

Report to Cabinet

Title:	Q1 2018/19 Finance Monitoring Report
Date:	9 July 2018
Author:	Cabinet Member for Resources
Contact officer:	Jane Parker, Senior Accountant x2843
Local members affected:	n/a
Portfolio areas affected:	[Portfolio areas]

For press enquiries concerning this report, please contact the media office on 01296 382444

[Guidance can be found on the intranet at the following link:

<https://intranet.buckscc.gov.uk/how-do-i/member-services/decision-making/>

Is the report confidential? Please contact Member Services.]

Summary




Purpose of the Report

This report provides information on the financial performance for the Council to the end of Quarter 1 of the financial year 2018/19.

Background

The financial information informs Cabinet of the forecast revenue and capital position for the financial year 2018/19. A full analysis of the outturn of Portfolios is contained in the appendix to this report.

As well as narrative information, financial performance against target is shown visually as follows:

	Green	Performance is on or above target. (Revenue under spends against budget and overspends up to +0.1% are shown as green)
	Amber	Performance is below target (+0.1% to +1%) for financial performance
	Red	Performance is well below target (worse than +1%) for financial performance

Recommendation

Cabinet is asked to NOTE the Quarter 1 outturn forecast for revenue and capital budgets and discuss areas of concern.

A. Narrative setting out the reasons for the decision

1. Context – National

A recent National Audit Office report (March 2018) recognised the significant reductions in Central Government funding of local authorities from 2010/11 onwards and, in particular, the pressures being faced by authorities with social care responsibilities.

It is notable that 66% of local authorities with care responsibilities drew down on their reserves during 2016/17. This is directly as a result of increased demand and cost pressures. Local Government funding has been reducing whilst statutory obligations have not reduced.

The Local Government Association (LGA) has undertaken some research and this shows that nationally 75% of councils reported an overspend of more than £0.5m in 2015/16 within Children’s Social Care and that the national overspend on Adult Social Care in 2016/17 was £366m.

The Local Government Association (LGA) has forecast that Local Government will have a funding gap of over £5bn by 2020. The gap for adult social care is forecast to be £2.2bn whilst the funding gap for children’s services will be approximately £2bn. Additionally, over the past decade child protection enquiries have increased by more than 150%.

Context – Local

Buckinghamshire County Council (BCC) has a good track record of managing within its overall budget. In seven of the last eight years there has been an overall underspend despite experiencing pressures within social care services. In 2017/18 there was an overall underspend of £2.9m which helped to increase our level of General Fund reserves. These currently stand at £26.2m, which represents 7.7% of our net budget requirement. Cabinet received a report on the 21st May 2018 around

the financial sustainability of the Council which recognised that the Council has sufficient levels of reserves (allocated and unallocated) and high Member involvement, including a strong Regulatory & Audit Committee, exists.

Nevertheless, the Council is experiencing significant pressures on services which are impacting on the current budget position. The revenue budget outturn is summarised in Table 1 below. The key Portfolio variances are explained in **Appendix 1**.

At the end of June the Council is forecasting that there will be a £1.2m forecast overspend for the year end March 2019. At a Portfolio level, there are significant overspends at the present time in Children's Services (£1.95m – 2.9%) and Education & Skills (£1.34m – 6.0%). There are further small overspends in Community Engagement (2.0%), Health and Wellbeing (0.2%) and Resources (1.0%). The overspends are partially offset by a forecast underspend in Corporate Costs of £2.76m (0.9%). The spending position is monitored on a monthly basis with a number of actions being taken to manage spend within the budget envelope; further information in relation to these actions is contained later in this report.

The Children's Services forecast overspend of £1.95m is after the allocation of the prudent contingency of £3.3m that the Council set aside in recognition of the volatile nature of spend in this service area. The key pressures are the placement costs and the costs of Legal support both as a result of growth in numbers and the complexity of cases. The number of Looked After Children has increased by approximately 30 since September 2017 (455 to 485). Placement budgets for Looked After Children are currently projected to overspend by £1.2m. Expenditure is driven by the statutory need to accommodate children when they need protecting. There are often few, if any, placement choices for children with the most complex needs who are very expensive to place. For example, a full year in residential care for one child can cost upwards of £300k. Placements are being reviewed with all decisions being made by a Placement Panel chaired by the Service Director.

