

Summary of Main Variations

A. Performance

A1.1 The table below provides a summary of the projected outturn position for Council services based upon the four Commissioning areas.

Business Unit/Service	A 2011/12 Budget	B Spend to Date	D Projected Out-turn	E Variation at Out-turn
	£'000	£'000	£'000	£'000
Adults & Operations				
- Adult Social Care	41,937	17,147	43,587	1,650
- Business Services	2,615	1,886	2,488	(127)
- Chief Information Officer	3,999	2,115	3,949	(50)
- Commercial Services	2,586	1,297	2,509	(77)
- Finance	11,961	(2,454)	10,634	(1,327)
- Supporting People	6,379	3,861	6,312	(67)
	69,477	23,852	69,479	2
Children, Schools & Families	21,123	9,288	23,023	1,900
Communities & Local Democracy				
- Community Safety	2,864	824	2,637	(227)
- Community Engagement	1,427	702	1,377	(50)
	4,291	1,526	4,014	(277)
Place & Environment				
- Residents & Visitors	9,960	3,902	10,025	65
- Spatial Planning	5,565	2,727	5,751	186
- Torbay Development Agency	4,853	3,931	4,753	(100)
- Torbay Harbour Authority	0	(461)	0	0
- Waste & Cleaning	10,518	7,518	10,267	(251)
	30,896	17,617	30,796	(100)
Total	125,787	52,283	127,312	1,525

A2. **Main Variations**

A2.1 The following paragraphs identify, within each Commissioning area, identified variations against the approved budgets or concerns about emerging issues and risks in that area. Service managers consider the sensitivity of budget variations and the projected outturn position which is based on the most likely position at the time of writing this report.

Environment

A2.2 Services within the Environment portfolio are projecting to underspend their approved budget. However there are a number of variations within the three main services including budget pressures within Residents and Visitors and Spatial Planning which will need to be monitored closely over the next quarter.

(a) Resident's and Visitors

There is a projected overspend of £65,000 for this service. This is predominantly the result of a projected £208,000 overspend on energy costs for Street Lighting due to an in-year increase in energy tariffs of 50% from October 2011 and delayed implementation of the 'part night lighting' regime. As the final decision to implement "part night lighting" was not made until late February 2011 the time taken to procure the new switches and to receive the new parts meant work was not able to commence until the middle of May 2011. Officers are devising a recovery plan to help redress the impact of this increase.

Car parking income is projecting a minor shortfall of £20,000 against a budget of £5.230m. There have been savings of £135,000 within Decriminalised Parking Enforcement (DPE) due to vacancy management and accommodation savings.

Vacancy management and associated administrative savings within other service units of Resident's & Visitors have contributed further savings of £28,000.

(b) Waste and Cleaning

There is a projected underspend of £251,000 reported within Waste and Cleaning. This is due to reductions in waste tonnages sent to landfill, resulting in savings on landfill tax, gate fee and transportation costs which have been achieved by diversion of waste and recycling arising from the contract with TOR2.

(c) Spatial Planning

Concessionary Fares are projected to overspend by £60,000. Members will be aware this is one of the Council's volatile budgets and is subject to variation as it is partly influenced by the number of local residents and visitors to the Bay who utilise the service. The increase in expenditure results predominately from the full impact of a new bus service that commenced in 2010/11 and the increased usage this has generated as the service becomes more established. Increased demand and associated costs within this budget (which stands at £4.208m) are outside of the control of Torbay and will be monitored closely throughout the year.

With the demise of Planning Delivery Grant, the planning department has seen a significant reduction in its budgeted grant income this year. This and the impact of a reduction in fee income, reflecting the continued weakness in the national and local economy, has resulted in a shortfall in income. This has been partly offset through vacancy management but overall Spatial planning is projected to exceed its budget by £186,000.

Torbay Development Agency (TDA)

- (d) In response to the overall projecting overspend, £0.1m of budget for the repairs and maintenance budget will not be committed. This will be kept under review over the remainder of the financial year.

