

## FINANCIAL MONITORING REPORT: 2019/20

<b>Cabinet Date</b>	24 July 2019
<b>Finance and Change</b>	Cllr Lynden Stowe
<b>Key Decision</b>	Yes
<b>Other Documents</b>	MTFS Report to 13 <sup>th</sup> February 2019 County Council.
<b>Main Consultees</b>	Corporate Management Team, Senior Officers, Cabinet Members.
<b>Planned Dates</b>	Not applicable
<b>Divisional Councillor</b>	County Wide
<b>Officers</b>	<p>Paul Blacker, Director of Finance (01452) 328999  <a href="mailto:paul.blacker@gloucestershire.gov.uk">paul.blacker@gloucestershire.gov.uk</a></p> <p>Jayne Fuller, Corporate Finance Manager (01452) 328926  <a href="mailto:jayne.fuller@gloucestershire.gov.uk">jayne.fuller@gloucestershire.gov.uk</a></p>
<b>Purpose of Report</b>	To provide an update on the year-end forecast for the 2019/20 County Council's Revenue and Capital Budgets
<b>Key Recommendations</b>	<p>That the Cabinet:</p> <ol style="list-style-type: none"> <li>1. Notes the forecast revenue year end position as at the end of May 2019 for the 2019/20 financial year of a net £2.956 million overspend against the revenue budget of £429.661 million.</li> <li>2. Notes the one off transfer of £0.028 million to GFRS from the Transformation Reserve to subsidise travel on a targeted basis for key stage 2 and 3 children across Gloucestershire.</li> <li>3. Notes the forecast capital year end position as at the end of May 2019 of £1.147million overspend against the current budget of £121.537 million</li> <li>4. Approves the addition of £1.147 million to the Highways capital budget funded from a variety of sources as outlined in the body of the report.</li> <li>5. Notes the allocation of £1.209 million from the approved carriageway resurfacing budget to specific schemes as outlined in the body of the report.</li> </ol>
<b>Resource Implications</b>	These are detailed within the report

## Revenue Expenditure 2019/20

### A. Revenue Forecast Outturn Position 2019/20

1. The current forecast of the year end revenue position against the revenue budget of £429.661 million, based on actual expenditure at the end of May 2019 and forecasts made in June 2019 is a £2.956 million overspend, 0.69% of the budget.
2. Details of the forecast year end position, analysed by service area is provided in the table below and the narrative that follows.

#### Directorate Breakdown for Cabinet Report - Position as at the end of May 2019

Service Area	2019/20 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %
	£000	£000	£000	%
Adults	148,155	148,155	0	0.0%
Prevention & Wellbeing	33,342	33,348	6	0.0%
Children & Families	113,851	121,278	7,427	6.5%
Communities & Infrastructure	72,305	72,615	310	0.4%
GFRS and Regulatory Services	18,245	18,458	213	1.2%
Business Support Services	32,763	32,763	0	0.0%
Support Services Recharges	-32,763	-32,763	0	0.0%
<b>Total for Services</b>	<b>385,898</b>	<b>393,854</b>	<b>7,956</b>	<b>2.1%</b>
Technical & Corporate	43,763	38,763	-5,000	-11.4%
<b>Total</b>	<b>429,661</b>	<b>432,617</b>	<b>2,956</b>	<b>0.69%</b>

