Southend-on-Sea City Council

Agenda Item No.

Report of the Deputy Chief Executive and Executive Director (Finance & Resources)
To
Cabinet
On
13 September 2022

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Resourcing Better Outcomes – Finance and Corporate Performance Report 2022/23 – Period 4
All Scrutiny Committees
Cabinet Members: Councillor Stephen George and Councillor Paul Collins
Part 1 (Public Agenda Item)

1 Purpose of Report

The Resourcing Better Outcomes finance and corporate performance report is a key tool in scrutinising the Council's overall performance. It is designed to provide an overview to all relevant stakeholders at regular stages throughout the financial year. It is essential that the Council monitors its budgets and assesses its performance regularly to ensure that it is meeting its strategic objectives and providing value for money. This approach highlights where corrective action is necessary and reasonable mitigation is required to try to deliver a balanced financial position by the end of the year. Given the current operating environment and the significant increases experienced in both service demand and unavoidable inflationary cost pressures arising from the global cost of living crisis, this will be an incredibly difficult ambition to achieve in 2022/23. This report summarises the current forecast position for this financial year and highlights the need to make some difficult choices and take decisive action.

2 Recommendations

That, in respect of the 2022/23 Revenue Budget Performance as set out in appendix 1 to this report, Cabinet:

2.1 **Note the forecast outturn for 2022/23 for the General Fund and the Housing Revenue Account as at 31 July 2022;**

2.2 **Note the management action taken and to be taken to reduce the forecast overspend of the Council's revenue budget for 2022/23;**

2.3 **Approve the transfer of £500,000 from HRA reserves to support the increase in repairs and maintenance costs;**

2.4 **Approve the planned budget transfers (virements) of £2,327,766 from earmarked reserves, as set out in section 4.50.**

That, in respect of the 2022/23 Capital Budget Performance as set out in appendix 2 of this report, Cabinet:

2.5 **Note the expenditure to date and the forecast outturn as at 31 July 2022 and its financing;**

2.6 **Approve the requested changes to the capital investment programme for 2022/23 and future years, as set out in section 4 of appendix 2.**

2.7 **Note the Corporate Performance Report as at 31 July 2022 set out in appendix 3.**

3 Unprecedented Levels of Uncertainty and Financial Challenge Continues

3.1 The Local Government Association (LGA) has recently raised concerns about the “disastrous” impact that rising inflation from the cost of living crisis could have on council services, which would go on to affect residents.

3.2 Where possible Local Authorities are setting up contingency funds and earmarking reserves specially for inflationary pressures. Members will recollect that for this authority, as part of the cabinet report in June on the Council’s favourable outturn for 2021/22 and its resilient reserves position, it was resolved to set up an initial new cost of living reserve of £2m to support both residents and the council in combatting the latest pressures from the cost of living crisis.

3.3 In other Local Authority’s for example, Tonbridge and Malling Council has set aside £700,000 to enable it to keep its leisure centre open by helping the not-for-profit trust that runs the centres to absorb any increases in costs.

3.4 However, it is likely that such contingencies will not be sufficient to meet the scale and speed of the inflationary increases. Kent County Council has said that they are anticipating £40M to £50M of unbudgeted inflationary costs this year alone. Luton Borough Council are putting a recovery plan in place as this year’s budget is forecast to be overspent by £10M. Devon County Council has recently predicted a potential overspend in this financial year of up to £40M saying that it had “never before faced a combination of demand growth and price shock pressure of this scale”. Plymouth City Council are predicting a £14M projected overspend this financial year with the causes including rapidly rising energy and material costs and increasing demand and costs for social care services.

3.5 Nationally, budgeted 2022/23 spend for children's social care increased by 3.2% or £348M above 2021/22 levels, while adult social care budgeted spend increased by 1.8% or £351M, with most other council services seeing real-terms cuts. However, these increases in budgets are not likely to be sufficient. Demand for adult social care has been increasing for some time and inflation and cost of living pressures have added to the cost of delivering social care. The Independent Review of Children's Social Care found that costs are too high in the sector and that the children's placements market is in need of urgent reform. The Council has not been immune from this national position and both Children's and Adult services are experiencing significant in year cost pressures.

3.6 A letter has been written to the Health Secretary by the chair of the LGA's community wellbeing group to warn that social care reforms could push some Local Authorities "over the financial edge" and force others to cut back on vital council services. This comes alongside a warning that this winter could be the most challenging for social care in recent times. It also comes after a survey from the Association of Directors of Adult Social Care found that more than 540,000 people were waiting for assessment, care, Direct Payments or adult social care reviews.

3.7 More will be known about the scale of the financial impact of the combination of increases in demand for services combined with inflationary cost pressures when Local Authorities have completed their medium-term financial strategies. However, it is becoming clear that more extremely difficult choices will need to be made this financial year and in the years to come.

3.8 Southend-on-Sea City Council, along with most Local Authorities across the country, is arguably facing its greatest challenge yet in continuing to provide essential services to meet the needs of local residents within the level of resources it has at its disposal. As reported throughout 2021/22 the direct operational service arrangements of the Council and its partners continued to be severely impacted by the COVID-19 pandemic. Despite these challenges the Council remained financially resilient and responded proactively to support local communities throughout 2021/22.

3.9 As detailed in the "Delivery of Southend 2050 Outcomes and Priorities: Annual Report and Provisional Resources Outturn 2021/22" report to Cabinet in June, excluding the requirements for grant reserves due to the impact of COVID-19, the Council finished the year with a higher level of reserves than it started with. This is a testament to both the financial resilience and strong effective financial management of the Council's overall level of resources over the last decade despite the lengthy period of austerity and the two years of the covid pandemic.

3.10 Some commentators have described the last few years as potentially some of the most volatile and unpredictable periods in recent history. Clearly Brexit considerations initially and then the response and impact of the pandemic have caused huge disruption and concern to everyday life. Public health worries and economic impacts, together with levels of Government borrowing never seen before in peace time years have all contributed to huge extra fiscal challenges for the country. This context has created additional pressure and uncertainty locally and made effective financial and service planning for Southend-on-Sea extremely challenging.

3.11 Although the direct operational impact of the pandemic on the Council began to reduce during the last quarter of 2021/22, most local authorities continue to struggle with the challenges of uncertainty, financial pressures, service demands and concerns for their residents and local areas. Effectively coping with the aftermath of the pandemic has been exacerbated and made much more complex by the implications of the horrific events in Ukraine and an unprecedented rise in energy prices. This has contributed to monthly general inflationary increases at a level not seen since the 1970s. The 12-month Consumer Prices Index to July 2022 increased to 10.1% and most professional commentators are predicting general inflation to increase further in the coming months. The Council is now facing the perfect storm of huge increases in service demand post the pandemic combined with unavoidable rapid increases in operating costs across almost every aspect of its Organisation. This is having a huge financial impact on the Council's financial plans for 2022/23 and the general economic climate is creating serious cost of living challenges for local residents.