Children's Services

A2.3 Children's Services are projecting an overspend of £1.9m. The net overspend represents 9% of the total net revenue budget for Children's Services.

A2.4 Children's Services can be split into three main areas:

- Children's, Schools and Communities.
- Commissioning and Performance.
- Safeguarding and Wellbeing.

A2.5 The overspend is within Safeguarding and Wellbeing, due to increasing numbers and costs for Children In Care and placements within the independent sector and the costs for the continued use of agency social workers within the Children in Need service.

A2.6 A breakdown of the projected position is summarised below:

- (i) Children's, Schools and Communities are projecting an underspend of £0.624m. These savings are as a result of not making a contribution to the services redundancy provision in 2011/12 as the existing provision is adequate to meet any expected costs. Savings have also been achieved within the Locality teams across the Bay due to vacancy management.
- (ii) Commissioning and Performance is projecting an underspend of £0.138m due to vacancy management and a reduction in training.
- (iii) Safeguarding and Wellbeing is the most volatile budget within Children's and covers placements for vulnerable children and is projected to overspend by £2.662m. This is based upon current commitments and placement numbers and the projected duration of placements and related costs. The latest figures for the number of looked after children as at the end of September 247 which has increased from 213 as at 31 March 2011. The number of Children looked after has to be set in the context of the difficulties the Service has had in recruiting qualified staff and the need to cover this

through the employment of agency social workers which is contributing £1m to the projected overspend and £1m is the additional costs for placement of children being looked after.

- A2.7 Children's Services have updated their recovery plan to address the current position and this is shown in appendix 2.

Communities and Local Democracy

- A2.8 Services within Communities and Local Democracy are projecting to underspend by £277,000. The main variations are:

- Community Safety is projected to underspend by £227,000 as a result of vacancy management. This has been achieved by bringing forward and implementing proposed savings for 2012/13 and generating savings in the current financial year.
- Community Engagement is projecting a £50,000 underspend of which £40,000 is for vacancy management savings within the service and £10,000 due to savings within the Members allowances budget as a result of Members undertaken more than one responsibility which does not result in additional allowances.

Adults and Operations

- A2.9 Services within Adults and Operational Support are projecting a small overspend of £2,000. However, there are a number of variations within this portfolio of services with the largest projected overspend within Adult Social Care which has been offset by a number of savings which are summarised below.

Adult Social Care

- A2.10 Adult Social Care is a Commissioned service and is provided by the Torbay Care Trust. The partnership is managed through a pooled budget - a summary of the latest pooled budget is attached in appendix 3. The Pool budget comprises 3 elements, Community Based Teams, Commissioned Social Care and Management and Support Services.

- A2.11 Within the Social Care Commissioned Older People, Learning Disabled and Mental health Services are all projecting overspends with the largest overspend within then Learning Disabled Service.

(a) Learning Disability

As reported at quarter one the budget pressures within this client group are personal budgets and domiciliary care (supported living). The personalisation agenda has meant costs have increased within this area over the last few years however, to date there has not been corresponding decreases in traditional care services such as residential care. This has meant it has not been possible to transfer budgets from residential care to fund these increased costs. Underpinning

the cost pressures within this client group are a number of factors such as transitional cases from children services, ordinary residency issues, older family carers and costs relating to clients at risk of offending.

(b) Older People and Physical Disability

As reported previously, the main budget pressure is within non residential services such as domiciliary and day care and personal budgets. Whilst the Trust over the last five years has been successful in reducing traditional residential and nursing placements it has seen a movement of clients and cost to domiciliary care. Underpinning this cost pressure and older people in general is the demographic pressures of an ageing local population.

(c) Mental Health

The projected overspend is due to increased costs for residential and domiciliary care.

A2.12 The Torbay Care Trust's recovery plan to mitigate the overspend is shown in appendix 4.

A2.13 The main variations within the remaining services are summarised below.

