

**Wiltshire Council**

**Cabinet**

**11 July 2023**

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**Subject: Financial Year 2022/23 – Revenue Outturn Position**

**Cabinet Member: Cllr Nick Botterill – Cabinet Member for Finance,  
Development Management and Strategic Planning**

**Key Decision: Non-Key**

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### **Executive Summary**

This report sets out the year end revenue position for the Council as at 31 March 2023 for the financial year 2022/23.

The report provides detail of the final position for services and provides details of variances against budgets following the quarter three budget monitoring reported to Cabinet on 31 January 2023. The overall variances for the financial year can be seen in Appendix A.

### **Year End Revenue Budget Monitoring**

The quarter three budget monitoring report presented to Cabinet showed a net overspend for the year of £5.037m. It was proposed that this net overspend was to be met from the £8.8m inflation reserve that were prudently set aside to cover the anticipated cost of inflation during 2022/23.

The final position for the year has improved during the last quarter by £3.198m to a final overspend of £1.839m. Requests are made to transfer £25.836m, of which some relate to government grants, into specific earmarked reserves to support planned activity in 2023/24 and future years. This final year end position allows for a £2m reserve to be set aside for the estimated 2023/24 pay award pressure and £0.6m to be set aside to fund feasibility studies for potential capital schemes that arise in future years. The final year end position, after taking into account those reserve movements and the proposed changes to reserves approved as part of the quarter three budget monitoring report allows for a further £0.598m to be transferred to the Business Plan Priority reserve.

As approved at quarter three the £16.5m budget equalisation reserve, £1.856m pay award reserve and the £7m inflation reserve, have been repurposed to allow for a £7m transfer to the General Fund reserve, a £0.839m transfer to the Business Plan Priority reserve to increase funding available to deliver on the outcomes set out in the Councils approved Business Plan and the creation of three new reserves; £10m reserve for accommodation needs, £2m reserve for Community Development pilots and £0.5m reserve for investment in the county's road sign infrastructure. This report prudently set out proposals to set aside these funds to ensure the financial sustainability and resilience of the Council to continue to deliver services over the medium term.

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## **Proposal**

Cabinet is asked to approve:

- a) the transfer in total of £22.638m to earmarked reserves as detailed in the report and Appendix B;
- b) the additional transfers to reserves of:
  - i. £2m to a pay award reserve;
  - ii. £0.6m to a feasibility reserve; and
  - iii. £0.598m to the Business Plan Priority Reserve;
- c) that £0.510m be allocated from the Business Plan Priority reserve for the next two years to fund litter enforcement activity.

Cabinet is asked to note:

- d) the general fund revenue budget outturn position for the financial year 2022/23;
- e) the Dedicated Schools revenue budget outturn position for the financial year 2022/23;
- f) the Housing Revenue Account outturn position for the financial year 2022/23;
- g) the contributions to and from earmarked reserves as planned;
- h) the final year end position of savings delivery.

## **Reason for Proposal(s)**

To inform effective decision making and ensure sound financial management as part of the Councils overall control environment.

To inform Cabinet on the financial year end revenue outturn position for the Council for the financial year 2022/23, including delivery of approved savings.

To improve the Councils financial resilience by increasing the balance on the General Fund reserve and setting aside funds in earmarked reserves to prudently assist in managing the Councils financial risks and future pressures.

**Terence Herbert**  
**Chief Executive**

**Andy Brown**  
**Corporate Director of Resources and Deputy Chief Executive (S151 Officer)**

# Wiltshire Council

## Cabinet

11 July 2023

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**Subject:** Financial Year 2022/23 – Revenue Outturn Position

**Cabinet Member:** Cllr Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning

**Key Decision:** Non-Key

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### Purpose of Report

1. To advise Members of the final year end revenue position for the financial year 2022/23 (31 March 2023) for revenue with the necessary approvals and with suggested actions as appropriate.

### Relevance to the Council's Business Plan

2. Budget monitoring and reporting supports effective decision making and the alignment of resources and financial performance to the Council's priorities and objectives as laid down in the Business Plan.

### Background

#### **REVENUE FINAL FINANCIAL YEAR END POSITION 2022/23**

3. The Council approved a net budget for 2022/23 of £417.703m at its meeting on 1 February 2022. The following paragraphs focus on the final year end variances against the budget.
4. As set out in the quarterly monitoring reports this has been an unprecedented year for inflation, it is also the first full year of operation since all COVID-19 restrictions lifted and life returned to the new normal. This has made forecasting more difficult as not only have we had to predict the level and rate demand resumes but also suppliers' capacity to deliver and customers reactions to the changing economy and increased cost of living. Services have actively managed costs throughout the year to minimise the impact of inflation and the overall overspend position.
5. The quarter three report forecasts were the best estimates at that point in time, and the variance in the last quarter has been as a result of many different elements. The main movements and reasons are explained in the following paragraphs and include areas such as additional grant funding received late in the year and changes on income performance.

6. At quarter three an overspend position of £5.037m was forecast, Cabinet approved the recommendation to cover the overspend from the £7m Inflation reserve. It was also agreed to repurpose the balance left on Inflation reserve alongside the £16.5m budget equalisation reserve and £1.856m pay award reserve. This allowed for a £7m transfer to the General Fund reserve to increase it in line with 2023/24 Budget setting risk assessed level. A £0.839m transfer to the Business Plan Priority reserve to increase funding available to deliver on the outcomes set out in the Councils approved Business Plan. The creation of three new reserves; £10m reserve for accommodation needs, £2m reserve for Community Development pilots and £0.5m reserve for investment in the county's road sign infrastructure.
7. The final outturn position of £1.839m is a £3.198m improvement, this allows for a £2m reserve to be set aside for the 2023/24 pay award estimated pressure, £0.6m to be set aside to fund feasibility studies for potential capital schemes that arise in future years that cannot be met by existing revenue budgets. An additional £0.598m transfer to Business Plan Priority reserve to further increase funding available for to deliver on Business Plan outcomes. The table below compares the quarter 3 plan to Outturn.

Table 1 – Comparison between Quarter Three Recommendations and Outturn

	<b>Q3 £m</b>	<b>Outturn £m</b>
Inflation reserve	7.000	7.000
2022/23 Pay Award reserve	1.856	1.856
Business Equalisation reserve	16.520	16.520
	<b>25.376</b>	<b>25.376</b>
2022/23 Overspend	5.037	1.839
<b>Remaining Balance</b>	<b>20.339</b>	<b>23.537</b>
<b>Repurposing</b>		
Accommodation needs reserve	10.000	10.000
General Fund reserve	7.000	7.000
Transformation Reserve - Community Development pilots	2.000	2.000
Business Plan Priority reserve - Road sign infrastructure	0.500	0.500
Business Plan Priority reserve	0.839	0.839
2023/24 Pay Award reserve		2.000
Feasibility Studies		0.600
Business Plan Priority reserve		0.598
<b>Total</b>	<b>20.339</b>	<b>23.537</b>

8. The proposals for transfers to earmarked reserves reflect grant funding received for projects to be delivered in 2023/24 and some funding that was received late in the year and also recognises the need to set aside funding for transformation across the council to reshape services, so they meet on-going need effectively and to become a financial sustainable council.
9. The additional request to set funding aside for risks that are present in the 2023/24 budget, specifically the pay award risk and the additional contribution to the General Fund reserve recognises the expectation that there will be pressure on the 2023/24 budget and that the council requires time to deliver changes. This is a sensible approach to protect critical services from cuts during the year and to support delivery of the priorities set out in the Business Plan.

## Revenue Budget

10. The following elements of this report reflect the management responsibility in line with the approved management hierarchy. The breakdown of the outturn position is set out in table 2 below.

Table 2 – Summary Position 2022/23 Final Year End Position

	Original Budget	Revised Budget	Financial Year End Position	Financial Year End Position Variance
	£m	£m	£m	£m
Corporate Director People	236.599	232.922	244.160	11.238
Corporate Director Resources	42.529	38.889	38.979	0.090
Corporate Director Place	92.611	93.342	92.894	(0.448)
Chief Executive Directorates	10.523	12.519	12.747	0.228
Corporate	35.441	40.031	30.785	(9.246)
<b>NET BUDGET</b>	<b>417.703</b>	<b>417.703</b>	<b>419.565</b>	<b>1.862</b>
Funding	(417.703)	(417.703)	(417.726)	(0.023)
<b>TOTAL GENERAL FUND</b>	<b>-</b>	<b>-</b>	<b>1.839</b>	<b>1.839</b>

## Overview of revenue outturn position 2022/23

11. Overall, this outturn report presents an overspend of £1.839m, and the detail of this can be seen in Appendix A. £25.836m is requested to be set aside in specific earmarked reserves to help manage pressures in the following financial year and beyond and provide funding for planned activities.
12. As approved at quarter three £7m has been transferred to the General Fund Reserve achieving the objective of the reserve strategy in having a General Fund

reserve that meets or is at around the level of financially assessed risk for 2023/24.

13. Nationally inflation saw a significant increase in 2022/23 with inflation indices more than double the level on which the budget was set. Forecasts are for inflation to stabilise however we are not seeing the reduction in inflationary increases as soon as originally expected. Reviews will be undertaken on the budget and MTFs as part of the quarterly monitoring process during 2023/24 to evaluate the position and will form focus of the reporting however it is recommended to set aside £2m into a new Pay Award reserve to help manage the pressure in 2023/24 for pay inflation.
14. It is recommended £0.6m is set aside for feasibility studies in support of the capital programme and to ensure fully developed business cases are prepared.
15. A further balance of £0.598m is proposed to be transferred to the Business Plan Priorities reserve in addition to the £0.839m approved at quarter three, to provide further funding to support additional activity on delivering on the Councils approved Business Plan.
16. The position of the Collection Fund for the year has seen a significant improvement on previous years, reflecting the prudent approach taken in previous years budgets where uncertainty was much greater and supports the realignment of budgets which saw an increase of funding from the Business Rates scheme of £7.013m alongside the increase in income from Council Tax in the 2023/24 budget. Section 31 grants totalling £10.835m set aside in an earmarked reserve from 2020/21 and 2021/22 have been drawn down to offset the deficit that was spread over three years under regulation and to manage timing differences. The Collection Fund surplus from 2021/22 of £4.501m, received by the council in 2022/23 is recommended to be transferred to the Collection Fund Volatility reserve to recognise the on-going uncertainty that remains on the impact of the cost of living crisis on this significant funding stream for the council.
17. Details of significant variances within service areas are included below.

