

Budget Management Update

Cabinet

Date: 6th September 2017

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Corporate Director for Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the 2017-18 revenue budget forecast out-turn and quarter one of the capital monitoring position.
- 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 underpins the Council's strategic objective of consistently making the best use of all available resources.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the projected revenue budget out-turn position for 2017-18 set out in Table 1 and Appendix 1;
- 2.2 Approve the virements set out in Appendix 2;
- 2.3 Note the capital monitoring position as set out in Tables 1 & 2 and Appendix 3;
- 2.4 Endorse the expenditure incurred in phase 1 of the Queens Drive Regeneration project outlined in paragraph 3.6.2;
- 2.5 Note the distribution of the Devolved Formula Capital funding to the Local Authority maintained schools, as detailed in paragraph 3.7.

Detail

2017-18 Projected Revenue Out-turn

- 2.6 The forecast as at the end of June is that unless mitigating actions are undertaken the Council's overall budget will be overspent by £2.45m for the financial year.
- 2.7 The significant changes since the last report to Cabinet are:-
 - 2.7.1 Increased pressure of £1.2m in Children Services. In common with national developments recently reported by the Local Government Association, the council is facing additional costs due to increased

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Budget Management Update

Cabinet

Date: 6th September 2017

demand in respect of external placements, adoption and fostering services, legal costs and agency staff;

2.7.2 One off costs of transitioning to the new libraries operating model of £123k;

2.7.3 The release of the budget risk contingency of £4.183m;

2.7.4 Further savings of £303k have been identified and delivered in respect of the Digitisation, Procurement and Headcount Reduction projects.

2.8 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.

Table 1 – Projected Out-turn By Department

Department	Budget 2016/17 £'000	Full-Year Projected Outturn £'000	Projected Variance £'000	Movement since last report £'000
Adult Services	81,945	81,955	10	(140)
Children Services	28,939	30,695	1,756	1,249
Communities and Place	27,574	28,274	700	170
Economy	(2,071)	(2,007)	64	14
Resources	23,274	23,274	0	0
Corporate	(23,197)	(23,277)	(80)	(4,486)
Total General Fund	136,464	138,914	2,450	(3,193)

2.9 In response to the current position the Chief Executive has sent a communication to all budget managers informing them of the current financial position reinforcing that the essential nature of all expenditure should be considered before committing to it. This includes a ban on all overtime unless it is essential for the delivery of front line services.

3. Corporate Directors will continue to work with their management teams to ensure that the rigour around spending decisions is being consistently applied across their services.

3.1 Officers continue work on actions to manage this position within the overall approved budget. Work that is currently underway includes:-

3.1.1 Children Services:-

- Developing a campaign to increase the number of directly recruited foster carers, particularly to meet the needs of more complex cases. This is

Budget Management Update

Cabinet

Date: 6th September 2017

expected to enable a reduction in the reliance on Independent Fostering Agencies which in turn would see a reduction in the cost of provision;

- Working on proposals to engage with fostering agencies with a view to exploring alternative models for supporting children and young people in local placements, utilising SBC assets;
- Focussing on providing a dedicated service to children, who are assessed as able to return to their birth family, to enable them to safely do so; with support;
- Continue to provide a multi-agency decision making process within Family Contact Point that provides children and families with the right service, at the right time, in order to reduce unnecessary referrals to expensive statutory social care services. This has led to a reduction of about approximately 300 referrals to social care in 2016/17.
- Looking at demand management through recruiting volunteer 'parent buddies' to support them early in the life of a problem as well as looking at the Family Service providing an 'Edge of Care' service, that further support children, where appropriate and safe, to remain with their families.

3.1.2 Ongoing work on the Digitisation, Procurement and Headcount Reduction projects has identified further savings that are reflected within this report. This work is continuing and further savings will be reflected in future reports as they are identified;

3.1.3 A team of seconded staff has been created to take, analyse and diagnose further savings opportunities that may exist, initially within our Adults services, and eventually across the wider council. The development and training of this team has been done in partnership with Newton Europe who are currently delivering a significant demand management project within Adult Social Care, and will take much of the learning from what has been done there to and apply elsewhere. The team was created in July 2017 and has just completed its training period. It will now begin undertaking diagnostic activity to identify the priority areas for redesign activity.

3.2 The Swindon Programme is currently in the opportunity development phase of its mobilisation, and is designed to deliver against the budget challenges of 2018/19 and 2019/20. Where possible, any early opportunities to deliver savings will be taken to contribute towards the budget challenge of 2017/18. Further details of what early opportunities exist will be more clearly understood by October 2017.

