

## **Summary of Main Variations**

### **A.1 Report Overview**

- A1.1 The purpose of this report is to provide Members with a summary of the projections of income and expenditure for all Business Units within the Council and to set out how the Council will maintain expenditure within its approved budget of £115.8m.
- A1.2 The revenue monitoring statement shows the expenditure and projected outturn position based upon the latest information available to finance officers in consultation with service departments. Where possible, the implications or consequences arising from the variations are reflected in the key performance indicators for that service.
- A1.3. Ongoing financial monitoring will be provided to Members quarterly.

### **A.2 Financial Performance**

- A2.1 Table 2 overleaf provides a summary of the projected outturn position for Council services. The 2014/15 budget has been revised to reflect changes to services within individual Business Units.

**Table 2**  
**Projected Outturn Position – Quarter 1**

<b>Business Unit/Service</b>	<b>2014/15 Revised Budget £'000</b>	<b>Spend to Date £'000</b>	<b>Projected Out-turn £'000</b>	<b>Variation at Out-turn £'000</b>
<b>Director Adults</b>				
Adult Social Care	41,733	10,282	42,533	800
Supporting People	1,878	975	1,828	(50)
	<b>43,611</b>	<b>11,257</b>	<b>44,361</b>	<b>750</b>
<b>Director of Children's Services</b>	<b>25,333</b>	<b>15,922</b>	<b>26,733</b>	<b>1,400</b>
<b>Director of Operations and Finance</b>				
Business Services	1,053	440	1,053	0
Commercial Services	3,548	841	3,558	10
Finance	8,567	822	7,855	(712)
Information Services	3,271	1,042	3,271	0
	<b>16,439</b>	<b>3,145</b>	<b>15,737</b>	<b>(702)</b>
<b>Director of Place</b>				
Residents and Visitors	7,293	3,770	7,783	490
Spatial Planning	5,521	1,818	5,521	0
TDA - Clientside	2,278	2,043	2,278	0
TDA – TEDC	1,485	1,523	1,485	0
Torbay Harbour Authority (ring fenced budget £2.5m)	26	(313)	26	0
Waste and Cleaning	11,499	9,346	11,699	200
	<b>28,102</b>	<b>18,187</b>	<b>28,792</b>	<b>690</b>
<b>Director of Public Health</b>				
Community Safety	2,271	723	2,271	0
Public Health (Ring-fenced budget of £8.1m)	0	4,145	0	0
	<b>2,271</b>	<b>4,868</b>	<b>2,271</b>	<b>0</b>
<b>Total</b>	<b>115,756</b>	<b>53,379</b>	<b>117,894</b>	<b>2,138</b>

## **Main Variations**

A2.2 A summary of the main variances and the principal reasons for any underspends or overspends and any emerging issues within each directorate are explained below.

### **Adults**

A2.3 This portfolio covers Adult Social Care and Supporting People and is projecting to overspend by £0.750m.

#### **Adult Social Care**

The provision of Adult Social Care is a commissioned service provided by the Torbay and Southern Devon Health and Care NHS Trust. The Trust are forecasting a £0.8m overspend for the year at the end of quarter 1. Further details and a Recovery Plan is appended to this report as provided by the Trust.

The main reason for the forecast overspend is due to the non achievement of some of the 2014/15 savings which form part of the Trust's Cost Improvement Programme (CIP). The Trust, on behalf of the Council, have a statutory duty to meet assessed need where the Fair Access to Care Services (FACS) criteria is met. It was recognised that there were some care packages whereby there was provision of services in excess of need, and some services which were not being delivered in the most cost efficient way. Against this background, a number of savings proposals were put forward. A summary of the key issues as identified by the Trust include:

1. Under delivery against CIP Plan to date on Packages of Care (POC) under £70. The Trust undertook a Telephone Pilot for this category of care throughout May 2014 and this did not realise the expected savings.
2. No progress has been made to date on non-residential POC between £70 to £606. Since the beginning of the year there are additional cost pressures with 40 clients over the set target for this particular savings Plan. Non delivery for this scheme has had an impact on the financial position for Mental Health over 65s and Torquay and Mental Health under 65s teams.
3. Good progress has been made on the other main schemes including Residential Based under £606 and POC over £606. If the current client base is maintained throughout the remainder of the financial year then the majority of the CIP target will be achieved. The Learning Disability service is estimated to have achieved its entire CIP target.

