

BUDGET MONITORING 2015/16
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 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 indicates a potential overspending of 7.0 millions for People Services.

2.2 The most significant area of overspend relates to Children's Social Work and Child Protection, which is forecasting an overspending of 10.5 millions. There are three main reasons for this overspending. 6.4 millions is the result of higher numbers of Looked After Children than budgeted. There were 708 looked after children at the end of July compared with 573 on which the budget is based. Secondly, 1.5 millions is due to the higher cost of placements of Looked After Children especially in Residential placements and Supported Lodgings. The third main reason for the overspending is staffing costs. Social Work staffing costs are over budget by 2.2 millions, with 784,000 due to the number of workers being over establishment by 13. This figure was higher earlier in the year and is planned to be reduced to establishment in the course of the year. 1.4m is due to the need to use agency workers to cover 48 vacancies and 10 for sickness (2) and maternity cover (8). In addition, there is a forecast overspending of 665,000 in the Independent Reviewing Unit and the Management Information Team which is partly due to the use of temporary contract workers. Training costs for newly qualified social workers in their training year are forecast to add 316,000 to the projected overspending. Special guardianship orders are also forecast to overspend by 368,000. These projected overspendings are partly offset by expenditure on Children with Disabilities which is forecast to underspend by 931,000 due to the lower number of residential placements and reduced day care and respite costs.

2.3 Education and Learning forecast an overspend of 444,000 due to increased transport costs.

2.4 Adult Social Care indicates an underspend of 1.2 millions as a result of delay in the tender for personal care meaning lower average costs being anticipated for the year. The decision to release inflation allowed for this purpose comes with risk because we already face difficulties in purchasing sufficient personal care due chiefly to pressures in the labour market, and the residential and nursing care market is also fragile. The effect is offset by increased individual costs for Adults with Learning Disabilities, and in residential and nursing care for Older People, where there is cost pressure due to the admissions mix being towards people with higher needs. In addition, increased legal costs are projected with management action being taken to reduce overall cost pressures.

2.5 Social Care Commissioning indicates an underspending of 2.7 millions, entirely due to earlier achievement of planned savings associated with the ending of Targeted Support contracts.

3. Revenue Expenditure Place Services

3.1 Place Services currently indicates a balanced financial position at Outturn.

3.2 Highways and Traffic Management is forecasting an underspend of 915,000 as a result of reductions to safety defects works (365,000), winter works (200,000), emergency reactions (200,000) and the deferment of planned works (150,000).

3.3 Planning, Transportation and Environment also indicate 212,000 underspend at the year end arising from additional inspection income and vacancy savings. Services for Communities indicate savings of 227,000, with overspends within the Library and Information Service offset by underspends in other service areas.

3.4 Capital Development and Waste Management forecast an overspend of 1.295 millions. With the upturn in the national economy, increased waste tonnages are being delivered to sites, estimated to cost in the region of 1 million above budget provision. The Waste Electrical & Electronic Equipment contract ended at 31st August 2015 and it anticipated that the current annual income will no longer be received. This will result in 263,000 lost income. The remainder of the overspend relates to increased costs for the temporary measures required as a result of South Molton Recycling going into liquidation.

3.5 Economy and Enterprise indicate an overspend of 59,000 arising from costs pressures related to broadband implementation, land costs and Skypark noise attenuation works.

4. Revenue Expenditure Corporate Services and other items

4.1 An underspend of 1 million is forecast for Corporate services. The County Solicitor indicates an underspend of 547,000, anticipating further delay of legislation related to the Medical Examiner, increased income for the Registration service and a favourable negotiation of mortuary contract costs. The County Treasurer forecasts an underspend of 346,000 mainly from staff vacancy savings. Business Strategy and Support also indicate an underspend of 115,000, mainly as a result of savings against the Private Finance Initiative.

4.2 Although far from certain, it is currently anticipated that the New Burdens Resilience budget will not be required. This together with reduced central contribution to the Pension Fund has produced an anticipated underspend of 3.6 millions on the non-service items.

5. Net Position

5.1 The net forecast for the revenue outturn across the Authority is a projected overspending of 2.4 millions.

6. Capital Expenditure

6.1 The approved capital planning level for the Council is 168.1 million. Current spending is estimated at 148.4 million, producing slippage of 19.7 million. Major areas of slippage have been identified in terms of Bridge Road, Devon and Somerset Broadband, Ivybridge Recycling Centre, Portmore Roundabout and Tithebarn Lane Cycle Bridge.

7. Debt Over 3 Months Old

7.1 Corporate debt at the end of the period stood at 2.9million, being 2% of the annual value of invoices raised at the time. The debt value of the Authority fluctuates throughout the year and the target for such debt is 1.9%. It is anticipated that year-end debt will remain below the annual target. Whilst Health related debts remain the highest value, in relation to other debt items, their values now are greatly reduced from those in recent years.

8. Conclusion

8.1 It is still early in the financial year but the projected overspending within People is an area of great concern. Management action will continue, in an attempt to reduce the forecast overspending in People Services. If further cost reductions or income generation cannot be found in the near future to balance the budget, it will be necessary to implement a financial recovery plan across the whole Authority.

Mary Davis, County Treasurer

Electoral Divisions: All

Local Government Act 1972

List of Background Papers

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Background Paper Date File Ref Nil

Cabinet Member: Councillor John Clatworthy