

# Report to Cabinet

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<b>Title:</b>	<b>Budget Monitoring Report 2015/16 – Quarter 1</b>
<b>Date:</b>	Monday 20 July 2015
<b>Date can be implemented:</b>	Tuesday 28 July 2015
<b>Author:</b>	Cabinet Member for Resources
<b>Contact officer:</b>	Matt Strevens, Corporate Finance Business Partner, 01296 383181
<b>Electoral divisions affected:</b>	All
<b>Portfolio areas affected:</b>	All

## Purpose of the Report

This report provides information on the financial performance for the council for the first quarter of the financial year 2015/16.

The Financial information informs Cabinet of the quarter 1 revenue and capital forecast outturn position for the financial year 2015/16. A full analysis of the forecast outturn of Portfolios and the Council as a whole is contained in the appendices to this report.

## Background

This report shows the budget monitoring position as forecast by Budget Holders on SAP.

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

	<b>Green</b>	Performance is on or above target  (Revenue under spends against budget and overspends up to +0.1%) (Capital underspends / slippages up to 10%)
	<b>Amber</b>	Performance is below target  (+0.1% to +1%) for financial performance (Capital slippage over 10%) (-0.1% to 5%) for non financial performance
	<b>Red</b>	Performance is well below target  (worse than +1%) for financial performance (worse than 5%) for non financial performance

## Summary

### 1. Managing Resources (Finance)

#### Revenue

The overall revenue forecast is an overspend of £0.3m. This comprises portfolio overspends of £5.7m, offset by underspends in Corporate Costs (contingencies) of £5.4m.

Table 1 of **appendix 1** shows a breakdown of both the Portfolios forecast revenue overspend which is £5.7m (1.9%) against the net portfolio revenue budget of £295.2m, and the Corporate Costs and Funding position according to the forecasts entered on SAP for the end of June 2015.

The most significant pressure falls in the Health and Wellbeing portfolio, which is forecasting an overspend of £2.4m. This reflects a base pressure of 6.9m offset by actions to bring this down to £2.4m. Further detail is reported in Appendix 2.

Further details on all revenue budgets are set out in the Portfolio tables in **appendix 2** of this report.

#### Capital

Overall the Capital Programme shows a net underspend of £10.8m against planned budgets for the year, according to the forecasts for the end of June 2015. It is likely that a significant proportion of this relates to project slippage.

Significant variances largely relate to forecasts not being appropriately updated. The financial system will be updated in July to reflect the correct forecasts.

Further details on the capital budgets are set out in the Portfolio tables in **appendix 2** of this report.

#### Other Financial Issues

Details of the monitoring of general fund reserves and payment performance are reported after the tables in **appendix 2** of this report.

## Recommendation

### Cabinet is asked to:

1. **Note the forecast outturn position for revenue and capital budgets and discuss areas requiring attention.**

### A. **Narrative setting out the reasons for the decision**

A full analysis of the forecast outturn and financial performance for the Council for the financial year 2015/16 is contained in **the attached appendices**.

**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**

This reports delivery against the Strategic Plan 2013-17. The content of the Strategic Plan was agreed and published taking into account views of all local members.

**I. Communication issues**

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

**J. Progress Monitoring**

The budget and performance monitoring report is updated on a monthly basis to One Council Board.

**K. Review**

Not applicable.

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**Background Papers**

Previous Monitoring reports.

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## **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 Monday 27 July. This can be done by telephone (to 01296 387969) or e-mail to [democracy@buckscc.gov.uk](mailto:democracy@buckscc.gov.uk)*

## 1. Revenue Budget issues

- 1.1. The revenue budgets are summarised in Table 1 below. The significant variances are detailed in the relevant Portfolio tables that follow.
- 1.2. The outturn shown in Table 1 is compared to the forecast outturn position at the end of June for each Portfolio.

