

FINANCIAL MONITORING REPORT: 2019/20

Cabinet Date	9 October 2019
Finance and Change	Cllr Lynden Stowe
Key Decision	Yes
Other Documents	MTFS Report to 13 th February 2019 County Council and Financial Monitoring Reports to Cabinet 24 th July 2019
Main Consultees	Corporate Management Team, Senior Officers, Cabinet Members.
Planned Dates	Not applicable
Divisional Councillor	County Wide
Officers	<p>Paul Blacker, Director of Finance (01452) 328999 paul.blacker@gloucestershire.gov.uk</p> <p>Jayne Fuller, Corporate Finance Manager (01452) 328926 jayne.fuller@gloucestershire.gov.uk</p>
Purpose of Report	To provide an update on the year-end forecast for the 2019/20 County Council's Revenue and Capital Budgets
Key Recommendations	<p>That the Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the forecast revenue year end position as at the end of August 2019 for the 2019/20 financial year of a net £4.490 million overspend against the revenue budget of £429.661 million. 2. Notes the forecast capital year end position as at the end of August 2019 of £112.620 million against the budget of £126.048 million. 3. Approves the addition of £0.043 million to the Highways capital budget funded from a variety of sources as outlined in the body of the report. 4. Approves the allocation of £3.887 million from the approved carriageway resurfacing budget to schemes as outlined in the body of the report. 5. Approves the reduction of £0.191million to the Flood Alleviation capital budget as outlined in the body of the report.
Resource Implications	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 August 2019 and forecasts made in September 2019 is a £4.490 million overspend, 1.05% of the budget.
2. If this overspend remains at the end of the financial year it will need to be funded from reserves. Currently General Reserves are £18.520 million or 4.3% of the net revenue budget. The financial impact of these unfunded financial pressures will be built into the MTFS process and the 2020/21 revenue budget.
3. 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 August 2019

Service Area	2019/20 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %	Forecast Variance Previously reported	Change in variance
	£000	£000	£000	%	£000	£000
Adults	148,940	148,940	0	0.0%	0	0
Prevention & Wellbeing	32,606	32,595	-11	0.0%	6	-17
Children & Families	113,765	123,545	9,780	8.6%	7,427	2,353
Communities & Infrastructure	70,673	71,244	571	0.8%	310	261
GFRS and Regulatory Services	19,856	19,976	120	0.6%	213	-93
Corporate Resources	32,875	32,875	0	0.0%	0	0
Corporate Resources Recharges	-32,875	-32,875	0	0.0%	0	0
Total for Services	385,840	396,300	10,460	2.7%	7,956	2,504
Technical & Corporate	43,821	37,851	-5,970	-13.62%	-5,000	-970
Total	429,661	434,151	4,490	1.05%	2,956	1,534

Adult Social Care

4. Adult Social Care is reporting an underlying overspend of £2.048 million. This forecast position includes £2.530 million Additional Social Care - Winter Pressures funding allocation and £2.049 million of Additional Social Care Grant. There is no formal request being made to Cabinet to use any of the Adults reserves, this will be done if and when there is greater certainty about the amount of reserve required to support the 2019/20 budget.
5. Adult Social Care reserves currently stand at £6.416 million in total which includes the Vulnerable Adults Reserve now at £2.654 million and 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.
6. There are a number of significant risks that are ongoing which mainly relate to negotiations with a major residential care provider and the Adult Single Programme for the MTFs savings targets of £10.498 million.
7. MTFs savings targets for all client groups are integrated under the Adults Single Programme (ASP) and for OP, PD and 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. For this forecast the savings are treated as being almost fully achieved.
8. LD External Care is projecting a £0.302 million overspend. The LD overspend assumes delivery of the majority (92%) of the 2019/20 savings targets, although there are risks around a number of these. The overspend relates to increased demand and increased complexity of some cases.
9. OP and PD External Care is projecting a £1.630 million overspend. The overspend is split across individual service budgets with OP showing as £1.031 million and PD £0.599 million. The OP/PD overspend assumes full delivery of 2019/20 savings targets (£4.669 million is included within the forecast) although there is risk of not achieving these savings in full. The overspend mainly relates to increased care needs for existing cases and voids / other additional costs relating to homes run by a major provide.
10. The Mental Health forecast position is a £1.752 million overspend net of unallocated MTFs growth and savings held by the Lead Commissioner.
11. The Community Equipment Service (CES) / Telecare budgets are reported as online.