1. Business Services are projecting an underspend of £127,000. This is due to a reduction in recruitment costs (£40,000) due to the reduction in the number of posts advertised. All vacant posts are reviewed by the Establishment Control Panel.

Business Services have achieved a further £80,000 of savings as a result of bringing forward a restructure of the service, which was identified as a 2012/13 budget saving.

2. Commercial Services are projecting an underspend of £77,000 due to vacancy management within the Information Governance and Legal Services teams.
3. The Chief Information Officer is projecting a £50,000 underspend due to reduced costs for IT licenses and by reducing the annual contribution to the IT renewals reserve.
4. Supporting People is projected to underspend by £67,000 due contractual negotiations with service providers and vacancy management.
5. Finance, which includes corporate budgets, are projecting an underspend of £1.327m. The variations are:
 - £0.104m of this saving is due to reduced staffing costs arising from reduced hours worked and vacancy management within the Business Unit.

- Treasury Management is projected to underspend by £200,000 due to better than expected investment returns due to close monitoring of the Council's cash balances.
- the costs of Audit fees and external inspection costs are projected to be £60,000 less than budgeted for due to a reduction in external audit fees.
- the council has a contingency of £278,000 which is currently uncommitted. Due to latest financial position it is recommended this contingency is released to offset the projected overspend.
- the council received New Homes Bonus of £305,000. This budget is uncommitted and due to latest financial position it is recommended this budget is released to offset the projected overspend.
- The council received a Local Services Support Grant of £380,000 after the budget was set in February 2011. This grant is un-ring fenced and is currently not committed. Due to the size of the current projected overspend it is recommended that this money is used to offset the overspend.

Strategy For in Year Budget Management

A2.14 The budget pressures identified are for services provided to the most vulnerable residents within the Bay and these are some of the council's most volatile budgets. Executive Leads and their respective managers continue to work hard to ensure the measures set out in the recovery plans will address, where possible, the budget pressures identified to date. These plans will be monitored closely by Executive Leads and managers and a further update on progress against these plans will be provided to Members in the next monitoring report.

A2.15 Executive Heads and Commissioners have taken a council wide view as to what efficiency savings, or reductions in uncommitted expenditure can be made up until the end of the financial year. A number of initiatives have been acted upon in the last quarter which has resulted in the savings identified within this report. However based upon the projected overspend reported further action is required. The following actions are being considered by all Executive Heads:

- what areas of budgeted expenditure could be ceased and an assessment of the services consequences.
- a review on all non front line expenditure to identify whether any expenditure in these areas could be reduced and the implications of any reductions will be assessed.
- The Establishment Control Panel to ensure further vacancy management controls are in place.
- Identification of any invest to save schemes that will have an immediate or cost savings in 2012/13.

A list of specific actions being considered by Executive Leads and officers are included as Appendix 5 to this report.

A2.16 Commissioners and Executive Heads will continue to scrutinise all areas of expenditure and assess the sensitivity of outturn projections by working closely with service managers to ensure expenditure is maintained within existing budgets. The identification of uncommitted expenditure which can be stopped will generate the largest savings. However, these will have service implications which will need to be recognised and assessed. Any further areas where uncommitted expenditure will be stopped will be reported verbally to Members of the Board.

A2.17 The Council is already faced with an extremely challenging financial outlook in the context of reducing government grant and increasing service demands over the next few years. It is therefore essential that services maintain expenditure within their approved budget otherwise the financial challenge will become harder in 2012/13 and beyond. The actions outlined above and the implementation of the action plans will support the Council in addressing the in-year pressures.

A4. Reserves

A4.1 At the beginning of the financial year the Council had reserves of £4.6m, that largest being the Comprehensive Spending Review (CSR) Reserve which was £3.1m. The purpose of the CSR reserve is to support the council in managing the financial challenges over the CSR period and making provision for any costs of restructuring council services and provision for any invest to save projects.

