North Somerset Council

Report to the Executive

Date of Meeting: 19 October 2022

Subject of Report: Budget Monitor 2022/23 - Month 5 Update

Town or Parish: All

Officer/Member Presenting: Ashley Cartman, Executive Member for Corporate Services

Key Decision: Yes

Reason: Financial values contained within the report are in excess of £500,000

Recommendations

The Executive is asked to;

i. Note the projected revenue and capital budget forecasts as detailed within the report and also the issues and assumptions that underpin the forecasts,

ii. Approve the in-year amendments to the revenue and capital budgets as detailed in Appendices 1 and 4,

iii. Note the financial risks being assessed by the council, which may have an impact on future monitoring reports,

1. Summary of Report

This report provides a summary of the council's integrated revenue and capital financial positions after the first five months of the 2022/23 financial year and includes details of the key issues and activities that are currently forecast to have a significant impact on the councils' finances during the year, specifically noting any areas of change that have materialised since the last report.

The report continues to highlight some of the potential risks that are still being held, as they may feature in future reports should their profiles increase, or the risks are realised and they become real pressures and looks to identify a range of solutions, options or decisions that could be considered in order to balance the budget in the current year.

The council is clearly aware of the serious issues affecting many parts of the economy at present, some of which may impact on the council's financial position either directly or through other ways, and so the report provides a high-level overview of these areas.

2. Policy

The council's budget monitoring is an integral feature of its overall financial and assurance framework, ensuring that resources are planned, aligned and managed effectively to achieve successful delivery of its aims and objectives.

The significant financial risks and impacts associated with the current cost of living crisis, which have escalated rapidly over recent months, have meant that the financial consequences and reporting process have become more important, albeit more complex than before, particularly when combining both the increased demands for services with the uncertain inflationary pressures contained within many of our costs.

3. Details

3.1. Revenue budget – key headlines

The table below provides a summary of the council's revenue budget together with a forecast of how much we will spend to deliver services in the current financial year.

Revenue Budget Monitoring Summary 2022/23	Original Net Revenue Budget £000	Month 5 Forecast (August) Revised Revenue Budget £000	Month 5 Forecast (August) Projected Out-turn Position £000	Month 5 Forecast (August) Projected Out-turn Variance £000	Month 5 Forecast (August) Projected Out-turn Variance %	Month 4 Projected Out-turn Variance £000	Movement in Variance - July to August £000
Service Expenditure Budgets							
Adult Social Services	75,158	75,171	75,585	414	0.55%	209	206
Children's Services	26,989	26,977	28,450	1,473	5.46%	1,243	231
Corporate Services	27,553	27,461	28,055	594	2.16%	266	328
Place	29,989	30,080	31,428	1,348	4.48%	1,317	31
Public Health & Reg Services	1,374	1,374	1,360	(14)	-1.01%	(14)	(0)
Incremental impact of pay offer	0	0	1,603	1,603		1,603	0
Impact of energy procurement	0	0	812	812		1,207	(395)
	161,063	**161,063**	**167,293**	**6,230**	**3.87%**	**5,831**	**400**
Other Revenue Budgets							
Capital Financing & Interest	11,207	11,207	9,312	(1,895)	-16.90%	(1,039)	(856)
Other Non Service Budgets	13,205	13,205	13,260	55	0.42%	55	0
	24,412	**24,412**	**22,573**	**(1,839)**	**-7.53%**	**(984)**	**(856)**
Total Net Revenue Budget	**185,475**	**185,475**	**189,866**	**4,391**	**2.37%**	**4,847**	**(456)**
General Fund Financing Budgets	(185,475)	(185,475)	(185,475)	0	0.00%	0	0
NET REVENUE BUDGET TOTALS	**(0)**	**(0)**	**4,391**	**4,391**	**2.37%**	**4,847**	**(456)**

The table is displayed in the council's standard financial monitoring template and depicts the reported position for each of the 'directorates' in turn, as well as portraying an aggregated picture of all council services.

Key messages and headlines that can be taken from the table are;

- The council's approved net revenue budget for the year totals **£185.475m** (white and blue shaded columns)
- Managers estimate that the council will spend **£189.866m** on delivering services by the end of the year (yellow shaded column)

- This is **£4.391m** more than the council has available to spend or had planned to spend when the budget was approved back in February.

