

BUDGET MONITORING 2018/19
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:

- a) That the month 10 budget monitoring forecast position 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. At month 10 a breakeven position is forecast for the year end which is a reduction of £4.8 millions from month 8. This position continues to assume that a request to carry forward £2.4 millions to next years Dedicated Schools Grant (DSG) will be agreed by the Devon Education Forum. It also reflects the impact of the corporate savings initiatives, the confirmation of additional funding to support high needs pressures and reflects a refund received from the national Business Rates Retention Scheme Levy Account.

2. Revenue Expenditure Adult Care and Health Services

- 2.1. Adult Care and Health services are forecast to underspend by £636,000, at month 8 the service was forecasting an underspend of £385,000. This position includes £7,000 of management actions yet to be delivered but which are still considered achievable.
- 2.2. Adult Care Operations is forecasting to underspend by £907,000 an increase of £155,000 from the underspend reported at month 8.
- 2.3. Adult Commissioning and Health is forecast to overspend by £271,000 a reduction of £96,000 from month 8, the result of holding vacancies and some new external funding being received. Placements within Mental Health are continuing to increase, and client numbers are now 60 more than the budgeted level of 800.
- 2.4. The work associated with the additional allocation of £3.6 millions to support winter pressures is well underway. The position reported continues to assume this funding will be fully spent within the current financial year.

3. Revenue Expenditure Children's Services

- 3.1. Children's Services are showing a forecast overspend of £12 millions, an increase of £900,000 from month 8.

- 3.2. Children's Social Care is forecast to overspend by £7.6 millions, an increase of £266,000 from month 8. Pressures continue within residential placements and the disabled children short breaks service and from legal disbursements. The forecast position reflects £136,000 of management actions still to be delivered but which are still considered achievable.
- 3.3. The total overspending on children's placements is forecast to be £5.0 millions, an increase of £522,000 from month 8.
- 3.4. Disabled Children's Services are forecast to overspend by £1.7 millions with a reduction of £26,000 since month 8. A significant proportion of this forecast is associated with one exceptionally high cost placement.
- 3.5. The Atkinson Secure Children's Home is forecasting an overspend of £420,000 with no change from month 8. Difficulties recruiting and retaining appropriately experienced staff continue to have a direct impact on occupancy levels and therefore income. A recruitment plan has been implemented to address staffing issues and has resulted in new staff commencing employment in January and February 2019. Associated increases in occupancy levels are expected later this financial year.
- 3.6. All other costs which include Staffing, Quality Assurance Reviewing and Safeguarding Service and strategic management budgets are forecasting an overspend of £520,000 a reduction of £188,000 from month 8. The forecast continues to reflect an increase in anticipated agency staff costs and additional Northern and Southern team resources associated with the service improvement plan.
- 3.7. The non-Dedicated Schools Grant (DSG) element of Education and Learning is forecasting an overspend of £621,000 an increase of £8,000 from month 8. Pressures within school transport continue due to rising costs associated with contract changes and additional Special Education Needs (SEN) personalised transport.
- 3.8. The DSG is currently forecast to overspend by £3.7 millions, an increase of £583,000 from month 8. This position continues to assume that £2.4 millions will be carried forward to be dealt with in the 2019/20 academic year and reflects the £1.5 millions additional high needs funding announced by the Secretary of State in December 2018.
- 3.9. The month 10 forecast position for the High Needs Block of the DSG, including the carry forward request (£2.4 millions) and additional grant funding (£1.5 millions), is an overspend of £4.2 millions. This is the result of additional costs within further education college placements and therapies. Placement numbers for independent special schools remain the driver for most of the forecast pressure within the high needs block.
- 3.10. Other DSG budgets that includes Early Years and childcare, are showing an underspend of £493,000.

