

Meeting:	Cabinet
Date of Meeting:	9 June 2022
Title of Report:	2021/22 Revenue and Capital Budget Monitoring: Provisional year-end outturn
Report by:	Pam Duke, Director of Finance (s151 Officer)
Cabinet Member:	Peter Thornton, Cabinet Member for Finance

What is the Report About? (Executive Summary)

1. This report sets out the Council's provisional year-end outturn position for 2021/22 covering: the Revenue Budget, Capital Programme and Treasury Management. Cabinet receives a report quarterly and Directorate and Corporate Management Teams receive detailed reports monthly. This report links to the Q4 Corporate performance monitoring report which is contained elsewhere on today's agenda.
2. Since setting the Budget in February 2021, the Council has continued to face significant financial uncertainty relating to; the response to and recovery from the COVID-19 pandemic, the impact of Brexit and global adverse events including the Russian invasion of Ukraine. Collectively this global uncertainty is resulting in significant inflationary pressures on goods, services and utilities, resulting in a cost of living crisis in the United Kingdom and worldwide. This is expected to continue throughout 2022/23 and beyond. It is important that the Council continues to provide vital local services during this period of sustained uncertainty whilst carefully managing its overall expenditure within its approved resources.
3. Whilst the COVID-19 pandemic has had a significant impact on the Council's financial position there have also been adverse pressures in its underlying budget position arising from non-COVID-19 related issues driving demand and cost of service provision as well as non-delivery of approved MTFP savings. However, these have been offset by the achievement of in year mitigations and/or one off underspending in other service areas to achieve an overall underspend position for the whole Council at year-end. Although the financial position for 2021/22 is favourable it is recognised that the underspends are in the majority one offs and yet the underlying financial pressures are not. Therefore understanding the financial pressures that the Council will face in 2022/23 over and above those already budgeted for has formed part of this outturn report and the recommendations proposed provide the opportunity to respond to the continued volatile financial environment in which we are operating for 2022/23 onwards.

Key messages for Cabinet

4. The key messages for Cabinet are set out below:
 - i. The original approved net budget for 2021/22 was £418.171m. After taking account of adjustments to General Grants and transfers to and from reserves, the revised net budget 2021/22 is £411.109m (before year-end transfers to reserves) at 31st March 2022. The provisional outturn position is £402.760m which is an underspend of (£8.349m). This position is after recommended transfers to earmarked reserves from Directorates of £3.976m and before proposed transfers to reserves of the underlying (£8.349m) underspend, as summarised in Table 2 (paragraph 8 below).
 - ii. A recommendation was agreed by Cabinet in the Q3 budget monitoring report (17th March 2022) that any further budget underspends at year-end, would be transferred to the Financial Volatility Reserve. As part of year-end processes, reassessment of the anticipated financial risks that are likely in 2022/23 has been undertaken including an assessment of the extraordinary inflationary pressures. Because of the significant inflationary pressures and the wider cost of living crisis it is considered prudent to make specific financial provisions for these items alongside the contribution to the Financial Volatility Reserve. The proposed transfer to reserves, subject to the recommendations being approved, are summarised below.
 - £4.500m to the Inflation Risk Reserve to partially mitigate the forecast pressures in 2022/23 from rising inflation;
 - £2.000m to a Cost of Living Reserve to be utilised during 2022/23 to support individuals through the cost of living crisis. This supports the emerging risk that has been highlighted in the 2021/22 Q4 risk register;
 - £1.849m to the Financial Volatility Reserve.
 - iii. In 2022/23 the following draw downs from the newly created Cost of Living earmarked reserve are requested (if the creation of the reserve is agreed in line with recommendation d in this report):
 - £0.500m to support the Ways to Welfare budget. Ways to Welfare is a Cumbria County Council fund administered by the Service Centre through pre-paid cards. The fund supports individuals and families who are experiencing financial difficulty. Grants are issued subject to assessment by the team of up to £100 at a time. The money can be used in a number of ways including for white goods, food, bills and unexpected expenses. Over the past 2 and a half years there has been unprecedented demand from a total expenditure of £0.059m in 2018/19 to £0.660m in 2021/22 which has been exacerbated by

COVID and more recently the cost of living crisis. We have been able to supplement the fund during that time via a range of government grants and other funding. However much of that funding is now coming to an end. This £0.500m additional support would be on a one off basis and administered via the Ways to Welfare fund to further support people during this difficult period.

- £0.500m to support School clothing grant budget on a one off basis for 2022/23 only. The School clothing grant is a Cumbria County Council fund administered by the service centre. It is a payment made to parents of children in receipt of free school meals as a contribution to the cost of school uniforms. The contribution has stood at £25 for primary children and £35 for secondary children for 10+ years. Given the effects of inflation and the cost of living crisis it is proposed that the contribution is increased to £50 for primary and £100 for secondary. There has also been an increase in the number of children registered for free school meals resulting in further demand. This additional £0.500m will support the uplift in the grants and additional registrations.
- iv. The General Fund Balance at 1st April 2021 was £25.056m. The provisional outturn, if the recommended year-end transfers to reserves are approved, retains the General Fund Balance at this level. Given the anticipated pressures on the 2022/23 budget position and the volatile economic context that the Council is operating in, the level of the General Fund Balance and Earmarked Reserves need to be robust. It is prudent and appropriate to build up Earmarked Reserves where possible, to be able to effectively respond to unanticipated financial pressures through this period of sustained uncertainty.
- v. Table 1 below provides a high level summary of the movements within the outturn position between Q3 and Q4 showing that the overall forecast outturn has reduced by (£8.178m). However, there have been significant movements within Directorates and transfers to reserves during Q4 as summarised below.

Table 1 – Movement between Q3 and Q4 (at 31st March 2022)

	£m	Reference
Quarter 3 Forecast Outturn Position	(0.170)	
Non COVID-19 Pressures Movement	2.042	Para 10
Underspends Movement	(9.758)	Para 11
MTFP Savings Delivery Movement	(0.255)	Para 13-15
COVID-19 Pressures Movement	(0.208)	Para 27-30
Outturn Position before proposed transfers to reserves	(8.349)	
Outturn underspend transferred to reserves	8.349	Para 4.ii
Outturn Position after proposed transfer to reserves	0.000	

- vi. Table 1 shows that the movement on underspends which have been reported between Q3 forecasts and outturn is significant at (£9.758m). These increased underspends include (further detail provided in paragraph 11):
- (£2.201m) Capitalisation of Community Equipment Service spend which is a decision taken as part of year-end processes to provided consistency of treatment with 2020/21 and for which a recommendation is included in paragraph 5 (r).
 - (£1.732m) additional Treasury Management underspend as a result of slippage in the capital programme and reduced external borrowing costs because of a continued approach to utilising internal borrowing.
 - (£2.179m) following a review of technical accounting adjustments as part of the year-end processes including the settlement of provisions, refinancing of Fire PFI scheme and other required adjustments.
 - (£3.646m) other one-off Directorate underspends which were not forecast at Q3 for a number of reasons including the ongoing receipt of COVID-19 specific grants (which had been assumed to end at Q3), difficulty of appointing to vacancies in a number of areas and slippage on forecast spend.
- vii. At 31st March 2021 the Council had an accumulated net deficit on the Dedicated Schools Grant Balance of £9.641m excluding balances held in schools. The 2021/22 outturn position at 31st March 2022 is a deficit of £14.692m, an increase of £5.051m since the start of the year and a decrease of (£0.524m) since Q3. Further information is provided in Paragraph 26.
- viii. Total approved savings to deliver in 2021/22 was £30.018m, comprising £17.667m of new approved savings and £12.351m of existing savings and step ups that were approved in previous years budgets. Total savings delivered totals £24.364m (81%). This is an increase in savings delivery of

£0.155m since Q3. Within the outturn position non-delivery of savings totals £5.654m (£5.454m existing and £0.200m new savings). Details can be found in appendix 2.

- ix. The Council approves a Capital Programme in February each year and subsequent changes are then made throughout the year. The revised approved Capital Programme for 2021-2027, including changes approved by Cabinet as part of the Q3 report presented on 17th March 2022 is £559.830m (excluding Accountable Bodies). Further proposed changes totalling £18.480m to the Capital Programme are set out in paragraph 37 resulting in a revised Capital programme 2021-2027 of £578.310m over the life of the current capital programme, and a revised budget of £122.153m for 2021/22.

- x. The 2021/22 provisional outturn expenditure on the Capital Programme is £88.645m (73% of approved budget) excluding the Accountable Bodies programme. The variance includes underspends of (£0.500m) and slippage of (£34.181m) and accelerated spend of £1.173m. The Q3 monitoring report included slippage of £18.926m and provided a detailed explanation. The movement since Q3 is explained in paragraph 42 of this report. The reason for delays covers a wide range of scenarios, including adverse weather conditions (which both limits our ability to undertake some schemes due to ground/site conditions and also impacts on staff resources, as it becomes necessary to re-deploy staff away from planned work to ensure the Council is able to provide an adequately emergency response where this is required), supplier or contractors having longer than anticipated lead-in times, re-scheduling work to future financial years as a result of changes to the scope of schemes or due to the on-going impact of COVID and lockdown conditions being implemented across some of the Council services such as those in care settings.

Recommendation of the Director of Finance (s151 Officer)

5. Cabinet is asked to:

- a) Note the revised provisional outturn Revenue Budget of £411.109m as a result of the previously agreed transfers to and from reserves (set out in Appendix 1) and before the recommended transfers to reserves set out in c, d, e, f and g below.
- b) Note the provisional outturn Revenue Budget year-end position of an underspend of (£8.349m), which is an increased underspend of (£8.179m) from Q3.
- c) Approve the transfer of £4.500m to the Inflation Risk Reserve as noted in paragraph 4ii. This would make the total balance on the Inflation Risk Reserve (after approving recommendation g) £5.554m.
- d) Approve the transfer of £2.000m to a newly created Cost of Living reserve as noted in paragraph 4ii.
- e) Note that the remaining underspend of £1.849m has been transferred to the Financial Volatility Reserve, as approved by Cabinet at Q3. The total transferred to the Financial Volatility Reserve in 2021/22 is £3.219m. The balance on the Financial Volatility Reserve at 31st March 2022 is £19.179m.
- f) Approve the additional Directorate contributions to Earmarked Reserves totalling £3.976m which have been requested as part of the year-end processes, as set out in Appendix 5. These transfer to reserves are already included in the reported (£8.506m) underspend position.
- g) Note performance in delivering a total of £24.364m (81%) against the approved savings for 2021/22 of £30.018m have been delivered during 2021/22.
- h) Note the General Fund balance at 31st March 2022 of £25.056m; which is unchanged from the balance at 31st March 2021.
- i) Note that total spend of Contain Outbreak Management funding is £9.891m from a total grant award of £14.014m, with the remaining £4.123m carried forward into 2022/23. Further information is set out in Appendix 6 and paragraph 32.
- j) Note the updated Fees and Charges Schedule for 2022/23 (changes set out in Paragraph 36 and Appendix 7).
- k) Note the Capital Programme provisional outturn of £88.645m compared to a proposed budget (excluding Accountable Bodies) of £122.153m, representing a net underspend of £33.508m (27%) as set out in table 19.