The presentation of the table also shows that;

- The council's underlying financial position has marginally worsened, compared to the previous report presented to the Executive at the meeting in September, because it estimates that it will spend a further **£0.400m** on delivering services during the year.

- The council has started to identify a series of mitigations within the budget to help offset some of the pressures being experienced within services, notably within the capital financing and interest parts of the budget, and these have increased by **£0.856m** compared to the previous month.

Whilst we understand that these forecasts are based on a series of estimates and assumptions and could change over the coming months as more information is gathered, it is concerning because the council is currently reflecting an overspend of over £4m and it has a legal requirement to balance its budget at the end of each year and so it must give consideration of how this overspend would be funded if the position remained unchanged.

3.2. Update on significant pressures included within the latest forecast

Detailed reports are present to each Director and their leadership teams on a monthly basis so that they can review and assess the latest projections made by their budget managers in order to understand the key issues that are impacting on their services. These reports also provide an opportunity to discuss and approve any actions or mitigations which may need to be implemented in the future to curtail costs and reduce the pressures on the council's financial position.

An extract of the monthly reporting information from each Director is included within this report and can be found in **Appendix 2**. These summaries fulfil the requirements of the constitution as they provide Members with a detailed breakdown of the financial variances when compared to the budget, that are forecast to occur within each service area.

Whilst the detailed analysis is helpful there are several material items that are contributing towards the council's large overspend this year, and these are noted in the table below.

Issue	£000	Change from July	Future RAG
Wider pressures affecting several / all services			
Inflation on contracts, including fuel	1,500	Increased	Amber
Inflation on energy costs	812	Decreased	Amber
Inflation on pay (gross cost, up to £2.2m)	1,603	Same	Amber
Service related pressures			
Children's services – placement costs	1,219	Same	Amber
Home to schools transport costs	1,235	Same	Red
Material mitigations			
Increase in interest received and reduction in capital financing costs	-1,895	Increased	Green

Areas of particular note are explained in more detail.

3.2.1. Inflation on contract costs, including fuel

Many of the council's larger contracts include specific provision to ensure that costs are maintained at current prices after taking into account inflationary factors. Each contract includes a range of indices that are relevant to the specific area, for example, the waste contract is indexed for fuel, CPI and a pay award increase; the support services contract follows a similar approach in that approx 70% is uplifted for staffing increases, and the remaining 30% is uplifted by CPI, recognising the external drivers associated with third party cost increases.

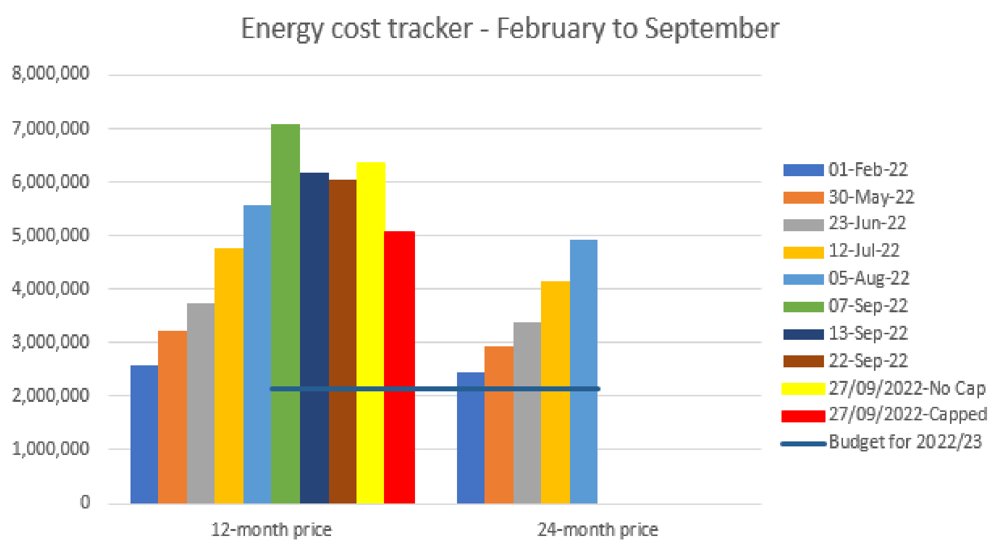
Each directorate has included specific provision for the contracts within their areas and over recent weeks have been updating the costs that are likely to become due in this year. The council-wide estimate for contract inflation has been increased as a result of this work although the process cannot be finalised until after the council's pay award has been settled, because several contracts include this as an index or cost driver to determine future pricing levels.