12. 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 £1.627 million underspend including:

- a. £0.959 million significant overspends: £0.160 million Community Meals and £0.799 million in Prevention due to the reablement saving allocation not yet confirmed (but offset by £0.745 million underspend in Reablement Service reported below).
- b. £2.574 million significant underspends: £0.174 million under Hospital Care Navigators due to vacancies; £0.117 million Integrated Brokerage due to vacancies; £0.081 million Administration Finance due to a vacancies £0.095 million for the Advocacy contract due to current year lower than anticipated usage of the contract; £0.833 million OP/PD Integrated Social Care Management (ISCM) due largely to vacancies; £0.149 million Contact Centre due to vacancies; £0.745 million for the OP/PD Reablement Service managed by Gloucestershire Care Services due to vacancies (see above comments); £0.026 million Safeguarding; £0.091 million Deputy Director ASC due to vacancies and £0.264 million LD Assessment, Support Planning & Management mainly due to vacancies.
- c. a number of smaller variances netting to a £0.013 million underspend.

13. Other Services (Unallocated) are reported as £0.009 million underspend.

Prevention and Wellbeing

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

15. The current forecast of the year end revenue position is an under-spend of £0.011 million against prevention projects.

16. 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 £0.153 million due to lower commitments against the healthy lifestyles contract, lower dispensing costs for smoking cessation and health checks activity and a staff vacancies.

Children & Families

17. The current forecast of the year end revenue position as at September 2019 for non-DSG funded services is an over-spend of £9.78 million (8.6% of budget). The over-spend is due to higher than expected number of external placements and the cost of agency social work staff covering vacancies. The increase of £2.353 million on the previous Cabinet report related to these cost pressures.
18. At the end of August 2019 children in care numbers were 723 compared to 669 at the end of May 2018. This activity continues to cause significant budgetary pressures on children's services and in particular against the external placement and safeguarding staff budgets resulting in the over-spend. An efficiency plan is in place to reduce the forecast over-spend but the target of below £5 million by the year end is very challenging due to the latest external placement forecast. Cost pressures and proposals to achieve reductions in the over-spend are set out below. Further scrutiny of the budget position by external challenge is planned in September from the LGA and Peopletoo.
19. The current forecast over-spend against the external placement budget is £5.498 million (25.3% above budget), an increase of £1.324 million between the July and September forecast. This includes a contingency of £1.49 million for new cases in-year allowing for additional placements to replace existing care commitments or allowing for higher number of placements. The over-spend is due to a higher number of external placements than anticipated with a current forecast average unit cost of £95,800 per annum, (residential/supported living average unit cost of £152,400). There are currently 321 external placements, of which 86 are residential and 66 supported living placements.
20. 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.
21. Against safeguarding staffing budgets there is a forecast overspend of £2.794 million. The significant over-spend 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 between 15 to 17% over the last few months and at the end of August there were 129 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 is expected to reduce by the end of March.

22. A higher level of activity is also causing an over-spend of £0.757 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.
23. In addition to this young peoples support are forecasting a £0.719 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.