3.12 The Council was already learning of major concerns from lots of residents about the impacts of cost of living rises on their day-to-day lives. Price increases for food and fuel, as well as in supply chains for other goods, are leading to many more local residents 'just about managing' or actually falling into poverty. This situation was getting worse locally even before the latest price increases started to take effect.

3.13 The challenge of delivering a balanced financial outturn for 2022/23 is significant. The predicted, but unprecedented rapid rise in inflation, together with more recent changing professional opinions on the depth and duration of continued inflationary increases, is adding significant new pressures and local challenges. This new inflation forecast data has been published since the Council's 2022/23 budget was approved and will mean some very difficult choices and prioritisation of existing approved spending plans for both capital and revenue during 2022/23 will have to be undertaken.

3.14 Unfortunately, other major areas of concern that were highlighted in 2021/22 included the potential impact and increase on service demand ‘post COVID-19’ or ‘living with COVID-19’ in the future. This risk added to the precarious economic situation for many residents, due to the rapid increases in energy and inflationary pressures has translated into large increases in service demand for the Council. The other major area of concern that was highlighted was the impact locally of the Government withdrawing the temporary financial support that was provided during the pandemic, this has coincided with huge increases in unavoidable operating costs, creating the worst combination of factors that could threaten the financial sustainability of the Council.

3.15 Even at this very early stage of the year – urgent action is needed to try to reduce all non-essential expenditure and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services.

3.16 This report will focus on providing some detail and commentary of the financial variances at a portfolio level that are currently forecast for 2022/23. It should be noted that these estimates have been based on the best information we currently have available and have also been calculated at a very early stage of the financial year.

Comprehensive Spending Review or Not?

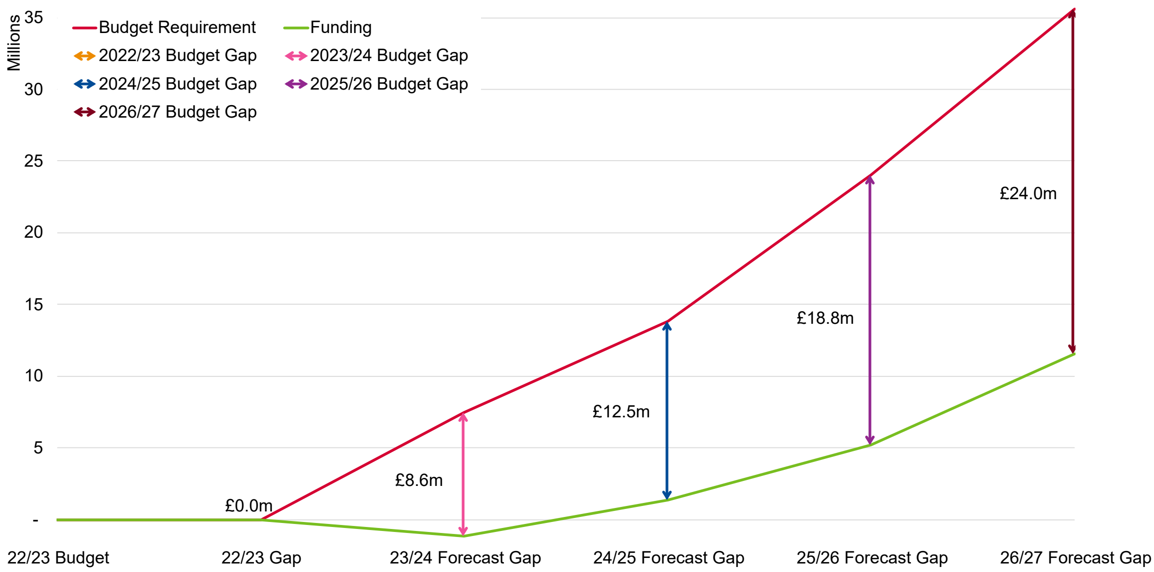
3.17 Given the events over the last couple of months in Downing Street and as we now know the Country’s new Prime Minister, we will await announcements that may impact on Local Government but it clearly remains uncertain at this stage whether the Local Government Sector will be issued with a single one-year financial settlement for 2023/24, a 2-year settlement as suggested by the then Minister for the Department of Levelling Up and Communities or if a new Comprehensive Spending Review for the next three years will be launched for consultation. The Council ended 2021/22 in a relatively strong financial position but the size of the financial challenge for the future is arguably the biggest in the Council’s history. Depending upon national funding and policy decisions taken by Central Government over the coming months then this position could get even more challenging for 2023/24 onwards.

3.18 To help to begin to address and close the estimated budget gap over the next five years the Council will continue to aim to achieve financial sustainability by growing local income sources and relying less on grant support from Central Government in the future. The Council will continue to work collaboratively with its partners, increase its focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of services. It is vital that we learn from our COVID-19 experience and tailor our services and working practices accordingly.

4 Revenue – General fund

4.1 In February 2022, the Council approved a General Fund Revenue Budget requirement for 2022/23 of £140.741M. This report provides details of the current projected outturn position for 2022/23 based on information as at the end of July 2022 (Period 4). In headline terms Council Corporate Budgets and Service Portfolios are currently forecasting a gross overspend by the year-end of £14.483M for 2022/23, which will remain if no action is taken. Action is and will be taken to further mitigate this potential overspend. The total projected overspend currently stands at around 4.4% of the Council's gross expenditure budget.

4.2 Alongside the budget the Council also approved the Medium Term Financial Strategy which included a medium term financial forecast with an expected budget gap of £24.0M in 2026/27. (2023/24 = £8.6m, 2024/25 = £3.9m, £2025/26 = £6.3m, 2026/27 = £5.2m). The Council's forecast profile of this budget gap for each of the next five years is detailed in the following chart which illustrated the estimated funding gap to 2026/27 as reported to Council in February 2022.



4.3 The potential budget gap is now going to be significantly larger over the medium term as a result of the significant impact of inflation and if the 2022/23 fixed base is not fully corrected by the year-end. Some initial work has been done on re-casting the medium-term financial forecast and the intention is to provide a revised illustration of the potential impact on the Council's budget over the medium term until 2027/28 in the Period 6 financial performance update which is scheduled to be reported to the Cabinet meeting in November 2022.

4.4 Our ‘Getting to Know Your Business’ programme for service managers continues in 2022/23 and will be essential in assessing the new operating environment, financial challenges and value for money (VFM) of services. The ambition is that all service managers in Southend-on-Sea City Council will have a continuing comprehensive understanding of their business areas in terms of their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight. This programme is designed to support managers to improve productivity and efficiency in all our business areas ensuring that we secure best value but also to support a more targeted outcomes-based approach to investment.

