

BUDGET MONITORING 2016/17
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 and Cabinet considers whether actions are taken across the County Council to balance the budget pressures identified within Services.

1. Introduction

1.1 This report outlines the financial position and forecast for the Authority at month 6, the half way stage of the financial year.

2. Revenue Expenditure People Services

2.1 The current forecast for People indicates an overspend forecast £7.0 millions, being a £300,000 improvement on the last reported forecast.

2.2 The forecast overspend in respect of Adult Social Care has reduced by £100,000 to £5.2 millions and reflects a stabilisation of the Service position. As reported at month 4, the overspend is the result of increased residential and nursing costs and numbers of people eligible for care being above budgeted levels.

2.3 A similar pattern is seen within Childrens Social Work and Child Protection, where the overspend from month 4 has reduced by £200,000 to £1.1 millions. This is the result of reductions in Looked After Children costs, savings in post 18 placements and care leavers allowances and central service, discretionary spending cessation.

2.4 It is important to note that £7.5 millions of management action savings remain to be delivered to achieve the overall overspend forecast. This represents an area of high risk. In addition, the current forecast includes a one-off benefit of £5.4 millions due to the delay in transfer of business to the Living Well at Home contract. However, this funding will be required next year, adding to overall budget pressure.

2.5 Of the savings strategies identified in the current year budget, which totalled £20.3 millions across People, £13.4 millions is forecast to be achieved by year end, a shortfall of £6.9 millions. However, other management action plans have been brought forward in seeking to contain and bring down the overspending, so that for the year as a whole, Adult Care and Health is forecast to achieve total savings of £19.2 millions and Children's Services, savings of £2.0 millions.

3. Revenue Expenditure Place Services

3.1 Place Services position from month 4 has improved slightly to an overspend of £555,000 at year-end.

3.2 Services for Communities overspend is forecast to fall by £17,000 to £113,000. This relates to marginal savings in respect of staff costs.

- 3.3 The Service specific outturn forecasts in respect of Highways & Traffic Management (overspend of £102,000); Planning, Transportation & Environment (overspend of £251,000); Economy & Enterprise (overspend of £100,000) and Capital Development & Waste Management (underspend of £11,000) remain as forecast at month 4.
- 3.4 Savings plans put in place at the start of the financial year of £9.5m have predominately been achieved as planned. A small amount totalling £369,000 has yet to be achieved but this is considered to be low risk.

4. Revenue Expenditure Corporate Services and Other Items

- 4.1 Corporate Services continue to forecast a balanced outturn at year end. Within this there are a number of variations forecast, including a shortfall of around £400,000 in respect of Budget Appraisal Plans, but these are offset by additional management action. Additional income from cash management is forecast at £36,000
- 4.2 As a result of the above, the Service overspend is forecast at £7.5 millions, being £400,000 less than the month 4 forecast. If New Burdens Resilience budget is applied, the overspend will be reduced to £500,000.

5. Capital Expenditure

- 5.1 The approved capital planning level for the Council is £161.2 million. Spending incurred to month 6 totalled £39.6 million and the year-end forecast is £139.5 million, resulting in slippage of £21.7 million. Those schemes providing the main areas of slippage include South Devon Highway, Marsh Barton Station, Roundswell Phase 2, Trinity C of E Primary School Exeter and Dartington C of E Primary School.

6. Debt Over 3 Months Old

- 6.1. Corporate debt stood at £2.38 million, being 1.4% of the annual value of invoices and below the annual target of 1.9%. This has reduced slightly since the last report and it is anticipated that year-end debt will remain well below the annual target.

7. Conclusion

- 7.1 The overall forecast revenue overspend has improved slightly from month 4. However, Services continue to forecast a significant overspend at the year-end and there appears little prospect of recovery by the year-end. The overspend could be offset by using a centrally held budget as outlined in section 4.2, however a major consideration is the impact of spending pressures in future years. The current forecast is predicated on management actions to deliver savings within People Services totalling £7.5 millions. The achievement of this represents a risk to the Authority. Cabinet may wish to consider other actions such as the cessation of spending in specific Service areas, or County wide decisions such as vacancy management or spending embargos, to manage spending in the remaining six months of the financial year.

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