

<b>Meeting:</b>	<b>Audit and governance committee</b>
<b>Meeting date:</b>	<b>22 September 2016</b>
<b>Title of report:</b>	<b>Bi-annual forecast</b>
<b>Report by:</b>	<b>Head of corporate finance</b>

## **Classification**

Open

## **Key decision**

This is not an executive decision.

## **Wards affected**

Countywide

## **Purpose**

To provide the audit and governance committee with the projected outturn for 2016/17 for the committee to consider the effectiveness of budgetary control.

## **Recommendation(s)**

**THAT the committee:**

- (a) note the council is projecting an overspend for this financial year and the remedial action being taken;**
- (b) confirms that appropriate and timely budgetary and control measures are in place; and**
- (c) identify any further control measures deemed necessary.**

## **Alternative options**

- 1 There are no alternative options.

## **Reasons for recommendations**

- 2 The latest published forecast outturn for the year as reported to Cabinet on 21 July 2016 is an overspend of £1.5m. Remedial action is being taken to reduce this forecast position with the next report to Cabinet scheduled for 1 December.

## Key considerations

- 3 The projected full year outturn based on spend until the end of May 2016 is an over spend of £1.5m, this represents 1% of the budget. The 2016/17 savings are £10.9m; £9.4m (86%) of which are on track to be delivered during the current year. Action plans are being undertaken in all directorates to address the in-year pressures and to help mitigate the impacts of the external economic environment. It is not unusual at this period in the year for there to be a forecasted over spend and actions are being taken to manage this.

### Projected Revenue Outturn 2016/17 (as at the end of May)

Directorate Net Budget	Net budget £000	May outturn £000	May variance £000 Over / (Under)spend
Adults and wellbeing	51,239	52,233	994
Children's wellbeing	22,292	22,751	459
Economy, communities and corporate	47,557	47,625	68
<b>Directorate total</b>	<b>121,088</b>	<b>122,609</b>	<b>1,521</b>
Other budgets and reserves	26,891	26,891	0
<b>Outturn</b>	<b>147,979</b>	<b>149,500</b>	<b>1,521</b>

### Adults and wellbeing (AWB)

- 4 The latest forecast predicts a £994k overspend of the budget at year end.
- 5 The forecast overspend within the adult social care client groups is £1.047m at year end. This is due to higher than budgeted expenditure on direct payments that are over and above the compensating reduction in domiciliary care spend that would normally be expected.
- 6 The client forecast assumes that any further demand pressures will be managed within the operational teams, by AWB panel and by senior management. The directorate leadership team are currently in the process of preparing a recovery plan document to identify required actions and additional savings initiatives in order to ensure a balanced outturn for 2016/17.
- 7 The first recovery plan meeting has now taken place and the initial focus will be on the following two areas:
- The 'single handed care project' which aims to reduce the number of 'double handed' care packages with better use of equipment and technology. This is anticipated to reduce the over spend in 2016/17 by £150k.
  - Maximising the occupancy of all block purchased beds to reduce the current over spend by a further £300k.

### Children's wellbeing (CWB)

- 8 The forecast outturn for 2016/17 is an over spend of £459k, this is due the timing of savings implementation. The 2015/16 outturn was an over spend of £2.1m,

reductions in the number of agency staffing (60 to 26) and the reductions in the number of looked after children and child protection plans will ensure the budget is manageable in 2016/17, recognising there is pressure on delivering the £1.6m 2016/17 savings.

- 9 The savings of £300k associated to moving young adults into independent accommodation has been delayed, focus is being placed through working with adults commissioning to deliver a part year savings, this will reduce the over spend.
- 10 The review of regular payments has been completed; the financial assessments will start in August, a part year savings could deliver up to £100k savings in year depending on the assessments.
- 11 Difficulties in recruiting social workers remain and the recruitment strategy continues to be refreshed and developed ensuring targeted actions. Establishment costs must keep within budget and this includes any use of agency staff.
- 12 The number of Independent Fostering Agencies (IFA) placements in the forecast is 55. It is anticipated that a focused review, including the approval process for placement panel and how we support short term placements will reduce spend in this area.

### **Economy, communities and corporate (ECC)**

- 13 A net overspend of £68k is forecast for the ECC directorate.
- 14 Monitoring of income from off-street parking charges is currently indicating that overall income for the year may be below forecast. This is contributing to the directorate's current forecast overspend. Careful monitoring of income levels on a monthly basis will keep this area under review and may require corrective action.
- 15 Early delivery of 2017/18 management restructure and public transport savings are forecast to provide a favourable variance against budget, therefore offsetting some of the car parking pressure.

### **Other budget and reserves**

- 13 Other budget and reserves includes a contingency of £0.7m which if not required would be used to offset any remaining directorate year end overspend.

## **Community impact**

- 14 None.

## **Equality duty**

- 15 There is no perceived impact in regards to this report on our Equality duty.

## **Financial implications**

- 16 These are contained in the report.

## **Legal implications**

- 17 The council has a statutory duty (Local Government Finance Act 1988) to report if the expenditure and/or proposed expenditure of the council in a financial year is likely to exceed resources (including borrowing) available to meet that expenditure. When preparing the report the S151 officer is under a duty to consult with the monitoring officer.

## **Risk management**

- 18 Monthly reporting gives the council 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**

- 19 None.

## **Appendices**

None

## **Background papers**

Cabinet papers 21 July 2016

<http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=251&MId=5752&Ver=4>