

Meeting:	Audit and Governance Committee
Meeting date:	23 September 2015
Title of report:	2015/16 bi-annual forecast of revenue and capital outturn
Report by:	Director of resources

Classification

Open

Key Decision

This is not a key decision.

Wards Affected

Countywide

Purpose

To update the committee on the financial position to end of May 2015 as reported to Cabinet on 23 July 2015.

Recommendation(s)

THAT:

- (a) **the audit and governance committee note the report and the forecast position.**

Alternative options

- 1 There are no alternative options.

Reasons for recommendations

- 2 The forecast outturn for the year, based on spend to the end of May 2015 is a £0.6m overspend. This is to be addressed during the remaining of the year.

Key considerations

- 3 The projected outturn based on spend to the end of May 2015 is an over-spend of £0.6m, 0.4% of net budget. It is anticipated that management action will reduce the over-spend during the year. The risk of non-achievement can be mitigated by using reserves set-aside for overall risk mitigation and the corporate contingency to bring overall spending within budget at the year-end. The projected overspend is due to additional placements and continued reliability on agency staff to fill social work posts that were planned to be reduced in children's safeguarding.
- 4 The over-spend is in the context of having to achieve significant savings, £10m in 2015/16 on top of £15m delivered in 2014/15. Moving forward continued efficiencies and service re-design will become harder to deliver. Savings plans are currently being reviewed to meet projected savings required up to 2019/20. As part of this the realism of reductions already set out will be reconsidered, particularly in children's safeguarding where part of the overspend is due to not being able to meet planned efficiency targets.

Projected Revenue Outturn 2015/16

Service	Budget	May projection	Outturn over/(under)
	£000's	£000's	£000's
Adults Wellbeing	53,546	53,546	0
Children's Wellbeing	23,131	24,406	1,275
Economy, Communities & Corporate	53,061	52,980	(81)
Directorate total	129,738	130,932	1,194
Other budgets and reserves	12,255	11,655	(600)
Total	141,993	142,587	594

Adults Wellbeing

- 5 The forecast shows an overall balanced budget for Adults Wellbeing. There has been higher than expected demand, particularly for domiciliary care during the early part of 2015/16 and it should be noted that client budgets for 2015/16 are over £2.2m lower than they were in 2014/15. This year on year reduction of costs is expected to be achieved through proactive management of placements, financial challenge of all new placements and reviewing all high cost existing packages.
- 6 The forecast assumes that any further demand pressures will be managed within the operational teams, AWB panel, by senior management and all savings plans identified for delivery during the financial year are implemented on time and deliver expected benefits.

- 7 Government has announced a potential reduction of public health funding of up to 7%, allowing for unallocated public health reserves this could result in a pressure of up to £350k for 2015/16. The annual grant is £7.9m and is allocated to staff costs and contracts for delivering public health outcomes, investment in project opportunities would have to be reduced if this reduction is confirmed.

Children's Wellbeing

- 8 The forecast outturn is an over-spend of £1.3m, due to overspends in children's safeguarding. This is the net position after applying reserves of £200k of set-aside for service redesign in the children with disabilities service. Overall savings in children's wellbeing for 2015/16 are £1.1m, all in children's safeguarding.
- 9 The safeguarding overspend is summarised below:

	£000's	£000's
Placements and Allowances:		
Residential and Fostering	547	
Kinship Carers	190	
Special Guardianship Allowances	168	
Direct Payments	53	959
Agency Staff:		
Children With Disabilities	293	
Multi Agency Safeguarding Hub	150	
Children in Need	101	
16+ Team	64	
Quality Assurance	52	659
Social work Academy		142
Total Overspend		1,760
Children With Disabilities Reserve		(200)
Under spends		(200)
Net Overspend in Safeguarding		1,360

- 10 Residential and Fostering costs £547k
There has been an increase in the number of children placed in external fostering agencies since the 2015/16 budget was set. The average annual cost of one of these placements is £44k.
- 11 To reduce the number of children in high need placements there has be an increase in costs in Kinship care arrangements causing a pressure of £190k this is greater than anticipated in our planning. The Special Guardianship allowances are forecast

as a pressure of £168k, a review of the Councils policy is currently in progress to review allowances and ensure the threshold is fair. We anticipate this will lead to a reduction in costs.

- 12 Agency Staff in teams £659k
The budget was based on an assumption regarding the step down of agency staff from April 2015. However, recruiting permanent members of staff to social workers posts continues to be difficult. We have been able to successfully move staff from the new qualified programme to permanent roles and recruit social workers both local and internationally. However, the ratio of permanent to agency is 55%:45% causing an overall budget pressure of £659k across a number of teams.
- 13 The children's with disabilities reserve was created to fund agency staff to resolve the backlog of cases and support while a service redesign was completed.
- 14 The Social work academy is overspending by £142k due to an accelerated recruitment of Newly Qualified social workers, to support further reductions in agency staff in future years.
- 15 The recruitment strategy is expected to deliver 18 permanent social workers within the financial year which is anticipated to reduce the overspend and will deliver savings plans in place for 2016/17.
- 16 There are some underspends in the early help and family support. In addition there is an underspend Education and Commissioning and staff vacancies.

Economy, Communities and Corporate

- 17 The forecast outturn is an underspend £81k. This reflects pressures for property maintenance of £200k, the impact of inflation on energy costs of £116k, a delay in the restructure of Parks and Countryside's of £85k and an increase in the Coroners external fees of £55k.
- 18 These pressures have been off-set by the early delivery of savings plans for 16/17, £148k, Waste Contract £300k and additional Hoople Sla savings of £100k.

Other Budgets and Reserves

- 16 The forecast outturn is to underspend by £600k compared to the budget. The underspend is in two areas, managing change is expected to underspend by £100k based on current redundancy estimates and a one off contribution to the general fund reserve of £500k is not required due to the £600k underspend in 2014/15 being transferred to reserves last year.

Collection Fund

- 17 The first review of 2015/16 business rate and council tax income is showing a forecast income in line with the budget projections of £22m and £84m. There has been no unexpected growth or decline to date however business rate income is subject to the risk of appeals. Funds have been set aside for lodged appeals and the risk of unknown appeals has been reduced following the national implementation of restricted back dating.

Capital Forecast

- 18 The forecast capital outturn is £73.3m compared to an original budget of £67.9m with the increase due to the re-profiling of spend and additional funding announcements.

Treasury Management

- 19 Treasury Management is expected to spend within budget, no new fixed term borrowing has been taken to date.

Community impact

- 20 The budget monitoring report helps the council demonstrate how its resources are being directed to meet corporate priorities.

Equality duty

- 21 The content of the report has not direct impact on equality or human rights.

Financial implications

- 22 These are contained within the report.

Legal implications

- 23 The Local Government Finance Act 1988 makes it a legal requirement that the council's expenditure (and proposed expenditure) in each financial year must not exceed the resources (including sums borrowed) available to the authority. If this principle is likely to be breached, the Chief Financial Officer is under a statutory duty to make a formal report to Members.

Risk management

- 24 Monthly reporting gives the Chief Finance Officer assurance on the robustness of budget control and monitoring, highlighting key risks and identifying any mitigation to reduce the impact of pressures on the council's overall position.

Consultees

- 25 None

Appendices

Appendix A – revenue forecast.

Background papers

None identified.