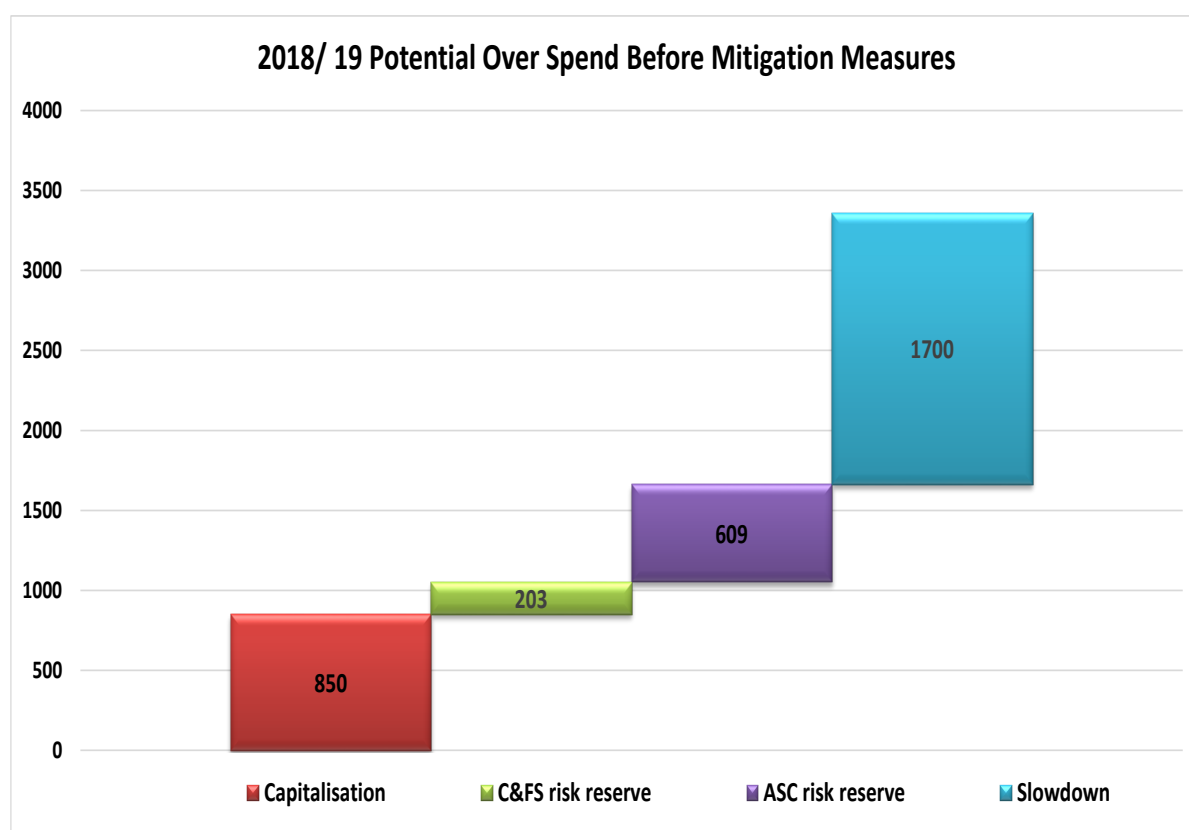


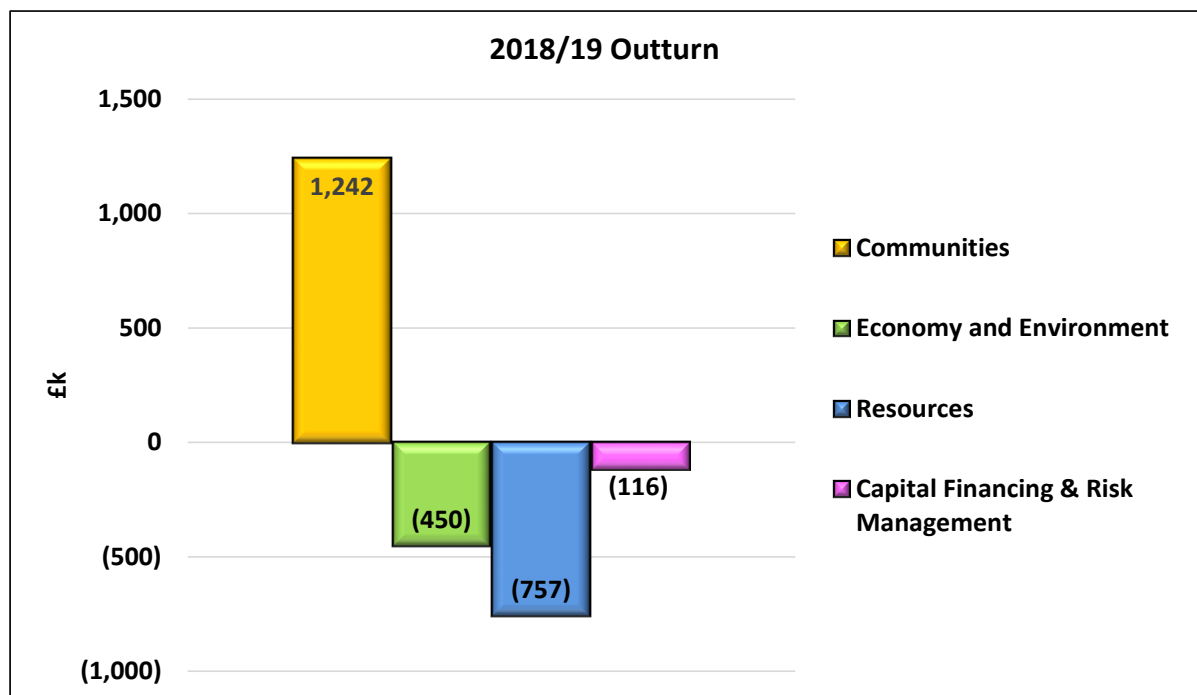
2018/19 Revenue Financial Performance: Provisional Outturn – Supporting Information

1. Introduction

- 1.1 At Quarter One it became evident that a significant overspend was emerging in the Communities Directorate and most notably in Adult Social Care. The whole Council was tasked with putting mitigation strategies in place in order to bring the forecast overspend down. Without this action the Council could have faced an overspend of £3.3million.
- 1.2 Cost reduction measures achieved £1.7m of savings, a further £850k was capitalised, and £812k was released from risk reserves at Quarter Three. The impact of the mitigation measures is shown in the chart below.