4.5 Alongside the “Getting to Know Your Business” programme, the Executive Director of Finance & Resources also put into place at the start of this financial year a set of 12 budget planning principles for the organisation to follow, which are as follows;

<u>The Dozen Principles</u>

1. **Budget Management** - To deliver at least an overall balanced revenue outturn against the approved budget for 2022/23. Everyone takes responsibility for spending on essential/critical items. We are all custodians of public funds.

2. **Recovery Plans** - That recovery plans for both Children’s and Adults are maintained and where possible enhanced to ensure that services deliver balanced financial positions for 2022/23 and across the medium term.

3. **Budget Monitoring** - A formal governance control process is introduced to oversee and track the full delivery of approved revenue savings, planned investments and to develop a prioritised programme of targeted transformation reviews. This will include an officer Finance Monitoring Panel led by myself and separately by Member challenge sessions through the Cabinet Member with responsibility for Corporate Performance and Service Delivery.

4. **Capital** - Effective delivery of a viable and affordable Capital Investment Programme highlighting measurable outputs/outcomes. Given the pressure of substantial increases in the costs of schemes. The reviews will consider the impact of the following

   - Not starting new schemes
   - Deferring schemes/projects to later years
   - Cash limiting budgets
   - Pausing existing schemes/commitments
   - Rigorous assessment of the viability and robustness of schemes that are still subject to business case development

   These arrangements will be overseen and monitored by the Capital Programme Delivery Board and separately by Member challenge sessions by the Cabinet Member with responsibility for Corporate Performance and Service Delivery.

5. **Knowing your Business** - The “Knowing your Business” programme is further embedded across all services with clear accountability and expectations are allocated to all Business Leaders/Budget Holders to ensure a focus on VFM.

6. **Annual Conversations** - That all business leaders who had an Annual Conversation objective setting in 2021, has a review to assess what action they have undertaken to deliver the following agreed objective....

   “To champion the requirements of the Council’s ‘Knowing Your Business’ programme, being accountable for demonstrating strong financial acumen and sound budget management, evidencing value for money outcomes and developing greater commercial awareness.”
   In addition to the above objective, that an appropriate baseline should be established and a commitment for further development and improvement in VFM for all services is included as an additional objective in ALL business leaders 2022 Performance and Development Reviews.

7. **Zero-based budget reviews** - Members have approved the need to undertake targeted zero-based budget reviews as part of approving the 2022/23 budget in February 2022. Therefore, a prioritised programme will be developed and commenced in 2022/23 – which will contain clear parameters on the expectations for service change, risks, outcomes we expect from the spending, implications and potential savings established. These reviews could also lead to the reallocation of resources - investment/disinvestment. The process will be overseen by the new Finance Monitoring Panel.

8. **Budget Planning** - That all services now plan on the assumption that they will receive a cash limited budget for 2023/24 at the same level as approved for 2022/23. Additional provisions will be considered for pay awards, inflation and for evidenced statutory requirements only. (In simple terms any requests for additional investments/growth in the revenue budget MUST be met by equivalent (or higher) levels of savings/income generation options/proposals).

9. **Procurement** - That all future procurement activity is contained to existing current budgeted levels as a maximum and ideally a target to be set for a reduction in historical spend levels. Individual assessment and reporting will be undertaken across all major engagements with the market.

10. **Staffing** - A Workforce Transformation Panel will be introduced to oversee a service delivery change programme and ALL new staffing restructures. These could be generated by other associated reviews in this paper or by innovation and creative changes volunteered by Services to change their operations and reduce their cost base. All restructures will be subject to a viable business case and any exit costs MUST be built into the assessment/appraisal and paid for by the Service over an agreed number of years across the medium term. We will need to learn from other service redesigns/restructures to ensure we deliver appropriate changes and timely savings. The Panel will also undertake a comprehensive review of alternative sourcing and resourcing practices with the objective of reducing Interim/Agency/Fixed Term/Temporary Consultancy spend by the Organisation (Currently estimated to be over £10M in 2021/22).

11. **Business Cases** - Robust business cases will need to be developed for any additional investment requests to establish the viability and VFM of new Capital and Revenue projects and this will continue to be overseen by the Investment Board.

12. **Budget 2023/24** - A draft proposed balanced budget package for 2023/24 (without any reliance on reserves) will be developed and available for consideration by Summer 2022 to enable CMT/Cabinet to assess and agree on the difficult choices that will need to be made. Options to bring forward any 'in-year' proposals i.e., new fees & charges, commercial opportunities, changes in service/contract arrangements etc that will deliver savings or generate extra income should be proactively pursued immediately.

4.6 Services are considering the impact and risks of making reductions in their budgets and are continuing to develop recovery and mitigation plans to try to improve the current financial situation and to prepare for the significant future financial challenge. All services are being challenged to try to improve efficiency and productivity to ensure that the resourcing of better outcomes for our residents are achieved at the best value for the local taxpayer. More details will be included as part of the Period 6 monitoring report.

4.7 In the meantime, to aim to reduce the forecast overspend this year and remain on a sound financial footing to deal with the budget gap in this and future years, a number of tactical mitigations are also being put in place:

- Giving consideration to what non-essential spending can be stopped, delayed or deferred.
- Reviewing all third-party supplies and services contracts.
- Constructively challenging all recruitment and resourcing requests.
- Giving consideration to whether our organisation has the right structure which is of a proportionate size.

4.8 Some of the action already commenced by officers to support the 2022/23 budget position and 2023/24 budget planning are;

- The mothballing/storage use only of the top five floors of the Civic Centre to reduce expenditure on our utility costs.
- The review of our estate to ensure administrative buildings are only being used on an essential basis by staff and where possible to reduce usage accordingly to save on relevant premises and utility costs.
- A fundamental review of the capital investment programme to reduce the need to borrow and therefore less financing costs impact for the revenue budget (more details of this review is contained in section 6).
- Directors have been asked to model the impact of a 15% reduction in their 2022/23 cost base and for this to be assessed as part of 2023/24 budget planning in the face of these unprecedented inflationary and demand pressures.

