

FINANCIAL MONITORING REPORT: 2019/20

Cabinet Date	11 March 2020
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, 9 th October 2019, 13 th November 2019, 20 th December 2019 & 29 th January 2020
Main Consultees	Corporate Management Team, Senior Officers, Cabinet Members.
Planned Dates	Not applicable
Divisional Councillor	County Wide
Officers	Paul Blacker, Director of Finance (01452) 328999 paul.blacker@gloucestershire.gov.uk Jayne Fuller, Corporate Finance Manager (01452) 328926 jayne.fuller@gloucestershire.gov.uk
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	That the Cabinet: 1. Notes the forecast revenue year end position as at the end of December 2019 (Period 9) for the 2019/20 financial year as a balanced position. 2. Notes the forecast capital year end position as at the end of December 2019 (Period 9) of £106.373 million against the revised budget of £110.36 million. 3. Approves the £0.387 million increase to the capital programme as outlined in Section D 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 December 2019 (Period 9) is a balanced position.
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 December 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	149,032	149,032	0	0.0%	0	0
Prevention & Wellbeing	32,618	32,605	-13	0.0%	-8	-5
Children & Families	113,569	126,903	13,334	11.7%	13,362	-28
Economy, Environment & Infrastructure	69,973	70,313	340	0.5%	478	-138
GFRS and Regulatory Services	20,305	20,460	155	0.8%	136	19
Corporate Resources	32,717	31,465	-1,252	-3.8%	-520	-732
Corporate Resources Recharges	-32,717	-32,717	0	0.0%	0	0
Total for Services	385,497	398,061	12,564	3.3%	13,448	-884
Technical & Countywide	44,164	37,004	-7,160	-16.21%	-6,860	-300
Total	429,661	435,065	5,404	1.26%	6,588	-1,184
Review of Reserves and In-Year Efficiencies	0	-5,404	-5,404		-6,588	1,184
Revised Total	429,661	429,661	0	0.00%	0	0

3. Any year end overspends that occurs 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 anticipated future pressures have been built into the 2020/21 revenue budget which was approved by Council on 12th February 2020.

Adult Social Care

4. Adult Social Care is forecasting an overspend of £0.976 million. This forecast position includes £2.530 million Additional Social Care "Winter Pressures" funding allocation and £2.049 million of Additional Social Care Grant.
5. Adult Social Care reserves currently stand at £6.416 million in total which includes the Vulnerable Adults Reserve 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. The forecast overspend position is therefore covered by the Vulnerable Adults Reserve.
6. There are a number of significant risks that are ongoing which mainly relate to the Adult Single Programme (ASP) with MTFS savings targets of £10.498 million. Currently the forecast assumes 87% of the ASP is achievable.
7. MTFS savings targets for all client groups are integrated under the Adults Single Programme (ASP) and 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.
8. LD External Care is projecting a £0.397 million underspend. The LD underspend assumes delivery of the majority (99%) of the 2019/20 savings targets, although there are risks around some of these. This position includes £1.469 million of funding that is being used on a one-off basis ahead of expected cases/decisions being made which will create permanent commitments included in the MTFS.
9. OP and PD External Care is projecting a £3.749 million overspend. The overspend is split across individual service budgets with OP showing as £2.791 million and PD £0.958 million. The OP/PD overspend assumes 79% delivery of 2019/20 savings targets, £3.669 million is included within the forecast with a risk of not achieving £1 million savings. This forecast now includes a provision for bad debts over 18 months, with the remainder of the overspend mainly relating to the unachievable savings, increased care needs for existing cases and voids/other additional costs relating to homes run by a major provider.
10. The Mental Health position of £1.837 million overspend is as calculated by the Gloucestershire Health and Care NHST (formally 2Gether NHSFT) Finance Team, net of unallocated MTFS growth and savings held by the Lead Commissioner. The budget total includes 2019/20 MTFS funding for fee increases and growth.

