

**TITLE OF REPORT:** Budget Review Annual Report

**REPORT OF:** Darren Collins, Strategic Director, Resources and Digital

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### **SUMMARY**

This report provides the Committee with a review of budget 2021/22 and an update on the achievement of budget savings to date.

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#### **Background**

1. Up to and including 2022/23 the Council has delivered £178m of budget cuts cumulatively.
2. Council agreed the revenue budget for 2021/22 on 25 February 2021. This was set at £238.7 million including £8.1 million of budget savings.
3. On 25 February 2022 Cabinet and Council agreed a revenue budget of £254.3m which was balanced through planned use of £5.8m of reserves. This approach was in line with the agreed approach for planned use of reserves to allow time to identify cuts and efficiencies required over three-year planning.
4. As part of the Council's budget and policy framework Cabinet receives quarterly reports on performance against the agreed revenue budget which includes savings delivery. The Corporate Management Team also receive regular updates on budget savings delivery in order to monitor progress and hold lead officers to account.
5. Corporate Resources Scrutiny Committee is being asked to consider this report and review progress of delivery of savings.

#### **Budget Review 2021/22**

6. The overall 2021/22 outturn position for the Council including non-service budgets and financing results in an overall Council revenue position for 2021/22 of a surplus of £0.4m
7. It is important to note that this position results from the timing of government funding received and that it masks significant financial challenges. Temporary government grants and compensation received in 2021/22 during national lockdown will likely cease in future. Therefore, it is critical that budgets are kept under review and sustainable plans are put in place now to ensure agreed savings and budgets are delivered from existing agreed resources.

8. The Council has a track record of meeting its financial obligations and maintaining financial sustainability through delivery within budget. This is shown in the table below;

#### Revenue Outturn - Overall

	<b>Council Budget £'000</b>	<b>Council Outturn £'000</b>	<b>Over/(Under) spend £'000</b>
2021/22	238,758	238,327	(431)
2020/21	221,286	213,378	(7,908)
2019/20	207,262	203,132	(4,130)
2018/19	203,466	202,327	(1,139)
2017/18	202,649	201,381	(1,268)
2016/17	198,883	197,578	(1,305)
2015/16	206,345	205,574	(771)
2014/15	219,008	214,282	(4,726)
2013/14	225,049	221,346	(3,703)
2012/13	190,504	187,341	(3,163)
2011/12	204,865	205,583	718
2010/11	232,589	235,407	2,818

#### Savings Review

9. Budget savings of £0.1m for 2020/21 in relation to a contract review have not yet been achieved in the financial year. Work is progressing to assess contract efficiency savings against budgets across the Council.
10. £8.1m of savings were agreed for 2021/22 along with temporary budget mitigation. The majority of savings were achieved alongside the mitigation. However, in several areas some savings require further action to be achieved in full during 2022/23 without mitigation support.
11. Areas of outstanding activity which in some cases will require further consultation are;

<b>Proposal</b>	<b>Full Saving Agreed £'000</b>	<b>2022/23 Value Outstanding £000</b>	<b>2022/23 Projected Achievement £000</b>
Public Health Wellbeing PH&W (PH3) (Leisure/ Libraries/ Culture)	1,200	900	300
ASC (AS1) Continuation of Current Discharge to Assess Model	1,000	1,000	1000
ASC (AS2) Outcome based assessments and targeted reviews	2,500	1,500	1500
Council Wide (PREV 2) - Contract Analysis	150	150	0

## Future Delivery and Next Steps

12. Further planned activities is as follows;

- **Public Health Wellbeing PH&W (Leisure/ Libraries/ Culture) (PH3)**

A report will be going to October Cabinet with options and next steps.

- **Adult Social Care (ASC) Continuation of Current Discharge to Assess Model (ASC1)**

Discharge to assess has continued through a pooled budget arrangement which is substantially funded by health partners. The scheme funds costs of care packages for up to four weeks after discharge from hospital. Despite this saving being achieved the demand for hospital discharge has increased and people are also being discharged at an earlier stage. This is not a permanent arrangement and any saving in the current year could be a cost pressure in 2023/34 if the scheme was not to continue.

- **ASC Review of Care Packages (ASC2)**

The Achieving Change Together team (ACT) continue to demonstrate effective review processes that appropriately support clients and enable spend to be shared across the service by achieving cost savings. ACT continue to focus on cohorts of clients with support needs within ASC. The additional temporary investment continues to ensure the ACT model is managed effectively and the work continues at pace. A strength-based approach within transitions has been adopted with clearer pathways with partners, enabling the management of significant care packages for younger adults.

- **Council Wide - Contract Analysis (PREV 2)**

Resource in the team now in place and work has begun to identify efficiency savings on contracts awarded. This will impact on services across the Council as budgets will be removed to meet the saving.

13. The Council's Medium Term Financial Strategy is being updated and is expected to be reported to Cabinet in October. The current MTFs anticipated a £45m financial gap over the medium term. This was prior to the significant pressures manifesting over the last 6 to 12 months in pay, utilities and cost of living.

14. A three year approach to the budget was agreed by Cabinet in December 2021. This was to undertake to a fundamental review of all areas of the Council's budget. This has previously been outlined as a Zero Based approach and will be phased. The first phase is underway with the initial focus being on adults and children's social care. This approach to medium term financial sustainability is supported through the planned use of reserves.

15. A balanced budget will be agreed by Cabinet and Council and any savings identified in the approach throughout the year will be subject to further formal consultation.

## Workforce Implications

16. Any HR implications arising from the proposals will be managed in accordance with the Council's HR framework.

## **Recommendation**

17. Corporate Resources Overview and Scrutiny Committee will be asked to consider and provide views on the following:

- The progress made to date on budget savings
- Future planned activity outlined in the report

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