

Budget Management 2019/20

Cabinet

Date: 4th September 2019

Authors: Cabinet Member for Finance, Education and Skills
Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the 2019/20 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 2019/20 revenue budget forecast out-turn for each service area set out in Table 1 and Appendix 1;
- 2.2 Note that the Corporate Management Team will develop plans to mitigate the current forecast overspend;
- 2.3 Approve the virements set out in Appendix 2.

3. Forecast Out-turn for 2019/20

General Fund

- 3.1 The position at the end of July is that the General Fund is forecasting to be overspent by £4.2m by the end of the financial year if no mitigating actions are taken. This is an increase of £2m since the last report.
- 3.2 The main reasons for this variance are:-
 - 3.2.1 Additional resource required to meet the demands on the Special Educational Needs & Disabilities (SEND) team (£310k);
 - 3.2.2 New pressure on Disabled Children's Team (DCT) placement costs (£600k);

Further information on the subject of this report can be obtained from Mick Bowden on Direct Dial No. 07392 109917 or Email mbowden@swindon.gov.uk

Budget Management 2019/20

Cabinet

Date: 4th September 2019

- 3.2.3 Pressure related to Children's Social work agency staff (£1.28m). Work is continuing on the recruitment campaign to reduce reliance on agency staff;
- 3.2.4 Increased demand for recycling boxes in advance of the introduction of charges on 1st August (£86k);
- 3.2.5 Shortfall on the saving linked to the LED replacement programme due to a delay in the procurement. The part year saving of £240k assumed in 19-20 will now be delivered in 20-21 as the 2 year work programme is now expected to start on site in early 2020.
- 3.2.6 Bus lane enforcement income forecasts have been updated to reflect latest 19-20 data and also take into account in-year technical issues at several sites which are expected to be resolved before the end of the year. This has resulted in an adverse movement of £196k since the last report;
- 3.2.7 A further reduction in forecasts for Pay and Display income due to an in-year change in the town centre car parking charging strategy (£254k). Income is increasing again; however, there may be further implications as a result of wider economic conditions.
- 3.3 These pressures have been partly mitigated by:-
 - 3.3.1 A zero based budgeting exercise undertaken by Children's services which identified mitigating savings of £694k;
 - 3.3.2 Underspends from vacancies and other operational budgets across a range of services.
- 3.4 Management teams are continuing work on the savings delivery and action to mitigate the forecast overspend and the impact of this work will be reflected in future reports to Cabinet.
- 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.

Budget Management 2019/20

Cabinet

Date: 4th September 2019

Table 1 – General Fund Out-turn By Department

Department	Budget 2019/20 £'000	Full-Year Projected Outturn £'000	Projected Variance £'000	Movement since the last report £'000
Adult Services	61,047	61,810	763	(49)
Children Services	42,836	44,718	1,882	1,882
Communities and Housing	25,742	27,104	1,362	413
Economy	1,242	1,242	0	0
Resources	11,630	11,860	230	(216)
Total General Fund	142,497	146,734	4,237	2,030

Housing Revenue Account (HRA)

- 3.6 HRA Budget Managers are currently forecasting a net underspend of £185k.
- 3.7 The bulk of this underspend is a result of staff vacancies in Estate Management and across the Sheltered Housing schemes, with some smaller underspends on court costs and ground maintenance.
- 3.8 These underspends are mitigating a small pressure on void rents of £17k after four months of the year. Project work currently being undertaken in this area.

Dedicated Schools Grant (DSG)

- 3.9 The Dedicated Schools Grant (DSG) is now projecting an overspend of £1.5m, an improvement of £99k since May.
- 3.10 The main changes since May are:-
- 3.10.1 An additional allocation of £60k in the Dedicated Schools Grant is now expected for the September 2019 increase in places at the new Special Free School.
- 3.10.2 The High Needs Contingency of £150k will be used to offset demand in all areas of the DSG.
- 3.10.3 Primary Alternative Places will now begin in September and Secondary Alternative Places resulting in an underspend of £50k and there is also an improvement in the High Needs Top Up forecast of £38k.

Further information on the subject of this report can be obtained from Mick Bowden on Direct Dial No. 07392 109917 or Email mbowden@swindon.gov.uk

Budget Management 2019/20

Cabinet

Date: 4th September 2019

3.10.4 These underspends are mitigating a new pressure for new Placements outside of Swindon £70k, an increase in demand in both Post 16 and Post 19 provision of £80k and a reduction in funding recouped from schools and academies following a pupil's permanent exclusion £60k.

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 current forecast overspend on the General Fund is £4.2m and management teams are working on actions to mitigate this pressure

5.2 The forecast overspend on the DSG is £1.5m. This pressure will be managed within the DSG and an update on this will be provided to Cabinet in October.

5.3 The HRA is currently forecasting an underspend of £185k. The HRA is ring-fenced and therefore any variances at year end will be managed within the HRA.

Legal and Human Rights Implications

5.4 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)

5.5 There are no such direct implications.

Diversity Impact Assessment

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

Risk Management

5.7 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 Director of Finance (Section 151 Officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

Further information on the subject of this report can be obtained from Mick Bowden on Direct Dial No. 07392 109917 or Email mbowden@swindon.gov.uk

Budget Management 2019/20

Cabinet

Date: 4th September 2019

7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1 – Forecast Out-turn by Department 2019/20

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 September 2019.