

From: Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford
Corporate Director Finance, Zena Cooke

To: Cabinet, 30 March 2023

Subject: Revenue and Capital Budget Monitoring Report – December 2022

Classification: Unrestricted

Summary:

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

Recommendation(s):

Cabinet is asked to:

- a) NOTE the projected Revenue monitoring position of £53.7m overspend.
- b) NOTE the projected Schools' monitoring position of £45.6 overspend.
- c) CONSIDER and NOTE the progress on the delivery of £41.2m in-year savings.
- d) CONSIDER and NOTE the actions being taken to reduce the projected overspend as far as possible.
- e) NOTE the projected Capital monitoring position of £113.5m underspend.
- f) NOTE the Prudential Indicators report.
- g) NOTE the Reserves monitoring position.

1. Introduction

- 1.1 The December 2022 budget monitoring report being presented is the third monitoring position for 2022-23 and sets out the revenue and capital projected position.

2 Revenue and Capital Budget Monitoring Report – December 2022

- 2.1 The attached report sets out the overall projected position as at 31 December 2022, which is a revenue overspend of +£53.7m and a capital underspend of -£113.5m.
- 2.2 Whilst the overspend has reduced since the quarter 2 report, the size of the overspend continues to be of serious concern requiring continued management action, and minimising spend to ensure we reduce the overspend as much as possible by the year end. This is particularly important given the 2023-24 and medium-term budget challenge. Inflationary and demand pressures, combined with non-delivery of some agreed savings, continue to impact on both income and expenditure. Any overspend at the end of the financial year over and above the budgeted £25m in the risk reserve, will need to be met from general or other earmarked reserves, but this approach is not sustainable in the medium term. Section 12 of the attached report details the actions

that are being and will be taken that are not yet reflected in this report, but which will reduce the overspend position. It also highlights the impact of these actions on the 2023-34 budget position. The management actions previously identified and delivered are reflected in the latest forecast out-turn position.

- 2.4 The Schools' Delegated budgets are reporting an overspend of +£45.6m. 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 most significant financial risk and is now part of the DfE's Safety Valve Programme which requires a robust deficit reduction plan to bring the deficit back into balance within 5 years.

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4. Contact details

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