The Trust has advised that at this early part of the financial year there could be further changes to the forecast outturn position due to the nature of the service, demands placed upon it as there are a number of volatile factors that

could influence the forecast.

**Supporting People** is projecting to underspend by £0.050m due to a combination of contractual savings and vacancy management savings.

#### A2.4 Children, Schools & Families

Children's Services are projecting a forecast outturn overspend of £1.4m. This is after the delivery of anticipated savings from their recovery plan and after the application of the £2m contingency for Children's Social Care and £1m from reserves which was agreed as part of the budget proposals in February 2014. A summary of the budget pressures within Children's Services are shown below:

	£'m
Projected Overspend	6.2
Use of Contingency	<u>2.0</u>
	4.2
Use of one off PFI sinking reserve (approved by Council Feb 14)	1.0
	<u>3.2</u>
Recovery Plan Savings to be delivered in-year	1.8
<b>Forecast Outturn Position</b>	<b>1.4</b>

The projected overspend is primarily due to budget pressures within Safeguarding and Wellbeing due to the number and cost of placements and the ongoing use of agency social workers in Safeguarding and Wellbeing. The headline position before the application of the contingency, reserves and the recovery plan is a forecast overspend of £6.0m for Safeguarding and Wellbeing. In addition there are budget pressures within School Services and Family Services totalling £0.2m.

The number of looked after children at the end of June 2014 is 304, a decrease of 10 since the end of March 2014. The number of children on Child Protection Plans at the end of June was 166, a decrease of 7 since the end of March 2014.

Members will be presented with a report in September setting out a 5 year cost reduction plan to address the budget pressures within Children's

Services. This report will set out the work undertaken by Social Finance who are supporting Children's Services in the delivery of new operational working practices to ensure the costs for the service are brought in line with the average cost when compared to other local authorities. The plan will require investment over the next three years which will be funded from earmarked reserves. These reserves will have to be replenished from the forecast savings achieved within the service. If these savings are not delivered this will impact upon all other services within the council as the reserves used will have to be replenished.

The programme of activities currently in place and being developed will continue to remodel the service and are required to reduce the number of Looked After Children and the amount of time they spend in care. The programme will include embedding a more robust and assertive Fostering Strategy, which will have to increase the number of in-house foster carers and move Children from Independent Sector Placements without affecting outcomes if savings are to be delivered. The implementation of a residential migration project must be achieved if it is to be a cost effective alternative to residential care.

## Place

A2.5 There is a projected overspend of £0.690m. A summary of the main variations are identified below:

**Residents and Visitor Services** is projecting an overspend of £0.490m

This is due primarily to:

- spending pressures within Parking Services where there is a projected shortfall in car parking income of £0.4m. This is a combination of on and off street parking and a reduction in enforcement income. Members will be aware the summer season is where the vast majority of income is collected and is influenced by the weather and the number of visitors to the Bay. The full impact of the main tourist season will be known at the end of September and will be reported to Members as part of the quarter 2 monitoring statement.
- Torre Abbey is reporting a projected overspend of £0.08m due to lower than anticipated visitor numbers.
- Sports Services are projected a shortfall in income of £0.1m.
- Corporate security costs (CCTV) are projected to overspend by £0.05m due to a shortfall in forecast income.
- These overspend have been partly offset by administrative savings and vacancy management across the service and the strict financial control across all services to maintain spend within the approved

budget.
<p><b>Waste and Cleaning</b> is projecting an overspend of £200k at the end of quarter 1.</p> <p>This is due to a combination of factors including an increase in tonnages of waste and a delay in the opening of the new Energy for Waste Plant. Unless tonnages of waste reduce or the level of recycling within the Bay is increased it will be challenging to reduce this projected outturn position.</p>
<p><b>Spatial Planning</b> – is projected to spend within its approved budget at the end of quarter 1.</p> <p>However achievement of the approved budget is subject to receipt of budgeted income i.e. planning and building control and the number of passenger journeys within the Bay which will impact upon the Concessionary Fares budget.</p>
<p><b>Economic Development Company (Client side) and Business Services</b> are projecting to spend within budget as at the end of quarter 1.</p>

## A2.6 Public Health

<p>Services within Public Health and Community Safety are projected to spend within their approved budget at the end of the first quarter.</p>
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## A2.7 Operations and Finance