## CORPORATE DIRECTOR - PEOPLE

Table 3 – Corporate Director People 2022/23 Final Year End Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Financial Year End Position</i>	<i>Financial Year End Position Variance</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Corporate Director People</b>					
Adult Services	Gross	197.381	216.609	251.824	35.215
	Income	(47.282)	(79.129)	(106.171)	(27.042)
	<b>Net Exp</b>	<b>150.099</b>	<b>137.480</b>	<b>145.653</b>	<b>8.173</b>
Public Health	Gross	18.220	21.068	20.328	(0.740)
	Income	(16.623)	(20.725)	(20.232)	0.493
	<b>Net Exp</b>	<b>1.597</b>	<b>0.343</b>	<b>0.096</b>	<b>(0.247)</b>
Education & Skills	Gross	132.942	140.251	222.902	82.651
	Income	(110.214)	(107.338)	(188.346)	(81.008)
	<b>Net Exp</b>	<b>22.728</b>	<b>32.913</b>	<b>34.556</b>	<b>1.643</b>
Families & Children Services	Gross	67.546	67.713	73.955	6.242
	Income	(5.371)	(5.527)	(10.100)	(4.573)
	<b>Net Exp</b>	<b>62.175</b>	<b>62.186</b>	<b>63.855</b>	<b>1.669</b>
<b>TOTAL PEOPLE</b>	<b>Gross</b>	<b>416.089</b>	<b>445.641</b>	<b>569.009</b>	<b>123.368</b>
	<b>Income</b>	<b>(179.490)</b>	<b>(212.719)</b>	<b>(324.849)</b>	<b>(112.130)</b>
	<b>Net Exp</b>	<b>236.599</b>	<b>232.922</b>	<b>244.160</b>	<b>11.238</b>

### Adult Services: Budget £137.480m – £8.173m Overspend

18. There are a number of service areas within the Adults Services directorate whose key objective is to maintain and promote independence for individuals who experience physical, cognitive and sensory difficulties, complex mental health and long term neurological and cognitive conditions and to support their families and their unpaid carers.
19. Adults Services finished 2022/23 with an overspend of £8.173m a movement of £3.324m from the £4.849m overspend reported at Q3.
20. In Q3 a debt risk of £3.5m was applied to the forecasted outturn position as a prudent approach while the debts and processes were reviewed, and validation of the financial position was assessed. Some uncertainty remains in the overall recoverability of some debts associated with Adult Social Care and work is progressing through elements of the Adults Transformation Programme to review and assess the debts and also the control processes to ensure we mitigate the risks as far as possible. The changes in systems and processes around the recognition of debt, the value recognised, and the timing resulted in a one-off financial impact of £6.593m. These changes result in more reliable systems and processes and ensure prudence against future losses.



21. Living Well is £6.377m overspent at year end. This position includes £0.360m of unachievable savings, £0.050m Help to Live at Home Alliance, £0.2m for spot to block placement conversions for older people and terms and conditions savings of £0.110m. It also assumes a £0.178m transfer to a new reserve for the Streamline Adult Social Care Assessments funding received in March 2023 to allow it to be spent in future years. This overspend is due to a number of factors, the additional inflationary pressures seen by the service across the care market due to cost of living increases and the use of agency staff by providers due to recruitment issues. Also, the pressures from the additional estimated pay award above the 2% budgeted and the Terms and Conditions pressures. The biggest element of the overspend however is the impact of the changes to systems and processes as detailed above and this is the main reason for the adverse movement of £3.861m from the Q3 position.
22. The reablement service continues to have recruitment difficulties, therefore the ongoing need to use locums required to cover long standing vacancies. The service has had to use locums to maintain safe levels of qualified staff. These vacancies offset by the use of some locums resulted in an underspend position of £0.206m.
23. The housing budget is underspent by £0.107m as a result of staffing underspends due to recruitment difficulties. This position assumes £0.162m is transferred to the flexible Housing reserve to be used in future years. The Learning Disabilities and Autism Service (LDAS) budget is £2.313m overspent. This position includes £1.336m of unachievable savings for the improved use of Care Cubed of £0.5m, the Good Lives Alliance contract of £0.036m, spot to block placement conversion – working age £0.182m, Under 65 high cost placement action plan £0.5m and terms and conditions savings of £0.118m. The customers that are being referred to the service are increasing in complexity with a notable increase in the people who have autism and mental health needs which adds to the budgetary pressures. There has been an increase in the costs of packages throughout the year due to pressures across the care market due to cost of living increases. This final position is a favourable movement of £1.578m from the Q3. This is due to the additional CHC and S117 income received being higher than budgeted due to some reclaims of costs for prior years. This one off benefit has in part offset the additional increase costs of packages and unachievable savings.
24. Community Support finished the year £0.164m underspent as a result of staffing underspends and CHC income above that budgeted. This position assumes the following transfers to and from reserves; £13.209m of DLUHC funding to the Homes for Ukraine reserve to be used in future years to support local authorities to provide wrap-around support to individuals and families to rebuild their lives and fully integrate into communities, £0.404m to the Bridging Support reserve for use in future years on bridging support to refugees, £0.023m to the Asylum Seekers reserve for use in future years, a draw of £0.026m from the Syrian refugee programme reserve and a draw of £0.420m from the Afghan Resettlement reserve to cover costs in 2022/23.

25. The Mental Health Service had a £0.040m underspend, this is due to receiving income in excess of that budgeted predominantly due to contributions from the ICB (Integrated Care Board) towards care costs of S117 jointly funded clients. This is in part offset by the inflationary pressures across the care market due to cost of living increases and use of agency staff by providers due to recruitment issues. The adverse movement of £0.931m from Q3 is due to the impact of the change to systems and processes as detailed above and an increase in the costs of care in this budget.

#### **Public Health - Budget £0.343m, £0.247m underspend**

26. Public Health are underspent by £0.247m on the Council budget funded services. This is due to a number of small underspends across the service as part of an exercise to improve efficiencies in part offset by the impact of the pay award and the Terms and Conditions pressure. In 2022/23 the Public Health Grant is £18.015m. This is being spent on activities such as the Public Health Nursing service, Drug and Alcohol Substance Misuse services, Sexual Health services, Domestic Abuse services for Wiltshire and a wide range of health improvement services such as health improvement coaches. This position includes the requested transfers to reserves. These are £1.071m of unspent Public Health grant to be split as follows; £0.336m to Public Health reserve for use in the future and £0.735m to a new Domestic Abuse reserve. Public Health had £0.062m of staff related savings in 2022/23 all of which were achieved.

#### **Education & Skills (School Effectiveness, SEN & Inclusion): Budget £31.554m – £1.643m overspend**

27. The services in this area fulfil numerous statutory duties with a mixture of local authority and dedicated schools grant (DSG) funding. The majority of the local authority funded services are forecast to largely be aligned with budget – the forecast underspend in service teams of (£0.143m) includes the current additional pay inflation estimate but relates part year vacant posts across the service. Some of these posts have been held vacant to offset reduced trading income. These vacancies are helping to mitigate the increased pay inflation pressure for 2022-23 financial year. In addition, forecast spend on schools premature retirement costs are £0.085m lower than planned.
28. Where eligible, 5-16-year-old school children with an Education, Health and Care Plan (EHCP) can take up free school transport. The forecast expenditure for school transport for learners with an education health and care plan (EHCP) is £2.060m overspent. This overspend includes travel savings achieved of £0.150m following re-contracting but is driven by higher numbers of learners accessing transport than planned.

Table 4 – SEN School Transport 2022/23 Summary

<b>SEN School Transport</b>	<b>Budget £m</b>	<b>Actual Expenditure £m</b>	<b>Actual Pupils March 2023</b>	<b>Average cost per Pupil £</b>
School Transport for Pupils with SEN & Disability	13.069	15.129	1,721	8,791

29. A favourable variance of £0.323m relates to higher than planned traded income levels and additional grants received. Savings outlined in the MTFS were achieved.
30. Central government have provided a grant to support the educational needs of children of families living in the UK under the Ukrainian Host scheme. Some of this funding will be required to fund children in academies for the summer term and the balance to support children's future needs including those children with additional needs. It is therefore requested that the balance of this grant £0.772m, is transferred to a specific reserve to facilitate expenditure in 2023/24. Any funds remaining after 1 April 2024 will need to be returned to the DfE.
31. There is an underspend of £0.362m on local authority and jointly commissioned contracts and it is requested that Cabinet approve the following transfers to specific reserves so that services can be commissioned in 2023/24 financial year.
- a. The DfE have allocated a new grant; School Led Tutoring for children in care which, covers 60% of the cost. It is requested that £0.023m is transferred to a specific reserve to fund the remaining 40% of cost in 2022/23 and will allow us to accept this grant.
  - b. Joint funded commissioning with the ICB provides mental health support for children and young people. It is requested that the whole £0.222m underspend is transferred to a specific reserve to facilitate commissioning of additional services in 2023/24.

**Families & Children Services: Budget £62.186m – £1.669m overspend.**

32. This service protects, cares for and supports vulnerable children and families with the greatest needs, including children in care, disabled children, and those at risk of harm and is therefore a demand driven service area.
33. The national placement sufficiency challenge post pandemic and the more recent economic pressures experienced by families, has resulted in increased pressure on the placement budget. The budgeted number of children in care for 2022/23 financial year is 434. The actual number of children in care is 460 during March 2023, which is at the top the target range of 407- 469 and the driver for the overspend. However, positively the number of children in care has reduced through Q4/1 and is currently at 450.
34. These factors are leading to the marketplace being unable to offer suitable placements to meet children's needs and as a result, small numbers of children are in higher cost placements than necessary which leads to an increase in higher cost residential provision being required which pushes the overall average

unit cost up. Average weekly prices and demand variances are in the table below.

Table 5 – Families & Children in Care Placement 2022/23 Summary

<b>Families &amp; Children in Care Placement Budgets</b>	<b>2022/23 Budget</b>	<b>2022/23 Final Outturn</b>	<b>2022/23 Actual Variance</b>	<b>Percentage Variance</b>
Placement Budget in £m	19.311	20.892	1.581	8%
Number of Children & Young People in Care Placements	434	460	26	6%
Average overall weekly price	£856	£874	£18	2%

35. A placement sufficiency and market development strategy has been produced which sets out plans from 2022 to 2026. This strategy explains how we will increase sufficiency of services within the county of Wiltshire, to enable more children to remain close to their families and communities. Commissioners are working with Independent Fostering Agencies to guarantee access to local Wiltshire based carers before other local authorities. The new contract will deliver an additional 12 residential places in Wiltshire through a block contract arrangement; this contract is due to go live in the summer of 2023.
36. Based on our quota of 0.07% of Wiltshire's population we should be taking 78 from the National Transfer Scheme (NTS) scheme so we can expect a further 42, although the timing of this is unclear at this point. This is in addition to any spontaneous arrivals. Regional arrangements may change in this and the next few financial years.
37. New Home Office guidance for unaccompanied minors travelling from Ukraine, means that they will be eligible for a private fostering service up until they are 18 (the mainstream service is up to 16). We have 22 children subject to private fostering arrangements at this time, of these 5 are Ukrainian children. Support for this group will be absorbed into current teams wherever possible to do so.
38. SEN social care external placement budgets are forecasting an overspend of £0.670m due to both current and anticipated numbers of disabled children in our care and those with special educational needs and disability. Current budgeted unit cost is £737 per week across all types of placement. The overall average as at quarter 4 is £852. There are two underlying reasons for the cost pressures, some children are presenting with more complex needs as a result of the pandemic and additionally, there is pressure for placements for children in a marketplace which has been impacted by the pandemic in both unit price and availability. The demand for placements, however, is lower than anticipated including planned transitions of young people to access adult services and this is driving the forecast underspend.

