

Meeting: Council

Date: 22 September 2016

Wards Affected: All Wards

Report Title: Revenue Budget Monitoring 2016/17 – Quarter 1

Is the decision a key decision? No

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1. Purpose and Introduction

- 1.1 The quarterly revenue monitoring report provides a summary of the Council's revenue income and expenditure for the financial year 2016/17.
- 1.2 As at quarter one the Council's revenue budget is predicting an overspend of £2.1m primarily as a result of expenditure pressures in both children's and adults social care.

2. Recommendation (s) / Proposed Decision

- 2.1 That the forecast revenue budget position for 2016/2017 be noted.

3. Reason for Recommendation/ Proposed Decision

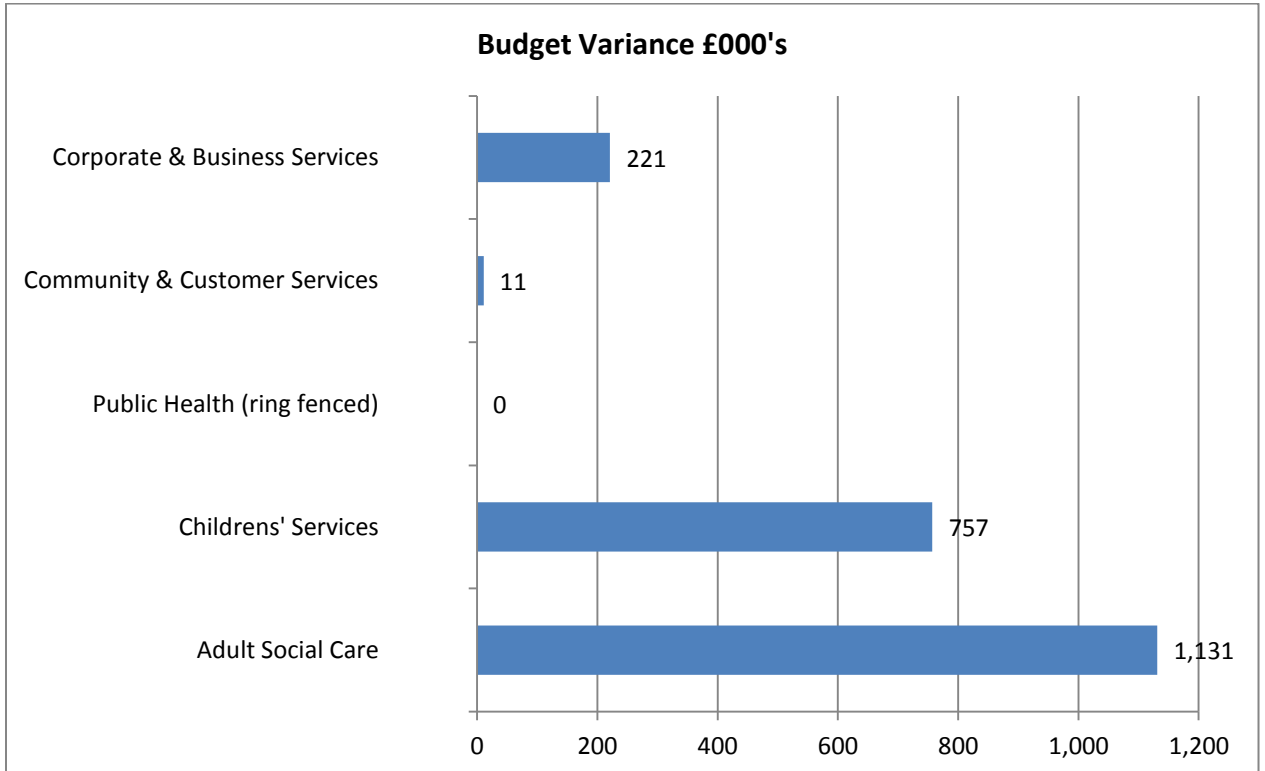
- 3.1 Report for review and information.
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Supporting Information