**Table 1 – Summary of Council revenue budget forecast**

Portfolio Area	Budget for year £000	Forecast Outturn £000	Forecast variance £000	Forecast variance %
<b>Portfolio</b>				
Leader	5,657	5,737	80	1.4%
Community Engagement	11,564	11,536	(28)	(0.2%)
Health and Wellbeing	119,444	121,859	2,415	2.0%
Children's Services	54,501	54,804	303	0.6%
Education and Skills	22,033	22,512	479	2.2%
Finance & Resources	21,523	22,475	952	4.4%
Planning and Environment	18,437	18,375	(62)	(0.3%)
Transportation	27,153	27,887	734	2.7%
Client Transport	14,930	15,725	795	5.3%
Transformation Savings	0	0	0	0.0%
<b>Subtotal - Portfolios</b>	<b>295,242</b>	<b>300,910</b>	<b>5,668</b>	<b>1.9%</b>
<b>Corporate Costs (Non Portfolio)</b>				
Treasury Management & Capital Financing	29,274	29,274	0	0.0%
Contingencies	8,522	3,129	(5,393)	(63.3%)
Other Corporate Costs	1,172	1,172	0	0.0%
<b>Subtotal - Corporate Costs</b>	<b>38,968</b>	<b>33,575</b>	<b>(5,393)</b>	<b>(13.8%)</b>
<b>Overall BCC</b>	<b>334,210</b>	<b>334,485</b>	<b>275</b>	<b>0.1%</b>
<b>Financing</b>				
Council Tax	(236,103)	(236,103)	0	0.0%
Council Tax Grant	0	0	0	0.0%
Revenue Support Grant	(41,823)	(41,823)	0	0.0%
Business Rates Retention	(17,575)	(17,575)	0	0.0%
Top Up Grant	(25,181)	(25,181)	0	0.0%
Education Service Grant	(5,513)	(5,513)	0	0.0%
Other Un-Ringfenced Grants	(7,310)	(7,310)	0	0.0%
Contrib to/(Use of) Earmarked Reserves	(300)	(300)	0	0.0%
Contrib to/(Use of) General Reserves	(404)	(404)	0	0.0%
<b>Subtotal Financing</b>	<b>(334,209)</b>	<b>(334,209)</b>	<b>0</b>	<b>0.0%</b>
<b>Net Budget</b>	<b>0</b>	<b>276</b>	<b>276</b>	

## 2. Capital Budget Issues

- 2.1 The capital budgets are summarised in Table 2 below. There is an overall underspend / slippage of £3.6m (4.6%) on released capital projects.
- 2.2 There is a total of £25.5m unreleased capital budget across the Authority, reflecting schemes which have yet to satisfy criteria for the release of funding.

**Table 2 - Capital Budget Table as at June 2015**

	Budget	Actuals	Forecast	Forecast
	£000	£000	Outturn	Variance
			£000	£000
<b>Total Children's</b>	0	93	0	0
<b>Total Community Engagement</b>	269	5	0	(269)
<b>Total Education &amp; Skills</b>	18,480	819	19,814	1,334
<b>Total Health &amp; Wellbeing</b>	5,190	92	638	(4,552)
<b>Total Leader</b>	2,959	(122)	0	(2,959)
<b>Total Planning &amp; Environment</b>	5,927	330	2,853	(3,074)
<b>Total Resources - ICT</b>	2,579	149	958	(1,621)
<b>Total Resources - Property</b>	4,816	951	7,180	2,364
<b>Total Transportation</b>	34,434	1,861	32,443	(1,991)
<b>Grand Total</b>	74,654	4,178	63,886	(10,768)
Summary:		Expenditure - Released		
	78,903	4,315	75,299	(3,604)
	25,518	93	1,308	(24,210)
	(29,767)	(137)	(12,721)	17,046
	74,654	4,271	63,886	(10,768)

**Cllr. Martin Tett, Leader of the Council**

**Financial Performance – Leader Portfolio**

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>REVENUE</b>	<b>5,657</b>	<b>5,737</b>	<b>80</b>	<b>1.4%</b>	

**REVENUE – COMMENTS**

It is expected that the portfolio will overspend by £80k as a result of the post of Head of Civic and Ceremonial Services being reinstated following consultation. The service is working on plans to address the situation.

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>CAPITAL</b>					
<b>Released</b>	<b>857</b>	<b>0</b>	<b>-857</b>	<b>-100%</b>	
<b>Unreleased</b>	<b>15,974</b>	<b>0</b>	<b>-15,974</b>	<b>100%</b>	
<b>Income</b>	<b>-13,872</b>	<b>0</b>	<b>13,872</b>	<b>-100%</b>	

**CAPITAL - COMMENTS**

It is expected that the released budget will be fully utilised this year and that forecasts will be in line with the Asset Strategy Board report in June and so will break even for the year. Forecasts need to be entered onto the financial system.

