

**From:** Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford  
Interim Corporate Director Finance, John Betts

**To:** Cabinet, 29 September 2022

**Subject:** Revenue and Capital Budget Monitoring Report – June 2022-23

**Classification:** Unrestricted

**Summary:**

The attached report sets out the revenue and capital budget monitoring position as at June 2022-23.

**Recommendation(s):**

Cabinet is asked to:

- a) NOTE the forecast Revenue and Capital position.
- b) NOTE and AGREE the Revenue budget adjustment.
- c) NOTE and AGREE the Capital budget adjustments.
- d) NOTE the Prudential Indicators report.
- e) NOTE the Reserves monitoring position

**1. Introduction**

- 1.1 The June 2022-23 budget monitoring report being presented is the first monitoring position for 2022-23 and sets out the revenue and capital forecast position.

**2 Revenue and Capital Budget Monitoring Report – June 2022-23**

- 2.1 The attached report sets out the overall forecast position as at 30 June 2022-23, which is a revenue overspend of +£50.6m and a capital underspend of -£11.2m.
- 2.2 There is £3.8m of Covid-19 and committed Helping Hands and Contain Outbreak Management spend within the +£50.6m overspend. This spend will be funded from the Covid-19 emergency grant reserve. This leaves an underlying overspend of £46.8m.
- 2.3 2022/23 continues to be an extremely challenging time for local government and KCC is no exception. Inflationary and demand pressures, combined with non-delivery of some savings proposals, are impacting on both income and expenditure. In particular, the in-year and ongoing impact of these inflationary pressures is a serious new cause for concern in terms of the Council's ability to manage its budgetary position. It is not unusual for the revenue position to reflect a forecast overspend at this stage, which then improves over the course of the year. However, £50.6m is a high figure by historical standards (this time last year the predicted overspend was

£9.7m) and represents a serious cause for concern and creates a large degree of financial uncertainty. Considerable action will be needed to substantially reduce the current forecast overspend on the revenue budget. Any overspend at the end of the financial year will need to be met from general or earmarked reserves, but this sort of approach is not sustainable in the medium term. The forecast renews the imperative to maintain financial discipline and prioritise the Council's medium-term financial position and this theme will be reiterated as forecasts develop and the Council begins preparations for setting the 2023/24 budget.

2.4 The Schools' Delegated budgets are reporting an overspend of +£51.5m. This reflects the impact of high demand for additional SEN support and greater demand for specialist provision. The High Needs deficit is the Council's single most significant financial challenge. Officers continue to work with the Department for Education on the Safety Valve programme to reduce the impact on the authority.

### **3. Recommendation(s)**

Cabinet is asked to:

- a) NOTE the forecast Revenue and Capital position.
- b) NOTE and AGREE the Revenue budget adjustment.
- c) NOTE and AGREE the Capital budget adjustments.
- d) NOTE the Prudential Indicators report.
- e) NOTE the Reserves monitoring position

### **4. Contact details**

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