Table 6 – Families & Children in Care Placements 2022/23 Quarter 4

Families & Children in Care Placements Quarter 4 2022-23 Financial Year	Budgeted Number of Children in Care	Current Number of Children in Care	Actual Variance
Mainstream In House Foster Carer Payments	220	246	26
Independent Fostering Agency	100	88	(12)
External Residential Placements	37	47	10
16 - 25 Support & Accommodation/ Leaving Care	40	50	10
Staying Put	37	29	(8)
<b>CLA Placements &amp; Fostering</b>	<b>434</b>	<b>460</b>	<b>26</b>
Special Guardianship Orders	295	284	(11)
Residence Orders	6	6	-
Adoption Allowances	31	25	(6)
<b>Permanence Arrangements</b>	<b>332</b>	<b>315</b>	<b>(17)</b>
<b>0-25 SEND Residential</b>	<b>175</b>	<b>175</b>	<b>-</b>

39. Since the pandemic and with the financial challenges the current economy brings, care leavers have remained supported for longer periods and the budget to support this group has therefore overspent by £0.288m. Additional growth has been provided in the MTFs for future years.
40. Recruitment challenges are on-going in the social care space at national at local level. Despite agency expenditure of £1.275m and pay inflation pressures, overall staffing budgets have underspent by £0.441m. This position is expected to improve moving forward following the introduction of new market supplements to make Wiltshire a competitive employer in terms of benefits and pay.
41. The overall position is improved since the quarter 3 report as some grant income has been allocated to services, external legal fees are lower than anticipated and new staff recruited have started later than planned. Savings achieved are offset by recent significant budgetary pressures which includes an above budgeted increase for all in house carers, special guardians and adoption allowances to better reflect current inflationary pressures they are facing.
42. A number of small other variances comprise the balance of the forecast overspend. Savings in the MTFs have been achieved in all areas except for the HR policy related savings. Service cost pressures are outside those savings programmes.
43. Grants have been received in respect of Client-Level Data Flows Support and Supporting Families which largely due to difficulties in recruitment have meant not all expenditure committed has fallen in the 2022/23 financial year. Approval for reserves of the remaining grant balances of £0.019m and £0.062m respectively are requested to allow schemes to complete in 2023/24 financial year.
44. Withdrawal of £0.007m of existing reserve in respect of NAAS grant is requested representing the final expenditure in this area. It is requested that the remaining reserve balance of £0.099m is repurposed to remain in the service area to

facilitate anticipated delays to 2023/24 savings and facilitate savings through staff turnover later in the year.

## CORPORATE DIRECTOR – RESOURCES

Table 7 - Corporate Director Resources 2022/23 Final Year End Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Financial Year End Position</i>	<i>Financial Year End Position Variance</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Corporate Director Resources</b>					
Finance	Gross	94.101	92.571	86.874	(5.697)
	Income	(89.012)	(87.859)	(81.837)	6.022
	<b>Net Exp</b>	<b>5.089</b>	<b>4.712</b>	<b>5.037</b>	<b>0.325</b>
Assets & Commercial Development	Gross	21.484	20.526	22.512	1.986
	Income	(6.418)	(6.108)	(8.379)	(2.271)
	<b>Net Exp</b>	<b>15.066</b>	<b>14.418</b>	<b>14.133</b>	<b>(0.285)</b>
Information Services	Gross	12.016	11.898	11.445	(0.453)
	Income	(0.421)	(0.421)	(0.404)	0.017
	<b>Net Exp</b>	<b>11.595</b>	<b>11.477</b>	<b>11.041</b>	<b>(0.436)</b>
Procurement & Commissioning	Gross	17.069	6.756	7.712	0.956
	Income	(11.759)	(1.919)	(2.072)	(0.153)
	<b>Net Exp</b>	<b>5.310</b>	<b>4.837</b>	<b>5.640</b>	<b>0.803</b>
HR & OD	Gross	7.696	5.390	5.067	(0.323)
	Income	(3.350)	(2.045)	(2.039)	0.006
	<b>Net Exp</b>	<b>4.346</b>	<b>3.345</b>	<b>3.028</b>	<b>(0.317)</b>
Transformation	Gross	1.595	0.100	0.100	-
	Income	(0.472)	-	-	-
	<b>Net Exp</b>	<b>1.123</b>	<b>0.100</b>	<b>0.100</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>Gross</b>	<b>153.961</b>	<b>137.241</b>	<b>133.710</b>	<b>(3.531)</b>
	<b>Income</b>	<b>(111.432)</b>	<b>(98.352)</b>	<b>(94.731)</b>	<b>3.621</b>
	<b>Net Exp</b>	<b>42.529</b>	<b>38.889</b>	<b>38.979</b>	<b>0.090</b>

### Finance: Budget £4.712m – £0.325m overspend

45. The year end position is a £0.325m overspend, which is a £0.617m improvement from the quarter 3 forecast.
46. The service has managed pressures in year in relation to the 2022/23 pay award of £0.287m and a reduction in income from Court Fees recovered of £0.142m. The award of additional one-off Council Tax Support for households in council tax bands A to D has meant that fewer people have fallen into arrears on their Council Tax payments and debt levels are lower which has in turn led to fewer court summonses. In addition, there is a £0.325m pressure from awarding Council Tax discounts to Care Leavers under a local discretionary scheme.

47. These pressures have been managed across the wider service by holding vacancies and maximising the allocation of grant income in relation to the Energy Rebate administration. Grants of £0.458m were received from Government for administering the scheme.
48. As previously reported, there was a pressure on Benefit Subsidy as a result of people being placed in supported living accommodation with non-registered providers. The final year end position was an overspend of £0.715m, an improvement of £0.252m from the pressure forecast at Q 3. The Council is only able to claim subsidy for the rent element of these costs from Government and must cover the cost of support element. Supported Living is used to support vulnerable people, including those with Drug and Alcohol addictions and help them transition back into the community.
49. The overspend on Benefit Subsidy has been offset in 2022/23 and reduced to a final overspend position of £0.289m. This is as a result of a £0.504m reduction in the value of bad debt provision required to reflect the level of bad debt risk. For 2022/23 the total debt value reduced, due to people moving from housing benefit to universal credit which results in less over payment of Housing Benefit, more effective recovery of overpayments and additional Government support.
50. There is a £0.146m overspend in relation to the Monkton Park financing due to higher than expected interest rates. As planned and reported in previous budget monitoring forecasts this year £0.132m has been drawn down from the Housing PFI reserve and £0.486m has been drawn down from the Schools PFI reserve. £0.013m has also been drawn from Local Welfare Provision reserve to fund cover costs in 2022/23.

#### **Assets & Commercial Development: Budget £14.418m – £0.285m underspend**

51. Assets & Commercial Development have managed pressures in year to a final position of £0.285m underspend, an improvement of £0.626m to the quarter three forecast.
52. As reported in quarter 3 energy prices significantly increased in 2022/23. The budget was set with a forecast increase of 35% for electricity and 60% for gas for commodity prices. However actual increases far exceeded the original forecasts, in part due to non-commodity prices which could not be hedged and were unknown at budget setting. These pressures were managed in year to a £0.241m underspend on electricity, £0.166m overspend on gas and £0.120m on Biomass. The underspend on electricity is due to reduced levels of consumption across the estate. There was a delay with commissioning the Air Source Heat Pumps in 2022 which meant they became operational later than planned, those sites therefore remained on gas for a longer proportion of time, causing an electricity underspend and a gas overspend. To mitigate the rising energy prices a range of PV projects were brought forward so that the Council could generate more of its own electricity. As a result of lower occupation levels in the Council buildings there was reduced consumption of Water which has resulted in an

underspend of £0.1m. Overall utilities year end position was £0.161m better than the quarter three forecast.

53. Due to increased inflation on services and materials, Maintenance contracts overspent by £0.583m. This is an improvement of £0.117m from the forecast at quarter three and is because of improved order management and process with contractors.
54. The above pressures are being offset by one off income, from the NHS for the use of City Hall of £0.254m and £0.093m compliance scheme income. The pay award pressure has been managed in year, with a final underspend on salaries of £0.076m this was achieved by holding vacancies and capitalising where appropriate.

### **Information Services: Budget £11.477m – £0.436m underspend**

55. Information Services have managed underlying pressures of £0.530m to a final underspend position for the year of £0.436m. This is an improvement of £0.232m from the position reported in quarter three.
56. The service had underlying pressures of £0.248m in relation to the 2022/23 Pay award, £0.104m for Terms & Conditions pressure and £0.178m for inflation pressure on applications and Microsoft Enterprise & Select Agreement.
57. The support contracts with Microsoft and Azure were reviewed and restructured to manage the inflation pressure, overall, these items delivered a net saving of £0.369m compared to budget for 2022/23. There was however a counteracting budget pressure on the Microsoft software licenses due to an overall increase in headcount across the council and a desire from services that all their staff have access to at least basic IT services such as email and Teams, taken together this has meant that ICT has had to procure more licenses in 2022/23 to accommodate these needs. This trend is expected to continue in subsequent financial years.
58. Further savings were achieved on the corporate Network totalling £0.412m these were one off and recurring savings and have been used to offset other pressures on infrastructure support contracts and hardware totalling £0.111m. This includes the savings from BT invoices, the Council has been working with PGMC to review and challenge incorrect charges and claim refunds and ongoing reductions. Tariffs have been changed to ensure the Council has the best deals.
59. Through a combination of holding vacancies, difficulty recruiting and capitalising salaries, the pay award pressure, including T&C's has been managed down to an overspend of £0.238m against staffing budgets in 2022/23.
60. An ongoing risk for the service for 2023/24 is inflation on software licences and hardware maintenance support contracts as they come up for renewal, this will need to be reviewed and managed as it arises. Across suppliers these pressures are coming in at around 10% to 15% and therefore greater than the inflation increase allowed for in 2023/24 revenue budget. Of particular note will be the



pressure on the Microsoft licenses, the increase in staff requiring licenses is having an effect and although the license costs are currently fixed it is expected that there will be another increase when the current deal expires in mid-2025. This will be reviewed and factored into the 2023/24 MTFS Q1 update.

### **Procurement & Commissioning: Budget £4.837m – £0.803m overspend**

61. Procurement & Commissioning are reporting an overspend of £0.803m, this is a movement of £0.657m from that reported in quarter three. This is predominantly due to less income than forecast and increased salary costs.
62. £0.038m grant received in 2022/23 for activity in 2023/24 has been transferred to a specific reserve.

### **Human Resources & Organisational Development: Budget £3.345m – £0.317m underspend**

63. Where salary cost pressure has arisen from the pay award, which was higher than budgeted for, these have been absorbed and mitigated against by holding vacancies. A number of staff are redeployed to support capital programmes and transformational schemes key to the implementation of programmes of work such as EVOLVE and wherever possible seconded posts have not been backfilled on a like for like basis which is the driver for the underspend.

### **Transformation & Business Change: Budget £0.100m – balanced position**

64. This directorate brings together the systems thinking and programme office to create a transformation and business change service at the heart of supporting the delivery of the Council's business plan priorities, and also includes the Business Insights team and management of strategic programmes. The team is largely funded from flexible use of capital receipts and the transformation reserve. Where salary cost pressures have arisen from the forecast pay award, which was higher than budgeted for, these have been absorbed and mitigated by vacancies. Any underspend on transformation reserve funding has been returned, hence the zero variance at outturn.
65. The Transformation Board has approved drawdowns from the transformation reserve totalling £5.081m over three years in order to prioritise and facilitate the Customer Experience, Business Insights (BI) and Adults Transformation and community led community development bids. In the event, £0.171m of funds can be returned to the reserve from BI and £0.442m is requested to be slipped into 2023/24 financial year.
66. Cabinet is asked to approve an additional £1.620m transfer from the reserve in 2023/24 financial year to support programmes of work SEN high needs recovery programme which will be used to support and reinforce the work of the DfE's developing better value programme. In addition, approval is sought for the health contribution of £0.2m to FACT which is scheduled for 2023/24, an additional funding from adjustments to capital financing and a correction of the original reserve amount in quarter 4 of 2022/23.