- l) Note the slippage of (£34.181m) and accelerated spend of £1.173m. Council agreed that slippage and accelerated spend in the 2021/22 Capital Programme can be carried forward to 2022/23, in the Budget Report approved by Council on 10th February 2022, so no further approval is required for the purposes of this report.
- m) Approve the addition of £11.032m to the Capital Programme 2021/27 for existing schemes, as detailed in paragraph 51 financed from external grants and contributions.
- n) Approve the addition of £0.200m to the Capital Programme 2021/27 for new schemes, as detailed in paragraph 52 funded from external grants and contributions.
- o) Approve the addition of £0.371m to the Capital Programme 2021/27 for existing schemes, as detailed in paragraph 54 financed from internal contributions.
- p) Approve the virements set out at paragraph 55, these changes have no impact on the overall value of the Capital programme
- q) Recommend to Council, the addition of £4.676m to the Capital Programme 2021/27 for new schemes, as detailed in paragraph 52 financed from previously approved un-allocated prudential borrowing.
- r) Recommend to Council, the addition of £2.201m to the Capital Programme 2021/27 for existing schemes, as detailed in paragraph 53 financed from previously approved un-allocated prudential borrowing.
- s) Recommend to Council, the virement of £1.368m between the Additional Inflation Risk allowance and A595 Grizebeck scheme, as detailed in paragraph 56.

Provisional Revenue Budget Outturn

6. The starting point for the Revenue Budget is the Medium Term Financial Plan (MTFP) agreed by Council in February 2021.
7. The original Budget for 2021/22 was £418.171m. After taking account of adjustments to General Grants and transfers to and from reserves the revised total net expenditure budget 2021/22 for the Council is £411.109m at provisional outturn (before additional proposed contributions to reserves). Appendix 1 sets out the movement in the Council's Net Revenue Budget for 2021/22.
8. The net provisional outturn position for 2021/22 is £402.760m; resulting in an underspend of (£8.349m). This is a combination of net Directorate underspends of (£8.771m), offset by a variance of £0.422m in Other Corporate budgets. The analysis of the forecast and movement in variances by Directorate is summarised in Table 2 below.

Table 2 - Revenue Outturn position 2021/22 (at 31st March 2022)

	A	B	C	D	E	F	G	H	I
Original Budget	Revised Budget	Actual Outturn	COVID-19 financial impact (net of grant funding)	MTFP Undelivered Savings (net of grant funding)	Non-COVID-19 related Variances	Underspends	Outturn Variance	Q3 Variance Reported	Change in Variance
£m Directorate	£m	£m	£m		£m	£m	£m	£m	£m
200.014 People	212.129	211.196	1.232	1.331	8.622	(12.118)	(0.933)	1.238	(2.171)
129.135 Economy & Infrastructure	128.086	126.200	0.022	0.000	4.490	(6.398)	(1.886)	0.077	(1.963)
20.479 Fire & Rescue Service	20.697	20.693	0.010	0.000	0.307	(0.321)	(0.004)	0.074	(0.078)
9.438 Local Committees	9.296	9.296	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36.392 Corporate, Customer & Community	39.049	36.429	0.202	0.172	0.213	(3.207)	(2.620)	(1.813)	(0.807)
37.919 Finance	31.855	28.528	0.000	0.000	0.030	(3.357)	(3.327)	(1.554)	(1.773)
433.377 Total Service Expenditure	441.112	432.342	1.466	1.503	13.662	(25.401)	(8.770)	(1.978)	(6.792)
(15.206) Other Corporate Items	(30.003)	(29.582)	0.000	0.589	2.404	(2.571)	0.421	1.808	(1.387)
418.171 Total Net Expenditure	411.109	402.760	1.466	2.092	16.066	(27.972)	(8.349)	(0.170)	(8.179)
Proposed Transfers to Earmarked Reserves	(8.349)	0.000					8.349	0.000	8.349
Outturn after Proposed Transfers to Earmarked Reserves	402.760	402.760					(0.000)	(0.170)	0.170

9. The overall variance at outturn is set out in column G, with the analysis between unfunded COVID-19 pressure, undelivered MTFP savings, non-COVID-19 related variances and underspends set out in Column C to F. Movements between Q3 and outturn are set out in paragraphs 10 – 15 with detail on the full-year pressures and underspends provided by Directorate in paragraphs 16 – 21. The detail focuses on significant variances and as such will focus on those over £0.250m.
10. Column E in Table 2 shows that within the Directorate outturn position, non-COVID-19 related variances total £16.066m, an increase of £2.042m since Q3 with the significant movements being:

- People £0.662m:
 - £0.907m – Adults debt write-offs relating to legacy arrangements. Total write offs are £1.569m, however a provision had already been made in the accounts of £0.662m, leading to an additional pressure of £0.907m.
 - (£0.593m) reduction in CLA and non-CLA placement pressures primarily as a result of increased Health contributions.
 - £0.348m other netting pressures.

- Economy and Infrastructure £0.539m:
 - £0.620m utilisation of underspend in Property services to make an additional contribution to the Corporate Maintenance Fund reserve. This is to ensure a backlog of urgent maintenance issues identified across the estate can be cleared during 2022/23. This transfer is included within the recommendations to members in paragraph 5 (f).
 - (£0.347m) reduction in forecast SEND transport costs.
 - £0.266m other smaller net variances.

- Other Corporate Items £0.814m:
 - £0.314m increase in the bad debt provision based on an update of the calculation as part of year-end processes.
 - £0.500m Cumbria County Holding Ltd Dividend income which is not expected to be received.

- Other small netting variances £0.027m.

11. Column F in Table 2 shows that within the outturn position underspends total (£27.972m), an increased underspend of (£9.758m) since Q3 with the significant movements being:

- People (£3.048m):
 - (£2.201m) relating to the Community Equipment Service as a result of capitalising eligible expenditure. This was a decision taken as part of year-end processes and is consistent with the treatment of the equipment in 2020/21 and the proposed treatment in 2022/23. A recommendation is included in this report at paragraph 5 (r) for Cabinet to recommend to Council that this capitalisation is approved.
 - (£0.320m) Personal contribution debt write offs offset by increased income over forecasts assumed at Q3 due to increased assessments.
 - (£0.527m) other smaller variances.

- Economy and Infrastructure (£2.341m)
 - (£0.551m) Renewi landfill contract fees and PFI unitary charges underspend due to reduced tonnage levels and after the net (£0.450m) reduction in the waste provision following re-assessment of the provision as part of routine year-end processes.
 - (£0.270m) Settlement and release of two provisions relating to rates on two properties. This is the release of the provision after the debt has been settled
 - (£0.329m) Fleet and Plant costs underspend due to the ending of the Fleet replacement minimum revenue provision and interest recharges.
 - (£0.261m) additional heat, light, power and water costs after taking account of full year invoicing.
 - (£0.930m) other smaller underspends.

- Corporate, Customer and Community Services (£0.694m)
 - (£0.509m) ICT operational cost underspends as a result of the reversal of prior year over accruals through the year-end process, licencing contract savings and additional staffing underspends.
 - (£0.185m) other smaller underspends.

- Finance (£1.803m):
 - (£1.732m) Treasury Management underspend as a result of the impact of slippages on the Capital Programme and other reduced external borrowing costs.
 - (£0.071m) other small underspends.

- Other Corporate Items (£1.704m)
 - (£0.850m) Stock Adjustment as a result of year-end processes identifying a number of outstanding purchase orders which could be reversed. This was a financial housekeeping piece of work which had no operational impact.
 - (£0.280m) saving on interest over the life of the fire PFI scheme from the refinancing of the scheme, taken as an upfront payment.
 - (£0.574m) other small underspends.

- Other small netting variances (£0.167m)

12. Total unfunded COVID-19 pressures of £3.558m are made up of additional expenditure and lost income as shown in Table 3 below. Table 2 above shows where these net pressures fall within the directorates as either net unfunded COVID-19 pressures of £1.466m or net undelivered savings of £2.092m. Further information on COVID-19 additional expenditure and lost income is provided in paragraph 28 to 32.

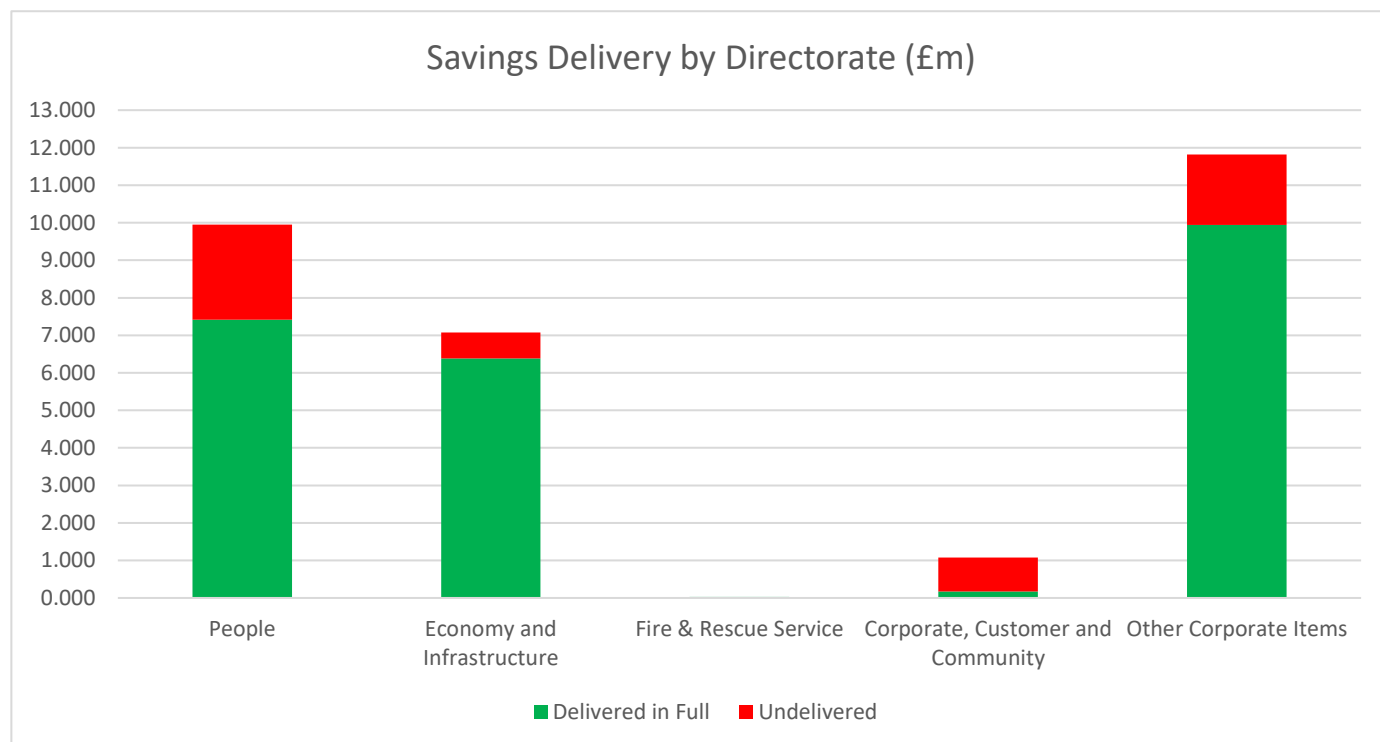
Table 3 – COVID-19 unfunded pressures	£m
COVID-19 additional expenditure and lost income related pressures	38.483
Non-delivery of MTFP savings	5.654
Specific Grant Funding & CCG hospital discharge fund	(30.068)
General COVID-19 Emergency Grant Funding and Sales, Fees and Charges compensation	(10.511)
Unfunded COVID-19 pressures at Outturn	3.558
Unfunded COVID19 pressures at Q3	4.021
Movement	(0.463)

