

Budget Management 2015-16

Cabinet

Date: 16th March 2016

Authors:	Cabinet Member for Finance, People and Performance and Board Director, Resources
Wards:	All
Locality Affected:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 This report presents the 2015-16 Revenue Budget forecast out-turn at the end of January 2016.
- 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 as well as providing focus for the Change Programmes.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the projected Revenue Budget out-turn position for 2015-16 set out in Table 1 and Appendices 1 and 2;
- 2.2 Approve the virements set out in Appendix 3.

3. Detail

2015-16 Projected Out-turn

- 3.1 The projected budget out-turn as at the end of January 2016 is an overspend of £182k, an adverse variance of £129k since the last report. The Finance team are working with Budget Managers to identify savings to mitigate this overspend and a communication has been sent out asking them to ease off non-essential expenditure until the new Financial Year. Within that context, it is anticipated that a balanced position will be achieved by the end of the financial year.
- 3.2 The budget and projected out-turn by Department is set out in Table 1 below and a more detailed analysis is set out in Appendices 1 and 2.

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Table 1 – Projected Out-turn By Department

Department	Budget 2015/16 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000
Chief Executive	3,246	2,970	(276)	0
Resources	19,662	19,474	(188)	(36)
Corporate	(14,039)	(15,372)	(1,333)	(208)
Commissioning	98,063	100,527	2,464	373
Service Delivery	29,808	29,323	(485)	0
Total General Fund	136,740	136,922	182	129

4. Department Summaries and Explanation of Key issues

Chief Executive

- 4.1 The Chief Executive's Department continues to project a balanced position. Income from court costs and one-off property income from covenant surrenders linked to property disposals continues to be closely monitored.

Resources and Corporate

- 4.2 The Resources and Corporate budgets are currently projecting an underspend of £1.521m, a further improvement of £244k since the last report. The main reasons for this movement are the receipt of one off income for interest on VAT due to a delay in the repayment of VAT from HMRC following a routine audit and the release of the balance of the utilities inflation held to mitigate against fluctuating prices.

Commissioning

- 4.3 The Commissioning budgets are currently projecting an overspend of £2.464m, an adverse variance of £373k since the last report. The main reasons for this are pressures within the Children and Adult's service partly mitigated with an improvement in the position on Children, Families and Health.
- 4.4 The Children and Adults service is experiencing a combination of demand pressures and slippage in the Adult Demand savings programme which resulted in an adverse variance of £616k since the last report. The restructure of the Learning Disability team transferred back from SEQOL, development of new ways of working, vacant posts and recruitment of new managers with the right skills to take the service forward has taken longer than envisaged. The service is still projected to underspend by £500k this year and has achieved £2.5m savings in year but this is lower than predicted earlier in the year. There is growing

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confidence that the 2016-17 savings targets will be met but the delay in the timetable is adversely affecting the 2015-16 outturn forecast.

- 4.5 The above cost pressures are partly mitigated by an improvement of £282k in the projections for Children's, Families and Health with improvements being seen in agency costs and placement costs for Looked After Children. These improvements are mitigating a further increase in Legal costs.

Service Delivery

- 4.6 The Department is projecting a net underspend of £485k, within this there has been improvements in the projected overspends on Steam Museum and Lydiard House and Park. Updated projections by managers across all service areas for staffing, operational expenditure and income budgets have left the net underspend at £485k.

5. Virements

- 5.1 Since setting the 2015-16 Budgets, there have been some virements to reflect changes to the allocation of costs across business units. Members are asked to agree these virements as set out in Appendix 3.

6. Housing Revenue Account (HRA)

- 6.1 Budget managers are forecasting a net underspend of £981k as at the end of January 2016. The key areas are a forecast underspend of £475k in Supervision and Management due to staff savings across various areas, a forecast £317k underspend on Special Services mainly due to savings in utilities costs, and a forecast £359k underspend on Repairs which is due to a combination of staff savings and a significantly lower spend on void properties than was expected. There is a forecast overspend in financing costs of £170k due to an increase in depreciation costs of £470k partly offset by a reduction in the bad debt provision of £300k.

7. Dedicated Schools Grant (DSG)

- 7.1 The DSG budget is predicting a net overspend of £723k, an improvement of £36k since the last report. The main changes are detailed below.
- 7.2 The High Needs Top-Ups budget is forecasting an increase in its overspend of £20k, this is primarily due to an increasing number of students being referred to the Special Education Needs (SEN) assessment panel for additional assistance. A High Needs Contingency budget of £315k is available to help offset any overspends within the High Needs block and as such will assist with mitigating part of the overspend.

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- 7.3 The External Placement budget is currently predicting an increase of £33k in its underspend. This is due to a number of placement changes that have occurred since the last reported figure.
- 7.4 The Post 16 High Needs Top-ups budget is showing an increase of £41k in its underspend, (projected underspend £64k). Four pupils have not registered with a post 16 provider and 1 pupil has moved away from Swindon.
- 7.5 The Growth Funding is showing an overspend of £28k due to additional funding for expanding schools being payable following the October 2015 census.
- 7.6 Officers are continuing to review budgets to identify any further savings that can be used to offset the current predicted overspend. In the event that further mitigating savings cannot be identified then the overspend will need to be funded from the retained DSG reserves.

8. Alternative Options

- 8.1 Cabinet could choose not to approve the virements as set out in Appendix 3.

9. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 9.1 Where there are specific financial implications these have been reflected in the body of the report.

Legal and Human Rights Implications

- 9.2 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)

- 9.3 There are no such direct implications.

Diversity Impact Assessment

- 9.4 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations.

Risk Management

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

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10. Consultees

- 10.1 The Board Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

11. Background Papers

- 11.1 None

12. Appendices

- 1.1. Appendix 1 – Forecast Out-turn by Directorate 2015-16
- 1.2. Appendix 2 – Forecast Out-turn by Service 2015-16
- 12.1 Appendix 3 – Proposed Budget Virements 2015-16

13. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 13.1 This is not a key decision and is included in the Cabinet Work Programme / Forward Plan for March 2016.