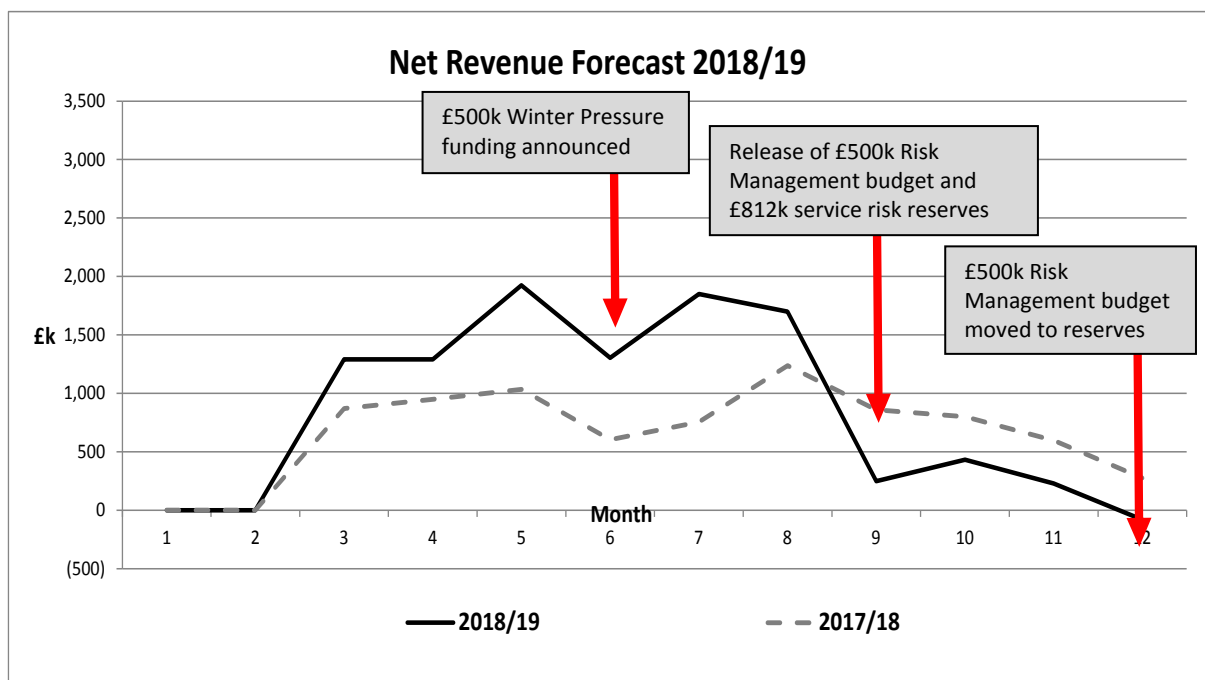


- 1.3 £81k was returned to reserves at the end of the year, resulting in a net use of £731k reserves.
- 1.4 Directorate over and under spends (after all mitigation measures) are shown in the following chart (the net position being the £81k returned to reserves):



2. Revenue Outturn 2018/19

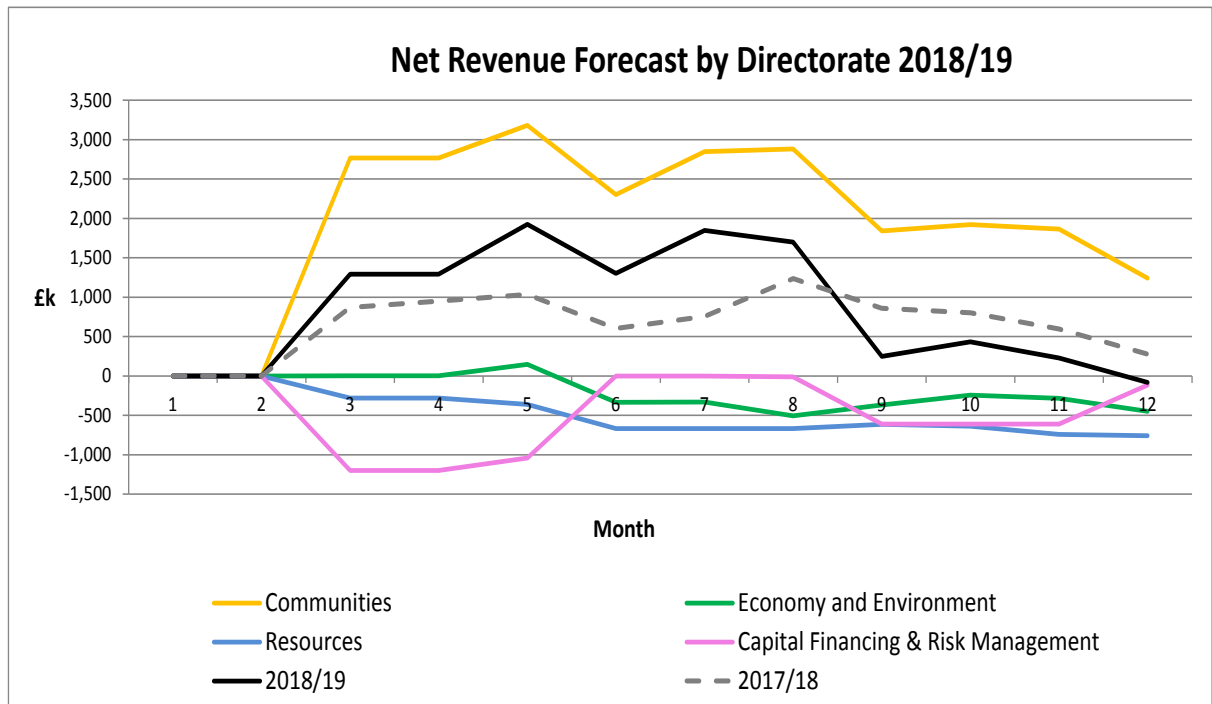
2.1 The Council forecast through the year is shown in the following chart:



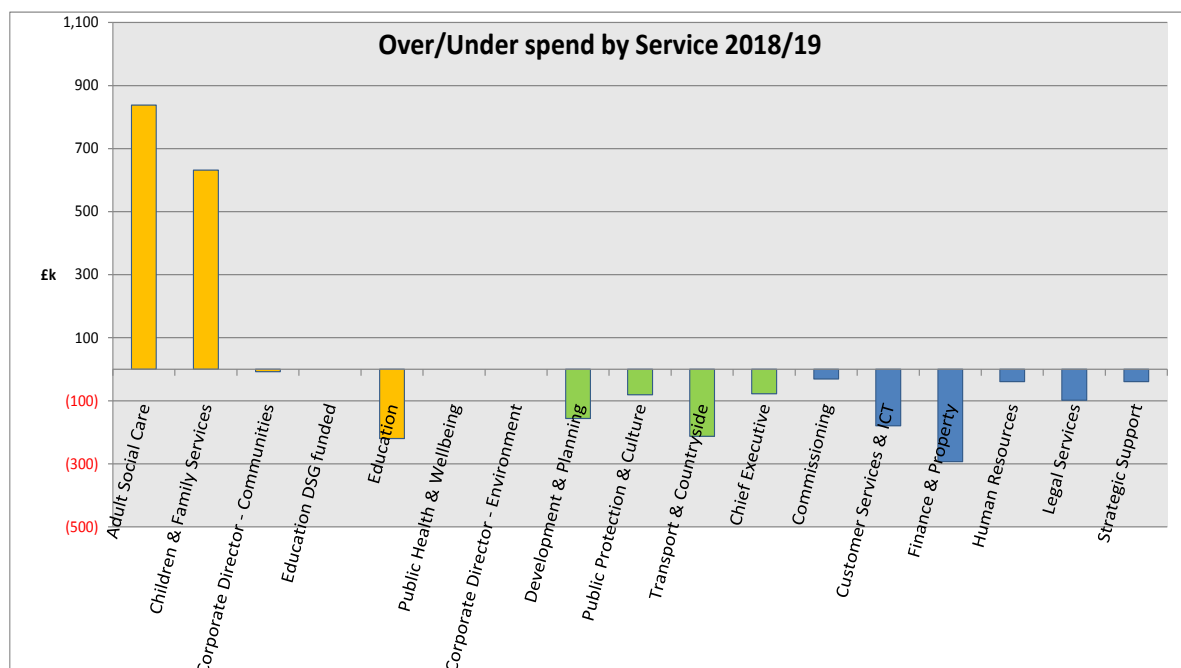
2.2 At Quarter One it became evident that a significant overspend was emerging in the Communities Directorate and most notably in Adult Social Care. An in depth review was undertaken of the modelling used to set the budget and concluded that the modelled budget should have been £1.4m higher, with the remainder of the overspend arising from increased demand, unmet savings, transfers of care and the embargo of Birchwood care home.

2.3 The whole Council was tasked with putting mitigation strategies in place in order to bring the forecast overspend down by year end and a decision was taken to slow expenditure in the remainder of the current financial year.

- 2.4 At Quarter Three, £812k was released from service specific risk reserves to support overspends that had been provided against, and £500k of the risk management budget was earmarked to set against the overspend, reducing the forecast overspend to £250k.
- 2.5 By year end, further mitigation savings and underspends were achieved, bringing the Council in just under budget. As a result, the £500k remaining risk management budget that was unspent but planned to be used to support the corporate overspend, will be moved to reserves.
- 2.6 The Directorate forecasts are shown in the following chart:



- 2.7 There were two services with overspends at year end: Adult Social Care £838k and Children & Family Services £632k.



