

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.

Recommendation: The Committee notes the forecast overspending of £8.1 millions and the need to take action to contain and reduce this projection.

1. Introduction

- 1.1. This report outlines the financial position and forecast for the Authority at month 4 (to the end of August) of the financial year.
- 1.2. The total projected overspending at month 4 is forecast at £8.1 millions.

2. Revenue Expenditure Adult Care and Health Services

- 2.1. Adult Care and Health services are forecast to breakeven. This position takes into account £855,000 of management action yet to be achieved, but assessed as achievable.
- 2.2. Adult Care Operations is forecasting to underspend by £186,000.
- 2.3. Older People and Physical Disability services are forecast to underspend by £648,000. Reductions in client numbers experienced towards the end of last financial year remain at similar levels and are currently 349 clients lower than the budgeted level of 7,754. Average prices have seen a year on year increase for residential and nursing costs primarily because of the introduction of the new care fee model, this is offsetting the impact of lower client numbers.
- 2.4. Sensory, Community Enabling, Social Care Reablement and other operational budgets are showing an underspend of £107,000. In-house services are forecast to underspend by £67,000 due to lower running costs and staffing vacancies.
- 2.5. Learning Disability services, is forecast to overspend by the end of the year by £636,000, numbers of clients are currently 109 higher than the budgeted level of 3,134.
- 2.6. Adult Commissioning and Health is forecast to overspend by £186,000 primarily due to extra placements within Mental Health, some more costly than average, particularly in residential care. Vacancy management is resulting in an underspend within Adult Commissioning.

3. Revenue Expenditure Children's Services

- 3.1. Children's Services are showing a forecast overspending of £8.7 millions.

- 3.2. Children's Social Care is forecast to overspend by £5.1 millions and similar pressures now exist within Devon to those being experienced across the country. Pressures continue within residential placements, but for Month 4 overspends are also being seen within Disabled Children's Services and legal disbursements.
- 3.3. The total overspending on children's placements is now forecast to be £4.1 millions. Within this the overspend on independent residential care and supported accommodation, which includes Exceptional Arrangements, has risen to just over £5.4 millions. Mainstream residential placements contribute £2.6 millions of this pressure, there are 38 budgeted full year effect (FYE) placements, the current forecast is 9.6 FYEs higher, while the average weekly cost is £303 more than the budgeted level of £3,735. Exceptional arrangement for supported accommodation is the other significant pressure area with 4.5 FYEs and an average weekly cost of £8,476 there is a forecast pressure of £2.0 millions with no identified budget with which to offset these costs. There is a partial offset from underspends against other placement types that total £1.3 millions.
- 3.4. Disabled Children's Services are forecast to overspend by £816,000. There are more packages of care and services being accessed by children and families than budgeted whilst average costs of packages have also increased.
- 3.5. The overspends within Children's Social Care have been partially offset by savings across Social Work Teams which are the result of vacancy management that total £162,000.
- 3.6. All other costs, which includes legal disbursements, are forecast to overspend by £408,000.
- 3.7. The non-Dedicated Schools Grant (DSG) element of Education and Learning is forecasting an overspend of £116,000 the result of pressures within school's transport. Anticipated income through s106 contributions is expected to eliminate some of this overspend but the final values have not yet been confirmed.
- 3.8. The DSG is currently forecast to overspend by £3.4 millions.
- 3.9. High Needs Block of the DSG is currently forecast to overspend by £4.9 millions. Independent Special Schools has a forecast overspend of £5.8 millions, the result of an increase of 81 placements from the budgeted 2018/19 level of 288, this is based upon the autumn and spring terms placements for the new academic year. One of the two new free special schools, yielding 30 places in year 1, was expected to come on stream in September 2018 (the second in September 2019). The DfE has announced a delay of one year, hence the projected increase in independent school placements. The Council will make strong representations to government to ensure we are not disadvantaged by their delay. This is partially offset by forecast underspends against other high needs budgets that total £926,000 this includes a one-off underspend within SEN Mainstream and by underspends within Maintained Special Schools.
- 3.10. The DSG budget and the other DSG central budgets, that include De-delegated budgets, central provision and Early Years and childcare, net to an underspend of £1.5 millions
- 3.11. Until a few years ago there would have been an assumption that an overspending on the Dedicated Schools Grant could be carried forward to the next financial year's Dedicated Schools Grant and thus would not have an adverse impact on the current

year's revenue outturn position. But in 2016/17 the Council was not able to carry forward an overspending of £1.4 millions as it was not agreed by the Devon Education Forum. As a result of this an additional £1.4 millions was charged to the Council's 2016/17 revenue budget. In 2017/18 an overspending of £1.6 millions was carried forward with the permission of the Forum on the basis that there was a plan in place to deal with it in that year. The projected overspending for 2018/19 of £3.4 millions has not yet been discussed with the Forum; until it is agreed it is prudent to assume that agreement to carry it forward into 2019/20, has not been confirmed. If agreement is reached with the Forum and it can be demonstrated that there is a plan in place to deal with some or all of the projected overspending then the projected overspending will decrease. If, for example, permission is obtained to carry forward (say) half of the £3.4 millions then the projected overspending will reduce by £1.7 millions.

4. Revenue Expenditure Highways, Infrastructure Development and Waste

- 4.1. Highways, Infrastructure Development and Waste is forecasting a break-even position at Month 4.
- 4.2. 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. This will continue to be closely monitored and may be impacted by seasonal variations later in the year.
- 4.3. Waste tonnages continue to be close to budgeted levels resulting in a forecast spend in line with approved budget.

5. Revenue Expenditure Other Services

- 5.1. Communities, Public Health, Environment and Prosperity (COPHEP) are showing a forecast overspend of £207,000 the result of the countywide research and intelligence review project.
- 5.2. Corporate Services are forecasting a breakeven position at month 4. This position is dependent upon services still delivering management action totalling £517,000, but this is assessed as achievable.
- 5.3. Non- service items are forecast to underspend by £744,000. This is mainly due to additional investment income of £192,000 and a one-off underspend of £552,000 associated with a estimate for remedial works being undertaken at Dartington School not fully materialising this year.

6. Capital Expenditure

- 6.1. The approved capital programme for the Council is £149.111 millions. This figure incorporates 2017-18 carry forwards of £24.857 millions and in-year additions of £18.901 millions. Of this increase £15.917 millions is externally funded.
- 6.2. The year-end forecast is £138.75 millions, producing forecast slippage of £10.356 millions.

6.3. The main areas of slippage can be attributed to scheme variations and programme delays in Highways (£1.630 millions net slippage) and Planning and Transportation (£6.170 millions net slippage) which reflects the complexity of the major schemes within this service. Wherever possible slippage is offset by the accelerated delivery of other approved schemes within the capital programme.

7. Debt Over 3 Months Old

7.1. Corporate debt stood at £2.7 millions, being 1.6% of the annual value of invoices, within the annual target of 1.9%. We will continue to pursue the balance of debt owed, including the use of legal action where appropriate. It is anticipated that year-end debt will be below the annual target.

8. Conclusion

8.1. it is still relatively early in the financial year to project with a high level of certainty what the final year end position will be. However, like many other Local Authorities across the Country, the Council is now grappling with high levels of demand for Children Services. Residential Placements are proving particularly difficult to contain within the budget allocated; the DfE delay in opening the new special school means that High Needs placements in independent schools within Education has also seen a significant increase for the coming year.

8.2. The fact that it is still relatively early in the financial year does give the Council an opportunity to find ways of trying to contain the overspending in Children Services. There is also still time to identify management action in other budgets outside of Children Services that can be used to pull back the projected overspending.

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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