13. The primary cause of non-delivery of £5.654m of MTFP savings in 2021/22 is the impact of the COVID-19 pandemic. Therefore, COVID-19 Emergency funding has been used to offset the undelivered savings, where available. Of the £5.654m undelivered savings (£3.562m) has been offset by a drawdown from the COVID-19 emergency reserve, leaving the unfunded pressure of £2.092m in 2021/22, as noted in Table 2.
14. Total approved savings to deliver in 2021/22 was £30.018m, comprising £17.667m of new approved savings and £12.351m of existing savings and step ups that were approved in previous years budgets. Total savings delivered in 2021/22 totals £24.364m (81%). This is an increase in savings delivery of (£0.255m) since Q3. Within the outturn position non-delivery of savings totals £5.654m and is analysed as follows:

Table 4 – Savings Delivery by Directorate

Directorate	Existing savings	Outturn delivery	Variance	New savings	Outturn delivery	Variance
	£m	£m	£m	£m	£m	£m
People	7.947	5.389	2.558	2.000	2.000	-
Economy and Infrastructure	1.120	0.620	0.500	6.028	6.028	-
Fire & Rescue Service	0.030	0.030	-	-	-	-
Corporate, Customer and Community	1.073	0.177	0.896	-	-	-
Other Corporate Items	2.181	0.681	1.500	9.639	9.439	0.200
Total (exc step-downs)	12.351	6.897	5.454	17.667	17.467	0.200

Chart 1 – Actual Savings Delivery by Directorate (at 31st March 2022)



15. Of the £5.654m undelivered savings £3.445m was identified as a pressure in the 2022/23 Budget approved by Cabinet on 27th January 2022 and was offset by mitigations, therefore it is accepted that this saving will not be delivered in 2022/23. To ensure a balanced budget can be achieved in 2022/23 the remaining £2.209m of undelivered savings in 2021/22 need to be fully delivered by the relevant directorates in 2022/23. Appendix 2 provides a detailed breakdown of the £5.654m including the reason for non-delivery in 2021/22.

Directorate Provisional Outturn Summary

16. The **People Directorate** outturn position is an underspend of (£0.933m), as summarised below.

Table 5	Approved Budget	Actual Outturn	Outturn Variance	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m
People Directorate	212.129	211.196	(0.933)	1.238	(2.171)
Director & Support	0.200	0.223	0.024	0.044	(0.020)
Education & Skills	12.494	13.257	0.763	1.016	(0.253)
Children & Young People	61.853	62.362	0.509	1.232	(0.723)
Adults	60.904	61.750	0.846	0.010	0.836
Integration	4.198	4.315	0.117	0.187	(0.069)
Commissioning	3.324	3.065	(0.259)	(0.476)	0.217
Provider Services	54.528	51.594	(2.934)	(0.774)	(2.160)
Public Health	6.015	6.015	-	-	-
Capital Charges	8.612	8.612	-	-	-

The most significant variances are in the following areas:

Education and Skills £0.763m overspend:

Schools & Learning £0.398m:

- Inclusive Learning £0.496m:
 - £0.506m net pressure in relation to direct payments. This follows a review of 157 account balances resulting in clawback of funds of (£0.269m), and health contributions of (£0.069m).
 - (£0.010m) other smaller underspends.
- Learning Improvement (£0.302m):
 - (£0.370m) staff vacancies and other staff related savings.
 - £0.255m other smaller overspends.
- Other Schools & Learning £0.204m smaller netting overspends.

Traded Services £0.365m comprising:

- £0.482m – lost income due to COVID-19 resulting in cancellation of school trips.
- (£0.117m) - other smaller underspends.

Children & Young People £0.505m overspend

The £0.505m pressure at outturn is after (£5.543m) of funding from the Council's COVID-19 reserve.

Early Help (£0.191m) primarily relating to staffing vacancies and secondments.

Children and Families £0.540m:

- £0.684m – Children Looked After (CLA) placement cost pressure. This is made up of gross CLA placement cost pressures of £5.628m less (£4.944m) of funding from the Council's COVID-19 Reserve.

Whilst CLA numbers have decreased from 739 to 735 over the course of 2021/22, placement mix had a significant impact on the gross pressure. Decreases are concentrated in nil and low cost placement categories whilst CLAs in the highest cost placement categories, external residential and Independent Living both increased by 12.

In addition, complexity of needs and challenges around sufficiency of placements has led to some high-cost placements including one new bespoke package of care costing £0.048m per week (reduced to £0.031m per week in P11). At 31st March 2022 there are eight placements with a weekly social care cost of over £7,000 compared to just one at 31st March 2021.

- (£0.387m) - Children and Family staff underspend reflecting the challenge of recruitment to permanent posts and the recruitment and retention of EPWs to cover those posts.

- £0.243m - Other net variances.

Other directorate budgets £0.156m due to business support staffing cost pressure.

The main reasons for the improved position of (£0.726m) is:

- (£0.539m) reduction in CLA and non-CLA placement pressures primarily as a result of increased Health contributions.
- (£0.187m) other net movements

Adults £0.846m overspend:

- (£1.997m) - Older Adults. Significant pressures on care providers have been supported by circa £19m of COVID-19 funding which includes Infection Control, Testing, and Workforce measures as well as the Council's Market Sustainability fund.

The underlying underspend reported, outside of these pressures, is linked to demand. Despite increases in demand earlier in the year, this has not resulted in continued increases in financial pressures on the Council due to the capacity of the market being limited to pick up further demand leading to unmet need and therefore underspending. This has continued to the end of the financial year.

Whilst Government and NHS COVID-19 funding will not continue into 2022/23, funding options are being explored to continue to support the fragile care market. Health partners have identified temporary funding for hospital discharges, COVID funding has been carried forward where not spent and can be done so in line with grant conditions, and the Council has invested in enhanced provider uplifts for 2022/23, supporting them to pay the real living wage and aid pressures including recruitment and retention.

The budget for 2022/23 includes £0.500m of demographic pressures funding and a further £2.000m of one off in year COVID-19 linked demand funding.

- £2.712m - Younger Adults pressure due to increased demand in key placement settings linked to transitions and new admissions to service, as well as debt write offs relating to health charges which are subject to ongoing engagement with health partners.

In addition, non-delivery of MTFP savings linked to Promoting Independence make up the remaining pressure. The slippage is due to ongoing market and COVID-19 pressures and savings are expected to be delivered in 2022/23.

- £0.308m Care Management costs – overspend largely due to EPW costs net of vacancies due to delays in the ability to recruit to vacant posts.

- (£0.177m) - Personal Contributions. Bad debt write-offs of £0.900m are offset by increased income linked to assessments for placements that were previously COVID funded. Write-offs are part of an ongoing process to manage annual income of circa £35m. After further engagement with the debtor, and where all other options have been exhausted, debts that are deemed no longer recoverable are recommended for write off.

The increase in the adverse variance of £0.836m since Q3 is due mainly to:

- £0.866m Older Adults demand and continued market pressures.
- (£0.393m) Younger Adult demand assumptions.
- £0.907m Debt write-offs relating to legacy arrangements. Total write offs are £1.569m, however a provision had already been made in the accounts of £0.662m, leading to an additional pressure of £0.907m. Other net changes in demand make up the difference.
- (£0.320m) Personal contribution debt write offs offset by increased income over forecasts assumed at Q3 due to increased assessments.
- (£0.224) other smaller net underspends.

Integration & Partnerships £0.117m overspend, across a number of services, mainly SEND Improvement and Quality Assurance.

Commissioning (£0.259m) underspend, largely due to staff vacancies. This is a movement of £0.217m since Q3 spread across a number of teams and linked to increased consultancy and agency costs through Q4.

Provider Services (£2.934m) underspend

- £2.295m mainly due to additional staff costs but also additional equipment and cleaning.
- (£3.208m) mainly due to delays in recruitment as a result of COVID, and smaller underspends particularly in Older Adults due to lower than the normal occupancy. Occupancy is increasing slowly but not yet at pre-COVID levels.
- (£2.201m) relating to the Community Equipment Service (CES) as a result of capitalising expenditure. The capitalising of Community Equipment Service spend from 2022/23 onwards has been assumed in the budget and has therefore been taken as a revenue saving in 2021/22.
- £0.180m other smaller overspends.

The most significant variance since Q3 relates to the capitalisation of CES and is a movement of (£2.166m) since Q3. This proposed capitalisation was made after Q3 reporting and is in line with capitalisation of equipment made in 2020/21 and planned capitalisation in future years.