11. The Community Equipment Service (CES) Pooled Budget is reported online. The current reported underlying shortfall of £1.2 million is being covered by the Disabled Facilities Grant. If this shortfall exceeds the current agreed amount of £2 million it will require further approval.
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 £2.803 million underspend including significant variances:
- a. £0.75 million significant overspends: £0.75 million MTFs Prevention Unallocated which includes reablement saving allocation not yet addressed/confirmed (see comments below).
 - b. £2.618 million significant underspends: £0.694 million for the OP/PD Reablement Service managed by Gloucestershire Health and Care NHST (formally Gloucestershire Care Services) due to vacancies (see above); £1.217 million OP/PD Integrated Social Care Management (ISCM) due largely to vacancies
13. Other Services (Unallocated) are reported as £1.41 million underspend, primarily due to £0.779 million of unused provision.

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. 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.

Children & Families

16. The current forecast for the year end revenue position as at January 2020 for non-DSG funded services is an over-spend of £13.334 million (11.74% of budget) and there has been a very small reduction in the over-spend since the previous month. The over-spend is due to higher than expected number of external placements and the cost of agency social work staff covering vacancies. To help control the impact of the over-spend, an ongoing review of expenditure in Children's Services has been put in place.
17. At the end of December 2019 children in care numbers were 737 compared to 669 at the end of May 2018. These numbers are not disproportionate to national comparisons with Gloucestershire's per 10,000 children (Jan 20, 58.4) below the national average (18/19, 65) and are mid-table for our statistical neighbours (18/19, range of 33 to 71). This activity does continue 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.

18. The current forecast over-spend against the external placement budget is £8.275 million (38% above budget). The over-spend is due to a higher number of external placements than anticipated which includes four secure placements. There are also a significantly higher numbers of parent and baby placements (13 in total). The current forecast average unit cost of a placement is £99,000 per annum, (residential/supported living average unit cost of £153,300). There are currently 336 external placements, of which 90 are residential and 71 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 a 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 £2.99 million (19.2% above budget). The significant over-spend is due to the use of agency staff covering for staff vacancies, providing additional capacity to improve social work practice 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 reduced to between 11 and 13% over the last few months and at the end of December there were 133 agency workers in post compared to over 180 at times in 2018/19. As the newly qualified staff who have been appointed over the last few months gain experience, the number of agency staff is expected to reduce by the end of March.
21. A higher level of activity is also causing an over-spend of £0.874 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. Costs avoided since June total £0.272 million.
22. In addition to this, Young People's Support are forecasting a £0.746 million over-spend due to a number of complex cases and the additional cost of agency staff covering vacancies. The latter will reduce as permanent staff are recruited.
23. Home to school transport is reporting an over-spend of £0.324 million due to the cost and number of short term routes. We are aware of a potential problem with

the cost of letting contracts for HtS Transport, which could have a sizable impact of between £0.6m and £0.8m.

Dedicated Schools Grant (DSG) position

24. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £9.367 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 £6.976 million. The over-spends are against Special School places (£0.639 million), Independent Special Schools (£1.92 million), top ups to support Education, Health and Care plans (EHCP) (£3.076 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 reflect 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 include focusing on a new approach to exclusions and improvement of the graduated pathway and EHCP process – resulting in an 18% reduction in exclusions during 2018/19 academic year. Forecast models of expenditure and activity trends are in place and the assumptions used are challenged on a monthly basis to ensure robust forecasting; however, the continued high level of referrals has resulted in contingencies being increased this month to reflect the trend. 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 reflect the national picture with significant deficits in DSG high needs being held in many Local Authorities. In December the DFE announced the allocations for the high needs block for 2020/21 with Gloucestershire's allocation increasing by £6.534 million which does not cover our current in-year cost pressure and gives no allowance for growth. At their January meeting, the School Forum approved £0.823 million of unallocated Schools Block funding (after allowing for the cost of all formula factors) to be used to offset high needs costs in 20/21 but this will not cover future growth predictions. Therefore the implementation of the High Needs Strategy will be essential to ensure the budget is balanced in future years.

