £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.

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

Budgets Held Centrally

123. There is a forecast underspend of £4.1m against budgets held centrally.

Capital Financing Costs

124. 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.

125. 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

126. The current forecast outturn position for in house interest receivable is £5.2m, which is £3.6m above budget. Of the £3.6m overachievement, an estimated £2.4m will need to be applied to Developer Contribution balances held by the council. The reference rate at which interest is applied to Developer Contribution balances will be above zero during 2022/23 for the first time since 2019/20.

127. 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.

128. The overachievement of interest receivable to revenue is £1.2m (£3.6m overachievement less £2.4m 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 £1.8m.

129. 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.

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

Inflation and Contingency

131. 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.

132. The inflation and contingency budget for 2022/23 totals £12.3m. Of this, £4.4m was being held for the 2022/23 local government pay award, estimated at 2.5%. £11.0m is proposed to be used to fund pay inflation following the agreement 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. This is backdated to 1 April 2022. Cabinet is asked to approve the virements to move contingency budget to directorates in Annex B-2a. The underspend against the remaining £1.3m of the contingency budget will be used to offset the directorate overspend.

133. The Fire Brigade's Union is currently considering an offer of 5%. When agreed, this will also be funded from contingency.

Reserves

134. As set out in Annex B - 3 Earmarked Reserves are forecast to be £169.2m at 31 March 2023. The main changes since the last report include an £8m reduction to the schools' reserve representing forecast changes in school balances by year end. A further £2.5m is forecast to be drawn down from the Grants and contributions reserve to fund expenditure in 2022/23. As explained elsewhere in this report, £1.0m from the COVID-19 reserve will be used to offset pressures in Children's services.

135. **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.

136. £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.

137. £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 25 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.

138. **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. A further £1.0m contribution 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 proposed.
139. £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 previously committed for additional costs within the Coroner's and Legal services. An additional £0.17m is now requested to meet the higher legal agency professional costs arising from the residual impact of COVID-19.
140. The use of a further £1.2m is proposed as part of the 2023/24 Budget and Business Planning process. This is detailed in the report being considered by Performance & Corporate Services Overview and Scrutiny Committee on 9 December 2022 (Annex 1c Proposals funded from COVID-19 Reserve).
141. The balance of £2.7m is available to support further pressures related to COVID-19 on a one-off basis either in 2022/23 or future years.
142. 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 76) 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

143. As set out in Annex B - 4 government grants totalling £414.9m are expected to be received by the Council during 2022/23.

Homes for Ukraine

144. 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.
145. 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.
146. £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 December.
147. 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.

148. 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

149. General Balances at 1 April 2022 were £37.2m. 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.

150. After taking account of the £10.4m projected overspend, balances will be £25.6m. This is £3.3m below the risk assessed level of £28.9m for 2022/23

Financial Implications

151. 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

152 There are no direct legal issues arising from the recommendations in this report.

153 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. The Council's authority to charge Council Tax comes from the Local Government Finance Act 1992 and other related legislation.

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

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