17. The **Economy and Infrastructure Directorate** outturn position is an underspend of (£1.885m) as summarised below.

Table 6	Approved Budget	Actual Outturn	Outturn Variance	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m
Economy & Infrastructure	128.086	126.200	(1.886)	0.077	(1.963)
Director	0.195	0.192	(0.003)	(0.002)	(0.001)
Directorate Support	1.682	1.276	(0.406)	(0.348)	(0.058)
Highways & Transportation	48.962	49.179	0.253	0.994	(0.741)
Economy & Environment	40.087	38.707	(1.380)	(0.126)	(1.254)
Capital Programme & Property	14.007	13.507	(0.500)	(0.561)	0.061
Planning Performance Agreements (PPAs)	0.000	0.101	0.101	0.000	0.101
Capital Charges and Insurance	23.792	23.792	0.000	0.000	0.000
Port of Workington	(0.103)	(0.053)	0.050	0.120	(0.070)
Cross cutting	(0.500)	(0.500)	0.000	0.000	0.000

The most significant variances are as follows:

Directorate Support (£0.406m):

- (£0.286m) predominately as a result of vacancies during the year, which is expected to be one-off.

There are several smaller over/underspends across the service netting off to a (£0.120m) underspend.

Highways & Transportation £0.253m:

- £1.285m SEND transport overspend due to ongoing increased demand. A pressure is forecast to continue into 2022/23.
- £0.448m Home to School transport due to demand returning to pre-COVID levels and Parton school closure. There has also been an increase in exceptional transport requests (linked to hardship, sickness etc.) which should be temporary in year, but will continue to be reviewed during 2022/23.
- £0.389m Streetworks predominantly due to a £0.278m shortfall in income. This pressure is forecast to be ongoing into 2022/23.
- £0.000m England National Concessionary Travel Scheme. There is an underlying overspend of £0.288m against the ENCTS budget due to increased passenger numbers following the ending of COVID regulations. This has been met by a drawdown from the Financial Volatility reserve.
- £0.004m other smaller pressures.

Offset by underspends as follows:

- (£0.378m) Road lighting energy due to the acceleration of the replacement scheme, improved technology and efficiency of LED.
- (£0.283m) reimbursement relating to Carlisle Northern Development Route (CNDR) and compensation.
- (£0.883m) additional Road closures income.
- (£0.329m) Fleet and Plant costs underspend due to the ending of the Fleet replacement MRP and interest recharges.

The main reasons for the improved position of (£0.741m) is:

- (£0.347m) net reduction to forecast SEND costs after cost reduction of £0.124m vired to part meet the Transport Integration saving.
- £0.267m reduced Streetworks income as a result of overstating the forecast at Q3. A change in forecasting methodology was made at P10 which reduced the forecast.
- (£0.329m) Fleet and Plant costs underspend due to the ending of the Fleet replacement MRP and interest recharges.
- (£0.332m) other smaller movements.

Economy & Environment (£1.380m):

- (£1.254m) Renewi landfill contract fees and PFI unitary charges underspend due to reduced tonnage levels and after the net (£0.450m) reduction in the waste provision as part of routine year-end procedures.
- (£0.896m) other smaller net underspends.

Set against overspends

- £0.770m Renewi gainshare charges overspend largely due to the current higher than modelled gate fee on Solid Recoverable Fuel (SRF). but in part due to an under accrual of £0.265m of the 2020/21 charge.

The main reasons for the improved position of (£1.254m) is:

- (£0.450m) net reduction to the Waste provision following an outturn review of the current First Annual Reconciliation and Dispute Resolution position.
- (£0.185m) Closed landfill works originally planned in Q3 but not undertaken due to lack of contractor availability.
- (£0.147m) Funding of West Cumbria Mining Costs from Contingency previously assumed to be met by the service budget. A total of £0.197m have been incurred £0.050m of these previously assumed at Q3 to be met from legal underspend within Regulatory Services.
- (£0.472m) other smaller variances.

Capital Programme & Property (£0.500m):

- (£0.364m) Staffing due to vacancies and new establishment posts not recruited into during the year.
- (£0.233m) revised timing of Capital Development works.

- (£0.246m) Heat, Light and Power additional underspend after the (£0.100m) 2021/22 MTFP saving has been met in full and after (£0.130m) was transferred to support delivery of the Decarbonisation Strategy.
- (£0.270m) Settlement and release of two provisions as part of year-end processes.
- (£0.007m) other small net underspends.

Set against the following proposed transfer of underspend to reserves:

- £0.620m utilisation of underspend in Property services to make an additional contribution to the Corporate Maintenance Fund reserve. This is to ensure a backlog of urgent maintenance issues identified across the estate can be cleared during 2022/23.

The unfavourable movement in the forecast from Q3 of £0.061m is mainly due to:

- £0.620m EMR request relating to Asset Maintenance.
- (£0.270m) Settlement and release of two provisions.
- (£0.289m) Other small net underspends.

Port of Workington £0.050m - The position includes £0.098m lost income which is partly offset by lower cargo handling costs. The net income shortfall, has been funded by the COVID-19 Emergency Funding Earmarked Reserve.

18. The **Cumbria Fire & Rescue Service** is outturn position is an underspend of (£0.004m) as summarised below. There are no material movements from Q3.

Table 7	Approved Budget	Actual Outturn	Actual Variance	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m
Cumbria Fire & Rescue	20.697	20.693	(0.004)	0.074	(0.078)
Fire & Rescue Service	19.098	19.094	(0.004)	0.074	(0.078)
Capital Charges & Insurance	1.599	1.599	-	-	-

The (£0.004m) underspend is mainly due to:

- (£0.194m) - Supplies and Services underspend due to an underspend on PPE Clothing and computer supplies.
- (£0.127m) - Employee costs outturn underspend at Q4 due to underspends for People and Organisational Development, Fire Service Support, Prevention and Protection and Strategic Management offset by Service Delivery overspend predominantly turnout payments for on call staff and retained fire-fighters other duty payments.

Offset by

- £0.184m - Transport overspend consisting of higher than anticipated costs for vehicle maintenance and repairs and fuel costs.
- £0.137m - Other smaller overspends.

19. **The Corporate, Customer and Community Services Directorate** outturn position is an underspend of (£2.778m) as summarised below:

Table 8	Approved Budget	Actual Outturn	Outturn Variance	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m
Corporate, Customer & Community	39.049	36.429	(2.620)	(1.814)	(0.806)
Director and Chief Executive	1.038	1.046	0.009	(0.049)	0.058
Chief Legal Officer	8.284	8.357	0.073	0.080	(0.007)
Organisational Change	20.240	18.867	(1.374)	(0.639)	(0.735)
Customer and Community Services	9.591	8.091	(1.500)	(1.378)	(0.122)
Capital (Depreciation)	0.794	0.794	-	-	-
Cross Cutting Savings	(0.896)	(0.724)	0.172	0.172	-

The most significant variances are due to:

Chief Legal Officer overspend £0.073m

- £0.153m due to additional staffing costs in the legal practice including £0.091m of due to net COVID-19 pressures due to additional EPW capacity to deal with additional backlog of casework. This pressure is expected to be one-off in 21/22.

Offset by:

- (£0.080m) smaller netting variances.

Organisational Change underspend (£1.374m)

- (£0.817m) due to staffing underspends across Transformation, People Management, Records Management and ICT. This is due to a combination of vacancies in services and the receipt of grant income offsetting budgeted staffing costs. This underspend is expected to be one-off.
- (£0.406m) ICT operational costs underspend as a result of: (£0.100m) licenses contract savings, (£0.191m) reduction in estimated costs accrued in 2020/21, (£0.070m) reduction in line charges and (£0.075m) other smaller underspends. Work is ongoing to understand whether any of these underspends are ongoing.
- (£0.151m) other smaller net underspends.

The favourable movement in the forecast from Q3 of (£0.735m) is mainly due to:

- (£0.406m) ICT operational costs, explained above.
- (£0.113m) increased staffing underspend as a result of additional grant income offsetting core staffing costs and vacancies not being filled as forecast.
- (£0.216m) smaller net movements across the service.

Customer and Community Services underspend (£1.500m)

- (£0.436m) Library Services staff underspends due to vacancies taking time to be filled following a restructure. Significant progress has now been made in recruitment so this underspend will not continue into 2022/23.
- (£0.393m) Communities teams staffing underspends due to grant income offsetting for budgeted costs. This underspend will not continue into 2022/23.
- (£0.200m) Area Management Team due to staff costs offset by grant income. This underspend will not continue into 2022/23.
- (£0.188m) Community Services Staffing underspend from unfilled vacancies. This underspend will not continue into 2022/23.
- (£0.116m) Libraries Countywide vacancies due to be filled within the Libraries Service delivery team, which have been filled part way through the year, so this underspend will not be recurring.
- (£0.112m) SPA Staff Service Centre due to vacant post filled later than expected.
- (£0.132m) other smaller net variances.

Offset by:

- £0.077m DBS checks overspend due to the triennial review of required DBS checks.

The favourable movement in the forecast from Q3 of (£0.122m) is primarily due to increased staffing underspends within Libraries due to slippage in appointing to posts and Community Teams as a result of additional grant income offsetting core staffing costs.

Cross-Cutting Savings non-delivery £0.172m

- £0.172m Digital automation saving. Of the £0.800m to be delivered £0.178m has been delivered permanently in 21/22. Of the remaining £0.622m, £0.450m has been removed for the 22/23 Budget due to LGR implications on delivery. The remaining £0.172m will be delivered on a permanent basis in 2022/23.

20. The **Finance Directorate** outturn is an underspend of (£3.327m) as summarised below.

Table 9	Approved Budget	Actual Outturn	Outturn Variance	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m
Finance	31.855	28.528	(3.327)	(1.554)	(1.773)
Director of Finance	0.150	0.145	(0.005)	-	(0.005)
Finance	4.050	3.551	(0.499)	(0.509)	0.010
Performance and Risk	0.819	0.701	(0.118)	(0.042)	(0.076)
Treasury Management	28.914	26.179	(2.735)	(1.003)	(1.732)
Insurance	(2.078)	(2.048)	0.030	0.000	0.030

The main variances are due to:

Treasury Management underspend (£2.735m)

- (£1.309m) due to the Council's approved strategy to continue to utilise internal cash balances whilst available rather than externalise borrowing to finance the Capital Programme.
- (£0.868m) MRP underspend due to slippage in the 2020/21 Capital Programme reducing the impact of borrowing costs on the revenue account. MRP is charged in the year after the expenditure financed by borrowing is incurred.
- £0.387m less interest income receivable than budgeted due to low interest rates.
- (£0.945m) across other Treasury Management budgets including £0.569m which has now been included as an ongoing saving as part of the 2022/23 Medium Term Financial Plan.