Provisional Outturn – Supporting Information

	Current Net Budget	Actual spend	Forecast (under)/over spend					Change from Last Quarter	Change from Last Month	Outturn as % of Net Budget
			Quarter One	Quarter Two	Quarter Three	Month Eleven	Year End			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
Adult Social Care	43,181	44,019	2,388	1,640	1,136	1,153	838	(298)	(315)	1.9%
Children & Family Services	15,047	15,679	220	657	755	812	632	(123)	(180)	4%
Corporate Director	152	144	8	8	(1)	(5)	(8)	(7)	(3)	-5%
Education DSG funded	(444)	(444)	0	0	0	0	0	0	0	0%
Education	8,636	8,416	152	(1)	(51)	(95)	(220)	(169)	(125)	-3%
Public Health & Wellbeing	86	86	0	0	0	0	0	0	0	0%
Communities	66,658	67,900	2,768	2,303	1,840	1,864	1,242	(598)	(622)	2%
Corporate Director	170	170	0	0	0	0	0	0	0	0%
Development & Planning	2,701	2,545	(114)	(232)	(236)	(116)	(156)	80	(40)	-6%
Public Protection & Culture	4,086	4,005	47	70	(11)	(47)	(81)	(70)	(34)	-2%
Transport & Countryside	23,138	22,925	70	(171)	(120)	(122)	(213)	(93)	(91)	-1%
Economy and Environment	30,095	29,645	3	(333)	(367)	(285)	(450)	(83)	(165)	-1%
Chief Executive	787	709	0	(75)	(77)	(77)	(78)	(1)	(1)	-10%
Commissioning	1,016	985	0	(46)	(46)	(46)	(31)	15	15	-3%
Customer Services & ICT	3,027	2,848	(3)	(104)	(98)	(109)	(179)	(81)	(70)	-6%
Finance & Property	1,070	777	(260)	(314)	(303)	(349)	(293)	10	56	-27%
Human Resources	1,478	1,439	0	(52)	(33)	(24)	(39)	(6)	(15)	-3%
Legal Services	1,047	949	0	(36)	(16)	(90)	(98)	(82)	(8)	-9%
Strategic Support	2,317	2,278	(17)	(40)	(40)	(45)	(39)	1	6	-2%
Resources	10,742	9,985	(280)	(667)	(613)	(740)	(757)	(144)	(17)	-7%
Capital Financing	10,015	9,899	0	0	(110)	(110)	(116)	(6)	(6)	-1%
Movement through Reserves	1,917	1,917	0	0	0	0	0	0	0	0%
Risk Management	0	0	(1,200)	0	(500)	(500)	0	500	500	0%
Capital Financing & Risk Management	11,932	11,816	(1,200)	0	(610)	(610)	(116)	494	494	-1%
Total	119,427	119,346	1,291	1,303	250	229	(81)	(330)	(310)	-0.1%

NB. Rounding differences may apply to nearest £k.

3. Communities Directorate

3.1 The Directorate outturn position is £1.2m overspent which is 2% against a net budget of £67m. The final overspend reduced by £600k from Month Eleven and Quarter Three.

3.2 The Adult Social Care (ASC) outturn position is £838k overspent which is 2% of the net budget of £43m. The final ASC overspend reduced by £300k from Month Eleven and Quarter Three. These changes can be summarised as follows:

- Commissioning (£0.2m) BCF funding/reduced package costs
- Non Commissioning (£0.2m) Respite Care Usage & additional income
- Own Homes £0.1m Birchwood Maintenance & Agency usage

3.3 The ASC overspend is summarised below:

2018/19 ASC overspend	£m
Long Term Commissioning	1.58
Short Term Commissioning	0.38
Birchwood Care Home	1.10
Non Commissioning	-0.82
Underlying overspend	2.24
Use of risk reserve	-0.60
Winter funding	-0.50
Transformation funding	-0.29
Final overspend	0.84

*£10k roundings may apply

- 3.4 The underlying overspend has been addressed in the 2019/20 budget build with improved modelling used to forecast future budget requirements in commissioning. Birchwood care home has received additional funding to address staffing levels for 2019/20, but our care home provision will remain an area of focus as the total overspend for 2018/19 was £1.2m.
- 3.5 Local Authorities nationally are facing significant financial challenges relating to the funding of Adult Social Care budgets, increasing demand on services and rising costs of commissioning care. Our position, as with other Local Authorities across the country highlights the urgent need for a national review of funding for Adult Social Care. The service has faced increasing financial pressures on demand led, externally commissioned placement budgets, over and above the modelled assumptions that formed the basis of budget setting. In addition, a number of risks, which are provided for in the service specific risk reserve, have materialised.
- 3.6 Children & Family Services (CFS) outturn position is £632k overspent which is 4% of the net budget of £15m. Childcare lawyers overspent by £565k. This is in part attributable to a £200k unmet savings target and in part to four complex high court cases. The demand led placement budgets are reporting overspent by £396k mainly in Independent Fostering Agencies' and Special Guardianship. The 2018/19 savings programme has only delivered £26k against a target of £426k, and £400k of savings have not been met, however, in-year savings of £200k were delivered.
- 3.7 The Education Service outturn position is £220k underspent. Home school transport is underspent by £265k due to savings achieved on contract changes and taxis usage. The underspend has been to some extent offset by overspends in Disabled Children budgets specifically in residential placements, although the overspend did reduce in the last month due to packages of care not starting when expected. In-year savings of £200k were delivered.
- 3.8 Public Health outturn position was on line after the expected underspend of £115k has been carried forward as per the grant conditions to be spent on Public Health activities in 2019/20.

