

Summary of Main Variations

A.1 Report Overview

- A1.1 The purpose of this report is to provide Members with a summary of the projections of income and expenditure for all Business Units within the Council and to set out how the Council will maintain expenditure within its approved budget of £126.8m.
- A1.2 The revenue monitoring statement shows the expenditure and projected outturn position based upon the latest information available to finance officers in consultation with service departments. Where possible, the implications or consequences arising from the variations are reflected in the key performance indicators for that service.
- A1.3. Ongoing financial monitoring will be provided to Members quarterly and performance reporting will be provided to Members on a 6 monthly basis.

A.2 Financial Performance

- A2.1 Table 2 overleaf provides a summary of the projected outturn position for Council services.

Table 2

Projected Outturn Position – Quarter 1

Business Unit/Service	2013/14 Budget	Spend to Date	Projected Out-turn	Variation at Out-turn
	£'000	£'000	£'000	£'000
Adults & Resources				
- Adult Social Care	43,756	10,935	43,756	0
- Commercial Services	3,559	938	3,559	0
- Information Services	3,486	1,354	3,486	0
- Supporting People	4,418	1,473	4,418	0
	55,219	14,700	55,219	0
Children, Schools & Families	28,455	14,421	30,955	2,500
Public Health				
Community Safety	1,917	(205)	1,917	0
Public Health	0	4,340	0	0
	1,917	4,135	1,917	0
Place & Resources				
- Business Services	1,604	247	1,604	0
- Finance	10,188	(3,847)	9,938	(250)
- Residents & Visitors	7,771	4,679	7,936	165
- Spatial Planning	5,700	1,345	5,700	0
- TDA - Clientside	2,409	1,769	2,409	0
- TDA - TEDC	1,677	107	1,677	0
- Torbay Harbour Authority	0	241	0	0
- Waste & Cleaning	11,826	8,865	11,826	0
	41,175	13,406	41,090	(85)
Total	126,766	46,662	129,181	2,415

Main Variations

A2.2 A summary of the main variances and the principal reasons for any underspends or overspends and any emerging issues within each directorate are explained below.

Place and Resources

A2.3 There is a projected underspend of £0.085m. A summary of the main variations are identified below:

Residents and Visitor Services is projecting an overspend of £0.165m at the end of quarter 1. This is due primarily to:

- spending pressures within the Tor2 contract due to the timing of the implementation of 2013/14 savings.
- operational costs at Torre Abbey expected to be greater than the approved budget.
- additional costs within the Events budget.
- Staffing numbers within the decriminalised parking enforcement team impacting upon income received.

At this early stage of the financial year a balanced position is projected for off street and on street car parking income. However this is one of the council's volatile income budgets and subject to seasonal factors including the weather and number of visitors to the Bay. Early indications in the first quarter show there is a shortfall for car parking income and if this early trend continues for the year this could lead to an income shortfall of £0.400m. Income levels will be monitored closely over the peak summer period where the vast majority of income is collected and an accurate indication of where income levels are likely to be will be available at the end of season in September.

Waste and Cleaning is projecting to remain within its approved budget. Members will recall that underspends have been achieved within this budget over the last few years due to TOR2's introduction of various waste reduction and diversions initiatives and a fall in the tonnages of waste. Early indications are that tonnages are slightly above forecast levels and these will be monitored closely over the next quarter.

Spatial Planning – is projected to spend within its approved budget. There are a number of volatile income budgets i.e. planning, building control, as well as the Concessionary Fares Budget which is dependant upon the number of passenger journeys.

Economic Development Company (Client side) and Business Services are projecting to spend within budget as at the end of quarter 1.

Finance – is projected to underspend by £0.250m due to:

- savings within treasury management primarily due to savings on interest payments due to the repayment of loans at the end of 2012/13.
- staff savings arising from a restructure and administrative savings within the department.
- additional receipt of housing benefit administration grant.
- lower than budgeted for external audit fees.

A2.4 **Public Health**

All services within Public health are projected to spend within their approved budget.

A2.5 **Children, Schools & Families**

Children's are projecting a net overspend of £2.5m after the application of savings proposals from their recovery plan and underspends reported within Family Services for Children's Centres and Youth and Family Solutions.