It should be noted that £2.166m of the net £2.735m underspends was a one-off saving relating to 2021/22 only. As noted above, an ongoing saving of £0.569m from the Treasury Management budget has been included as an efficiency in the 2022/23 Medium Term Financial Plan.

The main reasons for the increased underspend of (£1.732m) since Q3 are:

- (£0.787m) increased saving from using available internal cash balances rather than externalising borrowing in accordance with the Treasury Management Strategy.
- (£0.945m) other Treasury Management underspends as noted above.

Finance underspend (£0.509m)

- (£0.499m) underspend is mainly due a reduction in travel related expenditure and income received in excess of that originally budgeted. In addition, there is the underspend arising from the part year effect of staff vacancies. The vacancies have all been filled but were vacant for the early part of the year.

Insurance Balanced Budget £0.030m

The outturn position for the Insurance budget is an overspend of £0.030m. This position is influenced throughout the year by the number of claims received and the potential cost of these claims.

The Council holds an earmarked reserve for insurance to account for potential claims against the risks that are self-insured or would be subject to a material excess. The value of this reserve is advised to the Council in a report from its insurance actuary. The Council has engaged a new Actuary in 2021/22 and in their professional opinion the Council's insurance provision should be reduced by £3.762m as there isn't sufficient certainty regarding potential claims to meet the accounting standard for provisions, and consequently the insurance reserve has been increased by £5.034m

at year-end to reflect the potential claims. This transfer to reserves was approved by Cabinet at Q3.

21. **Other Corporate Items** is forecast to overspend by £1.808m as summarised below.

Table 10	Approved Budget	Actual Outturn	Outturn Variance	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m
Other Corporate Items (before year-end contribution to reserves)	(30.003)	(29.581)	0.422	1.808	(1.386)
Depreciation charge-services	(34.868)	(34.868)	-	-	-
Precepts paid	0.892	0.892	-	-	-
Inflation & Contingency	0.000	0.000	-	-	-
Residual Pension Costs	4.738	4.423	(0.315)	(0.200)	(0.115)
Past Service Contributions	1.328	1.161	(0.167)	(0.100)	(0.067)
Cross Cutting Savings	(1.570)	(0.981)	0.589	1.086	(0.497)
Cumbria Holdings dividend	(0.500)	0.000	0.500	0.000	0.500
Local Government Reorganisation Reserve	(8.076)	(8.076)	0.000	0.000	0.000
Other	8.053	7.868	(0.185)	1.022	(1.207)
Year-end contribution to Reserves	(8.349)	0.000	8.349	0.000	8.349
Other Corporate Items (after year-end contribution to reserves)	(38.352)	(29.581)	8.771	1.808	(6.963)

The main variances are due to:

Residual Pension costs underspend (£0.315m) - Residual pension payments are a legacy of decisions made prior to 2008 to pay enhanced pensions, although the payments increase each year this is offset by ceasing to make payments to pensioners and their spouses when numbers reduce.

Past Service Pension costs underspend (£0.167m) - due to paying the full year costs in advance and receiving a reduction in the payment for doing so.

Cross cutting saving – non delivery £0.589m – total non-delivery of cross-cutting savings is £1.700m which has been offset by a drawdown of (£1.111m) from the COVID-19 Emergency Funding reserve, this pressure is only partly funded due to the COVID-19 funding being utilised in full. This is in relation to £0.200m Intelligent Automation saving, £1.500m Enabling Services. Further information is provided in Appendix 2.

Movement from Q3 is due to additional COVID-19 funding availability as a result of an underspend on committed funding in other Directorates.

Cumbria Holdings Dividend £0.500m – budgeted dividend has not been received.

Other items (£0.176m) - due to additional Business Rates income and related S31 grants of (£0.568m), (£1.022m) of other underspends offset by £0.710m transfer to

the LGR Implementation Reserve and £0.880m to the Financial Volatility Reserve, approved by Cabinet at Q2.

Local Government Reorganisation Reserve £0.000m – the total balance on the LGR reserve at 31st March 2022 is £17.536m. The (£8.076m) included in Other Corporate Items is the net contribution to the reserve from District Councils of £8.834m less spend through the County Council of £0.758m. As the County Council contribution is made through a contribution from existing reserves, this has no impact on the revenue account.

Inflation and Contingency £0.000m – The inflation and contingency budget has been spent in full within 2021/22 in relation to:

- **Inflation:** After the settlement of the 2021/22 pay award there was a balance of £1.054m inflation budget remaining. A recommendation is included in this report as part of Appendix 5 for this to be transferred to the newly created Inflation Risk Reserve.
- **Contingency:** The contingency budget of £1.500m was underspent by (£0.580m) and this underspend has been transferred to the strengthening short-term capacity reserve as approved by Cabinet at Q3. Table 11 below details actual spend of the contingency budget during 2021/22.

Table 11 - Commitments against contingency budget	Actual Outturn (£m)	Q3 Forecast (£m)
Funding to offset demand related pressures within the children and families legal fees budget.	0.000	0.205
Costs relating to the Judicial Review	0.087	0.120
Costs relating to the development of the PCC business case for the Fire and Rescue Service	0.059	0.082
Parton Survey work	0.216	0.175
Legal costs associated with West Cumbria Mining	0.146	0.180
Lone worker app 2021/22 costs	0.013	0.013
Assistant Director – Children’s Services Backfill for present AD acting up as DCS.	0.028	0.030
Costs relating to Storm Barra and Arwen in Local Committees and Fire Service	0.309	0.387
North West Fire Control Contribution to Manchester Arena Inquiry	0.062	0.000
Total	0.920	1.192
Contingency budget	(1.500)	(1.500)
Budget underspend transferred to strengthening short-term capacity reserve	(0.580)	(0.308)

Local Committees – a balanced position (no change from Q3)

22. The net outturn is a balanced position. The key elements of the balanced position at outturn are set out below:

- a) Highways (£0.093m): the Highways outturn over and underspends are summarised below by key area of spend and local committee. The (£0.093m) underspend at Q4 includes £0.293m of costs relating to Storm Arwen and Barra which have been funded from contingency, as approved by Cabinet at Q3. The (£0.093m) underspend has been carried forward into 2022/23.

Table 12 – Local Committee’s Highways outturn

Local Committee	Annual Budget £m	Actual Outturn £m	Outturn Variance £m
Allerdale	1.219	1.190	(0.029)
Barrow	0.883	0.873	(0.010)
Carlisle	1.405	1.261	(0.144)
Copeland	0.756	0.781	0.025
Eden	0.748	0.839	0.092
South Lakeland	1.402	1.376	(0.026)
Total	6.412	6.320	(0.093)

- b) Non- Highways (£1.255m): the outturn non-highways underspends are summarised below by key area of spend and local committee. The (£1.255m) of underspends have been carried forward to 2022/23 as approved by Cabinet at Q3.

Table 13 – Local Committee’s Non-Highways outturn

Local Committee	Annual Budget £m	Actual Outturn £m	Outturn Variance £m
Allerdale	0.801	0.603	(0.198)
Barrow	0.570	0.520	(0.050)
Carlisle	0.796	0.545	(0.251)
Copeland	0.655	0.557	(0.098)
Eden	0.534	0.345	(0.190)
South Lakeland	0.875	0.407	(0.468)
Total	4.232	2.977	(1.255)

Schools and DSG balances

Maintained Schools Balances

23. Individual maintained schools can carry forward their balance, either surplus or deficit, each financial year. As at 31st March 2021 the net surplus balances on maintained schools was (£8.476m).
24. As at 31st March 2022 the net surplus balance on maintained schools is (£12.028m) excluding other school-related balances, an increase in net balances of (£3.552m) since 2020/21 and an increase of (£6.148m) compared to schools' own forecasts as at their October budget submissions of (£5.880m).
25. The table below shows a breakdown of these figures separately by surpluses and deficits:

Table 14 – Maintained School Balances

	2020/21 Actual		2021/22 Actual		Change in value (£m)
	Number of Schools	Total Value (£m)	Number of Schools	Total Value (£m)	
Schools with Surpluses	214	(14.808)	209	(16.555)	(1.747)
Schools with Deficits	42	6.33	38	4.527	(1.805)
Total	256	(8.476)	247	(12.028)	(3.552)

Dedicated Schools Grant (DSG) Balance

26. At 31st March 2021 had an accumulated net deficit of £9.641m excluding balances held in schools. At outturn the deficit at 31st March 2022 is £14.692m, an increase of £5.051m since the start of the year and a decrease of (£0.524m) since Q3. CMT supported the establishment of a High Needs Board to monitor the High Needs budget and review actions to address the deficit which cannot be met from General Fund resources.

Table 15 – DSG Forecast Deficit

	Central DSG (£m)	High Needs Block (£m)	Total (£m)
DSG Balance at 31st March 2021	(4.909)	14.550	9.641
Forecast over/ (under) spends on DSG in 2021/22	(0.841)	5.892	5.051
DSG Balance at 31st March 2022	(5.750)	20.442	14.692
Q3 Forecast DSG Balance at 31 st March 2022	5.853	21.069	15.215
Movement	0.104	(0.628)	(0.524)

27. The key elements of the forecast are:

Central DSG – an in year surplus of (£0.841m) relating to:

- (£1.348m) Nursery grants – the underspend reflects actual take up of provision during the Autumn term 2021 whereas funding is based on previous year's take-up, the budget will be adjusted retrospectively by the Department for Education.
- £0.413m School Maternity Absence Cover – an increase in the number of claims.
- £0.359m School contingency – an overspend as a result of temporary site costs of £0.482m for St Bridget's Primary School Parton.
- (£0.265m) Other non-material variances across Central DSG.

High Needs – an in year deficit of £5.892m relating to:

- £3.312m EHCP top ups. This represents a decrease of (£0.084m) compared to the Q3 forecast. Since the start of the year there have been new and amendments to existing EHCPs totalling £2.661m.
- £1.314m Independent day placements. This represents a decrease of (£0.349m) compared to the Q3 forecast. The overall number of children and young people in day placements has increased from 112 at Q3 to 117. The number of Extra District placements has reduced by 5 to 24 and Education Otherwise numbers have reduced by 16 to 70 compared to the Q3 forecast.
- £1.043m Special schools. The pressure reflects 16 additional funded places with effect from September 2021 totalling £0.093m, and an uplift to the lowest level of top up banding for 2021/22 only costing £0.901m. New bandings will be in place for 2022/23.
- £0.223m Other individually non-material variances

COVID-19 Financial Impact including emergency funding

28. As previously reported to Cabinet the Council has received one tranche of COVID-19 general grant funding in relation to 2021/22 pressures of £10.381m. It is expected that this will be the last tranche of general COVID-19 grant funding to be received by Local Authorities.
29. Specific compensatory funding for lost income from sales, fees and charges (SFC) continued for Quarter 1 of 2021/22. The compensation funding of £0.130m has been received during Q4 and is included in the outturn position reported in table 2.

