

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 6 is noted.

1. Introduction

- 1.1. This report outlines the financial position and forecast for the Authority at month 6 (to the end of September) of the financial year.
- 1.2. The overall underspend is forecast at £2.457 millions. However, as with the month 4 July position, caution should be taken 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. Adult Care and Health services is forecast to underspend by £4.170 millions, which is an increase of £398,000 from that reported at month 4 mainly due to additional staff vacancy savings within the Commissioning team.
- 2.2. The Adult Care Operations underspend totals £3.497 millions with the majority of the underspend (£3 millions) relating to better contract negotiation and demand management with both commissioning and operational staff working hard to deliver efficiencies and implement the Promoting Independence policy.
- 2.3. Other areas of underspend include Older People and Physical Disability £1.393 millions which relates to lower than anticipated care packages (368) and the in-house services which is forecasting an underspend of £439,000 due to lower running costs and staffing vacancies.
- 2.4. The Learning Disability service (including Autistic Spectrum Conditions) continues to be the area of concern and is forecasting an overspend of £1.335 millions; this is due to an increase in the number of packages which are now 210 above budget.
- 2.5. Adult Commissioning and Health (including Mental Health) is now showing an underspend of £673,000 due to temporary vacancy savings in the commissioning teams and one off savings on projects.
- 2.6. There are still risks facing the service, particularly regarding pending HMRC action on National Living Wage compliance for sleep in night shifts and children transitioning to adult services. Winter can also be a challenging and volatile time for the service.

3. Revenue Expenditure Children's Services

- 3.1. Children's Services are showing a forecast overspend of £2.697 millions, a decline on the month 4 positions of £1.054 millions
- 3.2. Children's social care is forecasting an overspend of £1.910 millions (£699,000 in month 4). One of the most significant reasons for the change relates to looked after children particularly in relation to high cost independent residential placements. The total placements budget is over spent by £1.752 millions (£933,000 in month 4).
- 3.3. Whilst the overall numbers of looked after children are holding steady there is a critical lack of alternative placement availability for those with higher levels of need. This has a direct and significant impact on both costs and the numbers of children entering and remaining in high cost settings.

- 3.4. Disabled Children's Services are also forecast to over spend by £825,000 (£716,000 in month 4). Overall there are 221 more short-break packages of care/services being accessed by children and families than budgeted whilst average costs of packages are also increasing. A project is underway to review the Disabled Children's Service with the overarching goal to develop an integrated and consistent operating model that is financially sustainable and achieves good outcomes for children with disabilities and their families.
- 3.5. These overspends within Children's Social Care have been partially offset by other savings across the remaining budgets including vacancy management, lower legal disbursement and other minor variations of £667,000 (£950,000 at month 4).
- 3.6. The non DSG element of Education and Learning is forecasting an overspend of £787,000. This relates mainly to personalised transport and the unplanned Special Educational Needs (SEN) contract cost & route increases. Home to College/School transport is expected to show an underspend of £100,000. Overall, there has been an improvement in forecast spending since month 4 of £157,000 nearly all of which relates to personalised transport.
- 3.7. The Dedicated Schools Grant is currently forecast to overspend by £2.036 millions, all of which can be attributed to High Needs which is currently forecasting to overspend at yearend by £2.145 millions. 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 small underspend of £64,000. 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 1st 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 will not 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

- 6.1. Corporate Services is forecast to break-even at year end.
- 6.2. As stated in COPHEP (above), due to the lead in times county wide savings of £167,000 anticipated from the Research and Intelligence review are unlikely to be achieved during this financial year.

6.3. Use of locum solicitors, the need for additional legal support for Fairer Charging, alongside unavoidable costs linked to Coroners and an ambitious income target for the Communications team have resulted in a reported over spend of £200,000

6.4. This has been offset in the main by a combination of higher than expected levels of staff turnover, the subsequent effect of vacancy management and savings in respect of the attrition rate for those in receipt of unfunded pensions.

7. Non Service

7.1. Non service items are forecast to underspend by just under £1.2 millions. This is mainly due to additional investment income of £352,000, additional grant income of £84,000 and savings on Provisions and Pension costs of £722,000.

8. Capital Expenditure

8.1. The approved capital programme for the Council is £161.372 millions. The year-end forecast is £138.910 millions, producing slippage of £22.462 millions. Significant areas of slippage have been identified in respect of the following schemes:

- Marsh Barton station, further talks ongoing with Network Rail and Department for Transport to secure funding;
- A361 Gornhay to M5, slipped across financial years due to delay in confirmation of grant award, now confirmed; and
- Connecting Devon & Somerset, slight delay due to British Telecom unable to commence part of work until 2018/19.

9. Debt Over 3 Months Old

9.1. Corporate debt stood at £3.5 millions, being 2.0% of the annual value of invoices and just above the annual target of 1.9%. This is a reduction on previously reported figures following part payment of a significant debt owed by a top FTSE company. We are continuing to pursue the balance of debt owed by way of legal action. It is anticipated that year-end debt will be brought down below the annual target.

10. Conclusion

10.1. The ongoing pressures in Children's Services are very concerning; not only in relation to the current year but the ongoing impact over the medium term. The forecast overall underspend of just under £2.5 millions is very welcome; however, this must be treated with caution. In recent years we have experienced very mild winters but that will not always be the case and we have yet to see what this winter will bring.

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: 31st October 2017