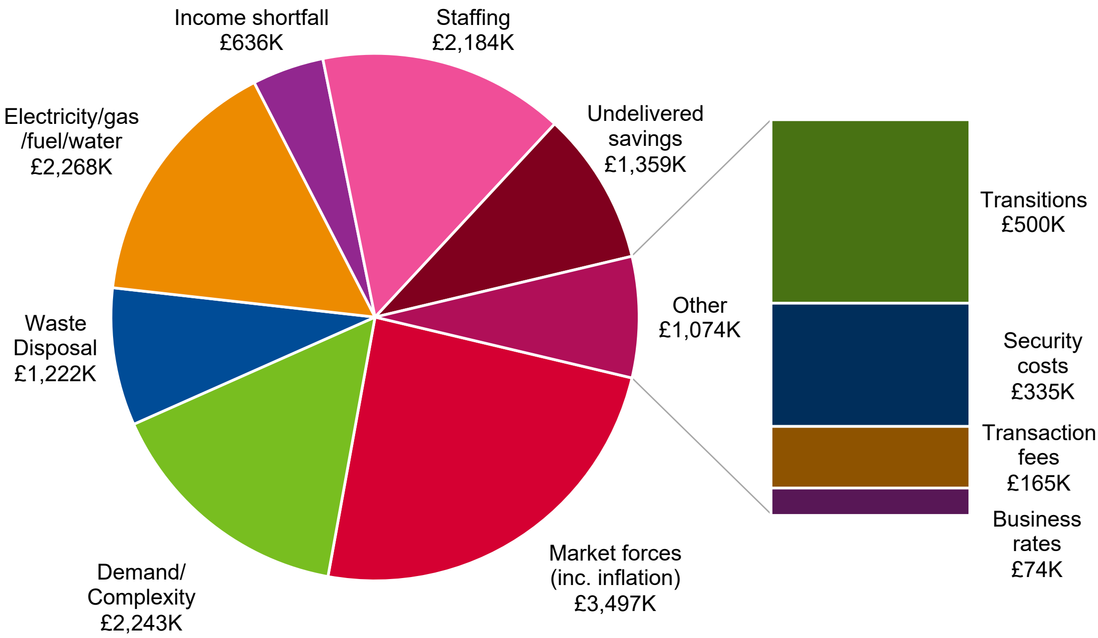
- A review of third party suppliers and service contracts is underway which will look at all priority contracts and will require engagement with the market – this is being worked through and more will be reported in the period 6 budget monitoring report but continued action will be undertaken by officers in the meantime.
- Advice is being sought on assessing the Council's cost base and how our services benchmark against other unitary authorities including staffing structures.
- A range of councillor and staff briefings are being set up to help to understand the Council's financial position and the actions that are being taken/to be taken over the next month.
- A communications strategy is being developed for stakeholders, businesses and residents.
- A set of internal budget challenge sessions are being set up to challenge the cost base of service budgets. This will be carried out by the Corporate Management Team by department and separately challenge sessions with departments and cabinet members overseen by the Cabinet Member for Asset Management and Inward Investment and the S151 Officer;
- The Workforce Transformation Panel has been set up which will review and act as a sign off for essential only recruitment (permanent and temporary) and it will also review the current range of interim staffing. It will also review any new restructures proposed and also request areas of the organisation to be reviewed in the light of benchmarking and other associated information around services.

4.9 Within all of this work it will be essential to work within a set of priorities and where possible to protect resources - areas of higher priority will be;

- Vulnerable Adults and Children
- Isolated individuals
- Supporting families in the cost of living crisis
- Climate change
- Highways pavement works
- Tourism
- Maintaining prioritised subsidies to services as best we can
- Which of our discretionary services may be done by our third sector

Summary of the major factors contributing to the forecast overspend in 2022/23

4.10 The forecast revenue overspend of £14.483M is driven by a wide range of factors which have been broadly summarised in the following pie chart.



4.11 The variances in the pie chart and referenced throughout the report are after application of staffing contingency budget of £2.33M and non-staffing contingency budget of £3.5M.

4.12 The National Employers made a final one-year offer to unions representing the main local government National Joint Council (NJC) workforce on 25th July 2022. This offer consisted of:

- an increase of £1,925 on all NJC pay points 1 and above, with effect from 1 April 2022.
- an increase of 4.04 per cent on all allowances, with effect from 1 April 2022.
- an increase of 1 day to all employees' annual leave entitlement, with effect from 1 April 2023.
- the deletion of pay point 1 from the NJC pay spine, with effect from 1 April 2023.

Based on this offer the ongoing cost to the Council would be circa £4.0M a year. The estimated cost of the pay award at budget setting was £2.33M, the difference of £1.68M is an in-year budget pressure and creates a permanent pressure of equivalent value in the Council's revenue base budget from 2023/24 onwards and will increase the current forecast financial gap by circa £1.7M per year.

The pay award pressure is identified by portfolio in Appendix 1. Other staffing pressures are identified by service in paragraphs 4.44 and 4.48 of this report.

4.13 The combined impact of increases in demand and the level of complexity of service user needs in both Adults and Children's is resulting in a forecast overspend of £2.243M. These pressures are explored in more detail in paragraphs 4.32, 4.33 and 4.39 to 4.41.

4.14 There were a range of budget savings and income generation initiatives that were approved as part of the setting of the 2022/23 budget, totalling £4.837M. As reported throughout 2021/22 there has been difficulty in delivering the ICT savings which have been severely impacted by COVID-19, the cumulative total of these undelivered savings is £0.61M. A further pressure of £0.75M is caused by the continued delay in implementation of the Business Support Service Redesign due to challenge from unions. The independent review has now concluded, and the redesign can be implemented but it is estimated that savings will not start to be realised until the final quarter of 2022/23.

4.15 The rising cost of energy and fuel has been widely covered in the media and as part of setting the 2022/23 budget the Council increased the amount earmarked in contingency to circa £1.0M to mitigate some of the impact on services. The increase in costs has far exceeded the amount earmarked and there remains a pressure across all the services of £2.268M. The most significant contributors to this overspend are explored in more detail in paragraphs 4.37 and 4.47.

4.16 In July 2022 the rate of inflation, as measured by the Consumer Price Index (CPI), increased to 10.1%. This is the first time that annual inflation has been in double-digits since February 1982, over 40 years ago. Inflation increases are being driven partly by energy costs, as discussed in paragraph 4.15, but also by the cost of labour and raw materials due to global demand exacerbated by supply chain issues in key areas due to the pandemic and the war in Ukraine. According to the Office for National Statistics (ONS) goods prices have risen by 2.7% and services by 4.9%.

This has had a significant impact on the cost of services which the Council delivers and is reflected in the £3.497M pressure which is being attributed to market forces. As well as inflation, market forces encompass the availability of supply of services which is having particular impact on Adults and Children's social care, paragraphs 4.34 and 4.41 provide more detail.

4.17 The cost of waste disposal is causing a pressure of £1.222M, more detail on this can be found in paragraph 4.29.

4.18 A shortfall in income is expected within some services, most significant of these is due to the scheduled refurbishment of the cremators at the crematorium, see paragraph 4.30.

4.19 Other pressures include £0.5M from the cost of Children who have transitioned to Adult social care provision (see paragraph 4.33), £0.335M from security costs (see paragraphs 4.38 and 4.49), transaction fees (see paragraph 4.46) and business rates which have increased as a result of valuation changes for two properties in particular, one being a Children's Centre (£43k) and the other the Equipment Services store (£31k).

Corporate Matters and Performance Delivery

4.20 The expected pressure from the pay award across this portfolio of services is £346,000.

4.21 The most significant forecast financial pressure is within Digital and Technology, at this stage of the year a £350,000 overspend is predicted. This is due to a combination of significant delays experienced in the delivery of planned savings due to the impact of COVID-19, extra cost involved in managing a secure remote working environment and reducing levels of external income generated, which together total an overspend of £609,000. Offsetting this overspend is income of circa £300,000 which is due to the Council as part of their ongoing agreement with City Fibre’s work across the city.