4. Position

4.1 Summary Position

- 4.2 As at quarter one the Council's revenue budget is predicting an overspend of £2.1m primarily as a result of issues in both children's and adults social care.
- 4.3 From October 2015, with the start of the Integrated Care Organisation (ICO), the Council now has a 9% risk share of the total financial performance of the ICO. The ICO is predicting an overspend in 2016/17. Torbay's share of the estimated forecast position is £0.9m which is part of an overall net forecast overspend of £1.1m for the year in all adult social care budgets.
- 4.4 The predicted overspend on children's social care of £0.8m is primarily the non achievement of the anticipated placement reductions in spend linked to the children's services cost recovery plan and the staffing costs, including agency staff, are above budgeted levels. These costs have been offset, in part, by in year recovery action.
- 4.5 This level of overspend is a cause for concern. In the absence of any compensating savings in other services Council will need to identify options to fund the over spend.
- 4.6 A bar chart summarising the projected budget variance by service for 2016/17 is as follows.



4.7 Detailed Position

4.8 The budget position for each service is shown in the table below:

Service	2016/17 Budget- revised as at June 2016			Forecast Full Year Variance as at Qtr 1 £000's	Direction of Travel
	Expenditure £000s	Income £000's	Net £000's		
Adult Social Care	37,250	-1,338	35,912	1,131	R
Children's Services	77,446	-48,490	28,956	757	R
Public Health	11,169	-11079	90	0	G
Joint Commissioning	125,865	-60,907	64,958	1,888	R
Community Services	30,168	-6,402	23,766	11	R
Customer Services	73,272	-69,455	3,817	0	
AD Community & Customer Services	103,440	-75,857	27,583	11	R
Commercial Services	6,494	-1,663	4,831	10	R
Finance	19,840	-8,819	11,021	185	R
Business Services	7,826	-11,864	-4,038	26	R
Regeneration & assets	6,686	-1,985	4,701	0	
AD Corporate & Business Services	40,846	-24,331	16,515	221	R
Total Expenditure	270,151	-161,095	109,056	2,120	
Sources of Funding	-	-109,056	-109,056	-37	G
Net Expenditure	270,151	-270,151	0	2,083	R

4.9 A narrative of the position in each service area is as follows:

Service	Variance to Budget £m	Main Variances in 2016/17
Adult Social Care	1.1	<p>From 1st October 2015 the Integrated Care Organisation started. The Council has a 9% risk share agreement from that date based on the total financial position of the Torbay and South Devon Healthcare Foundation Trust (SDH) – a share of a total budget of approximately £379m. Financial performance of SDH is reported to its board – minutes are available on the link below:</p> <p>http://www.torbayandsouthdevon.nhs.uk/about-us/board-meetings/</p>

		<p>The projected overspend for the Council's share of the forecast ICO overspend is £0.9m. This is in addition to the additional funds the Council provided as part of the Annual Strategic Agreement agreed by Council in July 2016.</p> <p>In other adult social care budgets there is a continuation of the prior year pressures on the Joint Equipment Store £0.2m</p>
Children's Services	0.8	<p>As a result of early monitoring within Childrens services recovery action on a projected overspend has been initiated. However the service is still forecast to overspend by £0.8m in 2016/17.</p> <p>The overspend is a combination of delays in the planned reduction in staffing levels and higher than forecast placement expenditure.</p> <p>It should be noted that given the value of placement costs there is a risk to the predicted overspend increasing over the remainder of the year.</p>
Public Health	0	Ring fenced budget
Community and Customer Services	0	<p>Community Services:</p> <p>Projected overspends on CCTV, Public Toilets, Housing Prevention Fund, Torre Abbey, Theatres and Sport offset by a projected saving from the 'Energy from Waste' plant.</p> <p>As per Council in July the costs of the Air Show have been met from reserves and contingency.</p>
Corporate and Business Services	0.2	Projected savings on audit fees and "corporate" pension payments, offset by a budget pressure on treasury management arising from lower rates on investments.
Sources of Funding	0	Grant higher than budget
Total	2.1	Projected overspend

4.10 2016/17 Savings

4.11 The 2016/17 budget relies on the achievement of £11.6m of approved savings. The Council's senior leadership team have been monitoring the achievement of these savings as part of the current year budget monitoring. The majority of savings are

being achieved; however the main areas of variance in the financial year are, as identified above, additional pressures within social care.