The projected overspend is primarily due to budget pressures within Safeguarding and Wellbeing where, based upon current commitments the budget is overspending by £3.8m. Despite a reduction in the number of children in care the overspend is accounted for due to the costs for children in care and placements within the independent sector costs and continued use of agency social workers primarily as a result of cover for maternity leave.

The headline overspend represents 13% of the net budget for Children's Services. This has increased by £1.3m since the outturn position for 2012/13.

The number of looked after children at the end of June 2013 is 284, a decrease of 21 since the end of March 2013. The number of children on Child Protection Plans at the end of June was 157, a decrease of 23 since the end of March 2013.

Children's Services Response to the projected overspend

The latest forecast spend indicates the challenges faced by Children's Services. As reported previously the service is continuing to be remodelled to reduce the number of Looked After Children and the amount of time they spend in care. It will also reduce the number of children subject to a Child Protection Plan, thus reducing budget pressures in relation to statutory activity and placement costs. However, the changes are based on a long term sustainable strategy e.g. the process of developing a more robust and assertive Fostering Strategy, which is designed to increase the number of in-house foster carers and move Children from ISP placements without affecting outcomes.

As previously reported Members will have been advised of the Children's Services dependence upon Agency staff for social workers. This dependence was reduced by the successful Make an Impression Campaign and the approved Recruitment and Retention Strategy. However, due to a number of social workers taking maternity leave it has been necessary to increase expenditure on agency staff to maintain caseloads at acceptable levels.

The reliance upon ISP residential placements in the past has put considerable strain upon the budget. Children's have introduced a robust placement review and approval process via the Access to Resources and Permanency Panels, however whilst there has been some success the increased demand has negatively skewed any gains.

The Children's Services Management team are fully aware of the financial challenges faced by the Council and importance of strict financial management and control. The management team have already started to implement a number of changes which will retain the projected overspend within £2.5m These measures include:

- undertaking a restructure of the Children's Services Management team;
- a comprehensive review of all budgets across the service to deliver savings and efficiencies;
- implementation of a residential migration project as a cost effective alternative to residential care. An experienced organisation will be used to support officers in moving children in to foster placements from residential care by using a comprehensive matching process and targeted support to enable children to live in a family environment;
- development and implementation of a new strategic approach for Foster carers by increasing the number of in-house foster carers and reduce the reliance upon the costly independent sector;
- review and analysis of services and costs with disabilities service;
- initiate a new brokerage system with Devon County Council to reduce the costs of residential care.

These changes are part of an ongoing plan to manage the budget to ensure expenditure is contained within the approved budget and runs alongside existing business plan which will be continually developed and reviewed. They are an integral part of a two year budget reduction plan for Children's Services.

Adults and Resources

A2.6 This portfolio covers a range of services and is projecting to spend within its approved budget.

Adult Social Care

Adult Social Care provides services to some of the most vulnerable adults within the Bay. A balanced budget is projected at the end of the first quarter which was been helped by a reduction in care home placements for residential care and

nursing care numbers. This continues a recent trend which started at the end of the last financial year. However, Members are reminded of the volatility of placements and increased costs for Ordinary Residency which could put pressure on the Council's largest area of expenditure.

Appendix 2 shows the pooled budget for the partnership as managed by the Torbay and Southern Devon Health and Care NHS Trust.

All other services within this portfolio are projected to spend within their budget allocation as at the end of quarter 1.

A3. Reserves

A3.1 The Comprehensive Spending Review (CSR) reserve is the Council's uncommitted reserve which was set up to meet the financial challenges it faces over the next few years. These challenges include:

- any unforeseen events or pressures that emerge during the year;
- invest to save initiatives where demonstrable savings can be delivered in future years;
- making provision for any costs of restructuring Council services.

The Chief Finance Officer has advised that where possible reserves should only be used to support one off initiatives as it is not sustainable to use reserves to support ongoing commitments. As identified within the 2012/13 outturn report the balance for the CSR reserve was £3.1m.

A3.2 The Council is faced with a number of other cost pressures which will further reduce the level of reserves it holds. These include redundancy costs which will arise from the 2014/15 budget round (£1.6m last year) and will be a cost in 2013/14. In addition, if the Council is unable to declare a balanced budget at year end after the application of other uncommitted budgets and savings any overspend will have to be funded from reserves. This will reduce the Council's uncommitted reserves and impact upon how the Council manages further reductions in government grant in 2014/15 and 2015/16.