Table 16 – Reconciliation of COVID-19 Earmarked Reserve Balance

<u>General grant funding</u>	£m
2021/22 COVID-19 general grant funding	(10.381)
2021/22 Sales, fees and charges funding	(0.130)
Total general grant funding received	(10.511)
<u>Transfers from the Earmarked Reserve</u>	
2021/22 Q1 Transfer from reserves	4.227
2021/22 Q2 Transfer from reserves	6.154
2021/22 Q4 Transfer from reserves	0.130
Total transfers from the COVID-19 EMR	10.511
Current COVID-19 EMR Balance	0.000

30. As shown in Table 2 there remains a significant COVID-19 unfunded pressure in the outturn position of £3.658m. The significant elements of this unfunded pressure are in People £2.563m and Other Corporate Items £0.589m. The pressure in Other Corporate Items relates to the non-delivery of MTFP savings which was explained in more detail in the savings section of the report above.
31. The unfunded COVID-19 Pressure in People is comprised of:
- £0.503m lost income which is not reclaimable under the Sales, Fees and Charges reimbursement scheme mainly relating to Cumbria Outdoors £0.335m and Day Care and Transport £0.150m.
 - £1.331m undelivered MTFP savings, with more detail provided in the savings section above.
 - £0.729m other smaller unfunded pressures.
32. Table 16 shows that there is no COVID-19 general grant funding being carried-forward into 2022/23; it has been fully utilised in 2021/22. The COVID-19 related specific funding being carried forwards are:

- £4.123m Contain Outbreak Management Funding (further details in Appendix 6).
- £1.294m shielding clinically extremely vulnerable grant.
- £3.455m COVID-19 Lost Council Tax Income grant.
- £0.013m COVID-19 tranche 2 of the Active Travel grant.
- £4.783m COVID-19 Business Rates S31 Relief grant.

Earmarked Reserve Balances

33. The earmarked reserve balance (excluding DSG funded reserves) at the 31st March 2022 is £138.244m. Movements on Earmarked Reserves throughout the year are summarised in Table 17. Full details on movements to and from reserves during the year are provided in Appendix 1.

Table 17 – Movements in Earmarked Reserves (excluding DSG funded reserves)

	2021/22
	£m
Balance at 1 st April 2021	(107.951)
Budgeted appropriations to reserves	(17.681)
Budgeted appropriations from reserves	0.000
Subtotal	(125.632)
Transfers to Reserves	(50.503)
Transfers from Reserves	37.891
Balance at 31st March 2022	(138.244)

Note: The significant Earmarked Reserves relate to the LGR Implementation Reserve (£17.536m), Modernisation Reserve (£3.797m), Volatility Reserve (£3.797m), Financial Volatility Reserve (£19.179m), Insurance Reserve (£14.885m), Business Rates S31 COVID Relief grant Reserve (£4.783m) and PFI schemes Reserve (£24.043m), Directorate Revenue Grants in advance (£18.837m), Inflation Risk Reserve (£5.554m).

34. The year-end outturn position includes proposed transfers to reserves. The Directorate outturn position at year-end was a (£8.349m) underspend due to the reasons explained throughout the report. Recommendations included in paragraph 5 are to transfer this underspend to reserves. The recommended transfers to reserves at year-end are:

- £4.500m Inflation Risk Reserve – The Office for Budget Responsibility are forecasting that inflation will peak in 2022/23 at 10% before falling to 4% in 2023/24 and back to the target 2% by 2024/25. This high level of inflation, which is subject to considerable uncertainty given the ongoing impact of COVID-19, Brexit and the situation in Ukraine, means there is likely to be further pressure on capital and revenue budgets in 2022/23. Therefore, it is prudent to put additional funding into reserves to mitigate the risk of these inflationary pressures.

- £2.000m Cost of Living Reserve – The UK is experiencing a significant cost of living crisis in which households are facing the simultaneous impact of tax increases, rising interest rates and inflation outpacing rises in income (including wages, pensions, working age benefits). The increase in food prices and utilities bills will disproportionately impact on lower income households as food and energy makes up a higher proportion of their total household expenditure. Likewise lower income households in rural areas will be particularly hit by the cost of petrol and oil for home heating fuel. The Cost of Living crisis has been highlighted as a risk in the Q4 risk register.
- £1.849m Financial Volatility Reserve – As approved by Cabinet at Q3, any underspend at year-end was to be transferred to the financial volatility reserve to provide additional robustness to Council finances.

35. In 2022/23 the following draw downs from the reserve are requested:

- 0.500m to support the Ways to Welfare budget. Ways to Welfare is a Cumbria County Council fund administered by the Service Centre through pre-paid cards. The fund supports individuals and families who are experiencing financial difficulty. Grants are issued subject to assessment by the team of up to £100 at a time. The money can be used in a number of ways including for white goods, food, bills and unexpected expenses. Over the past 2 and a half years we have seen unprecedented demand from a total expenditure of £0.059m in 2018/19 to £0.660m in 2021/22 which has been exacerbated by COVID and more recently the cost of living crisis. We have been able to supplement the fund during that time via a range of government grants and other funding. However much of that funding is now coming to an end This £0.500m would be on a one off basis and administered via the Ways to Welfare fund to further support people during this difficult period.
- £0.500m to support School clothing grant budget on a one off basis for 2022/23 only. The School clothing grant is a Cumbria County Council fund administered by the service centre. It is a payment made to parents of children in receipt of free school meals as a contribution to the cost of school uniforms. The contribution has stood at £25 for primary children and £35 for secondary children for 10+ years. Given the effects of inflation and the cost of living crisis it is proposed that the contribution is increased to £50 for primary and £100 for secondary. There has also been an increase in the number of children registered for free school meals resulting in further demand. This additional £0.500m will support the uplift in the grants and additional registrations.

Fees and charges 2022/23

36. Following approval by Council in February 2022 of the Fees and Charges Schedule 2022/23 there have been some minor changes. These are:

- **Highways - Processing of Public Path orders.**
Public Path orders - The inclusion of a £2,000 charge for the processing of an order. This is an existing charge that has not previously been included on the schedule agreed by Council.
- **Highways - Passenger Transport**
DBS checks - previously a single charge, the service requests that this is split into 2 elements DBS Admin Fee £25.40 and DBS Enhanced Check £40.00.
- **Highways – Development Management**
S38 and S278 legal costs – the service have requested that ‘S38’ and ‘S278’ are included in the description of the new charges for 2022/23 already agreed.
- **Parking**
Car parks – the service have requested the inclusion of £350 for annual parking permits for the County Council office car park CA1 1SL and the County Hall car park, Kendal LA8 4RQ.

The updated schedule of Fees and Charges for 2022/23 is set out in Appendix 7.

Capital Programme

Revisions to the Programme

37. The Capital Programme sets out the Council's investment plans over the current and following five years to achieve the Council's priorities and vision. The Council approves a Capital Programme in February each year and subsequent changes are then made throughout the year. The revised approved Capital Programme for 2021-2027, including changes approved by Cabinet as part of the Q3 report presented on 17th March 2022 is £559.830m (excluding Accountable Bodies).
38. This outturn position shows a net increase of £18.480m in the County Council Capital Budget for the period 2021/22 to 2026/27 giving a revised total of £578.310m over the life of the approved capital programme, and a revised budget of £122.153m for 2021/22. This reflects a number of changes to the capital programme as outlined in the Table below, further detail is provided at paragraph 50.

Table 18 - Summary of Proposed Capital Budget Changes

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2021- 2027
	£m	£m	£m	£m	£m	£m	£m
Approved Capital Programme at 17th March 2022 (Q3)	119.529	193.788	113.254	60.608	39.350	33.301	559.830
Proposed Budget Changes:							
Grant / Contribution Changes for existing schemes – external (Para 51)	0.119	7.350	3.563	0.000	0.000	0.000	11.032
Grant / Contribution Changes for new schemes – external (Para 52)	0.000	4.092	0.784	0.000	0.000	0.000	4.876
Unallocated Prudential Borrowing for new schemes (Para 53)	2.201	0.000	0.000	0.000	0.000	0.000	2.201
Internal Contribution Changes for existing schemes (Para 54)	0.304	0.067	0.000	0.000	0.000	0.000	0.371
Total Proposed Changes	2.624	11.509	4.347	0.000	0.000	0.000	18.480
Total Proposed Revised Capital Programme	122.153	205.297	117.601	60.608	39.350	33.301	578.310

Outturn Position

39. Appendix 4 details each capital scheme showing expenditure (outturn) and variances from the revised budget. This is summarised by the main elements of the Capital Programme in the Table below

Table 19 - Capital Programme Provisional Outturn 2021/22

Totals for Services	Revised 2021/22 Budget	2021/22 Outturn	Variance (Outturn to Budget)	Over / (Under) Spends	Slippage	Accelerated Expenditure	Q3 Variance	Change in Variance
	£m	£m	£m	£m	£m	£m	£m	£m
People Children	17.389	11.636	(5.753)	(0.002)	(5.980)	0.229	(2.936)	(2.817)
People - Adults	4.529	3.330	(1.199)	(0.495)	(0.974)	0.270	(1.098)	(0.101)
Economy and Infrastructure	94.637	71.976	(22.661)	(0.003)	(23.332)	0.674	(13.647)	(9.014)
Corporate, Customer and Community	1.743	0.102	(1.641)	0.000	(1.641)	0.000	(1.228)	(0.413)
Fire and Rescue Services	3.855	1.601	(2.254)	0.000	(2.254)	0.000	(0.365)	(1.889)
Council TOTAL	122.153	88.645	(33.508)	(0.500)	(34.181)	1.173	(19.274)	(14.234)
Accountable Bodies	0.904	0.050	(0.854)	0.000	(0.854)	0.000	(0.496)	(0.358)
Grand Total	123.057	88.695	(34.362)	(0.500)	(35.035)	1.173	(19.770)	(14.592)

Note: Accountable body expenditure is separate from the Council's own capital programme

40. The variance of £33.508m (27% of the revised budget) comprises:
- (£0.500m) underspend at outturn
 - (£34.181m) slippage at outturn
 - £1.173m Accelerated Expenditure at outturn

Whilst the outturn expenditure is lower than budget, an outturn of £88.645m is in-line with the outturn delivered in 2020/21 (£90.728m) and 2019/20 (£90.891m). This represents delivery of an extensive capital programme during a period of intense pressure on Council resources, unprecedented economic challenges, market supply and labour shortages and cost inflation seen across the construction sector.