4.22 Managed underspends on some third-party budgets and proactive vacancy management across several services within the strategy, change and governance directorate is helping to reduce the total level of forecast overspend at this stage of the year.

Environment, Culture & Tourism

4.23 The delivery of the Parks and Grounds Maintenance services is severely impacted by the high inflationary pressures on utility and fuel costs. There is a pressure of £230,000 for these elements as well as £50,000 from the pay award. Vehicle and machine hiring and leasing costs are creating a further pressure of £100,000 and income is expected to be £60,000 below target this year.

4.24 A number of significant Development Control and Building Control applications have come into the Council this year which has seen a considerable amount of income received in the first 4 months of the year. With this additional income and work it is expected that some additional resources will be required to support it. However, it is anticipated that the net impact on the income budget will be a surplus of approximately (£130,000). There are also forecast underspends within ICT systems and vacant posts within the team.

4.25 Culture and Tourism are currently reporting a forecast overspend of around £1.04M. Increased energy costs account for £646,000 and expected pressure from the pay award accounts for a further £104,000, as outlined in paragraphs 4.12 and 4.15.

4.26 There is an in-year pressure of £154,000 on recovery of income from the leisure contract but this is temporary as Fusion Lifestyle have agreed that the income will be recovered in 2023/24.

4.27 Other, smaller, pressures are caused by the provision of barricades for the Queen’s Jubilee baton relay event and repairs and maintenance on aging assets, such as the Cliff Lift.

Public Protection

4.28 As a result of changes in people movements and consumer habits (increased time spent or working at home, coupled with a significant increase in home deliveries) there is an increase in the volumes of waste generated from residential properties. Although some of this increase will be recyclable material, there is also an increase in residual waste.

4.29 As the waste disposal authority this increased tonnage is resulting in an estimated extra disposal cost pressure of around £1,200,000. Any increase in recycling performance will negate some of this additional cost.

4.30 The crematorium refurbishment programme is due to commence later in the year. As a result of the works a temporary cremator will be used and services will be reduced. This is expected to contribute significantly to an estimated income shortfall in the region of £575,000. Inflationary pressures on gas and electricity consumption are estimated to be approximately £170,000 although this may reduce as a result of reduced service in the latter part of the year.

Adult Social Care & Health Integration

4.31 Adult Social Care are reporting a forecast overspend of £2.2m; which is predominantly due to the delivery of statutorily required care and support to people with physical or learning disabilities aged 18-64. There is an expected pressure from the pay award accounts for a further £274,000, as outlined in paragraph 4.12.

4.32 As expected, levels of service use have increased with clients who have not received care over the last two years now restarting their care, which in some cases is now more complex and therefore more costly. This increase in demand and/or complexity is estimated to account for circa. £600,000 of the pressure on the service.

4.33 Another driver of increased demand, and therefore cost, is the transition of clients into Adult Social Care from either Children's Services or an Educational placement. These are currently being forecast to cause a pressure of circa. £500,000.

4.34 Further cost pressure comes from the Adult Social Care market, where inflation is driving up the cost of existing provision as individual providers respond to the increased cost of living.

4.35 Alongside increased demand/complexity and market forces there are several national policy and funding changes that present a financial risk to the authority. The Department for Health and Social Care (DHSC) are currently consulting on the distribution of funding for adult social care charging reform in 2023/24, which is worth £772 million nationally. The essence of the reforms is to open access to local authority-funded care to households with more assets, through the cap on care costs and the extension on the means tested thresholds, which has the potential to increase demand on Council service provision even further.

4.36 The Government has also stated its intention to review its approach to distributing the £600 million to be allocated through the Market Sustainability and Fair Cost of Care Fund in 2023/24.

Asset Management & Inward Investment

4.37 There is significant pressure on the Property and Commercial budget caused by the forecast impact of increased energy costs relating to Civic 1 and 2 and the Tickfield Centre. The Corporate Management Team is currently considering what action can be taken to mitigate these costs in the short- to medium-term.

4.38 With the completion of the new care home, Brook Meadows House, several properties across the Council's estate have been vacated by services which have relocated to the new facility. There are costs associated with holding these properties vacant and these are being reported as a pressure. The asset management team are working to minimise the period that these properties are held vacant and expedite the process of preparing the sites for sale in order to maximise the capital receipt to the Council.

Children & Learning and Inclusion

4.39 What is quickly now becoming a national issue, Children Social Care has opened up in 2022/23 with a significant overspend of £6.617M excluding the one off £2.5M specific children earmarked reserve for 2022/23, and this is unfortunately mainly due to the now very high cost of residential care placements and in particular for children with complex needs. Market forces impacted by increased demand nationally outstripping supply haven driven up residential placement costs dramatically.

4.40 As reported in the final position report for 2021/22, it was highlighted that during the last quarter of 2021/22 children in care numbers had started to rise, and an increased opening spend pressure was expected due to this rise and the resultant increased requirement of external foster care placements, and as agreed through the 2022/23 budget a one off £2.5M specific ear marked reserve was created to support Children Social Care in the recognition of cost pressures continuing. However, in addition, what has also now materialized was the unanticipated and significant increased cost of residential care placements for new complex placements in 2022/23.

4.41 On average from 2021/22, residential care numbers have increased by six to 32 as at the end of July 22 which is equivalent to10% of the children in care placements as at the end of July 22, 312 in total. Even though this remains a small cohort of children placed in residential care compared to the total number of children placements, it is again both the cost of each new residential placement and the now average of cost of residential placements that has driven up this pressure. The average residential care placement cost to social care directly is now running at £270,000 per annum, which is an average increase of £70,000 per placement compared to 2021/22.

4.42 Work continues within Children Social Care to seek to reduce these costs where possible and safe for the child, including working with health where a child's needs can meet assessment for health contributions, but equally, it has to be noted any further required residential care placements will add further cost pressure to this current position.

4.43 Work also continues on building and sustaining capacity within the Inhouse foster carer provision and engaging regionally with the risks of the costs of the care market to Councils.

4.44 Other smaller financial pressures within Children Services remain from 2021/22, and this includes continued reliance on temporary agency staff to cover critical social work or operational posts. Again, Councils now having to rely on agency workers to cover vacant Social Work posts is a national problem. There are also further smaller but continuing pressures on Unaccompanied Asylum Seeking children placements where the young adults have now turned 18 and Home Office support funding reduces, the cost of placements supporting children with disabilities, and some now very high and complex placements within the care leaver provision where these now young adults have transitioned from previous residential care placements.

