

BUDGET MONITORING 2016/17
Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.
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Recommendation:

(i) That the position based on Month 4 be noted.

1. Introduction

1.1 This budget monitoring report covers the first four months of the financial year.

2. Revenue Expenditure People Services

2.1 The current forecast is a potential overspending of £7.3 millions for People Services.

2.2 The most significant area of overspend relates to Adult Social Care, which indicates an overspend of £5.3 millions. In terms of Older People, and those with Physical and Learning Disabilities, increased volumes of those eligible for care is above the levels budgeted and the budget pressures are further exacerbated by residential and nursing care unit costs being above budgeted values. Management action within the Service is being progressed and will continue through the next eight months, to seek to limit the overspend at outturn.

2.3 Education and Learning forecast a net overspend of £721,000 due to increased school transport costs, arising both from higher numbers of children being identified as having Special Educational Needs, and higher individual costs for personalised transport arrangements.

2.4 Childrens Social Work and Child Protection indicates an overspend of £1.3 millions at the year-end. Although social work staff costs are forecast to underspend by £500,000, Looked After Children service is indicating an overspend of £1.8 millions. The budget contained provision for 687 children in care but since March, the average has been 700, with the highest number in the period at 716.

2.5 Since the start of the financial year, monthly meetings have been held with portfolio holders for Adults, Children and Resources, to review forward financial forecasts and consider management action to minimise identified financial pressures.

3. Revenue Expenditure Place Services

3.1 Place Services currently indicates an overspend at outturn of £572,000.

3.2 Highways and Traffic Management is forecasting an overspend of £102,000 as a result of increased spend on equipment and materials related to the Highways Community resilience “self-help” project. As always, the major risk area for this budget is the impact of winter weather conditions.

3.3 Planning, Transportation and Environment also indicate an overspend of £251,000 arising from a variety of issues including the delayed Devon Travel Academy transfer and costs related to the Waste Minerals Plan public examination and Greater Exeter Local Plan. Management review is

being undertaken to identify areas of underspend in other Service segments, to minimise the effect of the cost pressure at year-end.

- 3.4 Economy and Enterprise indicate an overspend of £100,000 arising from costs pressures related to broadband implementation whilst Services to Communities report an overspend of £130,000 as a result of the Library contract being agreed with additional costs in the first year of operation.
- 3.5 Capital Development and Waste Management forecast a balanced outturn and an underspend of £11,000 is anticipated in respect of contributions to a small number of partnership budgets.

4. Revenue Expenditure Corporate Services and other items

- 4.1 A balanced outturn is forecast for Corporate Services. Within each of the Services, Business Strategy and Support, County Solicitor, Human Resources, Public Health and Treasurer's, cost pressures have been identified, however Heads of Services expect that spending will be brought in line with budget provision at the year-end.

5. Net Position

- 5.1 The forecast for the revenue outturn across the Authority is a projected overspending of £7.9 millions. This could be reduced to £900,000 if the New Burdens Resilience budget is utilised.

6. Capital Expenditure

- 6.1 The approved capital planning level for the Council is £159.2 million. Current spending is estimated at £144.7 million, producing slippage of £14.5 million. Major areas of slippage have been identified in terms of South Devon Link Road, A39 Roundswell Pedestrian and Cycle Bridge, Marland School and Marsh Barton Railway station.

7. Debt Over 3 Months Old

- 7.1 Corporate debt at the end of the period stood at £2.4million, being 1.4% of the annual value of invoices raised. This compares favourably against the target for such debt at 1.9%. It is anticipated that year-end debt will remain below the annual target. The high value debtors continues to be monitored and it is expected that debt levels at the year-end will be lower than the current value.

8. Conclusion

- 8.1 Month 4 forecasts provide a guide to the financial position of the Authority. At this stage, the revenue budget is under significant strain. Management action is being undertaken across services to deliver substantial savings but further, immediate work is necessary to secure the Council's finances. At this stage, few corporate financial solutions are available to balance large value overspends and it is imperative that People and Place Services continue to identify and deliver large scale savings through to year end. Unless such savings become visible within the immediate future, actions will be put in place to reduce spending.

Mary Davis, County Treasurer

Electoral Divisions: All

Local Government Act 1972: List of Background Papers

Contact for Enquiries: Mary Davis

Tel No: (01392) 383310 Room 199

Background Paper Date File Ref Nil

Cabinet Member: Councillor John Clatworthy

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