

# Budget Management 2018/19

**Cabinet**

**Date: 11<sup>th</sup> July 2018**

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Authors: Cabinet Member for Finance  
Interim Chief Executive

Wards: All

Parishes Affected: All

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## **1. Purpose and Reasons**

- 1.1 This report presents the 2018/19 revenue budget forecast out-turn.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 Responsible budget management helps ensure that the Council consistently makes the best use of all available resources as well as providing focus for the Council's transformation programmes.

## **2. Recommendations**

Cabinet is recommended to:

- 2.1 Note the 2018/19 revenue budget forecast out-turn for each service area set out in Table 1 and Appendix 1;
- 2.2 Note that Corporate Management Team will develop plans to mitigate the current forecast overspend;
- 2.3 Approve the virements set out in Appendix 2; and
- 2.4 Approve an addition to the capital programme for the replacement of HR and Finance system as set out in section 3 of this report.

## **3. Detail**

2017/18 General Fund Out-turn

- 3.1 It is forecast that unless mitigating actions are undertaken, the Council's overall budget would be overspent by £2.2m for the financial year.
- 3.2 This is due to a pressure of £2.4m in Children Services as a result of increased demand for both independent fostering placements and residential placements. The following actions are in place to manage the emerging cost pressure.
  - 3.2.1 In order to understand fully the challenges currently facing the commissioning of children's placements, an external review of the

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Children's Placements Commissioning function took place in June and the recommendations are being implemented. Where appropriate the outcomes are being aligned into the Swindon Programme.

- 3.2.2 The Fostering service has identified additional capacity within existing foster carers, which has reduced the number of children going out of Borough to more expensive external placements. The Foster Care Fortnight campaign has been successful in attracting interest from over 70 Swindon residents to become foster carers. A targeted programme of training and support will enable people to become foster carers for Swindon in a timely way.
- 3.2.3 There is an increased level of challenge in place around high cost external and residential placements and we will continue to tighten the controls around placements and the current review processes.
- 3.2.4 There is an increased level of challenge and more effective partnership working with the Clinical Commissioning Group (CCG) about children's health needs, including the funding of costs in external and residential placements. This ensures that all appropriate children's health funded contributions are being made which reduces costs to the Council.
- 3.3 The forecast overspend in Children's Services has been partly mitigated by an anticipated underspend of £200k in Adult Services, arising from the recovery of historical client costs.
- 3.4 Corporate Management Team will be working with the senior management teams to identify options to mitigate this pressure and this will be reflected in future reports.
- 3.5 The budget and projected out-turn by Department is set out in Table 1 below, with a more detailed analysis is set out in Appendix 1.

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Table 1 – General Fund Out-turn By Department

Department	Budget 2017/18 £'000	Full-Year Projected Outturn £'000	Projected Variance £'000
Adult Services	82,883	82,682	(201)
Children Services	33,773	36,170	2,397
Communities and Housing	25,302	25,274	(28)
Economy	(2,178)	(2,178)	0
Resources	21,123	21,118	(5)
Corporate	(17,855)	(17,855)	0
<b>Total Before Use of Cashflowing Reserve</b>	<b>143,048</b>	<b>145,211</b>	<b>2,163</b>
Transfer to/(from) Cashflowing Reserve	(2,824)	(2,824)	0
<b>Total General Fund</b>	<b>140,224</b>	<b>142,387</b>	<b>2,163</b>

## Housing Revenue Account (HRA)

- 3.6 HRA Budget Managers are currently forecasting a breakeven position for year-end based on current actuals at the end of May 2018.
- 3.7 However, this is likely to change as the effects of current void levels are assessed and will be dependent on progress to reduce the number of void properties throughout the year. The new interim arrangements with local contractors and switching priority voids to the Council's in-house team is already making significant headway.

## Dedicated Schools Grant (DSG)

- 3.8 The Dedicated Schools Grant (DSG) is projecting an overspend of £333k.
- 3.9 The main pressures are due to:
- 3.9.1 An increase in demand for Early Years 30 hour placements for 3 and 4 year olds £404k, partially offset by fewer places taken up in Early Years by 2 year olds (£111k).

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- 3.9.2 Education and Management support provided to a school £103k.
- 3.9.3 There has also been an increase in demand for Post 16 specialist placements and therefore an increase in specialist high needs top up funding £277k.
- 3.9.4 The Early Years overall net increase in demand will also result in an increase in DSG Early Years block funding (£340k) as the funding is paid on the number of places taken up.

## HR and Finance System Replacement

- 3.10 Through the work of the Organisational Excellence theme within the Swindon Programme it has become clear that the existing HR and Finance systems are limiting the modernisation of key back office processes as part of the Council's ambition to deliver modern, efficient and effective services.
- 3.11 The business case for the replacement of these systems including the resource to ensure an effective implementation of this very complex project requires an investment of £3.5m.
- 3.12 This project would form part of the Council's capital programme resulting in financing costs of £404k, based on the debt being repaid over a ten year period. However these costs will be mitigated by savings delivered as a result of the efficiencies enabled by these systems.
- 3.13 It should be noted that the business case has been based on information gathered through soft market testing and information shared by other authorities therefore the final position won't be known until the procurement process has been completed.

## **4. Alternative Options**

- 4.1 Cabinet could choose not to approve the virements as set out in Appendix 2.
- 4.2 Cabinet could choose not to approve the replacement of the Finance and HR system and request that officers continue with existing systems. However this would limit the ability of officers to drive modern, efficient and effective processes across HR and Finance processes undertaken across the organisation.

## **5. Implications, Diversity Impact Assessment and Risk Management**

### Financial and Procurement Implications

- 5.1 The 2018-19 budget assumes the use of £2.8m from reserves. If mitigating actions are not identified any overspend would be a further call on the Council's reserves.

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- 5.2 The replacement of the HR and Finance system will result in financing costs of £404k. However it is anticipated that these costs will be mitigated by savings achieved as a result of this project.

## Legal and Human Rights Implications

- 5.3 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

## All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 There are no such direct implications.

## Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment (DIA) has not been done as this report is reporting performance in the last financial year and does not make any recommendations to reprioritise the future funding of services.

## Risk Management

- 5.6 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

## **6. Consultees**

- 6.1 The Council's Report Writing standard requires authors to consult appropriate Corporate Directors, Directors or Heads of Service, other officers and relevant partners on the purpose, content, and recommendations of the report before it is presented for decision. In respect of reports to Cabinet, authors are also required to consult the relevant Cabinet Member.

## **7. Background Papers**

- 7.1 None

## **8. Appendices**

- 8.1 Appendix 1 – Forecast Out-turn by Directorate 2018/19  
8.2 Appendix 2 – Proposed Budget Virements

## **9. Key Decision/Decision in Cabinet Work Programme**

- 9.1 This is not a key decision and is included in the Cabinet Work Programme for July 2018.