Dedicated Schools Grant (DSG) position

24. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £7.201 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 with a forecast in-year over-spend for the block in 2019/20 of £4.638 million. The over-spends are against Independent Special Schools (£1.365 million), top ups to support Education, Health and Care plans (EHCP) (£2.082 million) with significant overspends against colleges and special schools as well as a deficit in-year budget of £1.192 million; these are all caused by increases to activity, many of which have been unanticipated and above forecast trends but 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. Forecast models of expenditure and activity trends are in place and the assumptions used are challenged on a monthly basis to ensure robust forecasting. The specialist commissioning team are also continuing to work to reduce the cost of placements in independent schools where appropriate.
26. The budget pressures that Gloucestershire is facing reflects the national picture with significant deficits in DSG high needs being held in many Local Authorities. The recent funding announcements identified nationally £700 million additional funding for special needs in 2020/21. It is unclear at present how this will be allocated and what proportion will come into the High Needs block so the implementation of the High Needs Strategy will be essential to ensure the budget is balanced in future years.

Communities & Infrastructure

27. Communities and Infrastructure are currently reporting a forecast of £0.571 million overspend (0.81% of total budget).
28. Waste are forecasting a net overspend of £0.658 million in total which is made up from £0.367 million overspend against recycling credit payments, £0.113 million HRC overspend, £0.268 million reduction in HRC income for metals, textiles and cardboard and £0.090 million underspend against wood. HRC materials income fluctuates throughout the year, therefore, this is our best forecast at this point in time. Material prices may improve or decline further as a result of global trading conditions
29. Highways Commissioning are reporting an overspend of £0.128 million caused by a number of small cost pressure areas within the contract and meeting service requirements. Parking is currently reporting a balanced position and income is being closely monitored to manage the risk of a year end variance.
30. There is an overspend recognised in the Highways Development Control team due to staff vacancy and consultancy cover required to meet establishment levels. This will be offset by additional drawdown of Developer fees at year end, therefore allowing a breakeven position to be reported overall.
31. Strategic Infrastructure is reporting a £0.196 million underspend. This is allowing for the agreed underspend of the Flood revenue budget of £0.275 million and an overspend of £0.100 million against the Planning Development Management team due to insufficient income achieved to fund the required staffing.
32. There is a small underspend of £0.020 million reported on the Place and Place support staffing budgets due to staff vacancy
33. All other areas – Libraries, Registrars, Adult Education, and Integrated Transport Unit 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..

Gloucestershire Fire & Rescue Service & Regulatory Services

34. The Fire and Rescue Service is currently forecasting a year end overspend of £0.121 million. The overspend is due to the additional cost of employers' superannuation contributions for fire pension schemes. The total additional cost was calculated at £1.214milliona per annum. A grant of £1.093 million covering 90% of the increase was provided by the Home Office leaving a shortfall of £0.121million.
35. Trading Standards and the Coroner's Service are anticipating an on target position.

Corporate Resources

36. The forecast year end position for Corporate Resources is a balanced position, however this includes a £0.098 million forecast overspend against the Asset Management & Property Services car parking budget. The variance includes overspend on both existing car parking arrangements, and the cost of the alternative provision following the changes to the Quays carpark. This overspend is being covered by vacancies elsewhere within Corporate Resources.

Technical and Cross Cutting

37. The forecast outturn position for Technical and Corporate budgets is a £5.970 million underspend (13.62% of budget). The main areas of variance relate to:-

38. Positive interest rate credits on cash balances totalling £2.88 million, reflecting better diversification of investments and longer term deposits.

39. 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.

40. A number of smaller variances on Corporate budgets netting to a £0.31 million underspend.

B. Delivery of Meeting the Challenge Savings Programme

41. At the end of Quarter 1 of the 2019/20 savings programme, we are reporting £5.739 million delivered against a 2019/20 target of £19.051 million. This represents 30.1% of the annual target achieved.

42. A total of £16.557 million is forecast to be delivered by the end of 2019/20 budget year, which would represent 86.9% of the annual target.

43. Additionally, there was an outstanding saving of £2.363 million yet to be achieved from previous years' targets, of which £0.065 million has been achieved to date. The most significant element of the shortfall relates to the reduction in Public Health grant funding. In 2018/2019 this shortfall was offset by the Public Health reserve (the 'carry-forward' of the ring-fenced grant). Options for the longer term are being developed as part of this year's MTFs process.