As previously advised, it is important to recognise that most contractual increases will become part of the established base position and so will also be an issue for future years.

3.2.2. Inflation on energy costs

Since February the council and its energy consultants have continued to monitor and assess energy prices in order to determine the best price possible to base the new contracts on, when the current ones expire at the end of September. The previous report advised of the extreme levels of volatility within the energy market as it has reacted to world-wide events and the ongoing risk of exponential rises in the future or even energy shortages and rationing.

Over recent weeks the government have stepped to offer a package of support to both individuals and businesses in order to alleviate some of the more urgent financial pressures and to try and stabilise the markets. However, whilst these measures have started to bring some benefit and change in terms of providing financial relief and potentially capping costs over the next six months, there remains much uncertainty and volatility in the underlying prices being offered, with only short-term rates being available.



The chart shows that prices peaked at over £7m at the beginning of September (column shaded green), which would have been almost £5m more than the council's budget for the year, although they have started to reduce since that point.

The final prices achieved were released on 27 September, which is just 3 days before the council's energy contracts would have ended and the chart shows these costs both before and after the government support package;

- the yellow shaded column reflects a price of c£6.3m, which is **before** any interventions, and
- the red shaded column reflects the amount that the council would need to pay after the government interventions of **£1.2m** have been taken into account.

The council's energy consulted has advised that the estimated value of the national support package to the council over the six-month period between October and March, would be a saving of approximately £1.3m and this has been reflected within the latest forecast in the table above. Obviously the actual costs incurred later in the year will be driven by the amount of energy that the council uses and so efforts will be made to reduce unnecessary waste where possible.

3.2.3. Inflation on pay costs

The council's forecast for additional costs in respect of pay inflation remain unchanged from previous reports as the underlying offer has not been changed. Since that time unions have been considering their positions and consulting their members on the details of the offer.

UNISON members have voted by 63.5% to 36.5% to **accept** the National Employers final offer for those on 'green book' terms and conditions, although the pay deal cannot be finalised until either the GMB and / or Unite also vote to accept the employers offer. The GMB membership consultation is due to close on 21 October and the Unite membership consultation will close on 14 October.

Given that the increased costs will remain within the base budget, they have also been included within the council's medium term financial modelling and will be a consideration when setting the budget for future years.

3.2.4. Home to school transport costs

Officers within the home to schools' transport service are currently assessing the impacts of changes that have arisen following the introduction of the new school term, which started in September, and an updated forecast will be provided within the next monitoring report.

3.3. Significant risks being held, although not included within the forecast

The council's financial monitoring processes not only capture and forecast projections of income and expenditure, they also assess areas of risk that may materialise at some point during the financial year, or document situations that may require the council to consider providing support or incurring additional expenditure at some point.

However given that the council's budget for the current year is not yet balanced, then any decision to increase spending beyond approved or current levels would be deemed inappropriate and could contravene requirements within the Constitution. The only exceptions to this would be to ensure the continuation of statutory services, although even this would need to be a decision taken by Council, who would be required to identify areas where discretionary or non-essential spending should cease before the new spending is commenced.

The following areas are currently being monitored as potential areas of risk - although no additional spending for these items has been included within the forecast position.

- **Support to social care providers** – over recent months the council has been approached by some providers who are experiencing financial difficulties given the wider economic and inflationary pressures although it is hoped that some of the measures recently announced by the government will begin to help providers directly, such as the reversal of the National Insurance increase from November and also the energy relief scheme.