Economy, Environment & Infrastructure

27. Economy, Environment and Infrastructure are currently reporting a forecast of £0.340 million overspend (0.7% of total budget).

28. Waste are forecasting a net overspend of £0.514 million in total which is mostly made up from £0.398 million overspend against recycling credit payments.

Gloucestershire Fire & Rescue Service & Regulatory Services

29. Gloucestershire Fire & Rescue Service is forecasting an overspend of £0.155 million which is 0.8% of budget. This is mainly due to unfunded superannuation increases on fire pension schemes.

Corporate Resources

30. Corporate Resources are forecasting an underspend of £1.252 million. This is due to a higher than forecast level of vacancies and project slippage in ICT, BSC and HR, offset by cost pressures from increased child protection cases and staffing costs in Legal Services and increased staff car parking costs.

31. The forecast position includes the following proposed contribution to capital programme:

- a. £0.060 million from Information Management for the RAFTS system replacement (Records Centre database)
- b. £0.200 million from the AMPS trading catering budget to School Kitchen Improvements capital scheme
- c. £0.023 million from the Corporate Capital Maintenance revenue budget to the Trevone House capital scheme.

Technical and Countywide

32. The forecast outturn position for Technical and Countywide budgets is a £7.160 million underspend (16.21% of budget). The main areas of variance are highlighted in the paragraphs below.

33. Positive interest rate credits on cash balances totalling £3.588 million, reflecting better diversification of investments and longer term deposits.

34. 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, £2.780 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 Countywide budgets for the Council.

B. Review of Revenue Reserves and In Year Efficiencies

35. This initial review of reserves resulted in the identification of £6.151 million. The improved outturn forecast means that £0.747 million of the transfer from the

Rates Retention Reserve to balance the budget is not now required in this year, but has been retained in the reserve to assist cope with the volatile position on Business Rates. Meaning that the amount identified from this review is now £5.404 million.

C. Delivery of Savings Programme

36. At the end of Quarter 3, we are reporting £11.578 million delivered against a 2019/20 target of £19.051 million. This represents 60.8% of the annual target achieved (see summary table).
37. A total of £14.943 million is forecast to be delivered by the end of 19/20 budget year, which would represent 78.4% of the annual target. The most significant elements at risk are £1.36 million in the Adults Single Programme, and the continuing pressure on external placements preventing savings being made in Children and Families (see below).
38. Additionally, there was an outstanding saving of £2.363 million yet to be achieved from previous years' targets. The most significant element of the shortfall relates to the ongoing Public Health grant reduction, and the shortfall will be addressed through the growth bid within the 20/21 budget.

Savings Programme monitoring report - Q3 2019/20

Programme/Project	19/20 savings target	Achieved to date	Forecast 19/20 (incl achieved)	At Risk in 19/20	Notes
Rollovers (MTC2 and 18/19)		£,000	£,000	£,000	
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 addressed by the growth in budget for 20/21.
Adults Mental Health (previously under Supporting People MTC2)	435	0	0	435	Associated budget & savings have been transferred to Adults Mental Health.
Education (18/19)	46	46	46	0	
Supporting People (18/19)	218	19	19	199	Now expected to be delivered in 20/21.
Waste (18/19)	77	77	77	0	
Total Rollovers	2,363	142	234	2,129	
Current programme year (19/20)					
Education	550	358	458	92	Delayed by unpredictability of delivery, but plans in place to cover in-year budget position.
Adults Single Programme	10,498	6,995	9,132	1,366	Currently forecasting a shortfall, but this will be managed within overall budget position and recovered in 20/21
Public Health	641	0	641	0	
Supporting People	399	137	137	262	Savings rely on reprourement in 20/21, shortfall will be covered in year by underspends elsewhere.
Parking	487	0	487	0	
Libraries	50	50	50	0	
Waste	293	105	105	188	Plans to recover shortfall in 20/21 now in place. 19/20 budget position will be balanced by underspends elsewhere.
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	Unachieved
Total Current Year	19,051	11,578	14,943	4,108	
Total Rollovers + Current	21,414	11,720	15,177	6,237	

