

Full Cabinet Revenue and Capital Monitoring for Period 9 (December 2022)

Table 1. Revenue Budget - Forecast Out-turn Position 2022/23

The current forecast is showing a total adverse variance of +£8.512 million. This is made up of the Children and Education portfolio and the DSG (Dedicated Schools Grant) position. More information can be found in Table 2 below.

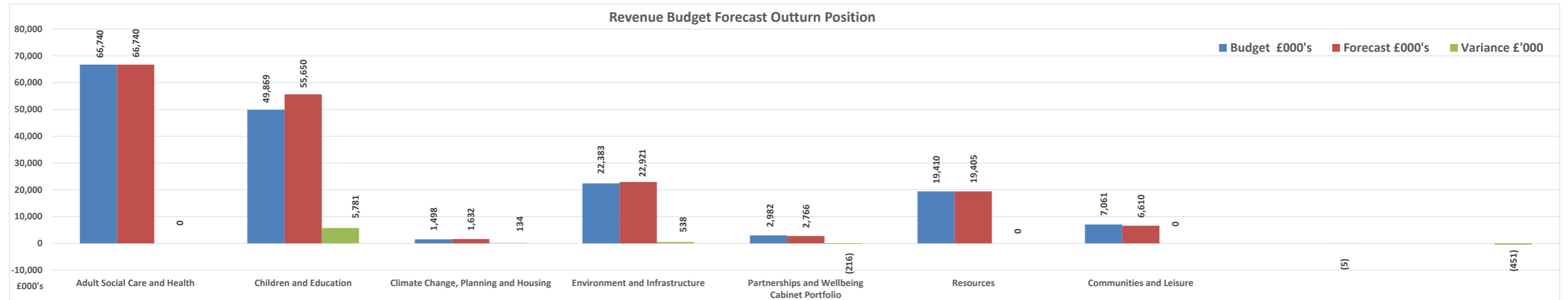


Table 2. Revenue Budget - Forecast Out-turn Position 2022/23 and Explanation of Key Variances

Cabinet Portfolio	Budget	Forecast	Variance	Explanation of Key Variances
	£'000	£'000	£'000	
Adult Social Care and Health	66,740	66,740	0	Additional cost of spot care packages for Older People +£799,000, All Age Disability +£2.226m, and Mental Health +£33,000 has been offset by lower expenditure on block contracted beds (£2.759m), favourable variance on staffing costs due to delays in recruitment (£990,000) and other non-material costs £68,000. This is offset by budgeted use of reserves £623,000. The remaining £1.149 reserves are funding one-off expenditure in relation to staffing and care costs. Contribution of +£400,000 from Public Health Grant to Family to provide risk funding to for service development. Surplus on PH grant funded staff of (£200,000) due to temporary vacancies and maximisation of Family Hubs grant, other surpluses (£33,000) gives a net variance for PH grant funded services of +£167,000, met from reserves. The contribution from PH grant to Family Hubs (£400,000) will be contributed to the Family Hubs reserve (subject to approval).
Children and Education	49,869	55,650	5,781	+£8.473m forecast variance, offset by (£2.500m) use of contingency reserves and (£0.192m) of Budget Strategy Reserve for Level 2 Early Help. Pressures made up of: +£4.878m net pay pressures: +£5.566m in Children's Social Care, due to service demand, JTAI improvement activities and ongoing employment market issues, supported by (£688,000) positive variances in Education and Management, in particular Education Psychology vacancies which are difficult to fill due to national shortage, Post employment costs, and other minor variances. +£3.595m non pay pressures: +£2.178m on Direct Social Care Support (Placements, S17), +£1.332m Home to School Transport, +£484,000 Social Care Legal costs linked to levels of demand, +£364,000 net DfE Improvement activities, with staffing and non-staffing supported by (£642,000) DfE Improvement grant, plus (£121,000) other net non-staffing variances. Salaries forecast previously based on permanents/agency in post continuing to year end, unless otherwise notified by Service.
Climate Change, Planning and Housing	1,498	1,632	134	+£330,000 forecast variance in Planning, Design and Engagement Services due to an income pressure of £637,000 as a result of the delay in adopting the Local Plan and a reduction in projected CIL income offset by (£307,000) variance in costs, mostly salaries. The service received additional investment through the budget process for a number of additional posts which are in the process of being filled. This is offset by a favourable variance on Economy and Infrastructure directorate management as a result of a drawdown of E&I Directorate Risk Reserves to balance E&I Directorate position (£78,000) and the timing of posts being recruited in the new Sustainable Growth service (£118,000).
Environment and Infrastructure	22,383	22,921	538	Car parking income shortfall and inflationary cost pressures +£482,000, Street Lighting Energy cost pressures +£370,000, Trees and Forestry +£110,000, plus other minor variances +£104,000 partly offset by Waste Collection, Disposal and Recycling (£449,000) mainly due to lower Waste Disposal costs and a share of the use of the Economy and Infrastructure (E&I) Directorate Risk Reserve to balance E&I Directorate position (£79,000).
Partnerships and Wellbeing	2,982	2,766	(216)	Favourable variances on Housing Team due to additional income from staff time chargeable to grant programmes with a timing delay to recruit additional staff to deliver this activity (£137,000) and a share of the use of the E&I Directorate Risk Reserve to balance E&I Directorate position (£79,000). Forecast surplus of (£87,000) on Employment and Skills due to additional external funding and (£64,000) surplus on Learning Disability Employment Support due to delayed start to new service to be contributed to reserves +£151,000 (subject to approval).