- **Support to other providers** – supported bus routes, leisure providers – again the current issues around energy prices and fuel prices are causing significant financial impacts for other contractors and providers who deliver services on behalf of North Somerset Council. Whilst contractually the council is not obliged to fund anything in addition to contractual inflation, the council may have to consider the consequences of not providing any additional support in these areas, such as market failures, which would impact on residents. It is hoped that the governments support measures will reduce some of these pressures, although it is recognised that they will not completely disappear and hardship to some degree will remain.

- **Bus services** – whilst recognising the significant benefits that the bus network brings to many residents and communities, the council only has a limited amount of resources allocated within the existing budget to fund and support specific bus routes, which it can do by using discretionary service powers. However, given the increasing pressures being experienced elsewhere within the statutory services that the council must continue to provide, it does mean that there is currently little scope to intervene within the public transport market should bus providers stop providing routes.

- **Inherent budget pressures** - any of the many and varied pressures faced by services, or indeed any of the budget variances included within the director summaries shown at Appendix 2, do have the capacity to change within future reports because the forecasts are based on a range of estimates and assumptions. There are very few parts of the council's budget that are fixed and unlikely to change however, every effort will be made by budget managers over the coming weeks to not only validate as many of the underlying forecasts as possible, but also to try and mitigate areas of overspending within their service areas.

  It should be noted that there are currently no significant overspends being reported in relation to demand levels for adult social care services, which is surprising given experiences in recent years. However, it should be noted that is it still relatively early in the financial year and there is the possibility that costs will increase given the increases in enquiries that are being received. Delays in treatment and surgery, deterioration and de-conditioning during and since the Covid-19 pandemic and a lack of capacity may all lead to possible future increases in need.

3.4. Revenue budget – potential mitigations to reduce pressures

3.4.1. Included within the base budget the council holds a contingency budget of £1.5m, and this is the only area of the budget without spending plans or calls against it at the start of the year. It forms part of the council's financial risk management mitigation plans and is essential given the many and varied assumptions included when setting the budget, any of which could change during the year. Over the next few months the council will look to release this sum into the budget forecasts, **which would reduce the level of reported overspend from the value currently reported**. However, this would mean that the council would not have any budget remaining should other pressures materialise within its statutory services.

3.4.2. One of the announcements made by the government within the ‘mini budget’ was to reverse the increase in National Insurance that came into effect from 1 April 2022. It is estimated that the NI Levy costs the council in the region of £500k in a full year and so if it is removed from 6 November, then the council’s costs should reduce by over £200k from current levels by the end of the financial year. **This would also reduce the level of reported overspend**. A further update will be included within a later report when a more detailed analysis has been undertaken.

3.4.3. As noted above the council is looking at all areas of the budget to see if it can reduce costs or generate more income over the coming months and has already completed a further review of its capital financing and interest budgets. An initial forecast was prepared and included within the previous report having identified an underspend of approximately £1m in this area; largely associated with being able to generate higher levels of interest on its cash balances. The latest forecast shows that this underspend has been increased to £1.9m. The majority of the change relates to how much the council will expect to pay in financing capital expenditure, which has been lowered following a review to understand more realistic timeframes associated with planned spending and an associated re-phasing of the budgets. Should these measures increase, then it may be possible to generate further sums in future months.

3.4.4. The Corporate Leadership Team continue to discuss the council’s financial position on a monthly basis to ensure that they can review, assess and potentially implement a range of decisions that would enable the council to deliver a balanced budget by the end of the financial year. Whilst they would not advocate reducing statutory services in order to reduce costs, they have the authority to review and assess other areas of operational or discretionary spending within their own areas and clearly understand those areas that could be deferred or stopped. A review into a range of options and mitigations is currently being undertaken and an update of any resulting actions will be included within a future report.

3.5. Revised budget forecast and closing the budget gap

Notwithstanding any further increases in costs, demands or income short-falls that may arise over the next few months, the council is planning on how it could close the current budget gap if needed, and these options are shown within the table below;

	£000	£000
Reported overspend August 2022		**4,391**
Potential future changes or measures		
Release contingency budget	-1,500	
Reduction in National Insurance costs	-200	
Budget reductions identified within services	tba	
Use of Risk Reserve to finance pay costs	-1,603	
Use of Risk Reserve to finance energy costs	-812	
		-4,160
Financial position after headline mitigation		**231**

However, whilst it can be seen that there is the ability to draw down funding held within the financial risk reserve for the unplanned cost rises for the pay award and energy increases, the preference would be try to mitigate these costs in other ways in order to retain this funding for future years as the council, and potentially the rest of the country, will continue to face much volatility and uncertainty within the months, if not years ahead. As such the Corporate Leadership Team will review other ways in which mitigations can be brought into future budget reports.

