

Report to Cabinet

Title:	Budget Action Plans
Date:	12 September 2016
Date can be implemented:	20 September 2016
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Local members affected:	
Portfolio areas affected:	All

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

Summary

The Quarter 1 Budget monitoring report to Cabinet reported and identified a significant overspend in the Portfolio Revenue budget for the financial year 2016/17. The purpose of this report is to present to Cabinet the action plans which have been developed by Portfolio management teams to address the reported overspend position, report on progress against these plans and highlight the risks in their delivery.

Recommendation

Cabinet is asked to:

- 1. Note the action plans proposed and the mitigating actions within them, including risks and consequences associated with their delivery, and discuss areas requiring attention.**
- 2. Provide a steer on the acceptability of proposals made and other options which might be considered.**

Introduction

Under Section B6 (Financial Control) paragraph B6.5 of the Financial Regulations the following applies;

'If net expenditure exceeds an approved budget for a project or service the HQ / Managing Director will as soon as possible report it to the relevant Cabinet Member(s) and Director of Assurance and take all appropriate mitigating action.'

The purpose of this report is to respond to Cabinet's request for reporting of action plans to address areas where net revenue expenditure is forecast to exceed the approved budget, and identify and formalise the mitigating actions which are planned to address these forecast overspends.

Latest Portfolio outturn position

At Cabinet on 11th July 2016 the Quarter 1 financial monitoring report was presented. The forecast outturn within this report was a very early estimate of the outturn, largely based on May data, and significant action has been taken to review and better understand the pressures on budgets reported within that report.

The table below reflects the latest forecast outturn by Portfolio, as at the middle of August, incorporating the detailed review and resultant revised forecasts.

Table 1 – latest Portfolio forecasts

Portfolio Area	Forecast Outturn £000	Budget £000	Variance £000	Variance %
Leader	6,740	6,817	- 77	-1.1%
Community Engagement	10,227	10,227	-	0.0%
Health & Wellbeing	126,756	126,756	-	0.0%
Children's Services	59,045	56,545	2,500	4.4%
Education & Skills	34,398	31,268	3,130	10.0%
Resources	23,368	23,287	81	0.3%
Planning & Environment	10,917	11,036	- 119	-1.1%
Transportation	27,757	27,559	198	0.7%
Subtotal - Portfolios	299,208	293,495	5,713	1.9%
Corporate Costs (Non Portfolio)	- 299,340	- 293,512	- 5,828	2.0%
Overall BCC	- 132	- 17	- 115	

Whilst this table shows that the total overspend in Portfolio budgets is forecast to be £5.713m, it should be noted that there was also a reported underspend of £5.828m on Corporate Costs which reduces the overall position to an underspend to £0.115m.

Details of the pressures behind these forecasts are contained in Appendix I.

Key changes since the Quarter 1 Cabinet report are as follows;

- the Leaders portfolio no longer reports an overspend
- Health & Wellbeing no longer reports an overspend
- Planning & Environment no longer reports an overspend

- Resources has reduced its forecast overspend to £81k (from £506k)
- Children’s Services forecast overspend has increased to £2,500k (from £1,406k)
- Education & Skills forecast overspend has increased to £3,130k (from £2,711k)
- Transportations overspend has increased to £198k (from £48k)

Contingency budgets

The Corporate Costs underspend (in Table 1 above) reflects Contingency budgets which are held corporately to support the pro-active management of budgetary risks. These fall into a number of categories, and it is those classified as ‘Service Risk Contingencies’ which could be used to mitigate the current forecast overspends, however their use would not improve the bottom line, as they are currently forecast as an underspend.

‘Service Risk Contingencies’ are contingency budgets held against specific risks which have been identified through the Medium Term Financial Planning (MTFP) process. This includes items such as the implications for proposed legislative changes (i.e. implications of the Care Act) or the risk associated with demand-led budgets (i.e. Older People Care Packages).