**Cllr. Martin Phillips Cabinet Member for Community Engagement and Public Health**

**Financial Performance – Community Engagement and Public Health**

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>REVENUE – Community</b>	11,564	11, 536	-28	-0.2%	
- Public Health	0	0	0	0%	

**REVENUE – COMMENTS**

Overall the Community Engagement & Public Health is forecasting an underspend of £28k at the end of June mainly as a result of £23k carry-forward underspend from 2014-15 to Community Safety

There are ongoing discussions with regard to the unallocated Transformation savings of £132k to determine if this is achievable.

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>CAPITAL</b>					
Released	19	0	-19	-100%	
Unreleased	250	0	-250	-100%	

**CAPITAL - COMMENTS**

£19k relates to the Library Management System and is slippage from 2014/15 which will be spent in year on self-service terminals. £250k for the Halton Museum Collection and Learning Centre has not yet been released. It is anticipated that the request for release will be made at July Asset Strategy Board for completion in this financial year. Forecasts to be input once approval is gained

**Cllr. Mike Appleyard, Deputy Leader of the Council and Cabinet Member for Health & Wellbeing**

**Financial Performance – Health & Wellbeing Portfolio**

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		
			£000	%	
<b>REVENUE</b>	119,444	121,859	2,415	2%	

**REVENUE – COMMENTS**

The budget shortfall for Health and Wellbeing portfolio is £6,800k however a recovery plan has been put in place and for 15/16 the portfolio is forecasting an overspend of £2,415k generated by cost pressures in the nursing, Dom care and direct payments, the latter being an important cost avoidance initiative. Within the recovery plan, £1.4m of mitigations are of one off nature and £3.1m of Care Act monies are included in the forecast. The unfunded spending pressure to be carried forward to 16/17 is therefore £6.9m as it currently stands.

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>CAPITAL</b>					
Released	1,808	1,577	-231	-13%	
Unreleased	4,357	50	-4,307	-99%	
Income	-975	-989	-14	-1%	

**CAPITAL - COMMENTS**

There is a £231k reduction forecast under the released budget for Day Care that relates to slippage.

£3,400k of the unreleased budget relates to Day Care in High Wycombe. Management will review business cases and agree a plan of action. Forecast will be updated accordingly. £900k of unreleased funding relates to Special Nursing Provision.

**Cllr. Lin Hazell, Cabinet Member for Children's Services & Cllr. Zahir Mohammed, Cabinet Member for Education & Skills**

Financial Performance –Children's Services and Education and Skills Portfolio including Client Transport					
Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>REVENUE</b>					
Children's Service C1	54,501	54,804	303	0.6%	
Education and Skills (non DSG) C2	39,210	40,484	1,274	3.2%	

**REVENUE – COMMENTS**

**Children's Services (C1)**

£70k of the forecasted overspend is due to early estimates on proposals to raise the rate for foster care allowances and increase the number of in-house carers - additional costs that should be met from central contingency budgets and not portfolio budgets. This position is being revised to include County-wide proposals on all placements. The balance of the overspend is forecasted on staffing budgets across Children's Services and highlights the budget pressure arising from the use of agency staff. Work is being undertaken to correctly identify the position for year end.

**Education and Skills (non DSG) including Client Transport (C2)**

Client Transport is currently forecasting £795k overspend, of which £682k is attributable to the Children Social Care and Learning and £113k to Adult Social Care. The overspend forecast within the Children Social Care and Learning consists of £284k overspend on mainstream transport, £300k on Special Educational Needs and Disabilities (SEND) and Pupil Referral Units (PRU's) and £75k on Safeguarding. The mainstream overspend is a result of an underachieved efficiency of £142k and an inherited overspend from 2014/15 of £140k. Overspend forecasts for SEND, PRU and Safeguarding are mainly due to the inherited overspend from 2014/15. However, recent increase in demand within SEND has led to an increase in the forecast by £75k which contributes to overspend in SEND.

An overspend of £417k is being forecasted in Management for Learning Skills and Development relating to increase in the cost of enhanced pensions (£279k), covering for an interim post and higher costs on Courses and Conferences.