## Adult Social Care

3. Adult Social Care is reporting a balanced position. This forecast includes £2.530 million of Additional Social Care "Winter Pressures" funding and is achieved by using £2.482 million from Adult Care Reserves. There is no formal request being made to Cabinet to use any of the Adults reserves at this stage - this will be done if and when there is greater certainty about the amount of reserve required to support the 2019/20 budget.
4. Adult Social Care reserves currently stand at £6.416 million. It should be noted that only £2.654 million of this total is held purely as a Vulnerable Adults Reserve. The balance is specifically set aside for the backdated element of new Ordinary Residence cases and additional commitments relating to the National Living Wage and the Care Act.
5. MTFS savings targets of £10.498 million for all client groups are integrated under the Adults Single Programme (ASP). For Older People (OP), Physical Disabilities (PD) and Learning Disabilities (LD) External Care budgets the impact on operational budgets and performance is managed by the Head of Social Care, working with Commissioning and Support Service colleagues. All savings are currently treated as being fully achievable – although there are risks around a number of these proposals.
6. LD External Care is forecasting a £0.956 million overspend. The overspend relates to increased demand and increased complexity of cases.
7. OP and PD External Care is projecting a £1.420 million overspend. The split of the overspend across individual service budgets shows the OP position as £0.848 million and PD £0.572 million. The overspend mainly relates to increased care needs for existing cases, 'voids' and other additional costs relating to externally provided residential homes.
8. The Mental Health forecast is a £1.499 million overspend, of which £0.664 million is as calculated by the 2Gether NHSFT Finance Team, net of unallocated MTFS growth and savings held by the Lead Commissioner. The budget includes MTFS funding for 2019/20 growth and fee increases.
9. The Community Equipment Service (CES) / Telecare budgets are reporting a balanced budget position.
10. Other Services comprise of all staffing budgets for Adult Social Care, as well as a number of specific commissioned contracts. The forecast position for these services nets to a £1.388 million underspend including:
  - a. £0.949 million significant overspends: £0.826 million MTFS Prevention Unallocated due to the reablement saving allocation

not yet addressed; £0.061 million Proud to Care due to permanent funding not identified; £0.062 million Disabilities Hub.

- b. £2.239 million significant underspends: £0.118 million LD Assessment, Support Planning & Management mainly due to vacancies; £0.052 million LD other commissioned services relating to employment service budgets; £0.149 million under Hospital Care Navigators due to vacancies; £0.567 million OP/PD Integrated Social Care Management (ISCM) due largely to vacancies; £0.121 million Integrated Brokerage due to vacancies; £0.066 million Administration Finance due to a vacancy; £0.115 million for the Advocacy contract; £0.208 million Contact Centre due to vacancies and £0.842 million for the OP/PD Reablement Service managed by Gloucestershire Care Services due to vacancies.
- c. a number of smaller variances netting to a £0.098 million underspend.

11. Other Services (Unallocated) are reported as balanced.

### **Prevention and Wellbeing**

12. Services within this area include Public Health, Supporting People and a number of smaller budgets covering the prevention hub team and grants.

13. The current forecast of the year end revenue position is an overspend of £0.006 million and is due to additional staffing and ICT costs within the prevention hub.

14. Public Health is reporting a balanced position. Services are funded by a ring-fenced grant, which if unspent is required to be carried forward in a specific reserve. The in-year forecast for Public Health is an under-spend of £0.057 million due to lower commitments against the healthy lifestyles contract.

15. The grant from MHLG for the Rapid Rehousing Pathway has been confirmed as £0.710 million for 2019/20. Through our strong local relationships with community organisations this funding will be used to rapidly deliver new services to reduce rough sleeping, increase the sustainment of tenancy outcomes and increase the evidence base for the effectiveness of the Somewhere Safe to Stay model.

### **Children & Families**

16. The current forecast of the year end revenue position as at June 2019 for non-DSG funded services is an overspend of £7.427 million (6.52% of budget). As in

2018/19 the overspend is due to higher than expected number of external placements and the cost of agency social work staff covering vacancies.