D. Capital Expenditure

Current Spend 2019/20

39. The capital budget for 2019/20 is £110.326 million, an increase of £0.490 million since last reported to Cabinet due to additional approval granted at January 2020 Cabinet. Actual spend against the capital programme as at the end of December 2019 (period 9) is £55.934 million.

Budget and Forecast Outturn Position 2019/20

40. The forecast outturn position for 2019/20 is £106.373 million, against the budget of £110.326 million, giving forecast in-year slippage of £3.953 million.

41. Details of the budgets and forecast year end position, and any significant variances, 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	7,637	3,363	44	7,660	23
Children & Families	22,261	15,286	69	23,083	822
Economy, Environment & Infrastructure					
Highways	57,967	30,161	52	55,639	-2,328
Strategic Infrastructure	2,143	92	4	2,109	-34
Waste Disposal	830	518	62	659	-171
Libraries	296	87	30	244	-52
Fire and Rescue Service	1,281	165	13	1,137	-144
Corporate Resources					
AMPS	9,851	3,221	33	7,836	-2,015
ICT projects	6,586	2,324	35	6,552	-34
Business Service Centre	531	10	2	531	0
Archives & Information Management	759	671	88	739	-20
Customer	184	36	20	184	0
Total	110,326	55,934	51	106,373	-3,953

Children & Families

42. Children & Families schemes are forecast to spend £23.083 million in 2019/20 against a budget of £22.261 million, giving a forecast in-year overspend of £0.822 million. This is due to faster than anticipated progress on the Trevone House project, offset by slippage on various other projects.

Highways

43. The Highways Capital Programme is forecasting slippage of £2.328 million. This is due to delays in finalising the land deals for Gloucester South West Bypass (Llanthony Road) before the end of the financial year and delays in the developer completing important links within his site at Hunts Grove which is preventing the introduction of the traffic signals at the Cross Keys Roundabout.

Corporate Resources

44. AMPS schemes are forecast to spend £7.836 million in 2019/20 against a budget of £9.851 million, giving a forecast in-year underspend of £2.015 million. This relates to the delays in the Quayside Health Hub.

45. There are no other significant capital variances being forecast at Period 9.

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

Corporate Resources

46. It is proposed that Cabinet supports a budget increase of £0.060 million in the Customer Services capital budget for the new RAFTS system replacement (Records Centre database) scheme, funded by a revenue budget contribution from Information Management.

Children and Families

47. It is proposed that Cabinet support an increase of £0.274 million in the Children & Families capital budget, as summarised below:

- School kitchen improvements – £0.200 million revenue contribution from the AMPS trading catering revenue budget for kitchen improvements at various schools.
- Trevone House – £0.023 million revenue contribution from the Corporate Capital Maintenance revenue budget for a new access control system.
- Farmors School – £0.051 million s106 developer contribution from a housing development at London Road, Fairford towards various works to increase capacity at the school.

Highways

48. It is proposed that Cabinet support a net increase of £0.053 million in the Highways capital budget as summarised below:

- £0.005 million Stow Town contribution towards Adlestrop Bridge Weight Limit
- £0.007 million Newent Town contribution towards TROs
- £0.021 million developer contribution towards Draycott PROW Works.
- £0.035 million developer contribution towards Arle Court P&R.

- -£0.015 million developer contribution a Bourton-on-the-Water Bus Shelter, to be reallocated or returned to the developer.

Overall

49. As a result of the above changes, the overall capital programme will increase by £0.387 million.