Programme/Project	19/20 savings target	Achieved to date	Forecast 19/20 (incl achieved)	At Risk in 19/20	Notes
		£,000	£,000	£,000	
Rollovers (from MTC2 and 18/19)					
Children & Families (MTC2)	150	0	0	150	Now expected to be delivered in 20/21.
Children & Families & Public Health (MTC2)	1,437	0	92	1,345	Now expected to be delivered in 20/21.
Adults Mental Health (previously under Supporting People MTC2)	435	0	0	435	Savings have been transferred to the Adult Single Programme
Education (18/19)	46	46	46	0	
Supporting People (18/19)	218	19	19	199	Flagged as at risk, but in-year position will be balanced with underspends elsewhere, until savings can be delivered in 20/21
Waste (18/19)	77	0	77	0	
Total Rollovers	2,363	65	234	2,129	
Current programme year (19/20)					
Education	550	291	500	50	One element delayed by unpredictability of delivery, but plans in place to cover in-year budget position.
Adults Single Programme	10,498	1,406	10,498	0	Currently treated as being achievable although there are risks around a number of the proposals.
Public Health	641	0	641	0	
Supporting People	399	59	399	0	
Parking	487	0	487	0	
Libraries	50	50	50	0	
Waste	293	0	49	244	At risk, and plans are under revision, likely to recover in 20/21
Support services	397	397	397	0	
Commercial approach	1,000	1,000	1,000	0	
Strategy & Challenge	70	70	70	0	
Corporate & Technical	2,466	2,466	2,466	0	
Staff Travel	500	0	0	500	Plans are still being formed, but the saving has yet to be attached to identified budgets.
Children & Families	1,700	0	0	1,700	Part of the ongoing plans to contain the budget overspend to £5M
Total Current Year	19,051	5,739	16,557	2,494	
Total Rollovers + Current	21,414	5,804	16,791	4,623	

C. Capital Expenditure

Current Spend 2019/20

44. The capital budget for 2019/20 is £126.048 million, an increase of £4.511 million since last reported to Cabinet due to additional approval granted at July Cabinet and the re-profiling of the Fire & Rescue capital programme. Actual spend against the capital programme as at the end of August 2019 is £24.938 million.

Budget and Capital Forecast Outturn Position 2019/20

45. The forecast outturn position for 2019/20 is £112.620 million, against the budget of £126.048 million giving forecast slippage of £13.428 million.

46. Details of the budgets and forecast year end position, analysed by service area, are provided in the table below and the narrative that follows.

CAPITAL EXPENDITURE 2019/20					
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
Capital Receipts Works Before Sale	0	0		0	0
Adults	7,109	3,084	43	6,791	-319
Children & Families	28,015	7,213	26	21,339	-6,676
Communities					
Highways	57,422	12,109	21	57,422	0
Strategic Infrastructure	2,125	60	3	2,045	-80
Waste Disposal	1,228	401	33	1,228	0
Libraries	909	9	1	909	0
Fire & Rescue	1,285	9	1	1,285	0
Corporate Resources					
AMPS	17,570	948	5	11,188	-6,381
ICT projects	8,380	542	6	8,409	29
Business Service Centre	631	0	0	631	0
Archives & Information Management	739	547	74	739	0
Customer	634	16	3	634	0
Total	126,048	24,938	20	112,620	-13,428

Adults Programme

47. Adults' schemes are forecast to spend £6.791 million in 2019/20 against a budget of £7.109 million, giving a forecast slippage of £0.319 million. This is due to delays on the ERIC system replacement.

Children & Families Programme

48. Children & Families schemes are forecast to spend £21.339 million in 2019/20 against a budget of £28.015 million, giving a forecast slippage of £6.676 million. This is mainly due to planning issues and design delays to ensure best value for money solutions on the following school expansion projects:

- Warden Hill Primary
- The Cotswold Academy
- Winchcombe Abbey Primary
- Leckhampton Primary
- St. David's Primary
- Ashchurch Primary
- Bishops Cleeve area primary places

Strategic Infrastructure Programme

49. Flood Alleviation schemes are forecast to spend £0.338 million in 2019/20 against a budget of £0.418 million, giving a forecast in-year underspend £0.080 million. This relates to works in Churchdown and Brockworth, where access for the originally proposed scheme could not be negotiated with the landowner so an approach of individual property flood resilience measures was adopted.