17. At the end of May 2019 children in care numbers were 722 compared to 669 at the end of May 2018. This continues to cause significant budgetary pressures on children's services and in particular against the external placement and safeguarding staff budgets resulting in the overspend. An efficiency plan is in place to reduce the forecast over-spend by £2.427 million down to below £5 million by the year end. Cost pressures and proposals to achieve this reduction in over-spend are set out below.
18. The current forecast over-spend against the external placement budget is £4.015 million (18.5% above budget) which includes a contingency of £3.1 million for new cases in-year allowing for additional placements to replace existing care commitments or allowing for higher number of placements. The overspend is due to a higher number of external placements than anticipated with a current average unit cost of £89,500 per annum. There are currently 315 external placements, of which 82 are residential and 62 supported living placements.
19. The review of all high cost placements is continuing on a regular basis as part of the wider improvement work ensuring decisions around placement change and permanence are executed in timely child centred manner. This will continue to reduce the cost of external placements where appropriate including reducing unit costs. Improving social care practice to divert children from care at an earlier point and achieve permanence at the earliest opportunity will reduce numbers of children in care costs in the longer term.
20. Against safeguarding staffing budgets there is a forecast overspend of £2.676 million which is due to the use of agency staff covering for staff vacancies or where caseloads remain high. Changes have been made to improve processes for recruitment, put in place more effective advertising as well as the launch of the social work academy to support the training and development of social workers and to improve retention. Turnover of staff has stayed around 17% over the last three months and at the end of May there were 148 agency workers in post compared to over 180 at times in 2018/19. As newly qualified staff start over the next few months and gain experience the number of agency staff will reduce resulting in a lower over-spend position.
21. A higher level of activity is also causing an overspend of £0.463 million in section 17 and discretionary payments for foster carers. A resource panel is now in place to review and agree all significant payments and ensure consistency across teams and signpost to other services.
22. In addition to this young peoples support are forecasting a £0.515 million over-spend due to a number of complex cases and the additional cost of agency staff covering vacancies where the cost will reduce as permanent staff are recruited.

23. There are a number of offsetting variances which include services for children with disabilities and education support services that are forecast to under-spend by £0.282 million across a number of services.

### **Dedicated Schools Grant (DSG) position**

24. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £4.842 million in 2019/20 which includes the deficit carry forward of £2.884 million in the high needs block. As reported last year the cost pressures are in the High Needs Block (forecast over-spend for the block in 2019/20 is £2.518 million) with over-spends against Independent Special Schools (£1million), top ups for primary schools to support Education, Health and Care plans (EHCP) (£0.2 million) as well as a deficit in-year budget of £1.192 million; these are all caused by increases to activity and reflects the national picture.

25. The High Needs Strategy approved by Cabinet in January 2019 includes eight core activities to address the continuing cost pressures. Working with schools and the School Forum, these activities will include focusing on a new approach to exclusions and improvement of the graduated pathway and EHCP process. The specialist commissioning team are also continuing to work to reduce the cost of placements where appropriate. The budget pressures that Gloucestershire is facing reflects the national picture with significant deficits in DSG high needs being held in many Local Authorities with lobbying continuing for additional funding. Without additional funding it is unlikely that the DSG ring fenced grant can be brought back into balance in the near future resulting potentially in a financial risk to the Council. A 5 year recovery plan is being developed.

### **Communities & Infrastructure**

26. Communities and Infrastructure are currently reporting a forecast of £0.310 million overspend (0.4% of total budget).

27. Waste are forecasting an net overspend of £0.357 million in total which is made up from £0.412 million overspend against recycling credit payments, £0.047 million HRC overspend, £0.090 million of increased income and £0.012 million underspend - as summarised in the following two paragraphs.

28. Recycling tonnages are growing at a faster rate than anticipated and each tonne of additional recycling attracts a recycling credit payment which results in a forecast overspend against the credit payment budget. If recycling tonnages reduced this would reduce the value of recycling credit payments but would increase the amount of residual waste that has to be processed which costs

more per tonne than the recycling credit payment. In the medium term the Council is looking at options to reduce demand by renegotiating the incentives payment levels and reviewing payments to third parties. The payment of general recycling credits to waste collection authorities will continue to be subject to statutory and tonnage based growth.

