



Meeting: Priorities and Resources Review Panel **Date:** 21 August 2013
Council 26 September 2013

Wards Affected: All

Report Title: Revenue Budget Monitoring 2013/2014 – Quarter 1

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1. Key Points and Summary

- 1.1 With the continuation of the Government's austerity measures, Members were advised of the financial challenges that would be faced when the 2013/14 budget was set in February 2013. The inherent risks the Council faced when the budget proposals were approved were set out in the budget report and these risks were accepted by Members.
- 1.2 Despite a robust budget process for 2013/14 the Council is subject to ongoing demands outside of its control, particularly within Children's Safeguarding and Wellbeing and as a result of these pressures there is a projected overspend for the financial year of £2.415m based upon the latest information available to finance officers as at the end of the first quarter.
- 1.3 The significance of this projected overspend at such an early part of the financial year should not be underestimated during this period of ongoing financial challenges. The Senior Leadership Team and Executive Lead Members will be working hard to address the pressures and take corrective action to address the position. In addition to the pressures identified within Safeguarding and Wellbeing there are other pressures within other Business Units which need to be monitored closely over the next quarter.
- 1.4 As is best practice within the Council, the significant overspend identified within Children's Services will be monitored by their management team and a recovery plan put in place to reduce spend. If the recovery plan cannot reduce the overspend the Senior Leadership Team and Executive Leads will be considering all options for addressing the projected overspend including strict controls on the recruitment to any vacant posts and curtailment of expenditure budgets that have not yet been committed.

- 1.5 As the Council is preparing to find at least £20m of budget reductions over the next 2 years, where possible Executive Head's will take measures to bring forward any proposed budget savings required in 2014/15 to deliver in-year savings which will reduce the current projected overspend. This has already happened in some services.
- 1.6 Members will be aware that the Council must achieve a balanced budget at year end. This will be achieved by either:
- a) those services overspending producing in-year recovery plans which reduces or removes the projected overspend;
 - b) all other services deliver in year savings resulting in an underspend at year end;
 - c) if insufficient savings can be made there is a risk that, as a last resort, uncommitted reserves or uncommitted budgets will be required to ensure a balanced budget can be achieved at the end of the year.
- 1.7 Whilst the council does hold reserves, this can only be used for one off purposes and are not a solution to ongoing financial commitments.
- 1.8 The key variations within services projected at the end of the year are:
- Children's Services: £2.5m overspend, after the expected impact of a recovery plan, due primarily to pressures within Safeguarding and Wellbeing service due to the number and costs for looking after Children and the costs for the continued use of agency social workers.
 - Finance: £0.250m projected underspend due to treasury management savings and staff and administration savings within the division.
 - Residents and Visitors: projected overspend of £0.165m due to pressures within the Tor2 contract, Torre Abbey, Car Parking and the Events budget.
- 1.9 A summary of the projected overspend is shown in table 1 below and how it must be managed:

Table 1

	£'m	£'m
Overspend before savings & recovery plans		3.965
Managed by:		
In Year savings identified to date by services	0.250	
Savings to be identified through children's services recovery plan	1.300	
		1.550
Balance remaining		2.415
Further options to balance budget:		
Uncommitted budgets	to be confirmed	
Uncommitted reserves (if required)	to be confirmed	
Balance		0

Strategy for in Year Budget Management

- 1.10 The Director of Children's Services has identified the main spending pressures and has in place an action plan to reduce the projected overspend. Members will recall that an additional £2m was added to the base budget for Safeguarding and Wellbeing in 2013/14 (in addition to the use of one of reserves to fund pressures last year) but significant pressures still exist. In addition the Council has a number of volatile income budgets which need to be monitored closely over the next quarter.
- 1.11 It is recognised that the demands within Children's Safeguarding will be difficult to reduce however, the service will be expected to continue to address the key issues through the implementation of their recovery plans and where possible identify further savings during the year.
- 1.12 The Council has adopted an ongoing Strategy is to address the financial challenges faced now and in the future. The fundamental issue is the implementation of continued strict financial management and control by the Senior Leadership Team and Executive Lead Members. Other measures that may be introduced as the year progresses includes:

- a moratorium on all non essential expenditure and a reduction in all other expenditure with an assessment of the services consequences.
- a freeze on all non essential recruitment.
- a review of budgeted expenditure that could be ceased and an assessment of the services consequences including reshaping of services where possible.
- bringing forward any savings proposals for 2014/15 and implementing these to derive in-year savings.
- Redeployment of staff directly affected by any restructuring proposals where vacancies exist.
- identification of any invest to save schemes that will have immediate cost savings in 2013/14 and beyond.

Paul Looby
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Appendices

Appendix 1 Summary of Main Variations

Appendix 2 Pooled Budget with Torbay and Southern Devon Health Care Trust

Appendix 3 Budget Monitoring of Council Subsidiaries and Associates

Documents available in Members' rooms

None.

Background Papers:

The following documents/files were used to compile this report:

None.