AMPS Programme

50. AMPS schemes are forecast to spend £11.188 million in 2019/20 against a budget of £17.570 million, giving a forecast slippage of £6.381 million. This is mainly due to delays on the following projects:

- Quayside new build – £2.500 million slippage, due for completion in 2021.
- Quayside car park - £2.000 million slippage due for completion in 2021/22.
- Lewis Lane – £0.500 million slippage, awaiting decision from service.
- Shire Hall Block 1 & 2 – £0.500 million slippage due to revised timeline for completion.

ICT Programme

51. ICT schemes are forecast to spend £8.409 million in 2019/20 against a budget of £8.380 million, giving a forecast in-year minor overspend £0.029 million.

All other Capital Programmes

52. All other programmes are forecast to spend in line with the current budget for the year.

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

Highways

53. It is proposed that Cabinet support an increase of £0.043 million in the Highways capital budget, funded by the following additional resources:

- £0.010 million Parish Council contribution towards St. Briavels speed reduction.
- £0.005 million Town Council contribution towards Cirencester market Place community offer scheme.
- £0.002 million Parish Council contribution towards Bourton-on-the-Water TRO.
- £0.011 million developer contribution towards Greet Road, Winchcombe, bus shelter.

- £0.011 million developer contribution towards Gretton Road, Winchcombe, bus shelter.
- £0.004 million developer contribution towards A48 Tutshill pedestrian guard rail.

54. It is proposed that Cabinet support the allocations below from the approved budget for carriageway resurfacing. Further allocations will be made in due course.

- £1.855 million towards A roads.
- £0.388 million towards B roads.
- £0.900 million towards Class 3 roads.
- £0.244 million towards Unclassified roads.
- £0.500 million towards Bulk lining.

Strategic infrastructure – Flood Alleviation

55. It is requested that Cabinet approve a decrease of £0.191 million in the Flood Alleviation capital budget. The reduction in the funding relates to two flood scheme where we have been unable to negotiate access with the landowner to carryout the works. As a result the amount of grant funding that is available to us through the Flood Defence Grant in Aid (FDGiA) will reduce.

Overall

56. As a result of the above changes, the overall capital programme will decrease by £0.148 million.

Risk Assessment

Officer Advice

Equalities considerations

Summary of the outcomes from due regard to the equality duty to be entered here.

If a Due Regard Statement has been completed the following statement should also be included in this section:

Cabinet Members should read and consider the Due Regard Statement in order to satisfy themselves as decision makers that due regard has been given.

Consultation feedback

Performance Management/Follow-up

Report Title	Financial Monitoring Report
Statutory Authority	Gloucestershire County Council
Relevant County Council policy	
Sustainability checklist: Partnerships Decision Making and Involvement Economy and Employment Caring for people Social Value Built Environment Natural Environment' including Ecology (Biodiversity) Education and Information	<i>Social value seeks to maximise the additional social, economic and environmental benefits to the local area by procuring goods and services above and beyond the benefits of merely the goods and services themselves.</i>
Tackling Climate Change	Carbon Emissions Implications? No Vulnerable to climate change? No
Due Regard Statement	Has a Due Regard Statement been completed? Yes/No Yes - considerations included in main body of report A copy of the full Due Regard Statement can be accessed on GLOSTEXT via http://glostext.gloucestershire.gov.uk/uuCoverPage.aspx?bcr=1 Alternatively a hard copy is available for inspection from Jo Moore, Democratic Services Unit, e-mail: jo.moore@gloucestershire.gov.uk .

Human rights Implications	This Service area is unlikely to have Human Rights implications
Consultation Arrangements	A formal budget consultation takes place annually with key stakeholders