Education Psychology Service is forecasting a £70k overspend as result of inability to fully meet the allocated MTP saving target of £109k and changes to the income streams in the service. Currently a business case is undertaken to look at options of increasing income streams to reduce this pressure.

<b>Cllr. John Chilver, Cabinet Member for Resources</b>
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<b>Financial Performance – Resources Portfolio</b>					
Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>REVENUE</b>	<b>21,523</b>	<b>22,475</b>	<b>952</b>	<b>4.4%</b>	

**REVENUE – COMMENTS**

Business Services Plus (BSP) is forecasting an overspend of £700k.

The main pressure is within Property Consultancy, which is forecasting an overspend of £415k owing to the cost of legionella and asbestos surveys being £115k in excess of the £209k reserve available; £180k for reactive repairs and maintenance (part of MTP savings that cannot be delivered within the maintenance contract). The pressure in surveys and reactive repairs continues to be discussed as to what can be delivered within the funding available and an action plan agreed. There is a forecast overspend in Health & Safety (£116k), primarily consisting of £53k on staffing costs, together with £45k on income, but work is being undertaken to ascertain what is statutorily required to be undertaken, which could identify additional capacity for the sale of discretionary Health and Safety services.

The other are of BSP overspend is in BSP Operations (£276k) consists of £71k in Property Operations owing to additional maintenance outside of the Europa contract and compliance issues at the Sports & Social Club. There are also forecast overspends in Customer Services (£125k) owing to income targets which are unlikely to be achieved. A budget transfer from Children's Services to Corporate Business Support (CBS) has still to be effected, but this is reflected in the forecast overspend for CBS of £73k, otherwise the overspend would be greater.

There is a forecast overspend of £120k in HQ Assurance which relates to the Carter Jones contract in Strategic Assets. This has arisen due to an underlying 2014/15 overspend and further undeliverable MTP savings of £100k.

There is a forecast overspend of £149k in Regeneration & Infrastructure (TEE Business Unit) following an initial review of staff costs anticipated to be capitalised. Further work on this is currently being undertaken with a view to a break even position being delivered any action plan required will be included in 2<sup>nd</sup> quarter report.

A fundamental review of property budgets is taking place across HQ and the business units.

Future Shape savings will be allocated across the Portfolio / Business Units once income / savings opportunities are identified, but there is still a risk of not delivering in full the Strategic Options Appraisal and Digital First Future Shape savings. This will continue to be monitored closely and reflected in future reports. In the meantime the Service continues to review all activity budgets across the portfolio to identify opportunities for reducing expenditure and achieving a balanced position.

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>CAPITAL</b>					
Released	6,616	9,053	2,437	37%	
Unreleased	1,296	0	-1,296	-100%	
Income	-517	-915	-398	-77%	

**CAPITAL - COMMENTS**

Property is forecasting an overspend of £3,880k owing to shortfall in the budget to cover planned works and boiler repairs (£2,580k) together with Legionella control works (£1,300k) based on risk assessments. The detail of the anticipated programme is being agreed with HQ Assurance, particularly in light of the revenue pressure for condition surveys that will inform the programme. This pressure is expected to be covered by the slippage bid to Asset Strategy Board, which has not yet been agreed and so is not reflected in the current budget position.

ICT's outturn forecast is showing an in year underspend on SAP of £1,621k, although the Future Shape work (£1,500k) is expected to be fully spent by the end of the year. The forecast outturn is likely to be nearer breakeven.

Cllr. Warren Whyte – Member for Planning & Environment					
Financial Performance – Planning & Environment Portfolio					
Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>REVENUE</b>	<b>18,437</b>	<b>18,375</b>	<b>-62</b>	<b>-0.3%</b>	
<b><u>REVENUE – COMMENTS</u></b>					
<p>Overall the Planning &amp; Environment portfolio is forecasting an underspend of £62k (0.3% of budget) at the end of June. Future shape savings are progressing but it is too early to forecast these with certainty. Progress is being made overall within TEE to achieve savings and in particular from Energy from Waste which have been forecast at MTP budget savings line at £1m. The business unit is working with FCC to ensure this and further additional savings can be delivered and to push for additional net savings after covering increased costs. There are additional pressures relating to investment in staff from the impact of the Waste Team consultation.</p>					

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>CAPITAL</b>					
<b>Released</b>	<b>4,837</b>	<b>2,342</b>	<b>-2495</b>	<b>-52%</b>	
<b>Unreleased</b>	<b>1,169</b>	<b>510</b>	<b>-659</b>	<b>-56%</b>	
<b>Income</b>	<b>-79</b>	<b>0</b>	<b>79</b>	<b>100%</b>	

**CAPITAL – COMMENTS**

The budgets loaded include MTP approved amounts and carry forwards approved through Asset Strategy Board (ASB) and Council.