29. There has been a £0.047 million overspend against the Household Recycling Centres due to unexpected costs that incurred during 18/19 being invoiced in this financial year. The overspend has been offset by £0.090 million of additional income forecasted against landfill royalty payments and £0.012 million of underspend on other waste areas
30. Highways Commissioning are reporting a £0.033 million underspend position which is made up of various small underspends over a number of areas. Parking is currently reporting a balanced position however income is being closely monitored to manage the risk of a year end variance.
31. All other areas – Libraries, Registrars, Integrated Transport Unit (ITU), and Strategic Infrastructure are reporting a break even position however it should be noted that ITU continues to monitor new contract prices in order to manage the risk of an overspend. There is a small underspend position of £0.014 million reported in the corporate area relating to staff vacancies.
32. Following on from Cabinets decision in June 2018 to join the Western Gateway Shadow Sub-National Transport Body (WGSSTB) the Council has taken the role of the Lead Authority which has Accountable Body responsibilities. The lead authority are able to recoup administration costs and the resource required has been identified within existing resources for the majority of the work and any specialist resources required will be funded from the partnership.

### **Gloucestershire Fire & Rescue Service & Regulatory Services**

33. The Fire and Rescue Service shows a forecast overspend of £0.213 million. The overspend is mainly a result of changes to employer's superannuation on fire pension schemes where contributions increased from 21.7% to 37.3% for 1992 scheme and 14.3% to 28.8% on the 2015 scheme. A grant has been received but only covers 90% of the costs.
34. A 3% pay award has been budgeted for although the actual increase has not yet been agreed.
35. Trading Standards and the Coroner's Service are anticipating an on target position.

36. At the full council meeting of 26th June 2019 members unanimously supported the motion to fund the transportation costs for key stage 2 and 3 children to attend SkillZONE. Prior to 2016 SkillZONE received funding to subsidise the transport costs for children to attend the centre - this resulted in over 16,000 children attending the centre and 500 'New Journey' ambassadors being trained who went on to educate 3000 year 7 students in safe travel as they transitioned to secondary school. Numbers of children attending have reduced significantly since this funding was withdrawn - last year only 4500 children attended which is predominantly due to the travel costs to get them to the centre. In order to improve the safety of primary school and year 7 children and to maximise the potential capacity of SkillZONE it is proposed that subsidised travel be reintroduced, on a targeted basis, to transport 5000 primary school and 600 year 8 children per year to the centre to directly receive training and to become New Journey travel ambassadors to educate a further 3500 year 7 children across Gloucestershire in a full year. The cost of this is £0.040 million to subsidise travel for 5000 children and £0.008 million to train 600 ambassadors to educate a further 3500 children in a full year. It is therefore proposed to allocate £0.028 million to GFRS from the Transformation Reserve to fund the part year impact (September 2019 to March 2020) in the current financial year. Please refer to Appendix A of the report for more details.

### **Business Support Services**

37. The forecast outturn for Business Support Services is a balanced position.
38. Strategy & Challenge are forecasting a balanced position. This position takes into account the risk around income targets which are being actively managed. Extraordinary legal child protection cases, where demand continues to increase, will continue to be funded corporately. A strategy to actively manage the recruitment and retention of suitably qualified and experienced Child Protection Lawyers is in place.

### **Technical and Cross Cutting**

39. The forecast outturn position for Technical and Corporate budgets is a £5.0 million underspend (11.43% of budget). The main areas of variance relate to:-
40. Positive interest rate credits on cash balances totalling £2.22 million, reflecting better diversification of investments and longer term deposits.
41. When the 2019/20 Budget was agreed in February 2019 a number of government funding streams had not been finalised due to the timings of announcements. These funding streams have now been confirmed and have resulted in slightly more central funding than originally estimated. In total, £2.78



million more will be received from s31 grants as a result of changes that central government have made to business rates, known as Business Rates Autumn Statement Grant for 2019/20. These changes to funding are managed within the Technical and Corporate budgets for the Council.