In addition there are ‘Budget Risk Contingencies’ for more general purposes, including the impact of the National Living Wage, Inflation and the risk of non-delivery of planned savings. These largely make up the balance of underspend on Corporate Costs.

The table below shows the balance available on Service Risk Contingency budgets.

Table 2 – Current Service Risk Contingencies held

	Original Budget	Allocated	Revised Budget	Spend	Un-allocated
	£'000	£'000	£'000	£'000	£'000
Service Risk Contingency					
Older People care package choices	100		100		- 100
Social Care pressures	500		500		- 500
Demographics - H&W	1,000		1,000		- 1,000
Demographics - CS	300	- 300	-		-
Winter Maintenance	300		300		- 300
Waste Contingency	1,000		1,000		- 1,000
Childrens safeguarding - high cost placements	500		500		- 500
Total	3,700	- 300	3,400	-	- 3,400

Development and reporting of Action Plans

Following Cabinet’s request for Action plans to be reported to them, a dialogue on this matter has been ongoing through both the One Council Board (through the monthly Business Unit financial reporting process) and within the Management Team of each Business Unit.

Since the Quarter 1 position was reported to Cabinet further work has been undertaken by these groups to quantify the real underlying pressures and to develop proposals to address the revised pressures. For this reason the scale of pressures reported within action plans may differ from the position reported to Cabinet at Quarter 1.

Appendix I (which is confidential by virtue of the identification of individual members of staff and commercial sensitivity) identifies in summary the cause and value of current budget pressures along with the portfolio and service area impacted. It also sets out the proposed mitigating actions, the potential value of the actions, key risks associated with the actions and

the due dates and progress against them. Due to the volume of pressures within Children’s Services and Education & Skills their pressures and mitigations are presented in a different format to others.

Managing Directors and their Management Boards have been asked to provide a response for all forecast overspends in excess of £50k.

A summary by portfolio of the total value of pressures and potential mitigating actions is provided below.

It is recognised that the Children’s portfolios have not been able to identify action plans which mitigate the full scale of the current pressures, but work continues to quantify further opportunities to contain the pressures. However, the nature of these pressures, principally driven by increased demand and complexity in Children’s Social Care and Special Educational Needs within a statutory framework make it difficult to find a quick response.

Table 3 – Summary of Portfolio Action Plans

Portfolio	Value of Pressure	Value of proposed mitigations	Shortfall /(surplus)
	£000's	£000's	£000's
Children's Services	2,500	-	5,270
Education & Skills (LA)	3,130	360	
Resources	250	250	-
Transportation	198	198	-
All Portfolios Total	6,078	808	5,270
Education & Skills (DSG)	3,070	3,300	230

If all mitigations which contribute towards off-setting the reported pressures are delivered there is a shortfall of approximately £5.3m. This is in the order of £1.9m more than the level of Service Risk Contingency currently held to mitigate all such risks. However the balance of underspend within the remainder of the Non-Portfolio Corporate Costs does currently offer the ability to mitigate this balance.

It should be noted that the Dedicated Schools Grant pressures and mitigations have been reported separately as this is a ring-fenced fund and any surplus in delivering mitigations cannot contribute to the Portfolio position as it would remain ring-fenced to DSG activities.

Ongoing monitoring of Action Plans

The monthly budget monitoring reports to One Council Board will, as part of normal business management, continue to include narrative regarding the forecast overspends and the action plans which have been developed to mitigate them.

Managing Directors will be held to account on the delivery of their action plan through this process.

In addition commentary on the latest forecast position, including delivery against the agreed action plans, will be included within the Cabinet ‘Balanced Performance Scorecard and Joint

Budget Monitoring report'. The Quarter 2 report will be presented to Cabinet on 14 November 2016.

Background Papers

Confidential Appendix

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 09 September 2016. This can be done by telephone (to 01296 382343), or e-mail to democracy@buckscc.gov.uk