

**Report for:** Overview & Scrutiny Committee 13 October 2022

**Title:** 2022/23 Finance Update Quarter 1 (Period 3)

**Report authorised by:** Toyin Bamidele, AD Finance

**Lead Officer:** Frances Palopoli

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:**

**1. Describe the issue under consideration**

- 1.1 The 2022-23 Qtr 1 Finance Update report presented to Cabinet on 13 September 2022 (attached as Appendix 1) sets out the forecast financial position for the Council as at Qtr1. It focuses on the significant budget variances including those arising as a result of the forecast non-achievement of approved MTFS savings and impact on the Council's agreed financial plans.
- 1.2 The report underlines the impact that the wider economic conditions have had on the agreed budget. This is a key factor in the Qtr1 forecast overspend of £15.7m.
- 1.3 The two care services account for £13.9m of the projected overspend as they continue to be adversely impacted by the direct and indirect consequences of the pandemic on demand as well as increased cost of placements. Identifying mitigations in these predominately statutory services will be challenging however, the service leads continue to review the service provision to reduce demand whilst meeting needs through innovative and efficient ways. Aside this, the Council must intensify its planned actions to identify all possible opportunities to offset this spend as far as possible before year end. Detailed mitigating actions to bring spend in line with budget to be presented at Qtr2.
- 1.4 In the light of the challenging financial environment in the Council and wider economy, officers are working to identify early opportunities for savings delivery. This is even more crucial against the cost of living pressures, increasing demand and the backdrop of inflation. The latter is becoming increasingly concerning as it is a pressure outside the Council's direct control but is having very real impacts on both revenue and capital expenditure and plans. This is a national issue but it's impact on the financial plans of the authority cannot be ignored.
- 1.5 The DSG forecast at Qtr1 is £3.8m above budget an improvement on the position at Qtr1 last financial year (£6.5m). Work is underway on a DSG Management Plan (Safety Valve programme) with the Department for Education (DfE) which looks to identify strategies to bring spend more in line

with agreed budgets over the short to medium term. This is covered in a further report to this meeting.

- 1.6 The spend forecast against the 2022/23 capital programme, covering both GF and HRA, at Qtr1 is £421.6m (72.0%) of the revised budget, excluding enabling budgets which are held to allow the Council to respond to opportunities.

## **2. Recommendations**

2.1 The Overview and Scrutiny Committee are recommended to:

- 2.1.1 Note the financial forecasts provided at Qtr1 and the assumptions surrounding them.
- 2.1.2 Note that Directors are seeking mitigating actions to bring down the current forecast overspends.
- 2.1.3 Note that statutory comments are included in the original report to Cabinet.