

BUDGET MONITORING 2019/20
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:

- a) That the month 8 budget monitoring forecast position is noted**

1. Introduction

- 1.1. This report outlines the financial position and forecast for the Authority at month 8 (to the end of November) of the financial year.
- 1.2. The total projected overspend at month 8 is £3.4 millions which is £1.9 millions reduction from the £5.3 millions forecast at month 6.

2. Revenue Expenditure Adult Care and Health Services

- 2.1. Adult Care and Health services are forecast to overspend by £6.8 millions, £137,000 worse than month 6. This position includes £749,000 of management actions yet to be delivered but which are still considered achievable.
- 2.2. Adult Care Operations is forecasting to overspend by £6.9 millions, an increase of £160,000 from month 6. The pressure continues to primarily be the result of residential and nursing price and volume pressures. Client numbers for these areas are 128 higher than the budgeted level of 1,995 giving rise to an overspending of £2.8 millions. The remaining projected overspending of £3.6 millions is price related and due to higher costs having to be paid for services provided.
- 2.3. Adult Commissioning and Health is forecast to underspend by £527,000
- 2.4. Mental Health is forecasting an overspend of £497,000. Pressures are being experienced from higher client numbers, residential services have 24 clients over the budgeted level of 151, have been offset by additional funding support for out of county placements from the Better care Fund confirmed at month 6.

3. Revenue Expenditure Children's Services

- 3.1. Children's services are forecasting an overspending of £6.6 millions. However, this figure does not include projected funding shortfall of £21.5 millions on SEND as explained in sections 3.7 to 3.11 of this report.

- 3.2. Children's Social Care is forecast to overspend by £3.6 millions, a reduction of £691,000 from month 6, this position assumes management action of £10,000 is achievable.
- 3.3. The total overspending on children's placements is forecast to be a little over £1 million, a reduction of £227,000 from month 6. Supported accommodation continues to be driving this pressure. A lack of sufficiency in the residential market is leading to young people being placed in alternative settings with high cost support packages. Disabled Children's Services are forecast to overspend by £1.4 millions, a reduction of £459,000 from month 6. A significant proportion of this forecast is associated with one exceptionally high cost placement but the improved forecast is primarily the result of the recovery of unused direct payment balances.
- 3.4. All other costs which include Staffing, Quality Assurance Reviewing, the Atkinson Secure Children's Home and Safeguarding Service and strategic management budgets are forecasting an overspend of just over £1.2 million, an increase of £122,000 from month 6.
- 3.5. The non-Dedicated Schools Grant (DSG) element of Education and Learning is forecasting an overspend of £2.9 millions, an increase of £620,000 from month 6. Pressures within school transport continue due to rising costs associated with contract changes and additional Special Education Needs and Disabilities (SEND) personalised transport routes linked to continued growth in numbers.
- 3.6. The DSG High Needs Block, SEND is forecasting a funding shortfall of £21.5 millions for the current financial year an increase of £2.8 millions from month 6. The High Needs block continues to be under significant pressure with placements in Independent Special Schools continuing to be the main area of overspending. There have been a further 8 placements since month 6 within Independent Special Schools, taking the average projection for the year to 561 placements compared to a budgeted level of 430.
- 3.7. The number of students with Education and Health Care Plans continues to grow along with the complexity of need of pupils and numbers of those not able to attend school due to medical conditions all creating further pressures within the SEND High Needs Block.
- 3.8. The outcome of the consultation issued by the Department for Education which proposed that from the end of 2019/20 local authorities must carry forward the whole overspend to the schools budget in future years and that it may not fund any part of the overspend from its general resources unless permission is sought and granted from the Secretary of State has not yet been announced.
- 3.9. In line with the proposals contained within this consultation and given the uncertainty around funding and the size of the projected deficit it is suggested, as it was at month 4 and 6, that the SEND funding deficit is not dealt with at the end of this financial year but held on the balance sheet as a negative reserve. This would allow the deficit to be managed across several years and give time for Service Managers and Schools to develop recovery plans.

4. Revenue Expenditure Highways, Infrastructure Development and Waste

- 4.1. Highways, Infrastructure Development and Waste is forecasting an underspend of £515,000 at month 8, an increase of £113,000 from month 6.

- 4.2. Highways maintenance, Network Management, Street Lighting and Infrastructure Development are forecasting an overspend of £885,000, a worsening of £170,000 from month 6. This movement is primarily as a result of sustained heavy rainfall during October and November on safety reaction expenditure.
- 4.3. Waste management is forecasting an underspend of £1.4 millions, an increase of £453,000 from month 6. The movement from month 6 is mainly the result of lower waste tonnages.

5. Revenue Expenditure Other Services

- 5.1. Communities, Public Health, Environment and Prosperity (COPHEP) are forecasting an underspend of £482,000 an increase of £478,000 from month 6, the national travel scheme contract and community transport are now forecasting a £200,000 underspend each and communities forecast underspend has increased by £78,000. Corporate Services are forecasting an overspend of £2.3 millions a similar position to month 6.
- 5.2. Non- service items are forecast to underspend by £11.4 millions. This will be achieved by not making the planned £3 millions transfer to the budget management reserve or the planned £5 millions contribution to the service transformation reserve this year. In addition it recognises underspends on capital financing and interest of £889,000, general grant and other income of £680,000 and an underspend on other expenditure which totals £1.8millions.

6. Capital Expenditure

- 6.1. The approved capital programme for the Council is £150.2 millions. This figure incorporates amounts brought forward from 2018/19 of £29.5 millions, and in year additions of £9.9 millions. Of this increase £7.1 millions is externally funded.
- 6.2. The year-end forecast is £120.5 millions, producing forecast slippage of £29.7 millions.
- 6.3. The main areas of slippage can be attributed to variations and programme delays in Planning and Transportation, £23.4 millions net slippage, which reflects the complexity of the major schemes within this service.
- 6.4. Historic trends suggest further slippage is likely, which is mainly due to fluctuations and variations of major projects. 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 £3.4 millions, being 1.8% 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.

8. Conclusion

8.1. The projected overspend has reduced by £1.9 millions from month 6 which is welcomed but Adult and Children's Social Care continue to experience ongoing pressure along with the School's Transport service. The funding shortfall within the Dedicated School's Grant SEND High Needs Block continues to be a significant concern for this year and into the future.

Mary Davis, County Treasurer

Electoral Divisions: All

Cabinet Member: Councillor Stuart Barker

Local Government Act 1972: List of Background Papers

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