41. Some examples of recent schemes include:
- **Local Lead Flood Authority (LLFA) Programme:** flood alleviation projects completed at Fairways, Seascale and Carus Green, Kendal which help to reduce future flood risk for these communities.
 - **Infrastructure Recovery Programme (IRP) Programme:** 8 projects completed during 2021/22 enhancing bridge assets damaged by Storm Desmond.
 - **Prioritised Capital Maintenance Projects/Schools Maintenance:** Despite the impact of COVID and market forces more than 50 planned maintenance projects were delivered in schools. This programme is always a major undertaking considering the small window of opportunity for working in schools that exists in which most of the works must be executed.

Change since Q3

42. The variance of £33.508m represents a change of £14.234m since Q3. The majority of this this change has resulted in additional slippage being reported when compared to the Q3 forecast position. This is explained in more detailed at paragraph 44.

Outturn underspend

43. The underspend for the year is (£0.500m). The majority of which (£0.495m) relates to the scheme 'Reprovision of Cavendish House'. This scheme will not be delivered in 2021/22 and will not be reprofiled into 2022/23. This represents a minor change of £0.005m from the position reported at Q3.

Outturn slippage

44. The slippage for the year is (£34.181m). Council agreed that slippage in the 2021/22 Capital Programme can be carried forward to 2022/23, in the Budget Report approved by Council on 10th February 2022, so this report does not provide full detail of this slippage.

45. The slippage reported at Q3 was of (£18.926m). A change of (£15.255m) when compared to the outturn position of (£34.181m). The majority of this movements (£12.157m or 80% of the movement) is explained below:

- **Inclusion Strategy:** a movement of £2.855m since Q3. The planning process for a Carlisle based scheme experienced delays that were not anticipated at Q3, combined with contractors experiencing supply chain issues that had not factored into their initial programme of work. This has resulted in the scheme being 3 months behind schedule but will be delivered - and the outputs realised - during 2022/23.
- **Carlisle Southern Link Road (CSLR):** a movement of £1.542m since Q3. This is the result of statutory diversion works being re-scheduled to 2022/23, to allow additional time to undertake the required processes with landowners which has taken longer than originally anticipated at Q3.
- **DfT funded Flood Recovery Scheme** a movement of £1.035m since Q3. As reported at Q3 slippage was anticipated at Gooseholme footbridge in Kendal, as a result of a statutory utility provider encountering supply issues delaying ability to progress on site. This situation has continued to delay the scheme through Q4 and has resulted in an increase to the slippage previous reported.
- **Lead Local Flood Authority** a movement of £1.918m since Q3. As reported at Q3, there was potential for delay on some large schemes. This is due to the complex nature of the permissions needed from landowners impacted by the improvement works. This process can take a significant amount of time and it is difficult to predict exactly how long it will take, there is therefore always an element of uncertainty regarding the profile of spend. Although this process has taken longer than anticipated at Q3, resulting in additional slippage, a conclusion is being reached and work is expected to progress in Q1/Q2 2022/23.
- **Fire Vehicle replacement:** a movement of £1.889m since Q3. As reported at Q3 there has been a delay in obtaining some of these vehicles due to a global supply chain delay for vehicle parts. Although some vehicles have now been received, others have been delayed for longer than anticipated at Q3 but are expected during 2022/23. This further delay will have no impact on the current service being delivered and has had no adverse revenue impact.

- **Principle roads, Non-principle roads and Bridges & Structures:** a movement of £1.883m since Q3. The Q3 report noted potential for further slippage on internal schemes if the team needed to respond to severe weather / emergency storm works during Q4. This was the case and is the reason for most of the increased the slippage being reported. The delayed work will be completed early in 2022/23, the impact of this on the delivery of already scheduled work for 2022/23 will be reviewed and reported as part of the Q1 budget monitoring report.

Accelerated expenditure

46. The accelerated expenditure for the year is £1.173m. The accelerated expenditure has resulted from schemes incurring expenditure earlier than had been anticipated when the budget was profiled between financial years. There are nine schemes that make up the total accelerated spend of £1.173m, all of which are relatively minor (less than £0.500m) and can be identified in Appendix 4. Council agreed that accelerated expenditure in the 2021/22 Capital Programme can be re-profiled from 2022/23 to 2021/22, in the Budget Report approved by Council on 10th February 2022.

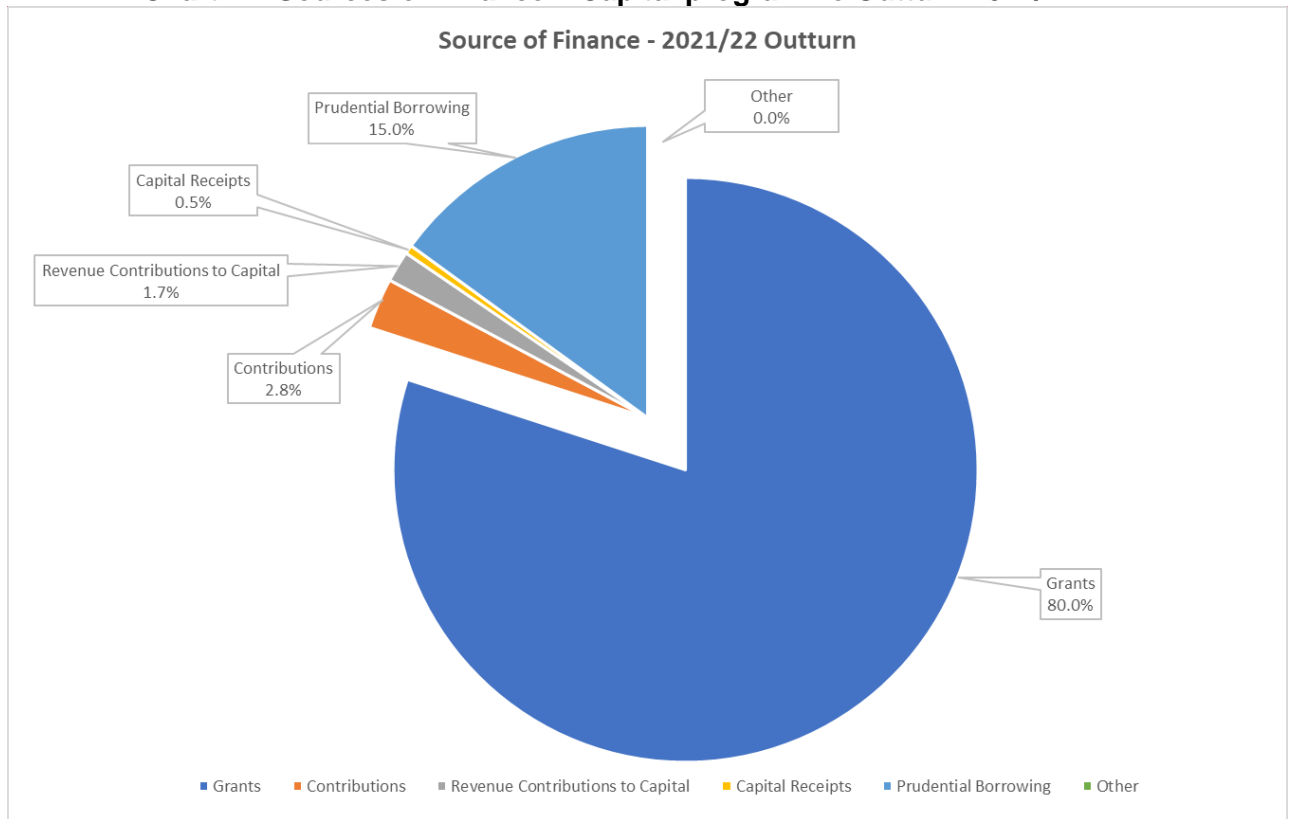
Capital Financing

47. Capital financing for the Capital Programme comes primarily from Government grants and prudential borrowing. In addition, the Council can utilise capital receipts, accrued through the sale of assets (such as surplus land and buildings), revenue contributions and the use of reserves. The main grants received relate to Highways and Transport and Schools.
48. The outturn has been financed as shown in the table and pie chart below.

Table 20 - Capital Programme Sources of Finance - Outturn 2021/22

Source of Finance	Approved 2021/22 Budget (Q3)	Proposed Changes	Revised 2021/22 Budget	2021/22 Outturn	Variance (Outturn to Budget)
	£m	£m	£m	£m	£m
Grants	86.152	2.320	88.472	70.918	17.554
Contributions	4.206	0.000	4.206	2.484	1.722
Revenue Contribution	3.413	0.304	3.717	1.528	2.189
Capital Receipts	0.429	0.000	0.429	0.429	0.000
Prudential Borrowing	25.219	0.000	25.219	13.286	11.933
Other	0.110	0.000	0.110	0.000	0.110
Council TOTAL	119.529	2.624	122.153	88.645	33.508

Chart 2 – Sources of Finance – Capital programme Outturn 2021/22



Capital Receipts / Disposals

49. It was estimated that £1.012m of capital receipts would be received during the year, £1.076m have actually been received, which is only a minor difference. This results in a capital receipts reserve of £5.826m at year end 2021/22. The majority of which has already been committed as part of the proposed Capital Programme, any remaining balance will be considered as part of future monitoring and budget reports.

