

**BUDGET MONITORING 2017/18**  
**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.

**Recommendation: That the position based on Month 4 is noted.**

**1. Introduction**

- 1.1. This report outlines the financial position and forecast for the Authority at month 4 (to the end of July) of the financial year.
- 1.2. The overall Service underspend is forecast at £1.996 millions. However, caution should be taken when looking at this position as there is still time for storm events and winter pressures to occur. Further detail on this movement is outlined throughout this report.

**2. Revenue Expenditure Adult Care and Health Services**

- 2.1. The current forecast for Adult Care and Health indicates an underspend of £3.772 millions. This position takes into account £1.936 millions of management action yet to be achieved.
- 2.2. The overall budgeted number of packages of care was 11,827, the actual number of packages at this point in the year is 11,599. A variance of 228 packages less than anticipated. Learning Disabilities is the only service area showing the number of packages above budget.
- 2.3. The majority of the underspend (£3 millions) relates to better contract negotiation and demand management with both commissioning and operational staff working hard to deliver efficiencies and implement the recently agreed Promoting Independence policy.
- 2.4. An underspend of £764,000 relates to a lower than anticipated care packages within the locality teams. The in-house services are also forecasting an underspend of £474,000 due to lower running costs and staffing vacancies.
- 2.5. Adult Commissioning and Health are also showing an underspend of £296,000 which relates to temporary vacancy savings in the commissioning teams.
- 2.6. The Learning Disability service continues to be an area of concern. The service is forecasting an overspend of £762,000 which relates to an increase of 190 packages above budget.
- 2.7. However, there are still risks facing the service. The impact of the pending HMRC action regarding the National Living Wage compliance for sleep in night shifts will need to be assessed. Winter can also be a challenging time for the service with shifts in demand.

**3. Revenue Expenditure Children's Services**

- 3.1. Children's Services are showing a forecast overspend of £1.643 millions.
- 3.2. Children's social care is forecasting an overspend of £699,000. Placement costs are forecasting an overspend of £933,000. The majority relates to an increased number of placements within the independent sector with new children entering placements

and difficulty in securing "step down" from independent residential care due to lack of alternative placement availability.

- 3.3. Disabled children's services are also looking at an overspend of £716,000 around Children in Need short breaks. A project is underway to review the Disabled Children's Service with the overarching objective to modernise the ways in which disabled children's needs are met within a consistent operating model for delivering services which is both financially sustainable and which achieves the best possible outcomes for children with disabilities and their families.
- 3.4. These overspends within Children's Social Care have been partially offset by vacancy management, lower legal disbursement and other minor variations of £567,000. Other savings across the remaining budgets including Early Help and Supervised Contact services are also underspending by £383,000.
- 3.5. The non DSG element of Education and Learning is forecasting an overspend of £944,000. This relates mainly to personalised transport and the unplanned Special Educational Needs (SEN) contract cost increases together with SEN route increases due to continuing growth; specifically around exclusion and special school placement increases, totalling £1.062 millions. Further growth in these areas throughout the financial year is incorporated within this forecast (at 6.82%), which is in line with growth in SEN pupils within the High Needs block of the Dedicated Schools Grant (DSG). Since summer term 2015 the number of pupils being transported to special schools has increased by 278, or +27%. Home to College and Home to School transport are expected to show an underspend of £185,000 as a result of on-going route reviews.
- 3.6. The Dedicated Schools Grant is currently forecast to overspend by £1.252 millions, predominately, in High Needs. There continues to be an upward trend across SEN provision with increased numbers and costs. Alternative provision, which includes Hospital Schools, is overspending by £487,000 and showing 39 pupils on roll above budget. The SEN mainstream service which covers personalised education packages including statutory and non-statutory plans is showing an overspend of £640,000. Other minor variations account for the remaining overspend of £125,000. The Secretary of State recently announced increased funding to Education of £1.3 billion. It is anticipated that this will include an increase to High Needs funding. Further detail on the level of funding should be known in September. It has been assumed that this overspend will not impact on the general fund.

#### **4. Revenue Expenditure Highways, Infrastructure Development and Waste**

- 4.1. Highways, Infrastructure Development and Waste are showing a breakeven position. Risks to this position, such as extreme weather and waste disposal tonnages are monitored throughout the year.
- 4.2. The term maintenance contract awarded to Skanska commenced operation on 1<sup>st</sup> April 2017. Savings expected from the new arrangements have been built into the budget and are being achieved.
- 4.3. Data for the first four months for disposal tonnages show that, due to the ideal growing conditions, green waste tonnages are significantly up. However, overall disposal tonnages are close to budget and therefore this increase can be contained.

#### **5. Revenue Expenditure Communities, Public Health, Environment and Prosperity**

- 5.1. Communities, Public Health, Environment and Prosperity (COPHEP) are showing a forecast overspend of £133,000.

5.2. Due to the lead in times the county wide savings of £333,000 anticipated from the Research and Intelligence review are unlikely to be achieved during this financial year. This has been partially offset by an underspend on transport due to reduced journey numbers for the National Travel Scheme.

5.3. Public Health is forecasting a breakeven position within the ring fenced grant. The main area of risk relates to the re-commencement of the NHS Health-check programme due to go live soon. This programme has the potential to exceed the volumes anticipated.

## **6. Revenue Expenditure Corporate Services**

Corporate Services are forecasting a breakeven position.

## **7. Capital Expenditure**

7.1. The approved capital programme for the Council is £154.5 millions. The year-end forecast is £140.5 millions, producing slippage of £14 millions. Major areas of slippage have been identified in terms of Marsh Barton station, Newcourt Station, South Devon Highway and a number of School expansion projects.

## **8. Debt Over 3 Months Old**

8.1. Corporate debt stood at £3.9 millions, being 2.4% of the annual value of invoices and just above the annual target of 1.9%. It is anticipated that year-end debt will be brought down below the annual target.

## **9. Proposed Actions and Conclusion**

9.1. Although a small underspend is currently forecast it is very early in the year and there are a number of underlying pressures within Learning Disabilities, Children's Placements and Home to School Transport that will need to be managed.

Mary Davis, County Treasurer

Electoral Divisions: All

Cabinet Member: Councillor John Clatworthy

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

Date Published: 4<sup>th</sup> September 2017