Economic Recovery, Regeneration & Housing

4.45 As part of the 2022/23 budget there was an agreed permanent investment of £200,000 to fund several staff in the Housing Register and Housing Solutions teams. Recruitment has been challenging for these roles and only recently have candidates been sourced for some of these roles. As a result of the posts being vacant for the early part of the year there is an expected underspend of (£100,000) for this year only.

Highways, Transport and Parking

4.46 Before COVID-19 there was a slow decline in the use of cash, but the pandemic sped that up considerably. As a result, 81% of parking payment transactions are now made by card or phone app and the impact of that is higher costs for card transaction and processing fees. The overspend for this is expected to be in the region of £235,000. Cash collection costs have not reduced to offset some of this as there is still cash to be collected, just less of it.

4.47 Across our entire estate, street lighting energy costs are the highest cost area for electricity. Although the rate is fixed for 12 months until April 2023, the inflation on utility costs is resulting in an overspend of £350,000 in this area. This is after the significant LED conversion programme undertaken in recent years, without which the impact of increasing energy costs would have been even greater.

4.48 There are also a range of staffing pressures in the service and currently the most senior management role in the service is being temporarily filled by an interim member of staff whilst a permanent solution is sought within the labour market.

4.49 The operation of the Travel Centre in Chichester Road continues to bring with it additional cost pressures due to increased security, cleaning and utility costs totalling approximately £120,000 and the pressure of the anticipated pay award in this portfolio is £91,000.

Budget Virements

4.50 All budget transfers (virements) over £250,000 between portfolios or between pay and non-pay budgets are considered and approved by Cabinet. These budget transfers have a net nil impact on the Council's overall budget. The following budget transfers for Cabinet approval this period are:

£	
362,500	Planned transfer from the Passenger Transport Joint Venture Reserve
450,230	Planned transfer from the Technology Transition and Systems Modernisation Reserve
306,027	Planned transfer from the Public Health Reserve
616,200	Drawdown from contingency for annual inflation on existing contracts.
338,509	Increase in pay budgets and decrease in non-pay budgets funded by Dedicated Schools Grant.
254,300	Final opening 2022/2023 Public Health Budget (PFASCHI) funded by Public Health Grant (PFGENGRANT) and contingency (PFBTL)
2,327,766	**TOTAL**

5 Revenue – Housing Revenue Account

5.1 In February 2022, the Council approved a balanced 2022/23 Housing Revenue Account budget. This section of the report details the projected outturn position for this year based on actual activity and financial performance as at the end of July 2022 (Period 4).

5.2 The forecast for the Housing Revenue Account (HRA) at period 4 indicates that it will have a net deficit of £800,000 in 2022/23, a variance of around 2.9% of the gross operating expenditure.

5.3 This position is due to the inflationary pressures experienced by key contractors and anticipated rent losses due to the number of void properties held, primarily as part of the Queensway regeneration project.

5.4 The reduced supply of building materials and a shortage of specialist skills are increasing the unit costs on the repairs and maintenance contract. Whilst we have a duty to meet our regulatory and statutory requirements, the repairs programme is currently being reviewed in an attempt to reduce costs where possible, without compromising the safety of tenants.

5.5 Recommendation 2.3 earlier in this report is in response to these inflationary pressures on repairs and maintenance.

6 Capital

6.1 Successful and timely delivery of the capital investment programme is a key part of achieving the Southend 2050 ambition and delivering priority outcomes. The investment contributes to the five main themes in the following way:

6.2 Pride and Joy – the key investment areas are: the ongoing refurbishment and enhancement of Southend's historic pleasure pier and the town's cultural and tourism offer, including parks, libraries and museums.

6.3 Safe and Well – the key investment areas are: the construction and acquisition of new council homes and the refurbishment of existing ones via the decent homes programme.

6.4 Active and Involved – the key investment area is the Cart and Wagon Shed for the coastal community team to use as part of their community interest company.

6.5 Opportunity and Prosperity – the key investment areas are: the Launchpad at the Airport Business Park to deliver benefits for both local businesses and local communities, creating thousands of job opportunities and attracting inward investment; the schools high needs and special provision programmes to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision; refurbishment works at the Victoria Centre to make a significant contribution to the attraction and amenity of the centre and improve and enhance that end of the City Centre; the Levelling Up Fund projects at Leigh Port, the Cliffs Pavilion and City Beach.

6.6 Connected and Smart – the key investment areas are: the investment in the borough's highways and transport network, including improvements funded via the Local Transport Plan and Local Growth Fund; investment in the Council's ICT infrastructure and networks to enable and transform outcome focussed service delivery.

6.7 In February 2022 the Council agreed a capital investment programme budget for 2022/23 of £99.1M. The outturn for 2021/22 showed a final spend of £69.0M against a revised budget of £78.6M, an underspend of £9.6M. The proposed budget carry-forwards, accelerated delivery requests and other budget re-profiles and amendments at June Cabinet resulted in a revised budget for 2022/23 of £115.5M. Of this amount £89.7M is deliverable directly by the Council and £25.8M is to be delivered by South Essex Homes Limited, Porters Place Southend-on-Sea LLP and Kent County Council.

6.8 This amount should be considered in the context that there is a further list of schemes that are not in the approved programme but are subject to viable business cases. This includes schemes where the costs have been estimated, totalling £97M and schemes that are yet to be costed. There may also be urgent health and safety works that might occur that are as yet unforeseen.

6.9 All Councils are being affected by inflationary pressures and supply chain issues which will affect deliverability and affordability. There are multiple causes for the inflationary pressures:

- wage inflation due to scarcity of labour.
- base material price inflation due to global demand exacerbated by supply impacts in key areas due to the pandemic and the war in Ukraine.
- energy cost inflation impacting on all areas from production to logistics to on site energy costs.
- contractor risk pricing.

6.10 Forecasts suggest that Construction Price Inflation is currently in double figures with major spikes for certain materials and products sometimes in excess of 20%. This not only has an impact on the current capital investment programme but also on future projects for which the Council may bid for funding.

6.11 Given the above and the Council's finite capacity to deliver capital schemes, the Capital Programme Delivery Board has been considering four options for assessing the ongoing delivery of projects:

No.	Option Description	Considerations
1	Increase the available budget to support the project to take into account inflationary pressures	The negative impact on the affordability of the programme as a whole and the resulting budget pressure that would need to be met from savings or income generation
2	Do less – understand and accept how much less the Council can delivery with existing budgets	The negative impact on the delivery of the Southend 2050 and recovery priorities
3	Stop project delivery	Requires effective prioritisation
4	Defer or slow down delivery	This could put pressure on the programme in later years and impact on the delivery of key priorities

6.12 A generic approach to the programme as a whole would not be appropriate, as each project is different in the way the impact of the inflationary pressures and supply chain issues will be felt. The way that projects are funded also needs to be considered as grant and third-party funding would have to be returned if not spent or if delayed beyond the agreed expenditure timeframe. It is also recognised that these options need to be considered alongside the MoSCoW review (categorising capital projects as 'must have', 'should have', 'could have' or 'will not have' (at this time)) and the forthcoming capital challenge sessions.