A4.2 The Council also has its general fund balance which is £4.0m. In response to concerns raised by our external auditors as to the level of the general fund balance, the Council set an internal target to reach 3% of its net revenue budget. As a result of the contribution to the general fund balance as approved by Council on 14 July, the current level is 3.2% which I consider to be a prudent level. It should be noted that the general fund reserve should only be called upon in emergencies.

A4.3 The annual review of all reserves will be undertaken as part of the budget preparation process and will be reported to Members in December. This process will allow the existing earmarked reserves to be challenged to ensure they are still required and to what level. The Review of Reserves report can be found on the following link <http://insight/index/information/finance/finance-newpage-2.htm>

A4.4 Members will be aware that all reserves are earmarked for specific purposes with the exception of the General Fund Reserve which remains the only fund the Council holds to meet emergency costs. The government has focused its attention on the level of Council reserves held within councils. It should be noted that any release of monies from reserves should only be used for one off purposes and cannot be used to sustain ongoing expenditure.

A4.5 The Mayor has agreed to release the following monies from reserves during 2011/12:

- £0.5m to support Children's Services to develop an Intensive Family Support Service.

- £0.250m to support the Bay's tourism sector.
- £0.1m to support revenue costs associated with the Princess Promenade repairs (Council decision).

A4.6 After taken these into account the level of reserves has fallen to £3.692m. However, in addition there are a number of other cost pressures which will further reduce the level of reserves the council holds. These include sunk costs arising from the redesign of the Office Accommodation Review estimated at £0.5m, redundancy costs which will arise from the 2012/13 budget round (£1.5m last year) and will be a cost in 2011/12. In addition, if the council is unable to declare a balanced budget at year end any overspend will have to be funded from these reserves. This will severely deplete the council's uncommitted reserves and impact upon how the council manages further reductions in government grant in 2013/14 and 2014/15.

A4.7 A summary of the council's uncommitted reserves is shown below:

Reserve	Working Balance £'m
Comprehensive Spending Review Reserve	3.100
Budget Pressures Reserve	0.443
Financial Strategy and Change Management Reserve	0.149
Balance at 31 September 2011	3.692
Possible calls upon reserves	
Sunk Costs – Office Accommodation Review	0.5 (estimated)
Redundancy Costs arising from 2012/13 budget	1.5 (estimated)
2011/12 overspend	1.5 (latest position)

A.5 Dedicated Schools Grant (DSG)

A.5.1 The Dedicated Schools Grant in 2011/12 is £84.2 and is used to fund all Schools Related Expenditure. The DSG is currently reporting a projected underspend of £0.113m. The DSG is a ring fenced grant and can only be used to fund schools related activities.

A.6 Debtors Monitoring

9.1 This section of the report provides Members with an update for the second quarter of 2011/12 in respect of council tax and business rate collection. It also sets the background and benchmarks against which future performance will be monitored and assessed during the current financial year.

Council Tax

- 9.2 The targets for the collection of Council Tax 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.
- 9.3 The Council is due to collect £59.4m after the granting of mandatory relief and Council Tax Benefit in the period April 2011 to March 2012. To date the Council has collected £32.3m which is about 54.27% of the Council Tax due in year. The collection level is in line with last year's performance.
- 9.4 The total arrears outstanding at 31 March 2011 were £3.7m and this has been reduced by £1.2m which is about 31.5% of the total arrears due.
- 9.5 There are no Council Tax write-offs over £5,000 to report.

Non-Domestic Rates

- 9.6 The targets for the collection of NNDR (business rates) re:
- (i) collect 98.0% of the business rates due within the 12 months of the financial year (i.e. April to March); and
 - (iii) collect 50% of the arrears brought forward from previous years.
- 9.7 The Council is due to collect £35.9m after the granting of mandatory relief in the period April 2011 to March 2012. To date the Council has collected £20.5m which is about 57.1% of the business rates due in year. The collection level is around 2.5% down on last year's performance.
- 9.8 The total arrears outstanding were £1.49m and this has been reduced by £0.6m which is about 39.7% of the total arrears due.

The write-offs in respect of debts over £5,000 are listed in Appendix 5