Legal budgets in Children's Services are currently projected to overspend by £0.7m. The service anticipates that service improvement may result in a higher spend than last year with increased complexity of current court cases as well as an increasing demand for existing care proceedings. More detailed work is taking place to mitigate this risk. The realignment of the service with the creation of a central Court Team is central to making and sustaining changes in practice which, in turn, should have a positive impact on legal spend.

The Education & Skills forecast overspend of £1.34m is mainly due to an expected overspend in client transport of £1.3m in SEN transport and Post 16 / Further Education transport. This reflects increased demand as well as a shortfall in income against target. The forecast takes account of the full year effect of 100 additional post-16 students with SEND accessing transport in September 2017 (c80% increase in numbers) and a projected further increase from September 2018.

All Portfolios forecasting an overspend are drawing up action plans to mitigate these pressures. In addition Portfolios have been asked to carry out a detailed review of their budgets in order to identify actions to bring the overall Council spend to within the approved budget. Many of the proposed actions being taken are included within the Appendix to this report.

Appendix 1 also provides a summary of the outstanding debt position and the payment performance for both 10 days and 30 days payments.

Table 1 – Summary of Council revenue budget outturn as at June 2018

Portfolio Area	Outturn £000	Budget £000	Variance £000	Variance %
Leader	7,084	7,087	(3)	(0.0%)
Community Engagement	9,107	8,928	179	2.0%
Health & Wellbeing	132,155	131,934	221	0.2%
Children's Services	69,805	67,859	1,946	2.9%
Education & Skills	23,833	22,491	1,342	6.0%
Resources	25,487	25,230	258	1.0%
Planning & Environment	10,047	10,163	(116)	(1.1%)
Transportation	28,881	28,798	83	0.3%
Subtotal - Portfolios	306,400	302,490	3,909	1.3%
Corporate Costs (non Portfolio)	(305,247)	(302,490)	(2,756)	0.9%
Overall BCC	1,153	0	1,153	

2 Capital Budget Outturn

The capital budget outturn is summarised in Table 2 below. At this early stage in the year the forecast underspend is £4.64m.

Within the Leaders Portfolio, there is slippage of £0.7m on LEP schemes primarily due to A4 Taplow, A413 Winslow cycleway Stocklake Link Road, Eastern Link Road Southern and High Wycombe Town Centre Master Plan (HWTCMP).

There is a review of capital requirements for respite care within the Health & Wellbeing Portfolio and so an underspend of £2.8m is currently forecast pending the outcome of the review.

Education and Skills Portfolio is forecasting an underspend of £0.8m on Primary, Secondary and SEN provision.

The Transportation Portfolio is forecasting slippage of £0.3m due to delays in implementing the freight strategy.

Table 2 – Summary of Council capital budget outturn as at June 2018

Portfolio Area	Outturn £000	Budget £000	Variance £000	Variance %
Leader	17,596	18,297	(701)	(3.8%)
Community Engagement	1,509	1,509	-	0.0%
Health & Wellbeing	-	2,800	(2,800)	(100.0%)
Children's Services	1,260	1,257	3	0.2%
Education & Skills	45,547	46,358	(812)	(1.8%)
Resources	9,488	9,488	-	0.0%
Planning & Environment	2,361	2,361	-	0.0%
Transportation	36,996	37,327	(331)	(0.9%)
Subtotal - Portfolios	114,756	119,396	(4,641)	(3.9%)
Corporate	811	811	-	0.0%
Overall BCC	115,567	120,207	(4,641)	(3.9%)

B. Other options available, and their pros and cons

None arising directly from this report

C. Resource implications

Actions resulting from consideration of this report may influence future expenditure in areas of concern / interest.

D. Value for Money (VfM) Self Assessment

All decisions involving finances are scrutinised to ensure that the best value for money is achieved.

E. Legal implications

None arising directly from this report

F. Property implications

None arising directly from this report

G. Other implications/issues

None arising directly from this report

H. Feedback from consultation, Local Area Forums and Local Member views

None arising directly from this report

I. Communication issues

Quarterly budget monitoring reports are published on the Council's website.

J. Progress Monitoring

The budget monitoring report is updated on a monthly basis.

K. Review

Not applicable.

Your questions and views

If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.

If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Member Services Team by 5.00pm on Friday 6 July 2018. This can be done by telephone (to 01296 382343), or e-mail to democracy@buckscc.gov.uk