4.12 Risks & Sensitivity

4.13 The predictions for the full year outturn in this report are based on three months of financial information and will be subject to changes in both assumptions and demand.

4.14 Historically the Council's overall position improves in the last quarter of the year as actual expenditure and income for the year is finalised and impact of some future year savings are realised in year.

4.15 There are a number of financial risks facing the Council. Key risks are shown below:

Risk	Impact	Mitigation
Achievement of £11.6m of approved savings for 2016/17	High	16/17 Budget monitoring and "saving tracker" monitored by senior staff.
Potential cost impact of the Council's 9% risk share of total ICO performance	High	Monthly information is being provided by the ICO to Council supported by "contract" meetings
Potential impact and costs of judicial review for care home fees	High	Balance of CSR reserve and 2016/17 social care contingency to fund if required.
Achievement of Childrens' Services cost reduction plan	High	Regular monitoring of performance and recovery plan.
Identification, and achievement, of £18.5m of savings for 2017/18 to 2019/20	High	Issue identified in Medium Term Resource Plan. Draft four year Efficiency Plan now available with the final version to be presented to Council in September. Transformation Team set up to coordinate the implementation of potential transformation savings.
Additional demand for services particularly in childrens' social care	High	16/17 Budget monitoring, use of service performance data and recovery plan.
Ability of ICO to deliver a balanced budget in 2016/17 and to prevent further increases in expenditure in year.	High	Regular monitoring of performance and financial performance with challenge to ICO on cost improvements.

4.16 Implications on 2017/18 Budget

- 4.17 A number of 2016/17 budget monitoring issues link directly to the 2017/18 budget proposals. Where a saving has been achieved in 2016/17, if applicable, this will be reflected in 2017/18 budget proposals.
- 4.18 The areas of higher risk are in social care. In adult social care the impact of the total ICO current year position will be reflected in the ICO's financial planning and Cost Improvement Plans for 2017/18.
- 4.19 The new Director of Childrens services is reviewing the financial performance of children's services with a view to presenting to Council a revised financial plan supported by a level of detail to enable performance monitoring and challenge. The impact of this plan will form part of the Council's budget and reserve planning for 2017/18 and future years.

4.20 2017/18 Budget Process

- 4.21 The Mayor is expected to present his budget proposals for 2017/18 in November 2016 for consultation. The 2017/18 Budget is being presented to Council in February 2017.
- 4.21 Council at its meeting on the 22nd September will be asked to approve an Efficiency Plan that will be submitted to DCLG to enable the Council to accept the Revenue Support Grant funding "offer" for the next three financial years.
- 4.22 If the Council accepts the future year funding offer then the local government financial settlement due in December 2016 after the Autumn Statement (usually November 2016) may be less uncertain for the Council. The new Chancellor has been quoted as using the Autumn Statement to "reset fiscal policy", however the impact of this, if any, on local government is unknown.

4.23 Balance Sheet issues

- 4.24 No long term borrowing was taken or repaid so the Council's long term borrowing remained at £138m which was within the Council's approved Operational Boundary and Authorised Limit (for debt and long term liabilities as set by Council In February 2016).
- 4.25 The Council has interests in a number of companies. The financial performance for 2015/16 of these companies is included in the Council's statement of accounts (link below).
- 4.26 The total value of debtor write offs in the first quarter of 2016/17 was:

Service	Number of records written off	Value of write offs £000's	Number over £5,000
Council Tax	610	167	3
NNDR	67	184	14
Housing Benefit	323	114	3

4.27 Any write offs in the quarter over £5,000 were reported to the Overview and Scrutiny Board at its meeting on 14 September 2016.

Background Documents

2016/17 Budget digest & supporting reports, including 2016/17 Review of Reserves and the Medium Term Resource Plan.

<http://www.torbay.gov.uk/council/finance/budget/budget-201617/>

2015/16 Statement of Accounts

<http://www.torbay.gov.uk/council/finance/statement-of-accounts/>