3.6. Impact on reserves and balances

The council's reserves form part of its overarching financial strategy to ensure that financial issues are smoothed across financial years where appropriate, and also to support the council's longer-term financial sustainability, and so will therefore be used to; meet obligations agreed in previous years, support economic recovery, fund service plans, regeneration and place-making investments, deliver corporate plan priorities as well as provide against risk and uncertainty.

Although some earmarked reserves are being considered as part of the mitigation plans for the current financial year, it is important to understand why reserves are being held, along with the potential spending profiles and planned outcomes associated with each one. It is necessary to ensure that risk registers and future planning models are continually updated to ensure that the council retains adequate provision through its reserves' framework for future years, and this is particularly relevant as the past six months have shown how quickly financial forecasts and assumptions can change in a relatively short space of time.

The council will endeavour to retain or replenish reserves held to cover risk where possible through the identification and delivery of alternative cost saving measures.

3.7. Economic uncertainty within the context of the national picture

Over the past few weeks the government has been forming and shaping new policies and initiatives, with the aim of making changes to both generate growth within the UK as well as provide financial support, particularly to those affected by rising energy costs and rising inflation. As such, a series of decisions have been made and shared with the country, although it is important to recognise that this is a fluid situation and specific areas may change over time. It is anticipated that some of these area could impact on the council's financial position in one way or another, and so a few examples have been provided below;

Government action	Impact
Energy support package provided to individuals for a period of one year	Supports residents within North Somerset who may need financial support and could ease some of their pressures; Indirect impact on welfare support, council tax support, support to voluntary sector
Energy support provided to businesses for a period of six months	Supports NSC directly as mitigates some energy price increases; Indirect impact as the measure also provides support to service providers, e.g. social care providers, leisure providers
Reversal of National Insurance (NI) Levy increase	Direct benefit on NSC as will reduce the cost of the employers NI contribution payable from November 2022;

Government action	Impact
Reversal of National Insurance (NI) Levy increase (contd)	Indirect impact through service providers and contractors as they will also no longer need to bear this overhead cost and so it will ease their financial pressures. Social care providers will specifically benefit as NSC funded this cost to them within the base budget
Volatility within interest rates	Direct benefit to NSC through rising investment interest rates and means that increased levels of interest can be generated on balances; Direct impact to NSC on borrowing rates which means that it will be more expensive to borrow monies to fund capital expenditure plans; Longer-term impact on the values held within the balance sheet, e.g. assets and pension (which may be more expensive to maintain / service)
Volatility within inflationary rates, e.g. RPI, CPI, Fuel indices, Pay	Direct impact to NSC as contract costs remain higher than budgeted both in the current and future years; Direct impact to NSC through the Social Care Reforms, particularly in terms of calculating the Fair Price for Care and comparing this to potential funding allocations likely to be received from the government; Indirect impact through the ongoing viability and sustainability of providers and contractors who provider services. They have been severely affected over recent months and there are issues within some markets, e.g. bus operators who can no longer afford to run some routes;
Creation of investment zones	These will be created with devolved administrations and local partners to drive growth and unlock housing through tax incentives (such as 100% business rate relief for certain premises). Further details are due to be published soon.
Off-payroll working rules (known as IR35)	The 2021 reforms will be reversed so that workers who provide their services through a company, will once again be responsible for determining their employment status and paying appropriate levels of tax, rather than the council. This will reduce work levels and also risk of financial penalties.

Other policy decisions have also resulted in changes, for example the tax rates paid by both businesses and individuals, the cap on bankers' bonus schemes and also the stamp duty thresholds payable on house sales. It is anticipated that all of these decisions will cost the government significant sums of money within its own budget, which will need to be financed from either increased levels of growth within the economy, increased levels of borrowing, or reductions in spending within other areas of the overall budget.

