

Councillors Briefing Note No. 313

Service: Finance

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Revenue Budget Monitor

Period 7 (end of October 2016) for the financial year 2016/2017

Summary

- The Period 7 Revenue Budget Monitor shows £4.040 million savings to be found.
- The purpose of budget monitoring is to identify risks in order to allow management to address them in a timely manner. As the year unfolds there are sometimes unexpected additional demands for services.
- As in previous budget monitors, the Period 7 monitor will target large variances and the managerial actions arising to ensure a balanced budget at year end.
- To put these figures in context;
 - The Council has saved over £100M over the last 5 years
 - The overall savings for 2016/17 due to reduced government grants and increased demand is £25.25 million. The Period 7 report shows a gap of £4.04 million.
 - The £4.040 million to be saved represents 1.3% of the Council's net budget of £312 Million or 0.5% of the Council's gross budget of £850 Million.
 - Over the next four years the Council has to save an additional £45 million.

Briefing

1. Cabinet reviews the financial performance of the Council quarterly with formal reports tabled at the relevant Cabinet public meeting. This report advises members of the revenue budget monitoring position with suggested actions as appropriate.
2. The purpose of budget monitoring is to identify risks in order to allow management to address them in a timely manner. As the year unfolds there are sometimes unexpected additional demands for services, sometimes delays in savings due to the need for additional public consultation, sometimes risks associated with National Non Domestic Rates revaluations, not controlled by the Council, and other factors. Anyone who has ever run a business knows that this type of uncertainty is a reality of life.
3. The quarterly monitor enables actions to be taken in good time to achieve a year end balanced budget which is a legal requirement on all Councils.
4. If there were to be no recognition of potential problems the Council would only discover them at the year end when it would be too late to do anything about it.
5. The Cabinet paper for Period 7 indicates a £4.040 million year end overspend should nothing change. This is a reduction since the last report from Period 4 dated 13th September which showed an overspend of £8.3 million.
6. The Period 7 Cabinet paper is explicit on the areas where the financial difficulties

have occurred, these are;

- **Children’s Social Care**

Children’s Social Care budgets are projected to overspend by £1.977 million (£1.800 million at Period 4). The key risks continue to be costs associated with looked after children.

The actions being taken to minimize this overspend are shown in detail in the report.

The fact is that children at risk can’t be ignored and it is the duty of the Council to protect such children from risk and exploitation.

- **Disabled Children & Adults**

This service is currently projected to overspend by £2.329 million (£1.300 million at Period 4). This is £1 million higher primarily due to continued growth in the number and cost of packages of care and pressure on Special Educational Need transport budgets for home to school transport.

The growth in the number of care packages and in transport costs was anticipated at budget setting and the budget was increased in line with estimated costs, however activity and costs following the new academic year have exceeded the initial estimates. This is in terms of the volume of children meeting the criteria for transport because eligibility for Education Health Care Plans now extends beyond nineteen years of age and because of more local college provision is replacing residential college provision. **This is due to government changing the criteria without giving additional funding to cover the cost.**

The actions being taken to minimize this effect are shown in detail in the report.

Again the fact is that disadvantaged residents can’t be ignored, it is the duty of the Council to assist these residents to improve their life chances.

7. Care demand and costs are a problem for all Councils with this responsibility. The Social Care Levy allowed by the government has alleviated but not resolved the problem. These demand and cost pressures are expected to continue to increase year on year into the future. The NHS has exactly the the same financial pressures due to demand, as reported regularly in the press, especially as winter approaches, but, unlike Councils, is bailed out by the government every year.
8. It is no pleasure to cite the figures for other Councils but it does serve to demonstrate that the issue of care costs is universal. For example The Greater Manchester Combined Authority has applied to the Treasury for an extra £214m to cover social care costs. Other examples are shown below.

Authority	Latest overspend predicted	Main reason	% of net budget
Swindon	4.9m	Care & Waste	3.6
Somerset	22m	Care	7.7
Devon	7.5m	Care	1.7
Staffordshire	12.9	Care	2.6
Bristol	27.5m	Care, Property, ICT	8.6
Lancashire	11.3m	Care	1.6
Birmingham	49m	Care	5.9