## B. Capital Expenditure

### Current Spend 2019/20

42. The capital budget for 2019/20 is £121.537 million. Actual spend against the capital programme as at the end of May 2019 is £6.045 million.

### Budget and Capital Forecast Outturn Position 2019/20

43. The forecast outturn position for 2019/20 is £122.684 million giving an in year overspend position of £1.147 million.

44. Details of the budgets, forecast year end position, analysed by service area, and key factors considered in producing this forecast position are provided in the table below and the narrative that follows.

<b>CAPITAL EXPENDITURE 2019/20</b>					
Service Area	Reprofiled Budget 2019/20	Current Year Spend 2019/20	% Current Year Spend against Reprofiled Budget	Forecast Outturn 2019/20	Forecast Year-end Variance
	£000	£000	%	£000	£000
<b>Capital Receipts Works Before Sale</b>	0	0		0	0
<b>Adults</b>	7,090	744	10	7,090	0
<b>Children &amp; Families</b>	27,824	2,679	10	27,824	0
<b>Communities</b>					
Highways	53,807	1,994	4	54,954	1,147
Strategic Infrastructure	2,125	58	3	2,125	0
Waste Disposal	1,228	41	3	1,228	0
Libraries	909	2	0	909	0
Fire & Rescue	600	0	0	600	0
<b>Business Support</b>					
AMPS	17,570	100	1	17,570	0
ICT projects	8,380	155	2	8,380	0
Business Service Centre	631	0	0	631	0
Archives & Information Management	739	266	36	739	0
Customer	634	6	1	634	0
<b>Total</b>	<b>121,537</b>	<b>6,045</b>	<b>5</b>	<b>122,684</b>	<b>1,147</b>

## **Highways Capital Programme**

45. Highways schemes are forecast to spend £54.954 million in 2019/20 against the current budget of £53.807 million, giving a forecast overspend of £1.147 million. This forecast overspend will be funded by the proposed increase in funding detailed below.

## **Other Services Capital Programmes**

46. All other services are forecast to spend in line with the current budgets.

## **Changes to the Capital Programme in 2019/20 and future years**

### **Children and Families**

47. Details of a proposed increase of £0.206 million to the Children and Families Capital Programme are included in the Children & Families Capital Programme 2019/20 Update report presented to Cabinet elsewhere on this agenda.

### **Highways**

48. Details of a proposed increase of £4.5 million to the Highways Capital Programme are included in the A38/A419 Whitminster Roundabout Bridges and Canal Improvements report presented to Cabinet elsewhere on this agenda.

49. It is proposed that Cabinet support an increase of £1.147 million in the Highways capital budget, funded by the following additional resources:

- £0.993 million additional DfT Pothole Fund Grant.
- A reduction of £0.023 million as the DfT Incentive Fund Grant allocation was slightly less than anticipated despite getting maximum score.
- £0.150 million transfer from the C&I reserve which relates to income from Boots Corner camera enforcement to cover 2018/19 overspends on Cheltenham Transport Plan.
- £0.024 million developer contribution towards RTP1 at Cam and Dursley Station and other stops in Cam.
- £0.003 million developer contribution towards cycle parking at Cam and Dursley.

50. It is proposed that Cabinet support the following budget allocations from the existing approved budget for carriageway resurfacing:

- £0.455 million towards a new scheme to resurface the A435 Evesham Road, Gotherington to Pamington Road Junction.

- £0.304 million towards a new scheme to resurface Speech House Road to the junction of Fancy Road.
- £0.450 million increase in the A4019 Uckington to Stoke Road scheme, increasing the budget from £0.250 million to £0.700 million. This increase is necessary as in-year deterioration means that we have to do both sides of the dual carriageway and address an identified SCRIM site (SCRIM is poor surface friction meaning the road had become polished).

## **Overall**

51. As a result of the above changes, the overall capital programme will increase by £1.353 million.