Further details are awaited to understand more, notably to see if there are likely to be any impacts on the amount of money available to fund public services, specifically local government.

It was anticipated that a new Spending Review would be released this year as this would provide a multi-year horizon for finances within the sector and indicate how much support might be provided to help address the significant inflationary pressures currently being faced however, the Treasury has not confirmed whether this will take place and instead advised that the governments approach to future spending will be announced in due course and that they would continue to take a disciplined approach to spending, ensuring that all departments work efficiently and manage within existing budgets.

Further updates will be provided within future budget monitoring reports or those which focus on the council's medium term financial planning.

3.8. Capital budgets

The capital programme covers the period up to 2026/27, with particular focus and attention given for the 3-year period 2022-2025. The programme covers all aspects of the councils' services and has been built up in several phases following different stages of approval.

Appendix 3 provides details of all schemes currently included within the latest programme – the summary shows that the overall programme totals **£340.912m**, with £169.435m expected to be delivered during the current financial year.

As previously reported, over recent months the Capital Programme, Planning and Delivery Board (CPPD) have introduced an assessment for each of the projects within the approved programme into its monitoring process, using the council's risk management framework.

The monitor reflects the latest assessments that have been shared by the project managers to enable a greater understanding of how the projects are progressing. Those projects without an assessment at this stage are either yet to be started or are awaiting their assessment to be validated by CPPD and will be included within future reports. Details for projects rated as Red were provided within the previous report and there have been no further increases in projects rated as Red during the past 4 weeks.

Resources have been allocated for each of the schemes within the programme and records show that £225.7m will be financed by external grants and contributions, £103.2m by borrowing and the remaining £11.8m by other council resources, such as capital receipts and reserves.

It is important to understand the financing arrangements for each project, along with the spending profile to ensure that any associated impacts for the revenue budget are costed correctly.

Appendix 4 lists out all of the changes which have been reflected within the programme during the current financial year, which require retrospective approval from the Executive.

A small number of these changes have been the subject of individual reports to the Executive in recent months due to their scale, for example the increase in the MetroWest Rail project, or as a result of procurement and commissioning plans, whilst others of a smaller scale have been through the director or Section 151 governance decision making process in accordance with financial regulations.

The majority of the changes for August relate to realigning spending levels to grant conditions as well as the re-profiling the budgets to better reflect known spending plans.

There are however two additions to the capital programme, which are;

- **Junction 21 Northbound Merge Scheme**

  The council has been working with the National Highways Agency for many years on a project to make changes to the Junction 21 area of the M5 motorway in order to increase vehicular capacity through the junction and help to reduce congestion, most notably in the morning peak hours.

  A scheme was included within the council's 2018/19 capital programme with an estimated project cost of £0.862m. At this time this sum only reflected the council's share of the projects costs as no approvals had been given by National Highways Agency (NHA).

  Works have been progressing and a final design has now been approved, along with the funding agreement from the NHA, who will be contributing £2.159m towards the project. It is therefore necessary to increase the council's capital programme to include this additional cost and associated funding so that the full project can be started and the benefits delivered to users of the Junction. Once approved, the works are due to start in February 2023 and will last for 12 months.

- **Social Care Project**

  The council has secured external funding to support adult social providers to recover from the pandemic through the introduction and use of innovation and sustainability grants. It is proposed that the capital programme be increased by £275k to fund a range of initiatives within care homes, examples include; solar panels, new boilers to improve efficiency and reduce costs, the introduction of smart heating controls which will enable resident to control their own environments, electric vehicles and charging points and insultation in lofts and window replacement.

4. Consultation

The report has been developed through consultation with the council's corporate leadership team, and also with each of the departmental leadership teams. Discussions and briefings on financial matters are an established part of the relationships with directors and Executive Members.

5. Financial Implications

Financial implications have been included throughout the report.

The detailed values included throughout the report include all of the council's forecast expenditure, income receipts as well and any proposed transfers to or from reserves as this enables a more transparent representation of the council's finances to be shared should any funding decisions or further action required; the values therefore, exclude any technical accounting adjustments such as impairment or depreciation.