Table 8 – Transformation Reserve Summary

	<b>2022/23</b>		
	<b>Financial Year</b>	<b>Future Years</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Balance Brought forward</b>	<b>5.355</b>		<b>5.355</b>
<b>Contributions</b>			
Community Led Community Development Bids	2.000		<b>2.000</b>
BT Gainshare - transfer one off gain to transformation reserve	3.590		<b>3.590</b>
Contribution Capital Financing MRP adjustment	0.980	-	<b>0.980</b>
Health Contribution to FACT confirmed February 2023	0.200	-	<b>0.200</b>
<b>Schemes funded</b>			
Families & Children Transformation (FACT)	(0.297)	(0.612)	<b>(0.910)</b>
Customer Experience	(0.234)	(0.616)	<b>(0.849)</b>
Business Information Team	(0.002)		<b>(0.002)</b>
Adults Transformation	(0.653)	-	<b>(0.653)</b>
Community Led Community Development Bids		(2.000)	<b>(2.000)</b>
High Needs Block (Preparation for Delivering Better Value Programme)	-	(1.620)	<b>(1.620)</b>
Slippage into 23/24 financial year FACT, Adults & Customer Experience	0.422	(0.422)	-
Correction of original funding allocation	(0.400)	-	<b>(0.400)</b>
<b>Total Balance Remaining</b>			<b>5.691</b>

## CORPORATE DIRECTOR – PLACE

Table 9 - Corporate Director Place 2022/23 Final Year End Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Financial Year End Position</i>	<i>Financial Year End Position Variance</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Corporate Director Place</b>					
Highways & Transport	Gross	51.086	51.048	53.904	2.856
	Income	(13.325)	(13.374)	(16.328)	(2.954)
	<b>Net Exp</b>	<b>37.761</b>	<b>37.674</b>	<b>37.576</b>	<b>(0.098)</b>
Economy & Regeneration	Gross	4.000	2.635	2.895	0.260
	Income	(1.509)	(1.345)	(1.728)	(0.383)
	<b>Net Exp</b>	<b>2.491</b>	<b>1.290</b>	<b>1.167</b>	<b>(0.123)</b>
Planning	Gross	8.450	8.250	9.024	0.774
	Income	(6.780)	(6.780)	(5.939)	0.841
	<b>Net Exp</b>	<b>1.670</b>	<b>1.470</b>	<b>3.085</b>	<b>1.615</b>
Environment	Gross	52.633	54.990	55.959	0.969
	Income	(9.418)	(8.749)	(10.258)	(1.509)
	<b>Net Exp</b>	<b>43.215</b>	<b>46.241</b>	<b>45.701</b>	<b>(0.540)</b>
Leisure Culture & Communities	Gross	15.000	20.663	20.247	(0.416)
	Income	(7.526)	(13.996)	(14.882)	(0.886)
	<b>Net Exp</b>	<b>7.474</b>	<b>6.667</b>	<b>5.365</b>	<b>(1.302)</b>
<b>TOTAL PLACE</b>	<b>Gross</b>	<b>131.169</b>	<b>137.586</b>	<b>142.029</b>	<b>4.443</b>
	<b>Income</b>	<b>(38.558)</b>	<b>(44.244)</b>	<b>(49.135)</b>	<b>(4.891)</b>
	<b>Net Exp</b>	<b>92.611</b>	<b>93.342</b>	<b>92.894</b>	<b>(0.448)</b>

### Highways & Transport: Budget £37.674m – £0.098m underspend

67. The Highways and Transport service has managed significant inflation pressures in 2022/23 to a net understand position of £0.098m, this is an adverse movement of £0.453m from the quarter 3 forecast.
68. Inflation increases in 2022/23 were on average 6% (excluding fuel inflation pressure) higher on contracts than budgeted for as part of the 2022/23 budget, this resulted in a 0.567m inflation pressure on Highways contracts and £1.477m on Passenger Transport including fuel inflation, support and re-tendered prices for Bus Network. The pay award pressure was £0.468m.
69. These pressures were offset by a range of one-off management measures as described below including a reduction in contractor spend and overachievement of income. Vacancies were held and capitalisation was maximised to reduce the salary pressure to a £0.317m overspend.
70. Highways contract inflation is running on average at 13%, as part of budget setting the average % inflation uplift applied was 6% for Highways and Transport

which generated significant pressure on the service. Inflationary increases were agreed on individual contracts and applied when due. This pressure was managed in part by a reduction in services largely as contractors were still experiencing issues as a result of COVID so were actually unable to deliver some services at budgeted level, issues included a shortage of drivers and resources, this was also down to a buoyant construction sector attracting skilled operatives and difficulty with procuring equipment and machinery.

71. The Streetscene contract suspended work to enable mobilisation of the new contract, which was delayed to February 2023. It is recommended an earmarked reserve is set aside for £0.353m to enable essential work that was delayed to be delivered in 2023/24, this will still deliver an in year saving of £0.328m for 2022/23.
72. Overall Highways and Transport delivered £1.914m savings in 2022/23, £0.157m was not delivered due to delays but these savings are on track to be achieved in full for 2023/24. The £0.1m savings proposal for 2022/23 to charge for advertising on Bus Shelters was linked to the Bus Service Improvement Plan (BSIP), delivery was therefore delayed until 2023/24. The savings proposal for Blue Badge charging for £0.040 was delayed due to the consultation process and new Traffic Regulation Order so only delivered part year savings of £0.023m in 2022/23. The fleet strategy saving proposal has not been achieved as due to staff retention issues the mandatory reduction in travel payments to staff was not undertaken. However, a communication strategy to encourage managers to move their staff's personal transport to council provided fleet was undertaken and where practical is being undertaken. In 2022/23 a saving of £5k was realised with further savings as more adopt the practice. Asset Transfers for Countryside sites savings for £0.025 were delayed due to capacity. Mitigating savings in income as described below were used to offset these pressures.
73. Streetworks income overachieved budget by £0.658m due to the increased level of activity undertaken on the highway by utilities, developers and contractors, this was also seen in 2021/22 so the budget for 2023/24 was increased as part of the 2023/24 budget setting process.
74. A commitment of £2.150m across three years was made from the Business Plan Priority reserve for enhanced services for Gully emptying, Fly tipping and Parish Stewards, £0.280m was drawn down in 2022/23 for work undertaken.
75. As planned and reported in budget monitoring forecast this year draw downs to cover expenditure in year were made from the Ash Die back reserve of £0.202m, the Depot Strategy reserve of £0.105m and the Local Transport Plan reserve of £0.043m.
76. Grant was received at the end of the financial year for Capability Fund and Active Travel, it is recommended reserves are set aside for £0.270m and £0.044m respectively to enable works to complete in 2023/24.
77. Passenger Transport had to manage significant inflation pressures in 2022/23, this was compounded by the super inflation seen on fuel at circa 30% and falling

patronage. In order to keep services running and prevent bus service sections being deregistered, the Council had to step in and provide support where routes had become commercially unviable. An inflation increase directly linked to fuel was provided to contractors to help ease the immediate pressure and ensure services were not handed back. In addition, the service faced further pressure as there were significant price increases on retendered contracts in year. The total of these pressures was £1.477m above base budget for 2022/23; however, as this position was forecast at the end of 2021/22 financial year grant was set aside to provide assistance in 2022/23, income also overachieved budget, this income was used to offset the pressures resulting in a final underspend position of £0.253m. As planned and reported in budget monitoring forecast this year £0.123m Rural Mobility Grant was drawn down from reserves.

78. Car parking saving proposals were all implemented in 2022/23 and increased tariffs actioned, the additional income was achieved. However, the overall car parking income underachieved by £0.327m to the 2022/23 budget, this was because the baseline budget has still not recovered to the post Covid forecast.
79. As planned and reported in budget monitoring forecast this year £0.032m has been drawn down from reserves to cover expenditure in the year in relation to statutory orders and parking machines.

80. Initiatives to manage litter, fly posting and other such environmental nuisances are a priority for Cabinet and it is requested that funding is allocated from the Business Plan Priority Reserve to fund the following activities for two years. Litter enforcement on rural and urban roads which includes enforcement by the way of fixed penalty notices (FPNs), an additional enforcement officer and the use of overt CCTV: fly posting enforcement with the delegation for the enforcement of fly posting under the Town and Country Planning Act 1990 to the Environmental Enforcement Team; additional litter prevention, cleaning and collection initiative including hot spots such as multi-story car parks; awareness campaign to ensure behaviour change.

#### **Economy & Regeneration: Budget £1.290m – £0.123m underspend**

81. The final year end position of £0.123m underspend has been achieved by holding vacancies. As planned and reported in budget monitoring forecast this year £0.071m has been drawn down from the Covid-19 Grants workstream reserve to cover expenditure in the year.
82. It is recommended that the underspend on Wiltshire Towns recovery budget of £0.700m and the grant received in March for re-opening the high-street £0.275m is added to Wiltshire Towns Programme reserve to honour the commitments made to external agencies in 2022/23 that were not able to be defrayed.
83. In line with the Porton Science Business Plan approved by Cabinet £0.071m has been transferred into Porton Science Park reserve which creates a sinking fund for future capital maintenance from the surplus the site generates in year and was included as part of the original grant conditions.

#### **Planning: Budget £1.470m – £1.615m overspend**

84. Development Management Income budgets for fees and charges were set at pre-COVID-19 levels for 2022/23 and Building Control and Local Land Charges at 98% of pre-COVID-19 levels. The Fees & Charges Income budgets total was £6.730m.
85. As forecast throughout the year Income has not achieved budget, the final year end position was an underachievement of £0.711m on Development Management, £0.159m on Local Land Charges and bucking the trend an overachievement on Building Control of £0.049m.
86. The service had an overspend on salaries of £0.437m, the pay award pressure for 2022/23 was £0.320m and in addition the service had to contract agency staff due to difficulties recruiting and retaining experienced staff. This issue was compounded by requiring additional agency staff to reduce the backlog from 2021/22 as a result of increased activity at the end of the year and lack of resource. The marketplace has become extremely competitive, and this issue is being seen nationally across the industry, the service is working with HR to try to agree a long term strategy for staff recruitment and retention. As planned and reported in budget monitoring forecast this year £0.101m has been drawn down from the Latent Demand reserve to cover the cost of agreed additional resources.
87. The service has seen increased spend on Legal Fees and consultants due to more appeals being made by developers. This has resulted in an overspend of £0.509m. This continues to be a risk area for the service so the 2023/24 budget has been increased to reflect this.
88. As planned and reported in budget monitoring forecast this year £0.102m and £0.1m has been drawn down respectively from the Neighbourhood Planning and Local Planning reserve in 2022/23 to cover planned expenditure in year.

**Environment: Budget £46.241m – £0.540m underspend**

89. Waste services has managed significant inflation pressure in year of £1.448m, with CPI rates at 10.1% for July 2022 when the majority of inflation was contractually due to be applied. It should be noted that for most of the waste contracts, the indexation is not an automatic uplift but subject to the contractor evidencing their increased costs, and any claim capped at CPI.
90. The saving proposal for £0.100m to introduce a charge at Household Recycling Centres for the disposal of non-household waste was put on hold in response to the Government public consultation on charging for "DIY waste" at Household Recycling Centres. The closing date for consultation responses was the 4 July 2022, but the outcome is still not known. Recognising that other councils have continued to apply charges for non-household waste at their sites, and others have recently implemented charging regimes, this savings proposal was approved at the Council budget setting meeting in February, for implementation from 1 April 2024.

91. These pressure in Waste were largely offset in year because 5,352 less tonnes than budgeted needing to be managed and different waste stream treatments. The remaining pressure in Waste was offset by an overachievement on Income of £1.257m, largely for recyclable materials through the Lot 1 waste management contract than forecast. The last quarter saw a significant dip in material income, meaning the forecast level of income in quarter three was not achieved, this was due to lower prices being achieved and a reduction in tonnages. Recycling material income is notoriously volatile and has been particularly influenced by a changing economic climate.
92. Environment Services had a 2022/23 pay award pressure of £0.176m, the final year position was an overspend on salaries of £0.353m this is due to the pay award pressure, low staff turnover in year resulting in not meeting the vacancy factor target and additional resource which is offset by in year income.
93. The table below shows the final tonnages and rates for the significant Waste contracts against the budget position.

