

# Budget Management 2019/20

**Cabinet**

**Date: 16<sup>th</sup> October 2019**

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

Wards: All

Parishes Affected: All

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## **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.

## **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 continue to implement plans to mitigate the current forecast overspend;
- 2.3 Note the update on the Spending Round 2019;
- 2.4 Approve the virements set out in Appendix 2.

## **3. Detail**

General Fund Forecast Out-turn for 2019/20

- 3.1 The position at the end of August is that the General Fund is forecast to be overspent by £3.5m by the end of the financial year if no mitigating actions are taken. This is an improvement of £0.7m since the last report.
- 3.2 The key changes since the last report are:-
  - 3.2.1 Management action across all services to hold vacant posts and review operational budgets as a result of the work to mitigate the forecast overspend has resulted in net reduction in the forecast overspend of £793k.
  - 3.2.2 A pressure on the benefits subsidy which is largely due to the gap between the benefits paid for homelessness accommodation and the amount that is recoverable through the subsidy (£100k);

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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](mailto:mbowden@swindon.gov.uk)

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- 3.2.3 An increase in the forecast costs associated with utilities prices (£248k);
- 3.2.4 Increased costs due to cover required for sickness and other absence in Waste and Recycling Teams (£120k);
- 3.2.5 A reduction in the forecast overspend on staff costs in Children Services following the success of the work to convert temporary staff to permanent in the Fostering Service and vacancy savings across the service due to timing of recruitment; (£249k)
- 3.2.6 Improved funding from the Better Care Fund via the CCG to contribute to the previously forecast cost pressure as a result of an increase in demand for Older People Services (£180k).
- 3.3 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.
- 3.4 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 – 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	61,110	61,675	565	(198)
Children Services	42,742	44,308	1,566	(316)
Communities and Housing	25,743	27,186	1,443	81
Economy	1,241	1,208	(33)	(33)
Resources	11,661	11,603	(58)	(288)
<b>Total General Fund</b>	<b>142,497</b>	<b>145,980</b>	<b>3,483</b>	<b>(754)</b>

## Housing Revenue Account (HRA)

- 3.5 The position at the end of August is that the HRA is forecast to be underspent by £62k. This is an adverse movement of £123k since the last report.

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- 3.6 This is primarily due to a pressure on vehicle hire and fleet management costs of £128k as a result of the aging fleet of existing vehicles nearing the end of their useful life. The imminent purchase of 39 new vehicles will mitigate against a worsening of this position.

## Dedicated Schools Grant (DSG)

- 3.7 The position at the end of August is that the DSG is forecast to be overspent by £1.6m. This is an adverse movement of £0.1m since the last report.
- 3.8 The main changes are:-
- 3.8.1 An improvement following an update to the forecast for a number of Post 16 learners as the cost of their new placement is now known (£24k);
  - 3.8.2 An improvement in relation to school rates costs following a recent academy conversion (£36k);
  - 3.8.3 These underspends partially mitigate a new pressure due to increased demand for High Needs top ups for pupils in special provisions (£138k).
- 3.9 In order to address the DSG overspend a high needs sub-group has been established in partnership with the Schools Forum. This will scrutinise spending and develop options for delivering efficiencies. This will build on the work underway to develop early help and inclusion in mainstream educational settings and planning for sufficiency of specialist provision.

## Outlook for 2020/21 Onwards

- 3.10 The government previously stated its intention to hold a new Spending Review in 2019, covering the period 2020/21 to 2022/23. During August, it was announced that a one-year Spending Round (SR19) would be provided, for the financial year 2020/21. It is intended that this will be followed in 2020 by a full Spending Review, reviewing public spending as a whole and setting multi-year budgets.
- 3.11 On 4<sup>th</sup> September the Chancellor of the Exchequer published the SR19 setting out the spending plans for 2020/21.
- 3.12 The implications of the SR19 for individual authorities will not be clear until the Provisional Settlement for 2020/21 is announced later this year, however the key headlines from this are:-
- 3.12.1 The move to 75% Business Rates Retention and the Fair Funding Review will be deferred until 2021/22;
  - 3.12.2 75% Business Rates Pilots will come to an end in March 2020 and there are no new pilots planned for 2020/21;

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- 3.12.3 Baseline funding and RSG will be uprated by CPI;
  - 3.12.4 A proposed core council tax referendum limit increase of 2% (down from the 3% in place for 2019/20):
  - 3.12.5 A proposed Adult Social Care Precept of 2%;
  - 3.12.6 An additional national grant of £1bn for Children's and Adult Social Care;
  - 3.12.7 An increase in funding for children with special education needs and disabilities of £700m.
- 3.13 Further information about the impact of SR19 will be provided in the report to Cabinet in December 2019.
- 3.14 The Council's approach to meeting the financial challenge up to March 2020 has been through the Swindon Programme. Beyond that period it is proposed to build on the success of that programme with a particular focus on continuing to develop the Council as a modern, efficient and effective organisation and addressing demand pressures, through cross-council initiatives to improve early intervention and prevention services.

## 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 £3.5m and management teams are working on actions to mitigate this pressure
- 5.2 The forecast overspend on the DSG is £1.6m. This pressure will be managed within the DSG.
- 5.3 The HRA is currently forecasting an underspend of £62k. 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.

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## 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.

## **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 October 2019.