

BUDGET MONITORING 2012/13
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.

Recommendations:**(i) That the position based on month eight be noted.****1. Introduction**

- 1.1 This is the fourth budget monitoring report of the year covering the first eight months of the financial year. Month 8 budget monitoring has focussed on reviewing significant movements in the forecast outturn as reported to Cabinet at its November meeting.

2. Revenue Expenditure People Services

- 2.1 The People Services forecast has increased by £577,000 since the month 6 review, to £4.546 millions.
- 2.2 Integrated Children's Services and Adult Care Management overspend has risen by £548,000 to £1.242 millions. £314,000 has increased in Integrated Children's Services, as a result of increased special needs cases arising and £234,000 in respect of Adult Care, where two high cost individual cases are likely to be borne equally by the County Council and NHS. The additional costs will be offset by an increased underspending on Social Care Commissioning of £532,000 to £1.585 millions
- 2.3 Child and Adult Protection overspend has increased by £269,000 to £4.833 millions as a result of fostering and children's residential care increases equivalent to ten extra children over the course of a year.
- 2.4 Social Care Provision has moved by £293,000 from an underspend of £238,000 at month 6 to an overspend of £55,000 at month 8. This has arisen as a result of increased contract costs related to care leaver accommodation.
- 2.5. In previous years, Government has provided, at a late stage, additional grant in respect of winter pressures. It is likely that similar grant funding may be made available during this financial year and could be of the order of £1 to £1.5 millions, although final values and claiming mechanisms are as yet unknown. This potential financing source could be used to minimise the impact of the net overspend within People services.

3. Revenue Expenditure Place Services

- 3.1 Place Services forecast underspend has increased by £700,000 to £3.1 millions at outturn. This is as a result of waste management tonnage reductions and National Travel Scheme journey reductions.

- 3.2 The major factor which will determine the Place Services outturn will be the impact of the flooding and our capacity to seek Bellwin funding from Government to offset costs.
- 3.3 Up to 21st December, £4.2 millions have been spent on storms and emergencies. This figure excludes the cost of any major reinstatement works that may be necessary such as repairs to the Grand Western Canal. Under Bellwin rules the County Council can only claim once eligible expenditure exceeds the threshold of just over £1.7 millions. But even once this threshold has been exceeded there is no automatic entitlement to financial assistance. Ministers decide whether an event is of sufficient significance to meet the Bellwin eligibility criteria. Government has indicated that the July Floods do meet the Bellwin criteria. However, there has been no guidance given as to whether the later storms and floods also meet the Bellwin criteria.
- 3.4 The County Council has to fund expenditure of just over £1.7 millions from the total of £4.2 millions. This leaves £2.5 millions of which it is currently estimated that £1.3 millions may be reimbursed via Bellwin. This leaves the Council to fund costs of £1.2 millions. So from the total bill of £4.2 millions it is estimated that the Council would have to fund costs of £2.9 millions. Budget exists to fund £1 million of this cost which leaves unfunded expenditure of £1.9 millions. This will have to be dealt with as part of the 2012/13 outturn position but may have to be a call on our reserves.
- 3.5 £4.2 millions may not be the final cost as further damage to infrastructure is being identified on a daily basis. It is possible that up to a further £1 million will be required for clear up works. Further storms have been experienced over the Christmas period which will exacerbate the situation.

4. Revenue Expenditure Corporate Services and other items

- 4.1 Corporate Services forecast is unchanged from month 6. A small underspend of £150,000 is projected. Similarly Capital Financing, Interest Receipts and Government Grants, show a combined underspend of £2.1 millions at month 8.

5. Capital Expenditure

- 5.1 The revised capital programme for the Council is £175 millions. Current spending is estimated at £138.5 millions, an increased underspend of £13 millions since month 6. Significant areas of slippage have been identified in terms of Cranbrook Railway Station, South Devon Link Road, Clyst Bridge to Topsham Cycle Scheme, Sidmouth Recycling Centre, Dartmouth Swimming Pool and Haven Banks Outdoor Education Centre. Anticipated borrowing will reduce by £8 millions in the current year, as a result of the reduced capital spend.

6. Debt Over 3 Months Old

- 6.1 Corporate debt at the end of the period stood at £3.8 millions, being 4.21% of the annual value of invoices and a £506,000 reduction on the month 6 figure. The debt value of the Authority fluctuates throughout the year and the target for such debt is 1.9%.

Work continues to manage and recover debt items and it is anticipated that levels will be near to target at the year end.

7. Conclusion

- 7.1 Spending pressures remain in terms of People services. Management actions will continue through to the year end to minimise their impact and reduce budget demands in future years. The adverse wet weather conditions have brought financial strains for which Government assistance will be sought and clearly, risk of further adverse winter weather remains for a few months. It will be important to manage service provision and expectations for the remainder of the financial year as it is now very apparent that budget constraints will continue for at least another two years, if not longer.

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