Table 10 – Waste Contract Budget vs Actual

	Tonnes				£/Tonne *				Budget Variance Due to Price/Tonnes £m
	Budget setting F'cast (T)	Yr End (T)	Var (T)	Var (%)	£/Tonne (Budget Setting)	£/Tonne	Var (£)	Var (%)	
<b>Service:</b>									
Provision and operation of Waste Transfer Stations (WTS), a Materials Recovery Facility (MRF) and two Household Recycling Centres (HRCs)	86,300	72,164	(14,136)	(16.4%)	63.198	70.585	7.387	11.7%	(0.598)
Composting services	39,200	34,210	(4,990)	(12.7%)	34.800	36.142	1.341	3.9%	(0.249)
Treatment & disposal of residual waste (inc street sweepings)	23,000	16,699	(6,301)	(27.4%)	34.372	38.937	4.565	13.3%	(0.129)
Tax payable on all waste sent to landfill	35,800	27,410	(8,390)	(23.4%)	98.600	98.600	-	0.0%	(0.798)
Energy from waste landfill diversion contract.	50,000	52,251	2,251	4.5%	132.245	125.731	(6.514)	(4.9%)	(0.043)
Mechanical biological treatment (MBT) Landfill diversion contract.	60,000	54,648	(5,352)	(8.9%)	151.775	176.810	25.035	16.5%	0.572

\* £/T excludes income

94. £0.168m has been transferred into Lot1 Contract Sinking Fund reserve, which is required as part of the deed of variation to the contract to ensure funds are available at the end of the contract term for the final payment for the MRF equipment. This amount is budgeted for and will be transferred each year for the life of the contract.

### Leisure Culture & Communities: Budget £6.667m – £1.302m underspend

95. The final year end position of £1.302m underspend is largely due to the overachievement of income budgets In Leisure Operations. Income budgets were set at 80% of pre COVID-19 levels and have overachieved by £1.148m across the twenty Leisure Centres, this was a £0.532m improvement from the quarter three forecast and reflects the strong performance in the last quarter.
96. Despite concerns, the cost of living and new competition has had minimal impact on 2022/23 Leisure Income, Leisure operations worked hard to promote the services with increased advertising and marketing in 2022/23 to combat these risks. The service has also benefited in March from the change in VAT treatment because of HMRC now accepting that local authority leisure services are non-

business activities. This was shown as a savings proposal for 2024/25 but will now deliver early on 2023/24. In addition, Melksham campus opened in August 2022 and has quickly established members and is performing strongly.

97. The service is continuing to harmonise across the Leisure centres taking forward best practice and learning. Pay harmonisation did not take place in 2022/23 and contributes to the movement between quarter three forecast and outturn. Across the Leisure, Culture and Communities service the 2022/23 pay award pressure totalled £0.827m, through a combination of not being able to recruit and purposefully holding vacancies this was managed down to an overspend of £0.308m.
98. Savings of £0.331m on Leisure Operations supplies & services have been achieved in 2022/23 from bulk buying supplies to lock in lower prices and focusing on essential spend. Area Boards had an underspend on Revenue grants of £0.154m, this will not be set aside in a reserve for 2023/24. Budget allocated for City Hall feasibility was not spent in 2022/23 as the council continues to establish the best means to remobilise the venue. There was an underspend relating to sport and physical activity projects due to service restructure and vacant posts impacting capacity to deliver this work in 2022/23.
99. As part of 2023/24 budget setting the Libraries review has been recognised as an official transformation programme, the saving target for £0.048m has therefore been removed for 2023/24 and was not fully delivered in 2022/23 in recognition that the service needs a full review and transform and should not be done piece mill or in isolation.
100. As planned and reported in budget monitoring forecast this year, £0.007m has been drawn down from the Windrush reserve, this project is now complete. £0.004m has been transferred to the existing Museum Development reserve for the net balance of partnership funding in 2022/23.
101. It is recommended Cabinet approve a transfer to reserves of £0.082m, this is the balance of funding received from the NHS specifically to deliver Exercise After Stroke and Cardiac Rehabilitation classes to those referred by an appropriate clinician following a stroke or cardiac event, so that this can continue to be delivered in 2023/24 and used for the purpose for which it was intended.

## **CHIEF EXECUTIVE DIRECTORATES**

Table 11 – Chief Executive Directorates 2022/23 Final Year End Position



		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Financial Year End Position</i>	<i>Financial Year End Position Variance</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Chief Executive Directorates</b>					
Legal & Governance	Gross Income	10.080 (2.598)	11.827 (2.586)	12.343 (2.996)	0.516 (0.410)
	<b>Net Exp</b>	<b>7.482</b>	<b>9.241</b>	<b>9.347</b>	<b>0.106</b>
Corporate Directors & Members	Gross Income	3.055 (0.014)	3.292 (0.014)	3.415 (0.015)	0.123 (0.001)
	<b>Net Exp</b>	<b>3.041</b>	<b>3.278</b>	<b>3.400</b>	<b>0.122</b>
<b>TOTAL CEX DIRECTORATES</b>	<b>Gross Income</b>	<b>13.135</b> <b>(2.612)</b>	<b>15.119</b> <b>(2.600)</b>	<b>15.758</b> <b>(3.011)</b>	<b>0.639</b> <b>(0.411)</b>
	<b>Net Exp</b>	<b>10.523</b>	<b>12.519</b>	<b>12.747</b>	<b>0.228</b>

### **Legal, & Governance: Budget £9.241m – £0.106m overspend**

102. The final year end variance on Legal and Governance is a £0.106m overspend, a £0.106m movement from the previously reported balanced position at quarter 3. This is a result of increased use of agency staff in legal services due to recruitment issues and increased Coroners costs. However this was offset in part by income being higher than anticipated across the service. The service managed the £0.413m of pay award pressure through increased income and holding vacancies.

103. As planned and reported in the budget monitoring forecast this year, £0.2m has been transferred into the Elections earmarked reserve to fund future Elections costs.

104. Approval is requested for a £0.024m transfer to a new reserve to hold the funding that the council has received from external organisations to sponsor Olympic and Paralympic athletes within Wiltshire and hold the Sports Gala dinner which the council holds annually, this is included in this year end position.

### **Directors & Members: Budget £3.278m – £0.122m overspend**

105. The overspend in this budget relates to both the non-delivery of the vacancy factor and the Pay Award pressure.

## **CORPORATE EXPENDITURE**

Table 12 – Corporate 2022/23 Final Year End Position

		<i>Original Budget</i>	<i>Revised Budget</i>	<i>Financial Year End Position</i>	<i>Financial Year End Position Variance</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Corporate</b>					
Movement on Reserves	Gross Income	(1.138) -	4.144 -	7.735 -	3.591 -
	<b>Net Exp</b>	<b>(1.138)</b>	<b>4.144</b>	<b>7.735</b>	<b>3.591</b>
Capital Financing	Gross Income	26.991 (0.150)	27.142 (0.150)	26.926 (9.745)	(0.216) (9.595)
	<b>Net Exp</b>	<b>26.841</b>	<b>26.992</b>	<b>17.181</b>	<b>(9.811)</b>
Corporate Costs	Gross Income	3.113 -	4.091 (1.071)	2.716 (0.932)	(1.375) 0.139
	<b>Net Exp</b>	<b>3.113</b>	<b>3.020</b>	<b>1.784</b>	<b>(1.236)</b>
Corporate Levies	Gross Income	7.664 (1.039)	7.664 (1.789)	7.664 (3.579)	- (1.790)
	<b>Net Exp</b>	<b>6.625</b>	<b>5.875</b>	<b>4.085</b>	<b>(1.790)</b>
<b>TOTAL CORPORATE</b>	<b>Gross Income</b>	<b>36.630 (1.189)</b>	<b>43.041 (3.010)</b>	<b>45.041 (14.256)</b>	<b>2.000 (11.246)</b>
	<b>Net Exp</b>	<b>35.441</b>	<b>40.031</b>	<b>30.785</b>	<b>(9.246)</b>

#### **Movement on Reserves: Budget £4.144m – £3.591m overspend**

106. As approved by Cabinet in the quarter 3 budget monitoring report £16.5m budget equalisation reserve, £7m inflation reserve and £1.856m pay award reserve have been repurposed to create a £10m reserve for accommodation needs, £2m to the transformation reserve for community development pilots, £0.5m for investment in county road sign infrastructure, £7m to the General Fund reserve, £0.839m to the Business Plan Priority reserve and £1.839m for the 2022/23 final overspend financial position.

107. It is recommended Cabinet approve to create a new reserve for £2m to set aside funding for the 2023/24 pay award forecast pressure and £0.6m for feasibility studies and a further transfer of £0.598m to the Business Plan Priority reserve.

108. The variance of £3.591m is the allocation of the BT Gainshare monies to the Transformation Reserve as approved by Cabinet in the quarter 2 budget monitoring report. This income is shown in Financing & Investment Income & Expenditure.

109. Other transfers to and from reserves are included within the main body of the report under the relevant service section.

#### **Capital Financing: Budget £26.992m – £9.811m underspend**

110. As previously reported the final borrowing figure for 2021/22 sets the minimum revenue provision charge for year 2021/22, as a result of the reduction in the

2021/22 capital programme year-end financial position there is a £1.348m saving in 2022/23.

111. The Council took a treasury management decision to borrow £80m in March 2022 and as forecast, there has not been a need to borrow again in 2022/23. As a result of this borrowing and the interest rates, interest payable exceeded budget by £1.330m. This is offset by an overachievement of £5.863m on interest receivable, which is an improvement of £3.272m from quarter three. Interest receivable was greater than forecast due to higher interest rates than expected and a greater level of cash held than forecast. The Council's cashflow position was greater than expected due to capital programme slippage and the Council holding funding that was expected to be returned to government in 2022/23. This final year end position also includes for the loan interest from Stone Circle and Wiltshire College.
112. There is an underspend against asset disposal costs of £0.292m, this is as a result of charging previous year disposal costs to the capital receipts received in 2022/23. Due to the level of activity and timings there were very few costs in 2022/23 relating to future sales.
113. £3.590 relates to BT Gainshare monies, which has been transferred to the Transformation Reserve as approved by Cabinet in the quarter 2 budget monitoring report.
114. It is recommended Cabinet approve to transfer the remaining balance of £0.980m to the Transformation earmarked reserve.

**Corporate Costs: Budget £3.020m – £1.236m underspend**

115. Included under Corporate Costs is a budget for redundancy costs which has not been fully committed in year and is showing a £0.712m underspend for 2022/23.
116. As previously forecast bank charges have overspent by £0.033m and is due to the delay in achieving the full year of savings associated with obtaining PCI DSS compliance. Internal audit had a final year overspend of £0.011m due to unforeseen inflationary increases. External audit fees had an overspend of £0.037m due to additional work requirements to support the ongoing audits. These overspends have been offset by a government grant for audit costs of £0.047m.
117. There is an end of year underspend of £0.296m on corporate contingency as a result of writing back unallocated income and credits held from prior periods in line with best practice.

**Corporate Levies: Budget £5.875m – £1.790m underspend**

118. At quarter three an overachievement of income was forecast for the Business Rates from Renewable Energy sites of £0.868m. The actual year end position was an overachievement of £1.790m as fewer than expected rating appeals were received and agreed. As previously reported, there was a pressure on the

Apprenticeship Levy and Flood Defence Levy, the final year end position was £0.161m overspend.