4. Economy and Environment Directorate

- 4.1 The Directorate outturn position is £450k underspent which is 1.5% of the net budget of £30m and is a variance of £83k to the Quarter Three forecast position.

The outturn reflects in-year savings of £246k identified in response to the corporate slow-down and capitalisation of £443k of in-year costs.

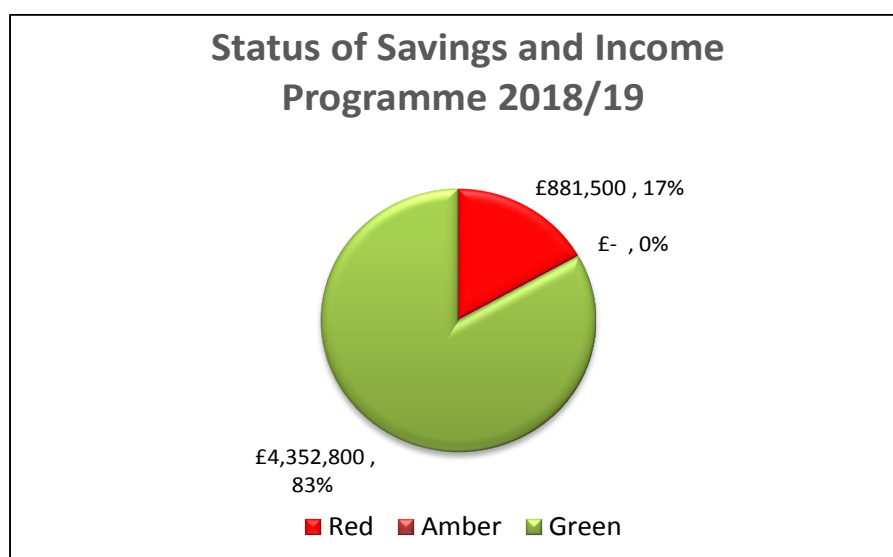
- 4.2 Development and Planning were £156k underspent. Budget underspends were requested to be carried forward but were unsuccessful resulting in a change from the Month Eleven forecast.
- 4.3 Public Protection and Culture were £81k underspent mostly from capitalisation of expenditure.
- 4.4 Transport and Countryside were underspent by £213k mostly from capitalisation of relevant highways expenditure, without which the service would have been overspent by £90k. Car parking income has been below budget this year and winter maintenance budgets overspent as a result of the February snowfall.