Proposed Budget Changes

50. As noted in para 38 this outturn position shows a net increase of £18.480m in the County Council Capital Budget for the period 2021/22 to 2026/27, giving a revised total of £578.310m over the life of the current capital programme. This reflects a number of changes to the capital programme as outlined in the following sections:
- Grant / Contribution for existing schemes – external (£11.032m addition)
 - Grant / Contribution for new schemes – external (£4.876m addition)
 - Unallocated Prudential Borrowing to existing scheme (£2.201m addition)
 - Internal Contribution Changes for existing schemes (£0.371m addition)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2021- 2027
	£m	£m	£m	£m	£m	£m	£m
Active Travel Fund Barrow: grant funding has been awarded to deliver a range of practical action in relation to cycling and walking facilities in Barrow	0.000	4.526	0.000	0.000	0.000	0.000	4.526
Total	0.119	7.350	3.563	0.000	0.000	0.000	11.032

Grant / Contribution for new schemes

52. This report seeks Cabinet approval / Cabinet approval for the recommend to Council for the approval of the following new schemes, which are fully funded by external contributions, as detailed below:

Table 22 - New schemes funded by external contributions

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2021- 2027
	£m	£m	£m	£m	£m	£m	£m
New schemes – requiring approval by Cabinet (<£0.500m)							
Barrow Levelling Up Fund (LUF): grant funding has been awarded for the provision of public realm, bus infrastructure improvements that will support Barrow City Councils LUF projects	0.000	0.200	0.000	0.000	0.000	0.000	0.200
New schemes – requiring approval by Council (>£0.500m)							
Barrow Town Deal - Cycling and Walking grant funding has been awarded and the grant funding agreement is expected to be finalised in May 2022. This will further enhance the active travel improvements already being delivered as part of the Active Travel Fund Barrow	0.000	3.700	0.000	0.000	0.000	0.000	3.700
Maryport Future High Street Fund grant funding has been awarded and the grant funding agreement is expected to be finalised with Allerdale Borough Council in early 2022/23. The scheme will deliver public realm and highway network improvements	0.000	0.192	0.784	0.000	0.000	0.000	0.976
Total	0.000	4.092	0.784	0.000	0.000	0.000	4.876

Internal Contribution Changes for existing schemes

54. This report seeks Cabinet approval for changes in the following schemes, which are fully funded by internal revenue contributions, as detailed below:

Table 24 - Changes to existing schemes funded by internal contributions

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2021- 2027
	£m	£m	£m	£m	£m	£m	£m
Changes to existing scheme – requiring approval by Cabinet							
VA Schools Capital Projects: additional contribution to VA school capital projects delivered during 2021/22	0.304	0.000	0.000	0.000	0.000	0.000	0.304
Windermere Ferry replacement: additional revenue contribution to finance preliminary work for Windermere Ferry Replacement	0.000	0.007	0.000	0.000	0.000	0.000	0.007
Corporate Property Planned Maintenance and improvement: additional revenue contribution for enhancement work at property providing emergency and respite placements for children and young people. The project expected to be completed by September 2022	0.000	0.060	0.000	0.000	0.000	0.000	0.060
Total	0.304	0.067	0.000	0.000	0.000	0.000	0.371

Virements

55. This report seeks Cabinet approval for virements between the following schemes as detailed below:

Table 25 - Capital Programme Virements

	2021/22	2022/23	Description
	£m	£m	
Virements - requiring approval by Cabinet (between schemes within the capital programme <£0.500m)			
Infrastructure Deficit Support to District Councils	(0.000)	(0.114)	As per the budget report presented to Council in February 2022, IDS schemes will be reported through the Major Projects Match Funding line in the capital programme from 2022/23 onwards.
Major Projects Match Funding	0.000	0.114	
Major Projects Match Funding	(0.000)	(0.150)	The approved budget is based on early estimates and a more accurate position is available as the scheme progresses through its preliminary phase. A potential overspend has been identified as a result of additional work to prepare for planning submission and design / build tender. Allocation of Major Project budget is requested to off-set this additional cost.
A595 Grizebeck	0.000	0.150	

	2021/22	2022/23	Description
	£m	£m	
Major Projects Match Funding	(0.000)	(0.030)	Allocation of Major Project budget to Carlisle southern gateway, adding to the £0.100m already allocated previously in the year
Carlisle southern gateway	0.000	0.030	
Additional Inflation Risk allowance	(0.000)	(0.472)	The approved budget is based on early estimates and a more accurate position is available as the scheme progresses through its preliminary phase. This has identified an increase in the estimated cost, including land estimates, utility company diversions, detailed design work and main contractor costs. Allocation of Additional Inflation Risk allowance budget is requested to off-set these additional costs
A595 Bothel	0.000	0.472	
Total Virement impact	0.000	0.000	

56. This report seeks Cabinet approval for the recommendation to Council for approval for virements between the following schemes as detailed below:

Table 26 – Capital Programme Virements

	2021/22	2022/23	Description
	£m	£m	
Virements - requiring approval by Council (amounts exceeding £0.500m)			
Additional Inflation Risk Allowance	(0.000)	(1.368)	The approved budget is based on early estimates and a more accurate position is available as the scheme progresses through its preliminary phase. The estimated cost of the delivery of the Grizebeck has now increased as a direct result of the inflation pressure facing the construction industry. This has resulted in both a direct increase in construction materials cost and an indirect risk allocated by contractor in pricing the contract. This is as a consequence of the supplier not being prepared to hold quotation prices for as long as they have done historically. A virement from the Additional Inflation Risk Allowance is required to meet this shortfall
A595 Grizebeck	0.000	1.368	
Total Virement impact	0.000	0.000	

Review of 2022-27 Capital Programme

57. Taking in to account the request for additional budget to the 2022-27 Capital programme and the re-profiling as a result of slippage / accelerated expenditure highlighted above, the proposed Capital Programme for 2022/23 is £238.305m.
58. Inflationary and lead time pressures will likely have a significant impact on the Capital Programme in 2022/23, including budgetary pressure and the profiling of the delivery of schemes. The main reason for these pressures is due to high fuel cost increases, affecting logistics and manufacturing, and material supply shortages. This position has changed dramatically since November 2021, as a

result of major market influences including COVID-19, and the Russia-Ukrainian war.

59. The above pressures and other factors can lead to reprofiling of schemes and this is currently being reviewed and is expected to be reported as part of the Q1 budget monitoring report, specific example of such schemes include:
- **A592/A684 Road Safety Foundation Schemes:** 2022/23 profiling is under review in conjunction with the design work being finalised for the A592. Works on this road are impacted by working window restrictions caused by winter weather and school holiday periods, as well as some of the work potentially being labour intensive due to the heritage nature of the landscape setting.
 - **Windermere Ferry replacement:** 2022/23 profiling to be reviewed against the intended procurement pathway and staged payments for a new ferry. Once this review has been undertaken, any impact of the budgeted expenditure profile will be reported as part of Q1.
60. Such re-profiling does not necessarily relate to a delay in the delivery of a scheme, but can also reflect the Council having greater clarity around the timelines for when work will be undertaken and when expenditure will therefore be incurred. This may have not been known when the budget was initially added to the Capital Programme and so the original profiling of spend was only an estimate at that time

Accountable Bodies

61. Accountable Body expenditure does not result in an increase in the value of assets owned by the Council but is included in this report for completeness and to support the Council's monitoring responsibilities as Accountable Body.
62. During 2021/22 all projects within the programme are being delivered by 3rd parties on behalf of the Cumbria Local Enterprise Partnership (CLEP). There has been delays to two schemes which has resulted in slippage on that budget and they are now expected to be complete during 2022/23. There is no change being made to the overall value of either scheme and no other CLEP schemes being introduced at this time.
63. A new line has been added to the Accountable Bodies Programme for 2022/23 onwards, for Cumbria Coastal Community Forest. DEFRA are the originating funding provider for this scheme which is being overseen nationally by Cheshire West and Chester Council, through the Trees for Climate fund. Cumbria Woodlands will deliver this scheme in Cumbria, working with partner organisations. Cumbria County Council have taken on the role of Accountable Body. The scheme is expected to be delivered over the next three years and

has both revenue and capital elements. These forests not only contribute to climate change adaption and mitigation but have direct benefits for the people living in these areas.

Financial - What Resources will be required and how will it be funded?

64. The resource and value for money implications are covered within this report.

Legal Aspects – What needs to be considered?

65. Cabinet is responsible for considering and reviewing reports on the implementation of the budget and approving in year changes to the budget and capital programme that are reserve to Cabinet.

With particular relevance to this report:

- (1) Under 3.2 of FR2 Cabinet can approve transfers to or from contingencies and to an earmarked reserve;
- (2) Under 6.2 of FR2 of the Financial Standing Orders Cabinet may transfer revenue budget up to £500,000 provided it remains within the overall budget and Policy Framework approved by Council and no commitment is made to a higher overall level of expenditure in future years.
- (3) Under 9.2 of FR2 of the Financial Standing Orders Cabinet may approve transfers to an earmarked reserve.
- (4) Under 6.7 of FR2 of the Financial Standing Orders Cabinet may approve transfers between schemes in the capital programme provided the reason for the transfer is within the budget and policy framework, any revenue budget consequences can be met and the amount does not exceed £500,000. Cabinet must refer transfers within the capital programme exceeding £500,000 to full Council.
- (5) Under 3.7 of FR2 of the Financial Standing Orders Cabinet may approve new schemes in the capital programme of up to £500,000 provided they will be funded from additional grants and/or contributions from external bodies. Cabinet must refer other new schemes to full Council.

Health and Safety Aspects – What needs to be considered?

66. The County Council has a responsibility under the Health & Safety at Work Act 1974 and associated Management of Health & Safety at Work Regulations to ensure as far as is reasonably practicable that there are arrangements in place to ensure a healthy and safe working environment.
67. Whilst there are no direct health and safety implications from the budget monitoring report itself, both capital and revenue expenditure schemes require strong health and safety management risk assessments, controls and monitoring in line with the commitments included in the Corporate Health and Safety Policy Statement last approved by Cabinet in September 2020.

Council Plan Priority – How do the Proposals Contribute to the Delivery of the Council’s Stated Objectives?

68. The report links to the strategic planning framework for Cumbria including supporting the delivery of the Council Plan 2018-2022 outcomes we want to achieve agreed by Council in February 2019, which are:

- people in Cumbria are healthy and safe
- places in Cumbria are well-connected and thriving
- the economy in Cumbria is growing and benefitting everyone

69. The effective management of financial resources is a requirement for making informed decisions when planning and delivering Council services.

What is the Impact of the Decision on Health Inequalities and Equality and Diversity Issues?

70. Not Applicable

Further Information & Background Documents

- Appendix 1 – Net Revenue Budget 2021/22 – Movements in Year
- Appendix 2 – Summary of delivery on 2021/22 Savings Propositions
- Appendix 3 – Summary of Earmarked Reserves 2021/22
- Appendix 4 – Capital Programme 2021/22
- Appendix 5 - Requests to create or increase Earmarked Reserves
- Appendix 6 – Contain Outbreak Management Fund summary
- Appendix 7 – 2022/23 Schedule of Fees & Charges

Key Facts

Electoral Division(s): All

Executive Decision	Key Decision Included in Forward Plan	Exempt from call-in	Exemption agreed by scrutiny chair	Considered by scrutiny, if so detail below	Environmental or sustainability assessment undertaken?	Equality impact assessment undertaken?
Yes	Yes	No	N/A	No	N/A	N/A

Reviewed and Approved by Cabinet Member(s) on 19/05/2022

Previous relevant Council or Executive decisions

No previous relevant decisions

Consideration by Overview & Scrutiny

Not considered by Overview and Scrutiny

Background Papers

No background papers

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