119. The final year end position for Pension Deficit Lump Sum payment was an underspend of £0.035m, which is an improvement of £0.429m from the quarter three forecast and is due to the end of year true-up which is based on actual number of employees. Early Retirement pension costs had an underspend of £0.126m.

## **FUNDING**

### **Collection Fund**

120. At the outset of the year uncertainty remained on level of income the council would receive from local taxation, from Council Tax and Business Rates, with the impact of the cost of living crisis on households' and businesses ability to continue to pay unclear. As the most significant funding stream for the council the budgets had been prudently set in line with previous years as part of the 2022/23 budget setting approach.
121. Council Tax for the year is paid to the council from the Collection Fund in line with the budget, and variances to the in year position is managed in the following financial year as part of the Collection Fund surplus distribution or deficit recovery mechanism. As a consequence, the £4.501m surplus on the Collection Fund for 2021/22 was paid out to the council in 2022/23. This is partial off-set against the deficit that arose in 2020/21, which was mandated to be spread over the following three financial years, with £1.250m budgeted for every year 2021/22-2023/24. The actual deficit charged in year is £1.220m.
122. The Retained Business Rates saw an overall underachievement against budget of £21.107m however this underachievement is off set by two different elements. Additional S31 grant of £9.780m during the year was received from government to compensate the council for mandatory reliefs and also for the gap between the assessment of funding need compared to the proportional income allocated to the council through the Business Rates Retention Scheme. Additional S31 Grant of £10.629m was also received in 2021/22 that was set aside in specific reserve to provide funding for cashflow and accounting timing differences and off-sets the underachievement of income from retained business rates.
123. The council awards discretionary hardship reliefs to some households in receipt of Council Tax Reduction and for 2022/23 this amounted to £0.140m, which is funded by a draw from the monies set aside in the Collection Fund Volatility Reserve.

### **General Government Grants: Budget (£49.261m) – £9.803m underspend**

124. £9.780m of the over achievement of income from Government Grants relates to Business Rates S31 grant, which nets off against the under achievement of income from Retained Business Rates. Together with the drawdown from the

Business Rates S31 Grant reserve, shown under movement on reserves of £11.327m this is offsetting the overspend shown against Retained Business Rates of £21.107m.

### Dedicated Schools Grant – Total Grant £426.708m - £9.840m net overspend

125. The variance for dedicated schools grant (DSG) is an overall £9.840m overspend, analysed as below.

Table 13 – DSG Block Summary

Table 1 DSG Block Summary	DSG Allocation from the DfE £m	Wiltshire Transfers £m	Current Annual Budget £m	Period 12 Outturn £m	Period 12 Outturn Variance £m	% Variance
Early Years Block	30.867	0.180	31.047	28.901	(2.145)	(7%)
Schools Block	328.594	(1.628)	326.966	325.745	(1.221)	(0%)
High Needs block	64.643	1.708	66.351	79.850	13.499	20%
Central Block	2.604	(0.260)	2.344	2.051	(0.293)	(12%)
<b>Overall</b>	<b>426.708</b>	<b>-</b>	<b>426.708</b>	<b>436.548</b>	<b>9.840</b>	<b>2%</b>

126. The underspend on the early years block is where estimates of children from settings differ from actual children attending and the majority of this will be re-claimed by the DfE this summer.

127. The underspend on schools block is growth fund where this is set at a level to contribute to the high needs block pressures if not required. Central block underspends represent vacancies in central service teams due to recruitment challenges.

128. The variance for dedicated schools grant (DSG) high needs block is a net £13.499m overspend. This is driven by demand from parents and schools for statutory support for vulnerable children with SEN & disability, reflected in increased numbers of education health and care plans (EHCPs.) The number of EHCPs at the end of 2021/22 was 4,371; 2022/23 is 4,911; an increase of 540 plans (12%.)

129. The demand pressure and overspend is aligned with the national picture for many other local authorities and Government's acknowledgement of this is reflected in the national level additional funding for the 2022/23 high needs block of £1,082m and high needs block supplementary funding of £325m for the 2022/23 financial year. The 2022/23 allocation included increases of £4.897m and £2.415m respectively for Wiltshire. This has come somewhat to alleviating the pressure it will not however, assist with previous years overspends which are

held in the DSG deficit reserve in the local authority's balance sheet. Lobbying continues to request support and additional funding at national level.

130. The DfE's SEN review was published in March 2022 and the financial implications of this are unclear at this stage although national bandings of support are proposed. Wiltshire has submitted both a consultation response and separate written response and the DfE is yet to publish its findings and recommendations.

Table 14 - DSG Reserve (held in the council's balance sheet) and recovery actions.

<b>DSG Reserve</b>	<b>Early Years Ringfence (effective 01/04/22) £m</b>	<b>Schools Block, HNB &amp; Central £m</b>	<b>Total 2022/23 £m</b>
Balance Brought Forward from 21/22		25.973	25.973
Early Years Adjustment 21/22 prior year	(0.564)		(0.564)
Forecast variance 22/23	(2.710)	12.550	9.840
<b>Forecast DSG Deficit carried forward 2022-23</b>	<b>(3.274)</b>	<b>38.523</b>	<b>35.249</b>

131. The DSG is ringfenced and is separate to local authority budget. Any underspend or overspend is also ringfenced. At the beginning of the financial year, the DSG reserve balance had a deficit of £25.973m this is now £35.249m. The local authority has a long-term recovery plan centred around inclusion which is being implemented in partnership with schools however the deficit lies with Wiltshire Council whilst the recovery plan is delivered. Additional funding is key to meeting the needs of Wiltshire pupils.
132. Prior to 2020/21 the DSG grant was treated as a usable reserve, when this went into deficit it was no longer appropriate for it to be treated as such, as negative cash reserves are not acceptable. In April 2020 Ministry of Housing, Communities & Local Government (MHCLG) introduced new legislation to switch the DSG deficit reserve from usable to an unusable reserve and allowed the creation of an adjustment account on the balance sheet. In presenting the Better Value proposition DfE have now confirmed that the override will end on 31 March 2026. This provides no resolution to the negative reserve issue, which was the subject of the override, now extended for a further three years. There is much activity in this area nationally and locally.
133. The DfE SEN green paper was published in March 2022. The local authority responded to the 22 consultation questions following a series of consultative meetings with school leaders. A key piece of feedback was from the Section 151 Officer around the financial exposure and risk to the local authority. There are currently no solutions proposed to the financial pressures however, the department is offering a series of support levels to local authorities depending on their financial risk. Wiltshire has been invited to share our recovery plan with the DfE and join the Developing Better Value (DBV) Programme with advice from

SEN and finance consultants and access to financial support to enable transformation.

134. School Leaders continue to raise the profile of the funding challenges with Wiltshire's MPs who have been supportive and raised with central government.
135. The f40 group who represent the 42 lowest funded authorities in the country, most of whom are shire counties like Wiltshire, continue to lobby central government and meet regularly with MPS.
136. The Society of County Treasurers published data collected from local authorities including Wiltshire and have used this as a basis to lobby central government.
137. Wiltshire is taking steps to address the demand for specialist placements; significant Council investment in the System of Excellence and new Silverwood Special School places in the north of the county, the 150-place free special school in the south, expansion of specialist places within our schools and the flexible use of capital receipts by the council to fund a series of projects to facilitate change both internally and to influence partners. These and the savings planned from them do not lead to a balanced position within the next 10 years, to do this we must have investment from central government. Savings are limited by many external factors and include a parent's legal right to state parental preference and recourse to a tribunal. Our local authority position is that we cannot sustain the DSG deficit.
138. Councils nationally have an estimated £2.3bn in high needs funding deficits. Those authorities with the most significant deficits, have been enrolled in the DfE "Safety Valve" programmes. Following the publication of the SEN Review the DfE have published a suite of reports and guidance to support local authority budget management and recovery plans. Wiltshire has been offered support the DfE's "Delivering Better Value" (DBV) programme. The Council is scheduled to be part of the DfE's third phase of the DBV programme in July 2023 and has been awarded £0.045m to facilitate this. In addition, the DfE have appointed Newton, CIPFA and SEN advisers to work with officers to review the recovery plan and provide support and guidance. Officers have started preparatory work with Newton / CIPFA if requirements are met a grant of up to £1m will be made available to fund recommendations.
139. The council has an ever-evolving DSG Management Plan which will be shared with the DfE as part of the DBV programme. As the situation stands both locally and for most other local authorities, the pupil driven needs cannot be met without an appropriate level of funding. In addition, over a third of the high needs block funding formula is largely based on historical data from 2014 and in Wiltshire, the significant rise in the numbers of children with EHCPs since this date is driving much of this overspend.

140. Our council position is that we cannot sustain the DSG deficit at this level and as such, the transformation board have approved a proposal to invest £1.6m into recovery to align with the work of the DBV programme.

141. Officers have taken every opportunity to take part in national and southwest comparator research which show the extent of the national and regional issue. Best practice and savings approaches are being shared with peers.

### **Housing Revenue Account (HRA) – Total income £26.510m - £0.602m provisional net transfer to reserve**

142. Due to the ring-fenced nature of the Housing Revenue Account, at the end of any financial year the balance outstanding is offset by a transfer to or from the ring-fenced HRA reserve. For 2022/23 an amount of £2.959m was budgeted to be transferred to reserves. The outturn position reported is provisional as estimated figures for depreciation and bad debt provision have been included as these figures are still being calculated, however they are not expected to change materially, but will be confirmed subject to external audit. The provisional outturn is a transfer of £0.602m to the HRA reserve, a variance of £2.357m.

143. £1.865m is due to an estimated overspend against depreciation based on charges in recent years. The depreciation charge gets set aside in the Major Repairs Reserve and is used to fund future capital programmes, the 2023/24 budget was realigned in line with increased charges over the last few years.

144. £0.591m is from lower rental income during the year due to a backlog of void properties which the service is working to address. There have also been fewer completions and purchases on the Council House Build Project.

### **SAVINGS DELIVERY 2022/23**

Table 15 – 2022/23 Savings Summary



Corporate Director	Directorate	2022/23 Savings Target	Savings achieved to date	Savings achieved above target	Savings not achieved
		£m	£m	£m	£m
People	Adult Services	7.741	6.273	-	1.468
	Public Health	0.004	0.004	-	-
	Families & Children's	1.413	1.029	-	0.384
	Education & Skills	0.365	0.364	-	0.001
<b>People Total</b>		<b>9.523</b>	<b>7.670</b>	<b>-</b>	<b>1.853</b>
Resources	Finance	0.010	0.010	-	-
	Assets & Commercial Development	0.745	0.745	-	-
	Information Services	0.312	0.312	-	-
	HR&OD	0.314	0.313	0.209	-
	Transformation	1.000	1.000	-	-
	Procurement & Commissioning	1.408	1.408	-	-
<b>Resources Total</b>		<b>3.789</b>	<b>3.788</b>	<b>0.209</b>	<b>-</b>
Place	Highways & Transport	2.071	1.914	-	0.157
	Economy & Regeneration	0.289	0.289	-	-
	Planning	0.289	0.239	-	0.050
	Environment	1.384	1.245	0.469	0.139
	Leisure Culture & Communities	0.540	0.498	-	0.042
<b>Place Total</b>		<b>4.573</b>	<b>4.185</b>	<b>0.469</b>	<b>0.388</b>
Chief Executive	Legal & Governance	0.352	0.352	-	-
	Corporate Directors & Members	0.314	0.314	-	-
<b>Chief Executive Total</b>		<b>0.666</b>	<b>0.666</b>	<b>-</b>	<b>-</b>
Corporate	Capital Financing	1.030	1.030	-	-
	Corporate Costs	1.100	1.100	-	-
<b>Corporate Total</b>		<b>2.130</b>	<b>2.130</b>	<b>-</b>	<b>-</b>
All Directorates	All Directorates	4.145	3.380	-	0.765
<b>All Directorates Total</b>		<b>4.145</b>	<b>3.380</b>	<b>-</b>	<b>0.765</b>
<b>Grand Total</b>		<b>24.826</b>	<b>21.819</b>	<b>0.678</b>	<b>3.006</b>
<b>%age Total Target</b>		<b>100.0%</b>	<b>87.9%</b>		<b>12.1%</b>

145. The Council had a savings requirement of £24.826m within its 2022/23 budget which was approved by Council in February 2022. The deliverability of these proposals has been monitored during the year and has been reported as part of the quarterly budget monitoring to Cabinet.