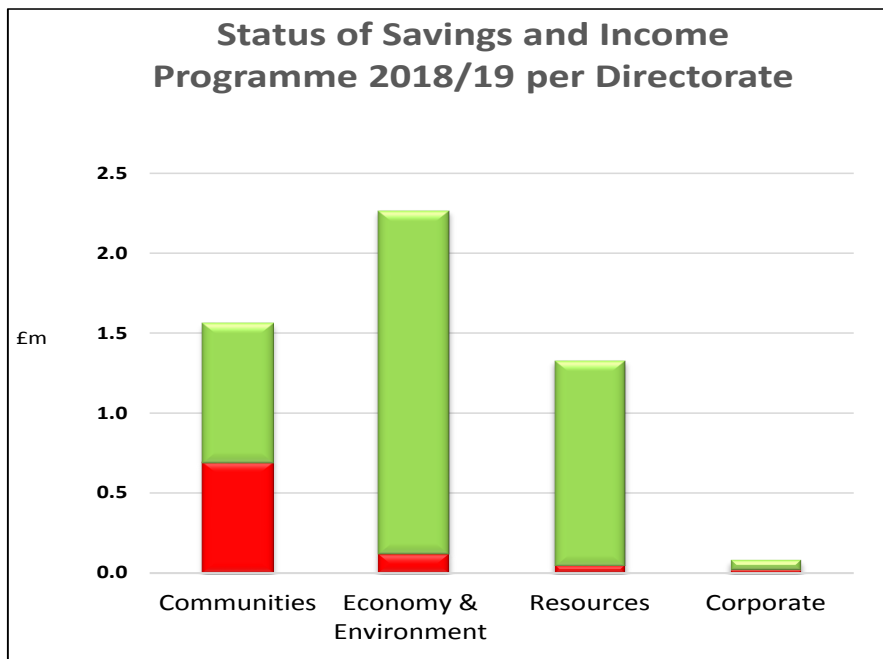
5. Resources Directorate

- 5.1 The Directorate outturn position is £757k underspent which is 6.9% of the net budget of £11m and is a favourable variance of £144k compared to Quarter Three. The variance was largely in Customer Services & ICT in staffing, printing and infrastructure. The outturn reflects in-year savings of £600k achieved in response to the corporate slowdown, and additional income received on commercial property investment of £312k.
- 5.2 Legal disbursements proved to be the main significant pressure on the resources directorate budget in 2018/19, being £100k overspent against budget at year-end. The disbursements overspend is largely due to the adverse decision in the LRIE Court of Appeal case and the cost of a number of planning inquiries.

6. 2018/19 Savings and Income Generation Programme

- 6.1 In order to meet the funding available, the 2018/19 revenue budget was built with a £5.2m savings and income generation programme. The programme is monitored on a monthly basis using the RAG traffic light system. The status of the programme is shown in the following charts:





6.2 The status at outturn shows 17% of savings not achieved. Whilst some of the savings have over achieved, the savings programme as a whole has significantly under achieved in 2018/19. The Communities Directorate has only achieved 56% of savings targets. (ASC 76% achieved, CFS 6% achieved, Education 84% achieved). This will be addressed in 2019/20 as part of the ongoing savings and income generation programme. Detailed explanations for unmet savings are given in the Directorate Appendix.

6.3 The corporate savings and income generation programme is summarised below:

	2018/19			Achieved
	Target	Green	Red	
	£k	£k	£k	
Corporate	80	60	20	75%

£60k has been achieved but £20k is red for corporate digitisation enablers. There have been delays in completing the digitisation work due to lack of resource in the digital services team and prioritisation of other work.

7. Risk and Transformation Reserves

7.1 In response to the volatility of some of the Council's demand led budgets, a number of service specific risk reserves have been established. The risk reserves are based on service risk registers. The reserves can be released if the named risks arise, subject to member approval. At Quarter Three, £812k was released. Risks did arise in other service areas, but as those services were underspent, no funding was released.

Risk Reserve Summary	Reserve Balance 1.4.2018	Change to level of Reserve	Current Reserve Balance	Risks funded at Q3	Risk Reserve balance 31.03.2019
Service	£000	£000	£000	£000	£000
Adult Social Care	881	719	1,600	-609	991
Children & Family Services	38	377	415	-203	212
Education	0	279	279	0	279
Leisure	0	50	50	0	50
Libraries	0	90	90	0	90
Transport & Countryside	0	75	75	0	75
Legal Services	50	0	50	0	50
Total	969	1,590	2,559	-812	1,747