Cabinet Portfolio	Budget	Forecast	Variance	Explanation of Key Variances
	£'000	£'000	£'000	
Resources	19,410	19,405	(5)	<p>Gross forecast overspend of +£1.935m due to pressures across several support services. This is mainly due to +£535,000 saving target pressures which include Corporate Landlord +£200,000 and new social care information system +£150,000. In addition, there are £437,000 pressures to be funded from directorate relating to Learning Pool and recruitment needs.</p> <p>Other variances include: +£328,000 overspend on ICT due to additional demands required to support service areas, adverse exchange rate movements and increasing licenses, technology and support costs; +£288,000 mainly due to Human Resources staffing pressures and loss of income from traded services (e.g., schools buying payroll); +£240,000 mainly due to Legal Services agency staff backfilling posts in the establishment and significant additional work from Childrens Services; +£158,000 overspend on Corporate Property Services (due to increasing utility costs +£315,000 offset by payroll savings from recruitment delays of (£157,000)); +£150,000 overspend on Strategic Land & Property mainly due to rental income pressures at Touchwood; +£110,000 Income and Awards mainly due to staffing pressures and the extension of the Age UK contract; +£20,000 total of other net minor variances.</p> <p>This is offset by (£120,000) release of reserves no longer required, (£127,000) higher recharges than expected, and (£84,000) uncommitted remaining budget set aside for the Pay Award. To offset against the gross forecast there is a (£850,000) contribution from Treasury Management. The Directorate will look to identify remaining mitigations of (£1.085m).</p> <p>In addition, there is a (£45,000) favourable variance in Regulatory Services income due to faster recovery in demand for Vehicle Licensing than assumed at the start of the year and salaries due to vacant posts and +£40,000 pressure on income due to reduced activity on burials, utilities cost inflation above the budgeted level and loss of income whilst the cremator at Woodlands is replaced, partly offset by funding allowed for expansion at Woodlands which will not happen in the current year.</p>
Communities and Leisure	7,061	6,610	(451)	<p>Leisure centres +£370,000 mainly due to increased utility costs; (£86,000) reduction in other spend across Solihull Active, giving a net additional use of Leisure reserves of (£284,000).</p> <p>Favourable variances on E&I directorate management mainly as a result of a drawdown of E&I Directorate Risk Reserves to balance E&I Directorate position (£123,000), Libraries due to vacancies in the process of being filled (£187,000), Partnerships additional income from staff time chargeable to grant programmes with a timing delay to recruit additional staff to deliver this activity (£144,000), the new Sustainable Growth service due to vacancies (£73,000) and other net minor variances (£59,000). This is partly offset by a +£135,000 adverse variance on Culture and Arts due to the impact of the Covid-19 pandemic on income from the Core theatre and café at the start of the financial year and increased cost pressures in relation to supplies.</p>
Total Core Council	169,943	175,724	5,781	
Dedicated Schools Grant (DSG)	0	2,731	2,731	<p>The DSG accumulated deficit from prior years is £13.213m, with £13.091m attributable to the HNB. The £2.731m total DSG in-year net adverse forecast variance is made up of:</p> <ul style="list-style-type: none"> • Schools Block positive variance of (£854,000) due to a recent increase to the Pupil Growth Allocation. This allocation is committed to be spent in 2023/24 to fund additional pupil places in mainstream schools from September 2023. This will need to be ring-fenced and carried forward. • High Needs Block (HNB) in-year adverse variance of +£3.585m. This includes a one-off +£936,000 adverse variance from restructuring and performance improvement at Summerfield PRU, prior to its recent academisation. The HNB forecast excluding the one-off costs, would be +£2.649m. This is less than the +£3.950m 2021/22 HNB outturn. • Central Block Services positive variance of (£41,000), which also remains ring-fenced. <p>This will take the DSG accumulated deficit to +£15.944m, including +£16.676m accumulated against the HNB.</p>
Levies	8,749	8,749	0	Nil Variance
Working Balances/ Contingency	(14,725)	(14,725)	0	Nil Variance
Total	163,967	172,479	8,512	