A3.4 A summary of the Council's uncommitted reserve and monies approved by the Mayor to be released from the CSR reserve in 2013/14 are shown overleaf in table 3.

Table 3 - Uncommitted Reserves

Comprehensive Spending Review Reserve	Working Balance £'m
Balance as at 1 April	3.100
£0.050m for Arboriculture Services for the maintenance of trees	0.050
£0.1m for an invest to save scheme for reducing water usage at all council toilets.	0.100
Balance as at 30 June	2.950
Potential Calls on CSR Reserve	
Redundancy Costs arising from 2014/15 budget	1.5m (estimated)
Budget Pressures	tbc

A3.5 The Council also has its General Fund balance. Since Torbay became a Unitary authority in 1998 there has not been a call on the general fund balances. The current balance is £4.4m and represents 3.5% of the Council's net budget.

A3.6 There has been significant media attention as to the level of reserves held by Council's. It should be recognised that the general fund balance is uncommitted (unlike other earmarked reserves) and provides funds that would only be used for any unforeseen or unexpected expenditure that could not be managed within service budgets or earmarked reserves. With this in mind and in light of the difficult financial climate faced by the Council and reduction to the Council's net budget, the Chief Finance Officer believes that a cash balance of £4.4m is a prudent and sustainable level to protect the Council from the increased risks it faces with respect to the ongoing grant reductions from Government and increased demand for some services. In addition the Council's external auditors will have a view as to the level of the Council's General Fund Balance.

A.4 Dedicated Schools Grant (DSG)

A.4.1 DSG funded activities is currently reporting an underspend of £0.928m. This is primarily due to receipt of additional DSG after the budgets were approved. The DSG is a ring fenced grant and can only be used to fund schools related activities.

A.5 Debtors

A5.1 This section of the report provides Members with an update for the first quarter in 2013/14 in respect of council tax and business rate collection.

Council Tax

A5.2 The targets for the collection of Council Tax in 2013/14 are:

- (i) collect 96.5% of the Council Tax due within the 12 months of the financial year (i.e. April to March); and
- (ii) collect 50% of the arrears brought forward from previous years.

A5.3 The Council is due to collect £64.5m after the granting of statutory exemptions and reductions and Council Tax Support in the period April 2013 to March 2014. To date the Council has collected £17.9m which is 27.83% of the Council Tax due in year. The collection level is lower than last year when 28.71% was collected.

Following the introduction of the Local Council Tax Support Scheme the Council is monitoring closely the impact of the changes upon collection rates. The collection rate for accounts where last year there was no Council Tax liability in 2012/13 is 13.5%. The collection rate where the account was not entitled to maximum Council Tax Benefit in 2012/13 is 17.4% compared to 18.7% for last year.

A5.4 The total arrears outstanding at 31 March 2013 were £3.67m and this has been reduced by £0.713m which is about 19.3% of the total arrears due. At the equivalent time last year the Council had collected £0.680m off arrears of £3.97m, which equates to around 17.1%.

A5.5 There are no Council Tax write-offs over £5,000 to report. 279 council tax accounts with a value of £0.069m have been written off in the first quarter.

Non-Domestic Rates

A5.6 The targets for the collection of NNDR (business rates) re:

- (i) collect 97% of the business rates due within the 12 months of the financial year (i.e. April to March); and
- (ii) collect 50% of the arrears brought forward from previous years.

A5.7 The Council is due to collect £36.9m after the granting of mandatory relief in the period April 2013 to March 2014. To date the Council has collected £12.1m which is 33.0% of the business rates due in year. In the equivalent period last year the Council had collected £12.5m which equates to 33.4%.

A5.8 The total arrears outstanding were £1.55m and this has been reduced by £0.387m which is about 24.1% of the total arrears due. Last year the Council had collected £0.323m off arrears of £1.49m which equates to around 21.6%

A5.9 There are nine write offs above £5,000 which have been circulated to Members of the Overview and Scrutiny Board and are available to all Members upon request.

A5.10 The Council has written off 42 accounts in quarter one with a value of £0.133m.

A5.11 There no write off's over £5,000 for Benefits or Sundry debts. The total amount written off in quarter one is £0.096m and £0.029m respectively for these debtors.

A.6 **Financial Performance of External Companies**

A6.1 For completeness a summary of the financial performance of the companies that Torbay Council has an interest in is included. Attached as appendix 3 is a list of those companies which summarises their projected outturn position.