Overall variance is underspend/slippage of £3,075k.

TEE Business Unit is confident that this is a reporting on SAP timing issue and at this stage there are no significant underspends / slippage expected. Where forecasts have not been entered on SAP project managers have been challenged.

It should be noted that the Ad hoc waste shredder was reviewed by ASB and will be moved to the released budget in July. In addition both the Marlow flood defence and Waste Transfer Station schemes both require reprofiling and reports to ASB are being prepared.

Work is currently being undertaken to confirm all budgets and carry forwards and also to review accruals b/fwd.

**Cllr. Mark Shaw, Cabinet Member for Transportation**

**Financial Performance – Transportation Portfolio**

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>REVENUE</b>	<b>27,153</b>	<b>27,887</b>	<b>734</b>	<b>2.7%</b>	

**REVENUE – COMMENTS**

Overall the Transportation portfolio is forecasting an overspend of £734k (2.7% of budget) for the year.

This includes significant cost pressures emerging in Transport for Bucks (TfB) budgets amounting to circa £1m which will need to be funded from the TfB budget, reducing delivery in Transportation. These pressures include an overspend from 14/15 of £106k carried over into 15/16, insurance claim liabilities, system change costs (Invest to Save project), service delivery pressures (parking and transformation implementation costs) and a Rights of Way court case. The internal transformation work along with a review of the pressure areas is aiming to deliver a balanced budget and an action plan will be included in the 2<sup>nd</sup> quarter report. Future shape transformation savings are not included as expected in the forecast at present. Work is progressing, but is at too early a stage to be able to forecast savings in 15/16.

The Service continues to review all activity budgets across the Transportation budget to identify opportunities for reducing expenditure and achieving a balanced position.

Type	Budget for year £000	Provisional Outturn £000	Year end Variance		Performance
			£000	%	
<b>CAPITAL</b>					
<b>Released</b>	<b>37,319</b>	<b>32,508</b>	<b>-4,811</b>	<b>-13%</b>	
<b>Unreleased</b>	<b>540</b>	<b>0</b>	<b>-540</b>	<b>-100%</b>	
<b>Income</b>	<b>-3,425</b>	<b>-65</b>	<b>3,360</b>	<b>-98%</b>	

**CAPITAL - COMMENTS**

The overall capital position shows an underspend/ slippage for Transportation of £4,811k on released capital, £540k unreleased capital and an income deficit of £3,360k. These are attributable to timing issues and at this stage in the year there are no significant underspends/ slippage expected on the capital schemes. Some reprofiling is expected in due course. Where forecasts have not been entered on SAP, project managers have been challenged and at this point there are no significant variances expected. Forecasts have been entered for the TfB schemes and are currently on target.



## 1. Corporate Costs includes Treasury Management & Capital Financing, Contingencies and other Corporate budgets.

At present Corporate Cost is forecasting an underspend of £5.4m, which relates to contingencies currently not released, or planned for release. Contingencies forecast for release are as follows;

- Severe Weather       £500k
- Pay Award             £1,879m
- Redundancy Fund     £750k

## 2. General Reserves

General fund reserves as at 1st April 2015 were £21.044m, prior to agreement of carry forward revenue budgets to portfolios and the release of £3m for plane and patch road works, as agreed by full county council in May 2015. Increases in reserves have resulted from the allocation of the 2014/15 carry forward overspend of £0.106m , whilst forecast reserve levels have reduced due to the planned use of General reserves to fund one-off items in the agreed budget. The statement below summarises the position.

		£'m	£'m
General Fund reserves @ 1 April 2015			21.044
Plus:	Carried forward overspend	0.106	0.106
Less:	Planned use of reserves in MTP	(0.404)	
	Curent underspend	(0.276)	
	Council agreed additional Capital Plane & Patch works	(3.000)	(3.680)
Latest Estimate of General Fund Reserves @31/03/16			17.470