

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 8 is noted and Cabinet considers whether further 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 8 of the financial year.

2. Revenue Expenditure People Services

2.1 The current forecast for People indicates an overspend of £8.786 millions, an increased overspend of £1.786 millions on the last reported forecast.

2.2 The forecast overspend in respect of Adult Social Care has worsened by £1.158 millions to £6.358 millions. As reported previously, the overspend is the result of increased residential and nursing costs across all clients groups and numbers of care packages being above budgeted levels. Budgeted numbers of packages across the areas of older people, the physically and learning disabled were 9,838 compared with actual numbers at month 8 of 10,422, an increase of 584. Learning Disability services is currently showing the most significant increase in packages with an increase above budgeted numbers of 330 at month 8, an increase of 53 on month 6.

2.3 Within Children's Social Work and Child Protection the overspend from month 6 has increased by £242,000 to £1.342 millions. The increase in month 8 relates to the non achievement of savings strategies identified for the year.

2.4 Education and Learning are currently overspending by £1.086 millions an increase of £321,000 since month 6. School transport continues to be of concern with increases in costs across the range of services including route costs of both home to school and home to college, and personalised transport.

2.5 It is important to note that £5.1 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 £6.4 millions due to the delay in transfer of business to the Living Well at Home contract.

2.6 Of the savings strategies identified in the current year budget, which totalled £20.3 millions across People, £13 millions is forecast to be achieved by year end, a shortfall of £7.3 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 £18.9 millions and Children's Services, savings of £1.7 millions.

3. Revenue Expenditure Place Services

- 3.1 Place Services position for month 8 has improved to a forecast underspend of £434,000 at year-end, a favourable movement of £989,000.
- 3.2 The majority of the movement relates to an underspend of £874,000 within Waste on the Energy from Waste (EfW) Plants. Data has now been received from the South West Devon Waste Partnership which shows a significant underspend of £730,000 on the Plymouth EfW Plant. Overall tonnages and transfer fees are below the original forecast. The Exeter EfW is showing an underspend of £245,000 relating to income from substitute waste and a one off underspend on insurance premiums. These underspends have been partially offset by an overspend on disposal and various other small movements of £101,000.
- 3.3 Services for Communities overspend is forecast to increase slightly by £5,000 to £118,000. This relates to marginal reduction in the level of savings to be achieved in respect of staff costs.
- 3.4 Planning, Transportation & Environment overspend has reduced to £120,000, a reduction of £131,000. This movement relates to an increase in income from inspections fees generated during the year.
- 3.5 The Service specific outturn forecasts in respect of Highways & Traffic Management (overspend of £102,000) and Economy & Enterprise (overspend of £100,000) remain as forecast at month 6.
- 3.6 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 £387,000 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 are now forecasting an underspend of £238,000 compare to a balanced position at month 6. Savings plans put in place for the year of £4.3 millions have achieved £3.7 millions to date. The remaining amount outstanding is considered reasonably low risk.
- 4.2 Business Strategy and Support are forecasting an underspend of £142,000. In the main this relates to additional energy savings of £92,000 in respect of new contracts across DCC buildings. There are other various smaller movements which contribute to the remaining underspend.
- 4.3 Human resources are showing an underspend of £69,000 due to staff turnover savings, with Legal Services indicating a minor underspend of £27,000 mainly relating to income from registration.
- 4.4 As a result of the above, the overall Service overspend is forecast at £8.1 millions, being £600,000 more than the month 6 forecast. If New Burdens Resilience budget is applied, the overspend will be reduced to £1.1 millions.

5. Capital Expenditure

- 5.1 The approved capital planning level for the Council is £164.3 millions. Spending incurred to month 8 totalled £74.6 millions and the year-end forecast is £146.5 millions, resulting in slippage of £17.8 millions. Those schemes providing the main areas of slippage include Marsh Barton Station, Roundswell Phase 2, the North Devon Hub and Dartington C of E Primary School.

6. Debt Over 3 Months Old

6.1 Corporate debt stood at £2.59 million, being 1.5% of the annual value of invoices and below the annual target of 1.9%. This has increased slightly since the last report and it is anticipated that year-end debt will remain well below the annual target.

7. Proposed Actions and Conclusion

7.1 The overall forecast revenue overspending has worsened from month 6 by £600,000. Despite the efforts being made by Services, the projected overspending continues to increase and the time to contain or reverse this by the year end is running out. When the Month 6 budget monitoring report was discussed at Cabinet in November reference was made to cross Council actions that could be implemented to offset the projected overspending. Given the worsening financial forecast it has been decided that from 1st January 2017 recruitment to vacant posts be restricted to those that are 'business critical'. Recruitment to a vacant post will only be considered where not filling that post would lead to a *significant* risk to the Council fulfilling its statutory responsibilities, or to effective budgetary control. In addition, with the exception of front line social work posts, the engagement of any consultant, interim staff or agency staff will require the personal authorisation of the Chief Executive, and will only be considered in exceptional circumstances.

Mary Davis, County Treasurer

Phil Norrey, Chief Executive

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