6.13 The capital investment programme should continue to be subject to continuous review and re-prioritisation to ensure resources are aligned to the Council's Southend 2050, recovery priorities and joint administration priorities. This will inevitably lead to some difficult decisions having to be made regarding the programme with the delivery of some schemes being scaled back, delivered over a longer timescale, paused or removed.

6.14 Progress of schemes will be re-assessed and some schemes may be removed from the main programme entirely and others held as 'subject to viable delivery plans' until it can be demonstrated that there is the capacity and resources to deliver them in the timescales indicated. Schemes can then be brought back into the main programme as and when it is appropriate to do so. This approach follows the current approach introduced two years ago when schemes can enter the programme during the financial year and not just annually at budget setting.

6.15 As this review progresses via challenge meetings, the Capital Programme Delivery Board and the Investment Board, re-profiles and other adjustments to the programme for 2022/23 and future years will be put forward for approval.

6.16 The results of the early stages of this review are included in this report but the review is on-going and further changes will be included in the Period 6 performance report to Cabinet in November. Capital challenge sessions relating to the strategic schemes have been undertaken with the Cabinet Member for Asset Management and Inward Investment and the resulting requested changes to the capital investment programme have been included in this report. Further capital challenge sessions are due to take place with the Cabinet Member for Asset Management and Inward Investment in early October and the resulting requested changes to the capital investment programme from those sessions will be included in the Period 6 performance report to Cabinet in November.

6.17 Approximately 36% of the capital investment programme is financed by Government grants and external developer and other contributions and at the end of July nearly 60% of that had been received. The rest of the programme is funded by capital receipts, the use of reserves or by borrowing. Funding schemes by borrowing has a revenue consequence of approximately £70k p.a. for every £1M borrowed.

6.18 This report details the projected outturn position for 2022/23 based on information as at the end of July (period 4). The report includes details of progress in delivering the 2022/23 capital investment programme and in receiving external funding relating to that year.

6.19 This report includes any virements between schemes, re-profiles across years, new external funding, transfers from the 'subject to viable business case' section to the main capital investment programme and any proposed scheme deletions.

6.20 The progress of schemes for 2022/23 is detailed in sections 1 to 3 of Appendix 2 with Section 4 setting out the resulting requests to:

For schemes to be delivered by the Council:

- Carry forward £15,804,000 of 2022/23 scheme budgets, £11,892,000 into 2023/24 and £3,912,000 into 2024/25.
- Bring forward £120,000 of budget from 2023/24 into 2022/23.
- Add scheme budgets totalling £22,000 into 2022/23, £3,151,000 into 2023/24 and £3,151,000 into 2024/25 where new external funding has been received.

- Remove £104,000 from 2022/23 for scheme budgets no longer required.
- Action virements of budget between approved schemes.
- Move scheme budgets totalling £10,068,000 from the 'subject to viable business case' section up into the main Capital Investment Programme, £68,000 into 2022/23 and £10,000,000 into 2024/25;

For schemes to be delivered by Subsidiary Companies, Partners and Joint Ventures:

- Carry forward £6,100,000 of 2022/23 scheme budgets, £5,100,000 into 2023/24 and £1,000,000 into 2026/27.

6.21 As at the end of July the capital outturn for 2022/23 is currently estimated at £73,984,000 for schemes to be delivered by the Council and £19,749,000 for schemes to be delivered by subsidiary companies, joint ventures and partners. The amount to be delivered by the Council is expected to reduce following the on-going review of the capital investment programme as highlighted in 6.13 to 6.15. An updated assessment will be included in the Period 6 performance report and presented to Cabinet in November 2022.

6.22 The 2022/23 capital budget is part of the wider capital investment programme spanning several years. The table below shows the revised programme if all the above requests are approved:

Programme to be delivered by the Council (GF and HRA):

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
At June Cabinet	89,682	32,178	12,268	5,818	5,960	145,906
Amendments	(15,698)	14,923	17,063	0	0	16,288
Revised programme	73,984	47,101	29,331	5,818	5,960	162,194

Programme to be delivered by Subsidiary Companies and Joint Ventures:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
At June Cabinet	25,849	17,062	9,598	3,250	0	55,759
Amendments	(6,100)	5,100	0	0	1,000	0
Revised programme	19,749	22,162	9,598	3,250	1,000	55,759

7 Corporate Performance

7.1 The Corporate Performance Dashboard July 2022 report (appendix 3) covers performance indicators that link to the Resourcing Better Outcomes financial report. The report shows our performance predominantly for the period July 2022, with some exceptions where data is unavailable at this time. Data has been RAG rated against targets where applicable and compares our current position to the previous month and previous year where data is available. It is presented by Portfolio Holder, with the intention to align against the new corporate priorities following the adoption of the new Corporate Plan in September.

7.2 The indicators currently showing as red on their RAG status, indicate that they are at risk of missing target. These indicators are noted below by way of exception:

Corporate matters and performance delivery

7.3 **SCC working days lost per FTE due to sickness - excluding school staff [Cumulative YTD]**

Staff sickness continues to perform under target across the council, tracking against the national trend of increased sickness from 2020 – 2021 noted by ONS in 2022, with rates being at their highest in more than 10 years. This may cause pressures within services that are finding it difficult to have staff in place; exacerbating the need for agency staff. The knock-on effect of this may be disruption to services and reduced performance, especially where service demand has seen an increase/is predicted to see an increase as highlighted in 3.11 and 3.14.

7.4 **Percentage of general complaints received answered within timescales (all stages) [Monthly Snapshot]**

Complaints continue to be under target primarily due to the amount overdue at stage 1 of the process and the record high backlog of complaints in April 2022. This service is due to be managed under the new business support hub which has been highlighted as overdue at 4.14; there will be renewed focus on improving in this area as part of the new structure.

Adult Social Care & Health Integration

7.5 **Proportion of those that received short-term service during the year where sequel was either no on-going support or support of a lower level**

This indicator has seen reduction against June 2022 (47.2%) and when compared against June 2021 (56%) with a value of 44.8%; this is attributed to the high level of service users requiring long term service, in line with the predicted increase in service demand for adult social care, highlighted in 4.31 and 4.32 and could be an indicator of the impact of increased service demand on the increase of budgeted spend highlighted in 3.5.

7.6 **Proportion of adults in contact with secondary mental health services who live independently with or without support**

On face value the correlation of this indicator would be similar to that seen at 7.5, however this Performance Indicator has recently been updated to include all service users (where previously there were restrictions on the services used and referenced in the indicator). This has meant that the gap between target and value remains but that it is a more comprehensive view of all users.

7.7 **Proportion of adults with a learning disability in paid employment**

The impact of COVID-19 on disabled people in employment saw a widening gap when compared against people without disabilities as noted by the House of Commons Library 2022*.* 3.8 notes the impact of the pandemic against service provision; this measure brings the added context of the legacy impact of COVID-19, and the tensions between the two, that the council continues to navigate through.