6. Legal Powers and Implications

The Local Government Act 1972 lays down the fundamental principle by providing that every local authority shall make arrangements for the proper administration of their financial affairs including balancing their budgets each year from within their own resource allocations, although further details and requirements are contained within related legislation.

The setting of the council's budget for the forthcoming year, and **the ongoing arrangements for monitoring** all aspects of this to ensure that the councils spending is within the approved limits, is an integral part of the financial administration process.

Further requirements are contained within the Local Government Act 1988, Section 114 (3) which provide for instances whereby the chief finance officer of an authority makes a judgement that the expenditure of the authority in a financial year is likely to exceed the resources available.

7. Climate Change and Environmental Implications

The monitoring **of the budget for the current year** will be impacted by the increasing costs of energy, which does provide an opportunity to highlight these issues.

Whilst there are no specific climate related impacts to note at this stage, it is clear that climate and environmental related implications will be at the forefront of our thinking when considering underlying service policies, priorities and strategies associated with the revenue budget, as well as through formulating investment plans and determining options to make reductions in our energy usage and associated costs to ensure a more sustainable future.

8. Risk Management

The council's Strategic Risk Register includes two risks associated with the financial planning:

- Risk that we do not manage budgets effectively in-year, including by not implementing and delivering the savings or transformational projects required to meet the financial challenge.

- Risk that we are unable to deliver the priorities of the council by not planning to meet the Medium-Term financial challenge.

The council's Corporate Leadership Team routinely review the budget monitoring forecasts as well as significant risks which may emerge from within directorate risk registers or operational activities, which may also have a financial consequence.

In addition, the Corporate Leadership Team also have regular planned session to ensure that they can support the process to share options which will deliver a balanced budget for future years through the development of the Medium Term Financial Plan.

However, given the significant changes to the wider economic situation and the uncertainty that this is having on the council's own financial position, it is recognised that such risks have escalated over recent months. The financial risk register has been updated to reflect more inflationary factors and risks and work is being carried out to understand the impacts that this may bring so that appropriate mitigation can be implemented or alternative options considered.

9. Equality Implications

The council's Strategic Risk Register includes two risks associated with the financial planning:

- Risk that we do not manage budgets effectively in-year, including by not implementing and delivering the savings or transformational projects required to meet the financial challenge.

- Risk that we are unable to deliver the priorities of the council by not planning to meet the Medium-Term financial challenge.

The council's Corporate Leadership Team routinely review the budget monitoring forecasts as well as significant risks which may emerge from within directorate risk registers or operational activities, which may also have a financial consequence.

In addition, the Corporate Leadership Team also have regular planned session to ensure that they can support the process to share options which will deliver a balanced budget for future years through the development of the Medium Term Financial Plan.

However, given the significant changes to the wider economic situation and the uncertainty that this is having on the council's own financial position, it is recognised that such risks have escalated over recent months. The financial risk register has been updated to reflect more inflationary factors and risks and work is being carried out to understand the impacts that this may bring so that appropriate mitigation can be implemented or alternative options considered.

10. Corporate Implications

The Corporate Plan and MTFP, along with the supporting financial monitoring processes and performance management framework are vital tools to help align effort across the organisation and ensure that services are all are focused on delivery to agreed community and organisational priorities.

With continuing financial pressures and demands for services, it is essential that the councils' limited resources continue to be prioritised and allocated in line with the identified priorities. The Corporate Plan continues to be reviewed in the light of emerging risks and pressures and steps are being taken to assess timeframes and monitor key outcomes.

11. Options Considered

None – the council is legally required to set a balanced budget and to implement a robust financial framework to ensure that spending is aligned to available resources and all available options to achieve this are considered within the details above.

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Appendices:

Appendix 1	Revenue budget details for 2022/23 and summary of virements
Appendix 2	Financial commentaries from each director
Appendix 3	Capital budget monitoring for 2022/23
Appendix 4	Schedule of capital budget virements – to be approved

Background Papers:

Exec Report – February 2022, Medium Term Financial Plan and Revenue Budget update
Exec Reports – September 2022, Budget Monitor – Month 4
Council Report – February 2022, Council Tax Setting 2022/23