146. Of the £24.826m savings proposals £21.819m (87.9%) have been delivered (blue) and £3.006m (12.1%) of savings targets have not been delivered. This is a significant achievement for the council, considering the pressures that have been faced during the year and provides a strong position going into the 2023/24 financial year.

147. The £4.145m savings shown under All Directorates have been allocated to service budgets and refer to staff savings in relation to Terms and Conditions for overtime and unsociable hours, increment freeze and increasing the vacancy factor from 5% to 6.5%. These were all delivered in 2022/23 apart from £0.749m terms and conditions savings, these were in relation to changes to the unsocial hours, standby and callout policies and remain under negotiation. The £0.749m pressure as a result of the non-delivery of these savings was built into the budget for 2023/24 as a pressure.

148. The delivery of savings is a key risk in 2023/24 and remains an important element of financial performance management and a focus for the Council and the status of savings will continue to be monitored robustly during the year to

ensure future year financial planning processes and the budget remains robust and deliverable.

### **CAPITAL RECEIPTS FLEXIBILITIES 2022/23**

149. The government allows Local Authorities to fund transformational activity that is designed to deliver ongoing revenue savings and/or transform service delivery to reduce costs or reduce demand for services in the future. This is known as Capital Receipts flexibilities. It is important that any Local Authority using this flexibility is transparent in reporting its plans and the individual projects that are to be funded or part funded and report the previous years' activity and whether the planned savings and/or service transformation have been or are being delivered as planned.
150. The outturn position for the current financial year, 2022/23, is that only one use was planned, being £1m to fund transformation programme activity across the Council, supporting the Business Plan outcomes. This position preserves the value of capital receipts which can be used to support the capital programme and investment within Wiltshire. In the event, due to recruitment challenges, only £0.766m was required in the 2022/23 financial year.

### **RESERVES POSITION AND FORECAST**

151. Reserves are an important element of the council's finances and a sufficient level of balances should be held, to mitigate risks within the budget and operations of the Council.
152. The level of both general fund reserves and earmarked reserves has seen significant increases and improvement over the past few years and allows the council to have a greater ability to manage financial shocks. The balance and forecast balance of reserves has been reported on a quarterly basis during the year and will continue to feature in future budget monitoring reports, to continue the visibility of reserve balances, as important funding elements for the council.
153. As part of the outturn reporting for 2021/22 reserves balances were reported and the balances for General Fund Reserve stood at £21.056m and the balance for Earmarked Reserves excluding Dedicated Schools Grant and Schools Balances Reserves was £93.654m. Including the DSG reserves and Schools Balances the Earmarked Reserves balance was £81.829m.
154. Cabinet approved a re-purposing of reserves at quarter three that allowed for £7m to be transferred to the General Fund reserve increasing the balance from £21.056m to £28.056m. This brings the level of the reserve alongside the latent demand £7.794m and collection fund volatility reserve £9.470m up to the value that was set out in risk assessed level of reserves required to support the council's budget for 2023/24 that was set out in the budget report in February 2023. It will provide additional capacity and resilience to support the financial position in the forthcoming year, support the financial risks within the budget and

allow lead in time for transformation and to reshape services to deliver on-going financial resilience and sustainability.

155. As anticipated the £10.629m of section 31 grant set aside in 2021/22 to support the Collection Fund has been drawn down to manage the cashflow timing differences. The collection fund volatility reserve is set aside to manage risks within the income from local taxation as the most significant funding stream for the council. £4.501m prior year surplus has been net off against an in year loss of income of £0.558m and the favourable variance of £0.030m in the deficit spread over three years from 2020/21 to leave £3.973m to transfer to the collection fund volatility reserve. £9.470m remains in the collection fund volatility reserve.
156. As part of processes during the year and at year end transfers to and from existing earmarked reserves are carried out in line with previous approvals. These can be seen in detail in Appendix B for general fund earmarked reserves a total of £29.096m being set aside and £54.332m being drawn to fund spend in year. School account balances are held outside of Local Authority accounts and are still being finalised, the movement to Schools Balances reserve for 2022/23 will be reported to Cabinet in the 2023/24 quarter one Budget Monitoring report.
157. It is also requested to transfer £25.836m to existing and new earmarked reserves. The detail of these requests can be seen in the service narrative and in Appendix B.
158. Overall general fund earmarked reserves, excluding Dedicated Schools Grant and Schools Balances reserves, have increased by £0.6m, from £93.654m to £94.254m.
159. Dedicated Schools Grant overspend in 2022/23 by £9.840m, which with the Early Years adjustment of £0.564m increases the deficit from £25.973m to £35.249m.
160. During the 2022/23 there has been a continued approach of considering opportunities when they arise to increase balances held within reserves. There has been continued transparency on reporting reserves during the year as part of the budget monitoring reporting and it is expected to continue to report on these balances moving forwards, as a critical element of the funding available to the council and overall financial health of the council. It can be seen in the below table the opening and closing balances on earmarked reserves.

Table 16 – Forecast Movement on Reserves

Reserve	Opening Balance 2022/23 £m	Closing Balance 2022/23 £m	Closing Balance 2023/24 £m	Closing Balance 2024/25 £m
<b>General Fund</b>	<b>21.056</b>	<b>28.056</b>	<b>28.056</b>	<b>28.056</b>
<b>EARMARKED RESERVES:</b>				
Latent Demand	7.895	7.794	4.366	2.961
Budget Equalisation	16.520	-	-	-
Collection Fund Volatility	6.438	9.470	14.792	15.147
Public Health	6.628	6.964	5.069	3.664
Health Management	-	13.231	6.627	0.023
Transformation	5.355	10.962	8.462	6.462
Business Plan Priority	2.080	3.844	2.039	1.321
Pay Award 2022/23	1.856	-	-	-
Pay Award 2023/24	-	2.000	-	-
PFI's	5.815	5.198	5.048	4.898
Insurance	3.235	3.019	2.519	2.019
Inflation	7.000	-	-	-
Accommodation Needs	-	10.000	8.000	6.000
Other Earmarked	30.832	21.772	17.300	15.894
<b>Total General Fund Earmarked</b>	<b>93.654</b>	<b>94.254</b>	<b>74.222</b>	<b>58.389</b>
<b>Schools Balances</b>	14.148	14.148	12.050	9.789
<b>DSG</b>	(25.973)	(35.249)	(49.056)	(59.526)
<b>TOTAL RESERVES</b>	<b>102.885</b>	<b>101.209</b>	<b>65.272</b>	<b>36.708</b>

## Overview & Scrutiny Engagement

161. This report will be considered by Financial Planning Task Group on 7 July 2023 and Overview and Scrutiny Management Committee on 26 July 2023.

## Safeguarding Implications

162. None have been identified as arising directly from this report.

## Public Health Implications

163. None have been identified as arising directly from this report.

## Procurement Implications

164. None have been identified as arising directly from this report.

### **Equalities and diversity impact of the proposals**

165. None have been identified as arising directly from this report.

### **Environmental and Climate Change Considerations**

166. None have been identified as arising directly from this report.

### **Risks Assessment**

167. If the Council fails to take actions to address forecast shortfalls, overspends or increases in its costs it will need to draw on reserves. The level of reserves is limited and a one-off resource that cannot be used as a long term sustainable strategy for financial stability.

168. Ongoing budget monitoring and management forms part of the control environment and is a mitigating process to ensure early identification and action is taken. This control has been effective during the year and as a result the risk managed, with the effect of significant amounts being set aside in reserves to help support financial risks in future years.

### **Financial implications – Section 151 Officer Commentary**

169. The £3.2m improvement in the council's 2022/23 financial position at outturn is encouraging when considered against the backdrop of prevailing double-digit inflation during the last quarter of the financial year.

170. This improved position shows the ongoing commitment by the Extended Leadership Team and all budget managers within the council in tight financial management. Had it not been for the significant provision for debt within Adult Social Care then the council would have returned an underspend position.

171. There are also encouraging signs for the 2023/24 financial year, income increasing in line with stretch targets set during the budget, the HMRC ruling on VAT for leisure delivering a saving target 2 years ahead of plan, income from investments significantly higher owing to the higher interest rates and becoming more active in the treasury function.

172. This improvement has enabled further prudent decisions to be made in respect of the council's reserves, with proposals in this report setting aside funds to deal with the 2023/24 pay award, estimated at £2m, creating funds to deliver feasibility into potential future capital investment schemes that will benefit the counties residents, communities and businesses as well as adding further funds to deliver on the Business Plan priorities.

173. The financial year end is always a time to reflect and there are many positives in the Councils financial standing and ongoing financial health, where many in the sector are facing the opposite.

174. The councils General Fund reserve now stands at over £28m, which has doubled in the last four years. Earmarked reserves have and continue to be set aside to deal with known cost pressures e.g. pay award, allowing the council time to reset and resize the budget during the year to ensure the base budget is financially sustainable in the longer term.
175. Earmarked reserves have also been established to enable the council to transform and invest in services to improve service provision and outcomes whilst delivering savings contained in the council 3 year MTFS
176. In addition to the improved outturn position, the replenishment and establishment of reserves the 2022/23 financial year has seen a high level of attainment for savings delivery. This is critical, as not only does it mean the in year budget is more stable and easier to manage without detriment to service provision, but the ongoing base budget position does not have to be repaired to a level for non delivery of savings.
177. It is vital however for the ongoing financial sustainability of the council to continue to deliver against these financial expectations of a well run authority. The risks the council face in terms of savings delivery in 2023/24, ongoing inflation being higher than budgeted as well as unexpected events can still have a significant impact on the councils financial position.
178. The Dedicated Schools Grant deficit continues to be an area of concern, with the annual deficit at over £9m it is expected to rise to almost £14m in 2023/24, with the cumulative deficit expected to rise from £35m now to £49m by March 2024. The current government override, which protects the council from having to effectively make good any DSG deficit from its own reserves, ends in March 2026.

### **Legal Implications**

179. None have been identified as arising directly from this report.

### **Workforce Implications**

180. As part of the approach for setting the budget for 2022/23 £6.985m of savings were identified from workforce costs, including an increase to the vacancy factor, freeze of increments and changes to staffing structures such as the removal of vacancies.
181. If the Council fails to take actions to address in-year forecast shortfalls, overspends or increases in its costs it may need to implement further spend controls, or if the position is deemed critical unplanned service rationalisation may be required. This could impact on the workforce and may include changes to roles or redundancies. Ongoing budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken.

## Options considered

182. Budget monitoring and financial performance reporting forms part of the financial control environment and it is important to provide reporting on all aspects of financial management and performance to Cabinet and the public, including delivery to plans, variances and risks and impacts.