7.8 **Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services**

Although the council has limited control over this measure as the NHS lead on this, it does indicate the increased demand on public services as set out in 4.35.

7.9 **Wellbeing referral Programme - Number of individuals completing 12 weeks of Wellbeing Referral Programme**

This measure has not yet met target since its launch; the council is developing an improved programme alongside our partners Fusion Lifestyle and Everyone Health. This will support catering for a larger number of people in need than is currently provided.

7.10 **Rate of children in care per 10,000 population under 18 years old**

Service demand continues to outweigh provision, as more children enter care than leave. Children's care plans are to be reviewed to ensure service provision is appropriately provided, ensuring safety of children while balancing the budget pressures highlighted in 4.40 and 4.42.

Children & learning and inclusion

7.11 **Percentage of children who have been in care for at least 5 working days, who have had a visit in the 6 weeks (30 working days), prior to the last day of the month**

This indicator is linked to the increase of children in care (7.10) and persisting vacancies within social work teams, exacerbating the need for agency social workers to help fill the vacancy gap (7.14).

7.12 **Percentage of children who have been in care for 2.5 years and in the same placement for 2 years OR are placed for adoption and their adoptive placement together with their previous placement together last for at least 2 years for CLA under the age of 16**

Children's care plans are to be reviewed to ensure service provision is appropriately provided, ensuring safety of children while balancing the budget pressures highlighted in 4.40 and 4.42.

7.13 **Percentage of placements in residential and PVI (private, voluntary, and independent sector) settings**

There is a national shortage of placements able to care for children with complex needs, increasing the need for residential placements. The cost to the council for the ongoing need for residential placements is highlighted in 4.41.

7.14 **Percentage of agency social workers (Children's)**

The reliance on agency social workers is above the national average and our statistical neighbours, demonstrating the continued demand and increase of services. This compounds the overspend of the service, associated to children's placements (7.13) and the data showing we are not on track to meet target for related service provision (7.10, 7.11, 7.12, 7.13). Staff sickness rates in this area is the second highest for the council, adding to the need for agency staff at a local level, alongside the cover required for vacant Social Work posts at the national level, highlighted in 4.44.

8 Other Options

8.1 The Council could choose to monitor its budgetary performance against an alternative timeframe, but it is considered that the current reporting schedule provides the appropriate balance to allow strategic oversight of the budget by members and to also formally manage the Council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service Directors and the Council's Corporate Management Team (CMT) including the implementation of any necessary remedial actions.

9 Reasons for Recommendations

9.1 The regular reporting of Revenue and Capital Budget Monitoring information provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the associated management action being implemented to address any identified issues.

9.2 It also informs decision making to ensure that the Council's priorities are delivered within the approved budget provision.

9.3 It is important that any adverse variances are addressed in order for the Council to remain within the approved budget provision or where this cannot be achieved by individual service management action, alternative proposals are developed and solutions proposed which will address the financial impact. Members will have a key role in approving any actions if the alternative proposals represent significant changes to the service delivery arrangements originally approved by them.

9.4 The challenge of delivering a balanced financial outturn for 2022/23 is significant. Even at this very early stage of the year – urgent action is needed to try to reduce all non-essential expenditure and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services.

10 Corporate Implications

10.1 Contribution to the Southend 2050 Road Map

The robustness of the Council's budget monitoring processes and the successful management of in-year spending pressures are key determinants in maintaining the Council's reputation for strong financial probity and effective stewardship. This approach also enables the Council to redirect and prioritise resources to ensure the delivery of agreed outcomes for the benefit of residents, local businesses and visitors to Southend-on-Sea.

10.2 Financial Implications

As set out in the body of the report and accompanying appendices.

10.3 Legal Implications

The report provides financial performance information. It is good governance and sensible management practice for the Council to consider monitoring information in relation to plans and budgets that it has adopted.

Section 3 of the Local Government Act 1999 requires the Council as a best value authority to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Monitoring of financial and other performance information is an important way in which that obligation can be fulfilled.

The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council is also required by section 28 of the Local Government Act 2003 to monitor its budget and take corrective action, as necessary. The Council's chief finance officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for effective budgetary control. To comply with these best practice arrangements, it is important that Cabinet receive information and comment accordingly on the performance of the revenue and capital budgets as set out in the report.

10.4 People Implications

As various mitigating actions are worked through for 2022/23 and also consideration of options for 2023/24 there is likely to be an impact on staffing. As and when these are assessed they will be taken through the necessary Council procedures and governance routes.

10.5 Property Implications

There will be an impact on the Civic Centre with the closure of the top five floors and also a potential impact on other administrative and operational businesses through closure and/or realignment of opening and closing times.

10.6 Consultation

Engagement has already been made with staff and cabinet members and now with full councillors and this will continue as options to mitigate for 2022/23 are progressed as well as options for delivering a robust balanced budget for 2023/24.

10.7 Equalities and Diversity Implications

Some of the actions may have equality and diversity implications and these will be considered as part of our normal equalities impact assessments.

10.8 Risk Assessment

Sound budget monitoring processes underpin the Council's ability to manage and mitigate the inherent financial risks associated with its budget, primarily caused by the volatility of service demand, market supply and price. The unprecedented levels of inflationary cost pressures and service demand experienced across almost every aspect of the Council's operations are adding significant risk to its future financial sustainability. This challenge is replicated across most upper tier local authorities right across the country.

The primary mitigation lies with the expectation on CMT and Directors to continue to take all appropriate action to keep costs down and optimise income. Any adverse variances will require the development of remedial in year savings plans and appropriate spending reductions wherever possible. The ultimate back-stop mitigation would be to draw on reserves to rebalance the budget, but this will only be done at year end and will only be considered should all other in year measures fail.

With the likely scale of funding pressures and future resource reductions continuing, it is important that the Council holds a robust position on reserves and maintains the ability to deal positively with any issues that arise during this and future financial years.

10.9 Value for Money

The approved budget reflects the Council's drive to improve value for money and to deliver significant efficiencies in the way it operates. Monitoring the delivery of services within the budget helps to highlight areas of concern and to assist in the achievement of improved value for money.

10.10 Community Safety Implications

There may be impacts arising from options considered and the impact on Community Safety will be taken into account

10.11 Environmental Impact

The various options may have an environmental impact but again will be fully assessed before action is taken and also the difficult financial position may make investment difficult to support our climate change aspirations.

11 Background Papers

Approved 2022/23 Budget – Report to Council 24 February 2022

Medium Term Financial Strategy 2022/23 – 2026/27

12 Appendices

Appendix 1 Period 4 – July 2022 Revenue Budget Performance 2022/23

Appendix 2 Period 4 – July 2022 Capital Investment Programme Performance 2022/23

Appendix 3 Corporate Performance report – July 2022