Budget Management Update

Cabinet

Date: 6th September 2017

Budget Risks

- 3.3 Adult and Public Health Services have improved their budget position as at the end of June to almost break even. However, there is a financial risk linked to a number of specialist mental health placements for older people which, if they materialise, would result in a pressure of up to £200k.

Capital Programme Monitoring 2017-18

- 3.4 Table 1 below sets out the current status of the 2017-18 capital budget and forecast outturn position. The main variance to those previously reported to Cabinet relate to the HRA programme and are detailed below.
- 3.5 Table 2 shows how the capital programme is being funded.
- 3.6 The detailed capital monitoring for quarter one is attached at Appendix 3.

Table 1 - Budget Forecasts and Variances

Service	Approved Budget 2017-18 Onwards	Forecast Scheme Spend to Completion	Projected Variance
Group	£'000s	£'000's	£'000's
Community Works	1,397	1,397	0
Corporate Projects	63,724	64,484	760
Section 106	10,876	10,596	0
Schools	8,534	8,534	0
Social Care	1,153	1,153	0
Transport	92,984	92,989	5
Total General Fund	178,668	179,433	765
HRA	48,183	48,411	228
Service Totals	226,851	227,844	993

Budget Management Update

Cabinet

Date: 6th September 2017

Table 2 - Capital Programme funding

	Current Funding Requirement
Expenditure	£'000
Budget	226,851
Balance to be financed:	226,851
Capital Receipts	3,015
Section 106 Deposits	6,890
Grant Funding	122,526
Revenue Contributions	4,360
HRA balances	46,507
CIL	306
Increase in Borrowing Requirement	43,247
Total	226,851

Variances

- 3.6.1 A projected overspend of £760k on the Junction 16 improvement works previously reported to Cabinet on 7th December 2016.
- 3.6.2 The Affordable Housing Development Programme report that went to Cabinet on 7th December 2016 (Cabinet Minute 68, 2016-17 refers), set out the phases associated with the Queens Drive Regeneration Project. The first phase of this work required consultation and relocation of the existing residents in dwellings identified within the report. The costs of £228k incurred against the HRA capital programme reflect the initial costs associated with this work. A request for funding for the preparatory phase of this work will be submitted to Cabinet in October. This will be followed by a detailed proposal for the regeneration scheme to be presented to Cabinet in December.

Devolved Formula Capital Funding ("DFC") for Schools

- 3.7 The Local Authority has received notification from the Department for Education (DfE) of an allocation of £289,711 DFC to be distributed to all LA maintained schools. These funds are provided to the schools to enable them to fund capital works agreed by the schools governing body. Academy schools receive their capital funding directly from the DfE.
- 3.8 Cabinet is requested to approve the distribution of the DFC to the LA maintained schools as set out by the DfE.

Housing Revenue Account (HRA)

- 3.9 HRA Budget Managers are currently forecasting an overspend of £515k as at the end of June 2017.

Budget Management Update

Cabinet

Date: 6th September 2017

- 3.10 This is an improvement of £56k and has arisen as a result of underspends due to a number of vacant posts across the service.
- 3.11 Officers are continuing to review the budget to identify where further savings can be achieved to offset the currently projected overspend.

Dedicated Schools Grant

- 3.12 The Dedicated Schools Grant (DSG) is projecting to be £172k overspent.
- 3.13 This is an adverse movement of £30k since the last report and is due to an increase in demand for Early Years places for 2 year olds.
- 3.14 Officers are reviewing all budgets to identify where savings can be made to offset this pressure, should this not be possible this would be a call on the DSG reserves, which stood at £568k at the 1 April 2017.

4. Alternative Options

- 4.1 Cabinet could choose not to approve the virements as set out in Appendix 2.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The forecast overspend of £2.45m assumes that the budget risk contingency has been fully utilised. Work is ongoing to identify options to mitigate this position.

Legal and Human Rights Implications

- 5.2 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)

- 5.3 There are no such direct implications.

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would affect service delivery.

Risk Management

- 5.5 None other than those highlighted in the body of the report.

Budget Management Update

Cabinet

Date: 6th September 2017

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Forecast Out-turn by Directorate 2017/18.
8.2 Appendix 2 – Proposed Budget Virements
8.3 Appendix 3 – Capital Monitoring Quarter 1 2017/18.

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 September 2017.