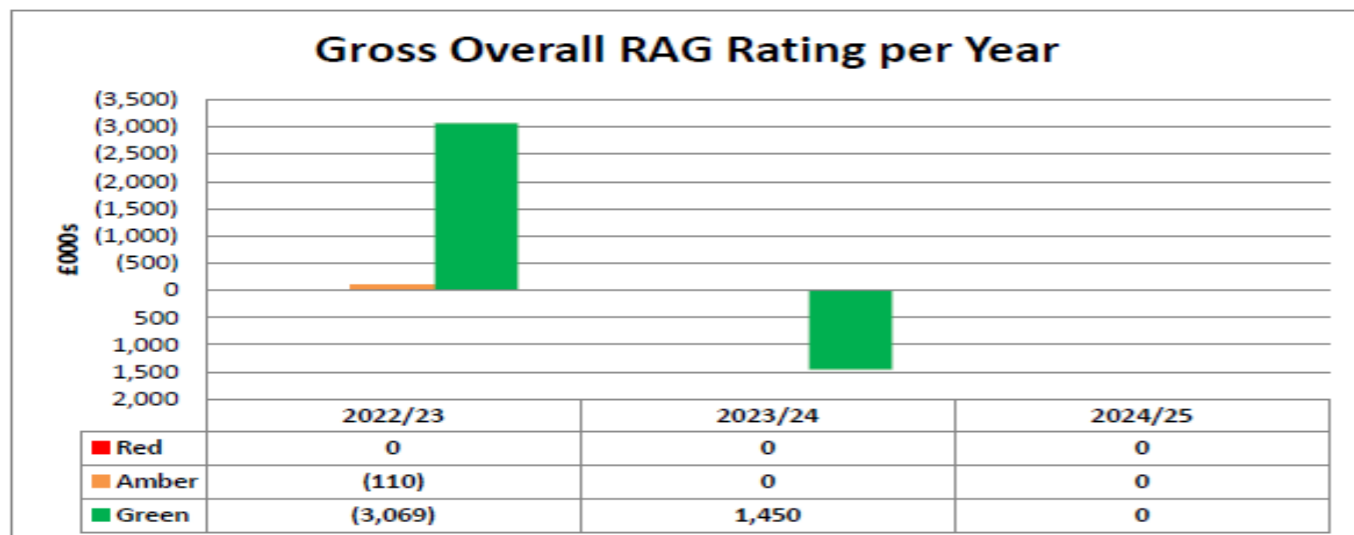
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Table 3. Capital Budget - Forecast Out-turn Position 2022/23 and Explanation of Key Variances

The latest approved Capital Programme budget is £73.468 million. Actual expenditure to the end of December was £33.901 million and there is a favourable forecast variance of (£16.474 million).

