

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 10 is noted.

1. Introduction

- 1.1 This report outlines the financial position and forecast for the Authority at month 10 of the financial year.
- 1.2 The overall Service overspend is forecast at £6.2 millions, being £1.9 millions less than the month 8 forecast. After applying the New Burdens Resilience budget, the net position will be a £1 million underspend. However, caution should be taken when looking at this position as there is still time for storm events and winter emergencies to occur. Further detail on this movement is outlined throughout this report.

2. Revenue Expenditure People Services

- 2.1 The current forecast for People indicates an overspend of £8.353 millions, a decreased overspend of £433,000 on the last reported forecast.
- 2.2 The forecast overspend in respect of Adult Social Care has improved by £59,000 to £6.299 millions. This is after an additional contribution from the Better Care Fund of £500,000 and an extra £400,000 due to the delay in transfer of business to the Living Well at Home contract. 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 10 of 10,289, an increase of 451. Learning Disability services is currently showing the most significant increase in packages with an increase above budgeted numbers of 325 at month 10, a decrease of 5 on month 8.
- 2.3 Within Children's Social Work and Child Protection the overspend from month 8 has decreased by £628,000 to £714,000. The decreased overspend at month 10 relates, in the main, to an increase in the underspend on staff costs.
- 2.4 Education and Learning are currently overspending by £1.340 millions an increase of £254,000 since month 8. 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 £3.1 millions of management action savings remain to be delivered to achieve the overall overspend forecast. Although the actions required are not considered high risk this represents an area of concern which will be monitored closely through to the year end. As previously reported the current forecast now includes a one-off benefit of £6.8 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 £18.2 millions and Children's Services, savings of £1.7 millions.

3. Revenue Expenditure Place Services

- 3.1 Place Services position for month 10 has improved significantly to a forecast underspend of £1.7 millions at year-end, a favourable movement of £1.3 millions.
- 3.2 The Waste service has improved by a further £538,000. Full disposal and recycling data has now been received and as a result overall trends can be calculated with fewer assumptions. This has shown an increased underspend due to a review of potential provisions for contractual liabilities which will no longer be required along with an increase level of income from the Exeter EfW Plant for substitute waste.
- 3.3 Planning, Transportation & Environment are now forecasting an underspend of £414,000 which is an improvement of £534,000 from the month 8 position. This movement relates to an increase in income from inspections fees generated during the year.
- 3.4 The Service specific outturn forecasts in respect of:-
 - a. Highways & Traffic Management (breakeven) is an improvement of £102,000 due to the relatively benign weather so far this year.
 - b. Services for Communities (£45,000 overspend) has decreased by £73,000 due, in the main, to an underspend on the Youth Services which were externalised on 1st February 2017.
 - c. Economy & Enterprise (overspend of £92,000) shows a small improvement on the forecast at month 8.
- 3.5 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 £487,000 an improvement of £249,000 on the position at month 8. Savings plans put in place for the year of £4.3 millions have achieved £3.9 millions to date. The remaining amount outstanding is considered reasonably low risk.
- 4.2 Business Strategy and Support are forecasting an underspend of £271,000. In the main this relates to an underspend on the revenue contribution to the Barnstaple Accommodation Improvement Programme along with additional energy savings in respect of new contracts across DCC buildings.
- 4.3 Human resources are showing an underspend of £144,000 due to staff turnover savings, with Legal Services indicating a underspend of £72,000 mainly relating to income from registration.

5. Capital Expenditure

- 5.1 The approved capital planning level for the Council is £166.1 millions. Spending incurred to month 10 totalled £91.7 millions and the year-end forecast is £140.5 millions, resulting in slippage of £25.6 millions. Those schemes providing the main areas of slippage include Marsh Barton Station, Roundswell Phase 2, Tithebarn Lane Link road Phase 2a and South Devon Highway.

6. Debt Over 3 Months Old

6.1 Corporate debt stood at £2.7 millions, being 1.9% of the annual value of invoices and at the annual target of 1.9%. This has increased slightly since the last report. It is anticipated that year-end debt will be brought down below the annual target.

7. Proposed Actions and Conclusion

7.1 The overall forecast revenue overspending has improved from month 8 by £1.9 millions. From 1st January 2017 recruitment to vacant posts is 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

Electoral Divisions: All

Cabinet Member: Councillor John Clatworthy

Local Government Act 1972: List of Background Papers

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