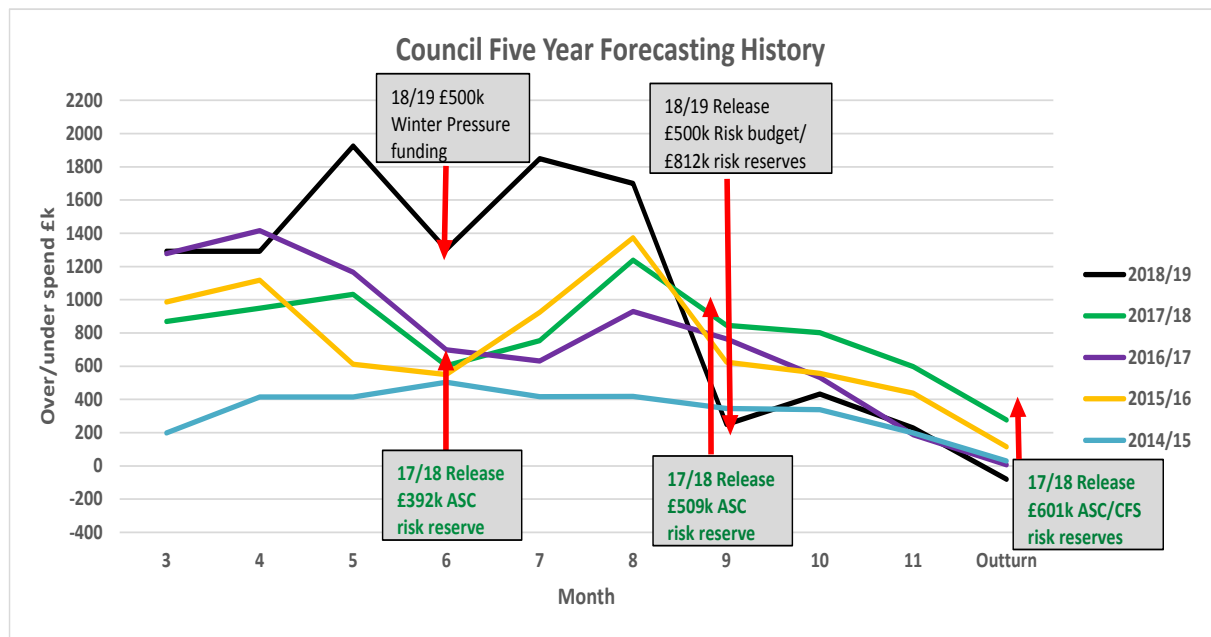
- 7.2 The Transformation Reserve was established in order to ensure that the Council has the resources to pursue transformation plans outlined in the MTFs and to invest in strategies that will bring future benefits to the organisation. Funds have so far been allocated as shown in the table:

Directorate	Service		Transformation Project	Funding Agreed
		Ref		£
			Opening Balance	1,000,000
Communities	Education	1	Emotional Health Academy	-5,570
Resources	Commissioning	2	Invest to save posts in commissioning	-225,000
Resources	HR	3	Invest to save post - Apprenticeship Coordinator	-74,000
Resources	Legal	4	Shared service advice	-12,000
Communities	Education	5	Invest to save - Family Hub transformation	-28,000
Resources	F&P, HR, SSU	6	Invest to save - New Ways of Working project	-216,000
Communities	ASC	7	Transport ASC	-5,300
			Total agreed 2017/18	-565,870
			Funds available 31.3.18	434,130
			Capital Receipts allocated to transformation	561,000
			Opening Balance 1.4.2018	995,130
Resources/Env	SSU/PPC	8	Commercial Group 2 sales & marketing officers(2yrs)	-169,000
Communities	ASC	9	Transport data reviewing officer extension	-2,700
Resources	Commissioning	10	Extend fixed term post 1 yr re ASC	-40,700
Resources	F&P	11	Digital transformation Revs and Bens	-147,000
Resources	Legal	12	Shared service advice	-16,000
Resources	Commissioning	13	Invest to save posts in commissioning	-42,000
Communities	ASC	14	Review of care packages	-150,000
Communities	ASC	15	Assistive Technology	-142,000
Communities	Education	16	Emotional Health Academy	-11,000
Resources	Commissioning	17	Lottery start up	-13,000
Communities	CFS	18	Family Safeguarding - dependent	-131,000
			Total agreed 2018/19	-864,400
			Funds available 31.3.19	130,730
			Reserves allocated to transformation	869,270
			Opening Balance 1.4.2019	1,000,000

- 7.3 Budget Board allocated a further £869k in April 2019 from existing reserves in order to increase the Transformation Reserve back to £1m.

8. Implications for 2019/20 Budget

- 8.1 Over the past five financial years revenue overspends have been forecast at Quarter One mainly in social care areas. This has required the organisation to respond with in-year mitigation measures. The graph below illustrates the forecasting and outturn trends, inclusive of in year mitigation.



- 8.2 A paper has been written on the Approach to Budget Monitoring 2019/20 outlining proposals for a change of focus from full year forecasting to a greater focus on actual expenditure.

9. Proposals

- 9.1 To note the outturn position.

10. Conclusion

- 10.1 The Council faced a potential overspend of £3.3m in 2018/19 and has responded to this with a Council wide mitigation programme, and has had to make use of service specific risk reserves. After these actions the final position will result in £81k being returned to reserves. Areas of ongoing overspend and unmet savings have been addressed as part of the 2019/20 budget build.

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input checked="" type="checkbox"/>

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