



Meeting: **Overview and Scrutiny Board
Council**

Date: **27 November 2013
5 December 2013**

Wards Affected: **All**

Report Title: **Revenue Budget Monitoring 2013/14 – Quarter 2**

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1. Key Points and Summary

- 1.1 Members were advised of the financial challenges that the council faced in the last monitoring report: both with respect to delivering a balanced budget in 2013/14 and setting a robust budget in 2014/15. Despite a robust budget process for 2013/14 the Council is still subject to ongoing demand pressures, particularly within Children's Safeguarding and Wellbeing. At the end of quarter 2 the Council is projecting an overspend of £1.411m based upon the latest information available to finance officers and projected expenditure based upon existing demands for services and the impact of in year saving plans and recovery plans where overspends exist. This compares to a projected overspend of £2.415m at the end of the first quarter.
- 1.2 As part of a corporate approach to addressing these challenges all services have been asked to deliver in year savings and a number of services have made significant savings to help ensure the council delivers a balanced budget at year end. The inherent risks the Council faced when the budget proposals were approved in February 2013 were set out in the budget report to Council and these risks were accepted by Members.
- 1.3 Members will recall the Council approved a Budget Pressures Contingency as part of the 2013/14 budget setting to support and address specific pressures identified within the year. Due to the ongoing pressures faced within Children's Services all of this reserve (£1m) has been released to offset the increased costs within Safeguarding and Wellbeing.
- 1.4 As is best practice within the Council, the significant overspend identified within Children's Services will continue to be monitored by their management team and the implementation of the existing recovery plan will continue to try and contain spend.

- 1.5 Directors and Executive Heads continue to work closely with their Executive Lead Members and will consider all options for addressing the projected overspend and will be assessing the impact of the current budget pressures when developing the 2014/15 budget.
- 1.6 The Council continues to adopt strict measures of financial control including a robust process for reviewing any vacancies as well as challenging all expenditure not yet committed. This approach has resulted in a number of services reporting underspends or managing the impact of other pressures. A number of services have already put in place measures to bring forward internal operational budget savings which have helped to reduce the corporate overspend and will be used as part of the budget savings required for the delivery of a robust budget for the next financial year (2014/15).
- 1.7 As stated in the last monitoring report the Council must achieve a balanced budget at year end. This will be achieved by either:
- a) Children's Services producing in-year recovery plans which reduces or removes the projected overspend. At this stage of the year the Director of Children's Services considers this will be extremely challenging due to the nature of the demand pressures and therefore a overspend is expected at year end;
 - b) all other services deliver in year savings at least equal to the value of the overspend within Children's resulting in a breakeven or an underspend at year end;
 - c) if insufficient savings can be made there is a risk that, as a last resort, uncommitted reserves or uncommitted budgets will be required to ensure a balanced budget can be achieved at the end of the year.
- 1.8 Whilst the council does hold reserves and contingencies and are being used to address in year pressures, these can only be used for one off purposes and are not a solution to ongoing financial commitments.

Strategy for in Year Budget Management

- 1.9 Commitments and spending pressures within Safeguarding and Wellbeing have been well documented. The Director of Children's Services set out a number of plans to reduce the overspend and recently presented a cost reduction plan to Members of the Priorities and Resources Panel. This forms the basis of a Strategy to address the pressures and increased costs faced by the service.
- 1.10 Members will recall that an additional £2m was added to the base budget for Safeguarding and Wellbeing in 2013/14 to address the increased cost pressures (this was in addition to the use of one off reserves to fund pressures in the last financial year) but significant pressures still exist. In addition, the Council has a number of other volatile income budgets which need to be monitored closely over the next quarter.

- 1.11 It is recognised by the Director of Children's Services that the cost pressures within Children's Safeguarding will be difficult to reduce however, the service will be expected to continue to address the key underlying issues and cost pressures through the implementation of their recovery plans and where possible identify further savings during the year.
- 1.12 The Council has adopted a Strategy to address the financial challenges faced now and in the future. The fundamental issue is the implementation of continued strict financial management and control by the Senior Leadership Team and Executive Lead Members. Measures include:
- a moratorium on all non essential expenditure and a reduction in all other expenditure with an assessment of the services consequences.
 - a freeze on all non essential recruitment.
 - a review of budgeted expenditure that could be ceased and an assessment of the services consequences including reshaping of services where possible.
 - bringing forward any savings proposals for 2014/15 and implementing these with immediate effect to derive in-year savings.
 - redeployment of staff directly affected by any restructuring proposals where vacancies exist.
 - identification of any invest to save schemes (supported by a robust business case) that will have immediate cost savings in 2013/14 and beyond.

Paul Looby
Executive Head of Finance and Chief Finance Officer

Appendices

- Appendix 1 Summary of Main Variations
Appendix 2 Pooled Budget with Torbay and Southern Devon Health Care Trust
Appendix 3 Budget Monitoring of Council Subsidiaries and Associates

for Overview and Scrutiny Board only

Exempt Appendix 4 Write offs above £5,000

Documents available in Members' rooms

None.

Background Papers:

The following documents/files were used to compile this report:

None.