

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.
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Recommendation: That the position based on Month 10 is noted.

1. Introduction

- 1.1. This report outlines the financial position and forecast for the Authority at month 10 (to the end of January) of the financial year.
- 1.2. The total underspend at month 10 is forecast at just over £6.0 millions This figure must be viewed with caution as it does not reflect the additional financial pressures associated with the very adverse weather conditions experienced at the start of March. At the time of writing this report the financial impact of that adverse weather was still being assessed. There is potential that the magnitude of the response required to manage the impact of the snow and storms could be sufficient to trigger a claim under the Bellwin scheme for financial recompense.

2. Revenue Expenditure Adult Care and Health Services

- 2.1. Adult Care and Health services are forecast to underspend by £6.5 millions, an increase of £1.8 millions from the underspend reported at month 8. This is being driven by the operational position being influenced by recent reductions in client numbers, additional staff vacancy savings and further savings on contracts. This position reflects £77,000 of management action yet to be achieved.
- 2.2. Adult Care Operations is forecasting to underspend by £5.4 millions, primarily attributable to a consolidation of better contract negotiations and demand management (£3.3 millions), and benefits arising from a successful Promoting Independence approach to new and existing cases.
- 2.3. Older People and Physical Disability services are forecast to underspend by £2.5 millions primarily driven by a lower number of care packages than budgeted (580) a reduction of 163 since month 8.
- 2.4. Sensory, Community Enabling, Social Care Reablement and other operational budgets are showing an underspend of £767,000. In-house services are forecast to underspend by £460,000 due to lower running costs and staffing vacancies.
- 2.5. Learning Disability services, including Autistic Spectrum Conditions, is forecast to overspend by the end of the year by £1.6 millions, the result of higher numbers of care packages than budgeted (208).

- 2.6. Adult Commissioning and Health is forecast to underspend by £1.1 millions primarily due to staff vacancy savings in commissioning teams, project savings, and savings on central contracts.

3. Revenue Expenditure Children's Services

- 3.1. Children's Services are showing a forecast overspend of £3.4 millions; this is an increase on the month 8 position of £50,000
- 3.2. Children's social care is forecast to over spend by £2.6 millions (£2.4 millions in month 8). The key factors causing the cost pressures have not changed from those previously reported. The shortage of market sufficiency (locally and nationally) particularly for children with high levels of complex needs continues to drive up costs with significant increases in the average unit rates for independent and supported accommodation placements.
- 3.3. The placements budget is forecast to overspend by £3.3 millions (£2.6 millions in month 6). Within this external residential and supported accommodation over spends total £4.8 millions, partially offset by under spending in other placement types including fostering and post 18 placements of £1.5 millions.
- 3.4. Disabled Children's Services are forecast to over spend by £387,000. As previously reported there are more packages of care/ services being accessed by children and families than budgeted whilst average costs of packages have also increased.
- 3.5. The overspends within Children's Social Care have been partially offset by other savings across the remaining budgets including vacancy management, lower legal disbursement charges and other variations of £1.1 millions; (£926,000 at month 8).
- 3.6. The non DSG element of Education and Learning is forecasting an overspend of £801,000, a decrease of £104,000 since month 8. Personalised transport and the unplanned Special Educational Needs (SEN) contract cost & route increases remain a pressure and have been increasing marginally. Improvements in forecasts for core services and the Home to College element of School transport are reducing the financial pressures experienced within the service.
- 3.7. The Dedicated Schools Grant is currently forecast to overspend by £2.7 millions. High Needs is currently forecasting to overspend by £2.5 millions at year end. The remaining £200,000 relates to the Growth Fund. It was agreed at Devon Education Forum that these overspends would be rolled forward to 2018-19.

4. Revenue Expenditure Highways, Infrastructure Development and Waste

- 4.1. Highways, Infrastructure Development and Waste are forecasting an underspend of just over £1.0 million, an improvement of £794,000 from month 8.
- 4.2. The underspend forecast within Infrastructure Development and Waste services accounts for the forecast underspend. Waste tonnages are lower than expected which impact on disposal and landfill tax costs, energy from waste costs and costs associated with recycling contracts.

5. Revenue Expenditure Other Services

- 5.1. Communities, Public Health, Environment and Prosperity (COPHEP) are showing a forecast underspend of £502,000 an improvement of £268,000 against month 8. This reflects additional savings on staffing and non-recurrent benefits associated with the sale of surplus equipment within Trading standards and lower activity levels associated with the national travel scheme.
- 5.2. Corporate Services are forecasting an underspend of £315,000 against a month 8 break-even position. This improvement is the result of reduced staffing costs and additional income generated by the registration service and Scomis.
- 5.3. Non service items are forecast to underspend by just over £1.0 million. This is mainly due to additional investment income of £462,000, additional grant income and savings on Provisions and Pension costs of £580,000.

6. Capital Expenditure

- 6.1. The approved capital programme for the Council is £165.2 millions. The year-end forecast is £133.2 millions, producing slippage of £32 millions. Significant areas of slippage have been identified in respect of the following schemes:
 - Marsh Barton station (£3.7) millions, further talks ongoing with Network Rail, Department for Transport and the Local Enterprise Partnership to secure funding, and in addition value engineering underway to reduce scheme costs;
 - South Devon Highway (£2.5) millions, land payments less than anticipated and whilst a number of compensation claims have been submitted they will not be settled in this financial year;
 - A361 Gornhay to M5 (£3.2) millions, grant funding confirmed in August 2017 with work commencing September, resulting in the project now spanning financial years;
 - Connecting Devon & Somerset (£2.0) millions, the Accountable Body, Somerset County Council, have advised that external funding will be utilised in the first instance therefore Devon County Council's contribution not required in this financial year; and
 - Street Lighting improvements (£2.4) millions, Contractor advised unable to complete the installation programme in 2017/18 and will slip into 2018/19.
 - The balance consists of minor slippages on numerous other projects.

7. Debt Over 3 Months Old

- 7.1. Corporate debt stood at £2.8 millions, being 1.7% of the annual value of invoices, within the annual target of 1.9%. We will continue to pursue the balance of debt owed, including the use of legal action where appropriate. It is anticipated that year-end debt will be below the annual target.

8. Conclusion

- 8.1. It is pleasing that a relatively small underspend is being projected so close to the end of the financial year. It is difficult to control costs and forecast financial out-turns. However, it is impossible to forecast or control the weather. The Council has had to

deal with significant levels of snow and a storm. It is now dealing with the aftermath of the adverse weather. The cost of dealing with the emergency is still being assessed but it is likely that it will significantly reduce the overspending detailed in this report.

Mary Davis, County Treasurer

Electoral Divisions: All

Cabinet Member: Councillor John Clatworthy

Local Government Act 1972: List of Background Papers

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Background Paper Date File Ref: Nil

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