## Conclusion

183. The report supports effective decision making, ensures a sound financial control environment and ensures members are updated on the latest financial position for the council. It sets out the proposed transfers to and from reserves to continue the visibility of reserve balances, as important funding elements for the council and provides an update on the financial position of the ring-fenced Dedicated Schools Fund and the Housing Revenue Account.

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03/07/2023

## Appendices

Appendix A: Service Outturn Variance 2022/23

Appendix B: Earmarked Reserves

## Background Papers

The following documents have been relied on in the preparation of this report:

Wiltshire Council's Financial Plan Update 2022/23, Medium Term Financial Strategy 2022/23-2024/25 - Full Council, 15 February 2022

[Agenda for Council on Tuesday 15 February 2022, 10.30 am | Wiltshire Council](#)

Financial Year 2022/23 – Quarter Three Revenue Budget Monitoring - Cabinet 31 January 2023

[Agenda for Cabinet on Tuesday 31 January 2023, 10.00 am | Wiltshire Council](#)

**APPENDIX A – SERVICE OUTTURN VARIANCE 2022/23 – FULL YEAR POSITION**

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Final Financial Year End Position</i>	<i>Final Financial Year End Position Variance</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Corporate Director People</b>				
Adult Services	150.099	137.480	145.653	8.173
Public Health	1.597	0.343	0.096	(0.247)
Education & Skills	22.728	32.913	34.556	1.643
Family & Children Services	62.175	62.186	63.855	1.669
<b>TOTAL PEOPLE</b>	<b>236.599</b>	<b>232.922</b>	<b>244.160</b>	<b>11.238</b>
<b>Corporate Director Resources</b>				
Finance	5.089	4.712	5.037	0.325
Assets & Commercial Development	15.066	14.418	14.133	(0.285)
Information Services	11.595	11.477	11.041	(0.436)
Procurement & Commissioning	5.310	4.837	5.640	0.803
HR & OD	4.346	3.345	3.028	(0.317)
Transformation	1.123	0.100	0.100	-
<b>TOTAL RESOURCES</b>	<b>42.529</b>	<b>38.889</b>	<b>38.979</b>	<b>0.090</b>
<b>Corporate Director Place</b>				
Highways & Transport	37.761	37.674	37.576	(0.098)
Economy & Regeneration	2.491	1.290	1.167	(0.123)
Planning	1.670	1.470	3.085	1.615
Environment	43.215	46.241	45.701	(0.540)
Leisure Culture & Communities	7.474	6.667	5.365	(1.302)
<b>TOTAL PLACE</b>	<b>92.611</b>	<b>93.342</b>	<b>92.894</b>	<b>(0.448)</b>
<b>Chief Executive Directorates</b>				
Legal & Governance	7.482	9.241	9.347	0.106
Corporate Directors & Members	3.041	3.278	3.400	0.122
<b>TOTAL CEX DIRECTORATES</b>	<b>10.523</b>	<b>12.519</b>	<b>12.747</b>	<b>0.228</b>
<b>Corporate</b>				
Movement on Reserves	(1.138)	4.144	7.735	3.591
Capital Financing	26.841	26.992	17.181	(9.811)
Corporate Costs	3.113	3.020	1.784	(1.236)
Corporate Levies	6.625	5.875	4.085	(1.790)
<b>TOTAL CORPORATE</b>	<b>35.441</b>	<b>40.031</b>	<b>30.785</b>	<b>(9.246)</b>
<b>TOTAL GENERAL FUND</b>	<b>417.703</b>	<b>417.703</b>	<b>419.565</b>	<b>1.862</b>
<b>Funding</b>				
General Government Grants	(49.261)	(49.261)	(59.064)	(9.803)
Movement on Reserves	-	-	(11.327)	(11.327)
Council Tax Deficit 2020-21	1.250	1.250	1.250	-
Council Tax	(311.192)	(311.192)	(311.192)	-
Collection Fund Surplus	-	-	-	-
Business Rates Retention Scheme	(58.500)	(58.500)	(37.393)	21.107
<b>TOTAL FUNDING</b>	<b>(417.703)</b>	<b>(417.703)</b>	<b>(417.726)</b>	<b>(0.023)</b>
<b>TOTAL VARIANCE</b>	<b>-</b>	<b>-</b>	<b>1.839</b>	<b>1.839</b>



## APPENDIX B – EARMARKED RESERVES 2022/23

Reserve	Opening Balance 2022/23 £m	In Year Deposit £m	In Year Withdrawal £m	Year End Transfers (proposal a) £m	Additional Year End Transfers (proposal b) £m	Closing Balance 2022/23 £m
Adults Programmes	-	0.824	-	-	-	0.824
Afghan Resettlement	0.112	-	(0.042)	-	-	0.070
Asylum Seekers	-	-	-	0.024	-	0.024
Bridging Support	0.061	0.400	-	0.404	-	0.865
Community Housing Fund	0.462	-	-	-	-	0.462
Flexible Housing Support Grant	0.250	-	-	0.162	-	0.412
Homes For Ukraine	-	-	-	13.209	-	13.209
Streamline Adult Social Care Assessments	-	-	-	0.178	-	0.178
Syrian Refugee Programme	1.026	-	(0.026)	-	-	1.000
Domestic Abuse	-	-	-	0.735	-	0.735
Health Management	-	0.120	-	-	-	0.120
Public Health Grant	6.628	0.162	(0.162)	0.336	-	6.964
Building Bridges	0.031	-	(0.094)	-	-	(0.063)
CCG Short Breaks	0.070	-	(0.015)	-	-	0.055
Covid Wellbeing for Education Return	0.152	-	-	-	-	0.152
Early Years Professional Development Programme	0.100	-	-	-	-	0.100
NEET	0.057	-	-	-	-	0.057
Primary Mental Health ICB income	-	-	-	0.222	-	0.222
School Led Tutoring LA Contribution	-	-	-	0.023	-	0.023
SIMB School Improvement	0.220	-	-	-	-	0.220
Ukrainian Education Funding	-	-	-	0.772	-	0.772
Virtual Schools Head Extended Duties	0.105	-	-	-	-	0.105
Childrens Programmes	-	2.265	-	-	-	2.265
Client Level Data Flows Support Grant	-	-	-	0.019	-	0.019
NAAS	0.106	-	(0.007)	-	-	0.099
SEN Inspection	-	0.110	-	-	-	0.110
Support for Care Leavers	0.028	0.015	(0.043)	-	-	-
Supporting Families	0.148	-	-	0.062	-	0.210
Council Tax Hardship Relief	0.312	-	(0.140)	-	-	0.172
Insurance	3.235	-	(0.216)	-	-	3.019
Local Welfare Provision Grant	0.171	-	(0.013)	-	-	0.158
PFI Housing	2.443	-	(0.132)	-	-	2.311
Schools PFI	3.372	-	(0.486)	-	-	2.886
Skills for Care Grant	0.018	-	-	-	-	0.018
Transformation	5.355	8.782	(4.156)	0.980	-	10.961
Active Travel	-	-	-	0.044	-	0.044
Active Travel Capability Fund 22-23	-	-	-	0.183	-	0.183
Ash Die Back	0.709	-	(0.202)	-	-	0.507
Car Parking Machines	0.034	-	(0.018)	-	-	0.016
LEVI Capability Fund	-	-	-	0.086	-	0.086
Local Transport Authority Capacity	0.179	-	(0.043)	-	-	0.136
Passenger Transport	0.640	-	-	-	-	0.640
Road Signage	-	0.500	(0.500)	-	-	-
Statutory Notices	0.035	-	(0.014)	-	-	0.021
Streetscenes Contract issues	-	-	-	0.353	-	0.353
Covid 19 Grant Workstreams	0.266	-	(0.071)	0.069	-	0.264
Woolmore Farm Rights of Way - Slow Worms	0.006	0.004	(0.007)	-	-	0.003
Future High Street Fund	0.105	-	-	-	-	0.105
One Public Estate	0.382	-	-	-	-	0.382
Porton Science Park	0.316	0.071	-	-	-	0.387
Wiltshire Towns fund (WTF)	0.723	0.975	-	-	-	1.698
Local Plan	0.649	-	(0.100)	-	-	0.549

## APPENDIX B – EARMARKED RESERVES 2022/23

Reserve	Opening Balance 2022/23 £m	In Year Deposit £m	In Year Withdrawal £m	Year End Transfers (proposal a) £m	Additional Year End Transfers (proposal b) £m	Closing Balance 2022/23 £m
Neighbourhood Planning	0.118	-	(0.102)	-	-	0.016
Biodiversity Net Gain	0.020	-	-	-	-	0.020
Highways & Environment	2.495	-	(1.782)	-	-	0.713
Waste LOT	0.337	0.168	-	-	-	0.505
Area Board	0.070	-	-	-	-	0.070
Cardiac & Stroke Project	-	-	-	0.082	-	0.082
English Heritage Monument Funding	0.005	-	-	-	-	0.005
Heritage Lottery Fund - Windrush	0.007	-	-	-	-	0.007
Leisure - Disability Sport Programme	0.010	-	-	-	-	0.010
Leisure - Free Gym Referral Programme	0.007	-	-	-	-	0.007
Leisure	0.008	-	-	-	-	0.008
Libraries & Leisure Programmes	-	0.270	-	-	-	0.270
Lord Methuen Charitable Trust	0.001	-	-	-	-	0.001
Museum Development	0.041	-	-	-	-	0.041
Passenger Transport	1.824	-	(0.123)	-	-	1.701
Sports Development	0.058	-	-	-	-	0.058
Street games	0.001	-	-	-	-	0.001
World Heritage Site Trust Transition	0.015	-	-	-	-	0.015
Elections	0.400	0.200	-	-	-	0.600
Olympian & Paralympian Sponsorship Funding	-	-	-	0.024	-	0.024
Accommodation Needs	-	10.000	-	-	-	10.000
Budget Equalisation	16.520	-	(16.520)	-	-	-
Business Plan Priority	2.080	1.451	(0.285)	-	0.598	3.844
COMF	4.775	-	(4.775)	-	-	-
COVID 19 Business Grants	-	2.000	(2.000)	-	-	-
Covid 19 Test and Trace	0.146	-	-	-	-	0.146
Covid Vulnerable	1.147	-	-	-	-	1.147
Depot Phase Two Feasibility	-	0.080	(0.080)	-	-	-
Depot Phase Two Feasibility	0.500	-	(0.105)	-	-	0.395
Feasibility Studies	-	-	-	-	0.600	0.600
Inflation	7.000	-	(7.000)	-	-	-
Inquests	-	0.158	-	-	-	0.158
Latent Demand	7.892	0.026	(0.125)	-	-	7.793
Pay Award 23/24	-	-	-	-	2.000	2.000
Pay Award	1.856	-	(1.856)	-	-	-
Salisbury Recovery	0.058	-	-	-	-	0.058
Wiltshire Foundation Trust	0.077	-	-	-	-	0.077
Business Rates Equilisation Fund	0.309	-	(0.309)	-	-	-
Collection Fund S31 Grant	10.933	0.206	(10.835)	-	-	0.304
Collection Fund Volatility	6.438	0.309	(1.948)	4.671	-	9.470
<b>General Fund Earmarked Reserves</b>	<b>93.654</b>	<b>29.096</b>	<b>(54.332)</b>	<b>22.638</b>	<b>3.198</b>	<b>94.254</b>
Locally Managed Schools Balances	14.148	-	-	-	-	14.148
DSG	(25.973)	-	(9.276)	-	-	(35.249)
<b>Total Earmarked Reserves</b>	<b>81.829</b>	<b>29.096</b>	<b>(63.608)</b>	<b>22.638</b>	<b>3.198</b>	<b>73.153</b>