



Meeting: Overview & Scrutiny Board
Council

Date: 19 February 2014
27 February 2014

Wards Affected: All

Report Title: Revenue Budget Monitoring 2013/14 – Quarter 3

Executive Lead Contact Details: mayor@torbay.gov.uk

Supporting Officer Contact Details: paul.looby@torbay.gov.uk

1. Key Points and Summary

- 1.1 The Council continues to be faced with a number of financial challenges in the current financial year. As set out in the last monitoring report, 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 3 the overall position for the Council is improving but there is still a projected overspend of £1.165m. This is based upon the latest information available to finance officers, 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 £1.411m at the end of the second quarter. To ensure a balanced budget is achieved at year end the Council has up to £1m of uncommitted budgets which can be used to offset the projected outturn forecast. These budgets have been uncommitted due to the budget pressures that have been identified during the year and provide a contingency to ensure a balanced budget can be achieved at year end.
- 1.2 As part of a corporate approach to addressing these financial 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 As reported in the previous monitoring report the Council approved a Budget Pressures Contingency of £1m as part of the 2013/14 budget setting to support and address specific pressures identified within the year and this has already been released to offset the increased costs within Children’s - Safeguarding and Wellbeing.
- 1.4 The 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 ensure cost pressures are contained.
- 1.5 The Mayor has set out his 2014/15 budget proposals and these include measures

to address the pressures identified within Children's Safeguarding and Wellbeing. In addition all Directors and Executive Heads continue to work closely with their Executive Lead Members and will consider all options for addressing the projected overspend and have assessed 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 has 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 continuing to implement their in-year recovery plans to manage the projected overspend. At this stage of the year the Director of Children's Services focus is to contain expenditure and continue to develop the cost reduction programme and invest to save projects to deliver savings in 2014/15 and beyond.
 - b) all other services deliver in year savings at least equal to the value of the overspend within Children's Services resulting in a breakeven or an underspend at year end;
 - c) if insufficient savings can be made across all services 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. At this stage it is expected uncommitted budgets will be required to enable a balanced budget to be declared at year end.
- 1.8 Whilst the council does hold reserves and contingencies and these can be 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 presented a cost reduction plan to Members of the Priorities and Resources Panel. The Strategy to address the pressures now include access of up to £1.5m of funds of which £0.5m will be used for a number of invest to save schemes which will be developed over the next few months and provide support for any pressures that arise.
- 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. As part of the part 2014/15 budget proposals an earmarked contingency of £2m has been created for Children's – Safeguarding and Wellbeing. In addition the Council has a number of other volatile income budgets which need to be monitored closely over the final quarter of 2013/14.

1.11 Whilst it is recognised by the Director of Children's Services that the cost pressures within Children's Safeguarding will be difficult to reduce in the last quarter of the financial year, the service will be expected to continue to address the key underlying issues and cost pressures through the implementation of existing recovery plans as well as the development of new strategies.

1.12 The Council's Strategy to address the financial challenges faced now and in the future will continue and 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.
- the implementation of a number of savings proposals for 2014/15 which have already derived in-year savings.
- redeployment of staff directly affected by any restructuring proposals where vacancies exist.
- identification of 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

Appendix 4 Car Parking Income

Part 2 (for Overview and Scrutiny Only)

Appendix 5 Write offs above £5,000.

Documents available in Members' rooms

None.

Background Papers:

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

None.