4. Revenue Expenditure Highways, Infrastructure Development and Waste

- 4.1. Highways, Infrastructure Development and Waste is forecasting an underspend of £3.0 millions at month 10, £600,000 increase from month 8.
- 4.2. As part of the corporate savings initiatives adopted in November a review of the capital programme took place to determine if increased capital works could enable

revenue savings. This review has resulted in a forecast underspend of £2 millions within highways.

- 4.3. Highways service managers remain confident that all planned maintenance programmes will be delivered during the financial year and that pressures associated with safety defects caused by adverse weather conditions at the end of last year are currently manageable.
- 4.4. Waste management is forecasting a £1.0 million underspend, an increase of £600,000 from month 8. The main driver for the change in forecast is lower than anticipated disposal tonnages. Higher than budget domestic, green and food waste tonnages are more than offset by below budget in-vessel composting tonnages. There have also been lower volumes going to the Plymouth Energy from waste plant which continue to contribute to the underspend.

5. Revenue Expenditure Other Services

- 5.1. Communities, Public Health, Environment and Prosperity (COPHEP) are showing a forecast underspend of £1.2 millions compared to £762,000 at month 8. The review of the capital programme to determine if capital works could enable savings has resulted in a forecast saving of £255,000. The recognition of underspends associated with vacancies and reduction in the forecast spend within transportation, particularly associated with journey numbers for the National Travel Scheme being lower than expected, contribute to the remaining change.
- 5.2. Corporate Services are forecasting an underspend of £156,000 compared to a breakeven position at month 8. Pressures within county solicitors and HR are being offset by forecast underspends within Digital transformation and business support.
- 5.3. Non- service items are forecast to underspend by £7.1 millions, whereas at month 8 the forecast was £2.8 millions. This change is due to further additional investment income from higher interest rates an increase in capitalisation and the release of some non-ringfenced grants. Confirmation has also been received of a refund from the national Business Rates Retention Scheme Levy Account of £1.5 millions, this funding was anticipated to arrive in 2019/20 but in late January it became known that the funding would be received in this financial year.

6. Capital Expenditure

- 6.1. The approved capital programme for the Council is £150.6 millions.
- 6.2. The year-end forecast is £125.9 millions of which £109.1 millions is externally funded. Slippage has increased by £3.6 millions since month 8 and is now forecast at £24.7 millions.
- 6.3. Wherever possible slippage has been offset by the accelerated delivery of other approved schemes within the capital programme. The main areas of net slippage can be attributed to scheme variations and programme delays in Adult Care & Health (£2.5 millions) and Planning and Transportation (£13.9 millions) which reflects the complexity of the major schemes within these service areas.

7. Debt Over 3 Months Old

- 7.1. Corporate debt stood at £4.3 millions, being 2.6% of the annual value of invoices, against the annual target of 1.9%. The balance of debt owed will continue to be pursued with the use of legal action where appropriate to do so. It is anticipated that year-end debt will be below the annual target.

8. Conclusion

- 8.1. It is pleasing that the projection at month 10 is for a breakeven position. The savings initiatives developed by the Councils Leadership Group continue to deliver reductions in revenue expenditure and have contributed to the forecast position as detailed previously. Increases in forecast underspends for waste and the national travel scheme have helped manage growing pressures within Children's Services. The position has also benefited from confirmation of a refund from the national Business Rates Retention Scheme Levy Account as well as being able to release some non-earmarked grants to support a breakeven forecast position at Month 10.
- 8.2. However, like many other Local Authorities across the Country, the Council is continuing to grapple with high levels of demand for Children Services. Residential Placements, although more stable than earlier in the year continue to be difficult to contain within the budget allocated and pressures against the high needs block of the dedicated schools grant are increasing and continue to be cause for concern. The forecast position reflects the remaining £3.7millions pressure within the DSG being supported by the Council but the final treatment of this pressure will need to be considered as part of the wider financial position at year end.

Mary Davis, County Treasurer

Electoral Divisions: All

Cabinet Member: Councillor Stuart Barker

Local Government Act 1972: List of Background Papers

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Background Paper Date File Ref: Nil

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