Cabinet Portfolio	Budget	Spend	Forecast	Variance	Explanation of Key Variances
	£'000	£'000	£'000	£'000	
Adult Social Care and Health	3,655	779	2,015	(1,640)	Lower expenditure than planned across projects: Grant to fund modifications/home adaptations and equipment to enable older people and people with disabilities to live as independently as possible is lower than expected (£800,000), specific minor works social care projects (£696,000), Equipment for moving to single handed care (£100,000). Unutilised budget will be requested as slippage to 23/24 in order to fund eligible social care capital expenditure.
Children and Education	14,711	3,923	9,814	(4,897)	(£4.897million) consisting of: (£150,000) School Managed Project forecast has been revised down for modular classrooms required in 23/24; (£3.322 million) slippage on Schools Improvement Programme, where project options are being appraised; High Needs Block School Improvement slippage on two projects: (£600,000) Yew Tree SEMH Expansion and (£602,000) whilst options are considered for the creation of additional special school places. Demolition works to enable the Free School are now complete; (£223,000) slippage on other Children's Education and Social Care capital projects.
Climate Change, Planning and Housing	1,420	149	1,399	(21)	Minor variances
Environment and Infrastructure	42,210	24,712	33,074	(9,136)	Significant variances in relation to the HS2 Roundabout over Trace scheme (£6.702 million) due to changes in timescale and reduced overall cost estimates with remaining funding to be rephased to future years with any funding not required to be released to fund other priorities around the HS2 development site in future years, UGC HS2 NEC Longabout (£1.012 million) due to revised delivery timescales and cost estimates with remaining funding to be rephased to future years, partially offset by adverse variance on Kingshurst Village Centre scheme +£812,000 to reflect the Pre-Construction Services Agreement. Remaining funding for Flood Mitigation Schemes (£1.054 million), Blythe Valley Park Cycle Route (£450,000), Blythe Valley Roundabout Monkspath Hall Road scheme (£380,000) to be rephased to next financial year reflecting projected targeted completion in 2023/24. A45 Bridge (£233,000) remaining funding rephased into 2023/24 to fund remaining post implementation requirements. Other variances (£117,000).
Partnerships and Wellbeing	351	108	239	(112)	(£112,000) in relation to reduced demand for minor adaption works ineligible for Disabled Facilities Grant, (£33,000) reduction in cost in relation to the Solihull Recruitment and Training centre due to a change in specification.
Resources	10,519	4,232	9,579	(940)	(£414,000) Strategic Land & Property variance mainly due to the rephasing of the Mell Square Development, (£312,000) Property Services Programme variance mainly due to Knowle library works to be scheduled in 2023/24, (£201,000) Corporate ICT variance due to rephasing of ICT projects, (£15,000) other minor variances.
Communities and Leisure	602	(2)	874	272	There is an additional cost of £272,000 above budget in relation to Tudor Grange pitch improvements mainly due to issues with the quality and suitability of the subbase identified after work commenced, requiring a new drainage system and stone base. Additional cost is being met £16,000 by Leisure and the balance from Property Services from annual management contributions.
Total	73,468	33,901	56,994	(16,474)	

Table 4. MTF3 3 Year Savings Targets



Key Savings and Mitigations Highlights

Of the overall savings and mitigations target of £1.729 million, £110,000 million is rated as amber, all in relation to 2022/23 but is managed within the position reported in Table 2.

The internal officer led ARTOP Board continues to monitor the progress on delivery of these savings.

Table 5. Summary of Reserves/Contingencies

Cabinet Portfolio	Balance as at 1st April 2022	Planned / Forecast (contribution)/use			Forecast Balance at the end of 2024/25	Forecast / Planned (contribution) /use beyond 2024/25	Forecast Remaining Balance
		2022/23	2023/24	2024/25			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care and Health	(4,928)	431	894	275	(3,328)	0	(3,328)
Children and Education	(1,691)	992	0	0	(699)	0	(699)
Climate Change, Planning and Housing	(2,152)	726	292	24	(1,110)	1,110	0
Communities and Leisure	(4,795)	1,536	1,683	380	(1,196)	970	(226)
Covid-19	(12,136)	9,161	3,427	0	452	0	452
Environment and Infrastructure	(7,158)	1,293	1,389	939	(3,537)	3,171	(366)
Partnerships and Wellbeing	(1,695)	511	683	209	(292)	63	(229)
Resources	(19,031)	885	3,294	(28)	(14,880)	5,704	(9,176)
Levies	(27,071)	27,071	0	0	0	0	0
Corporate Reserves	(40,413)	8,927	345	(5,454)	(36,595)	4,355	(32,240)
Contingency Funding - Adult Social Care and PH	(10,141)	1,759	1,417	112	(6,853)	0	(6,853)
Dedicated Schools Grant	13,213	2,731	0	0	15,944	0	15,944
Total	(117,998)	56,023	13,424	(3,543)	(52,094)	15,373	(36,721)

The balance of Portfolio Reserves at 1st April 2022 was (£117.998m). There is a forecast use of reserves over the existing Medium Term Financial Strategy of £65.904m leaving a balance of (£52.094m) at March 2025 - of which, £15.373m is forecast to be used beyond the current MTF3 period leaving (£36.721m) - the majority of which are held corporately or within the Resources portfolio.