Operations and Finance is projected to underspend by £0.702m

<p><b>Commercial Services</b> is projecting a small overspend of £10,000 due to a delay in realising savings from the new combined Coroner area.</p> <p><b>Finance</b> is projected to underspend by £0.712m.</p> <p>The Finance Business Unit is projecting to underspend by £0.1m due to vacancy management savings within Financial Services and lower external audit inspection fees.</p> <p>A number of corporate budgets are “accounted for” within Finance. Due to the council projected overspend where possible any potential underspend from these have been identified and will be used to offset the overspend and include the council contingency.</p>
<p><b>Business Services</b> and <b>Information Services</b> are both projected to spend within their approved budget at the end of the first quarter.</p>

### **A3 Reserves**

- A3.1 The Comprehensive Spending Review (CSR) reserve is the Council's uncommitted reserve which was set up to meet the financial challenges it faces over the next few years. Its main purpose is to fund the costs for restructuring but can also be called upon to fund unforeseen events and pressures as they arise.
- A3.2 The Chief Finance Officer has advised that where possible reserves should only be used to support one off initiatives as it is not sustainable to use reserves to support ongoing commitments. As identified within the 2013/14 outturn report the balance for the CSR reserve was £3.8m as at April 2014.
- A3.3 Members will be aware of the ongoing discussions and consultation with respect to the 2015/16 savings proposals. Whilst it is too early to confirm the costs for restructuring arising from these proposals it is prudent to assume these will be approximately £1m – for comparative purposes redundancy and associated costs for the 2014/15 budget round was £0.8m. As any decisions with respect to the 2015/16 savings proposals will be made in the current financial year all associated restructuring costs will be a charge in 2014/15.
- A3.4 In addition, if the Council is unable to declare a balanced budget at year end after the application of other uncommitted budgets and savings any overspend will have to be funded from reserves. This will reduce the Council's uncommitted reserves and impact upon how the Council manages further reductions in government grant in future years. Due to the projected overspend in the current financial year, increasing demands upon services, the use of earmarked reserves for invest to save initiatives within Children's Safeguarding and Wellbeing and the affect of reduced budgets for all Business Units there is an increased risk that the CSR reserve may be required to balance the budget in 2014/15. In addition, if approved, some of the savings proposals for 2015/16 include the option for transitional funding which will have to be funded from the CSR reserve.
- A3.5 A summary of the Council's uncommitted reserve is shown overleaf in table 3.

**Table 3 - Uncommitted Reserves**

Comprehensive Spending Review Reserve	Working Balance £'m
<b>Balance as at 1 April</b>	<b>3.8</b>
Potential Calls on CSR Reserve	
Redundancy Costs arising from 2015/16 budget	1.0 (estimated)
2014/15 Budget Pressures	tbc
Transitional Funding for 2015/16 (if approved)	0.5m estimated
Estimated Balance	tbc

A3.6 The Council also has its General Fund balance. Since Torbay became a Unitary authority in 1998 there has not been a call on the general fund balances. The current balance is £4.4m and represents 3.8% of the Council's net budget.

A3.7 Members will be aware that that the general fund balance is uncommitted (unlike other earmarked reserves) and provides funds that would only be used for any unforeseen or unexpected expenditure that could not be managed within service budgets or earmarked reserves. With this in mind and in light of the difficult financial climate faced by the Council and reduction to the Council's net budget, the Chief Finance Officer believes that a cash balance of £4.4m is a prudent and sustainable level to protect the Council from the increased risks it faces with respect to the ongoing grant reductions from Government and increased demand for some services. However this will be monitored closely during 2014/15 taking into account the forecast overspend and the delivery of recovery plans within Children's and Adult Social Care. Members should note the Council's external auditors will have a view as to the level of the Council's General Fund Balance.

#### **A.4 Dedicated Schools Grant (DSG)**

A.4.1 DSG funded activities is currently reporting an underspend of £0.346m. The DSG is a ring fenced grant and can only be used to fund schools related activities.



## **A.5 Debtors**

A5.1 This section of the report provides Members with an update for the first quarter in 2014/15 in respect of council tax and business rate collection.

### Council Tax

A5.2 The targets for the collection of Council Tax in 2014/15 are:

- (i) collect 96.5% of the Council Tax due within the 12 months of the financial year (i.e. April to March); and
- (ii) collect 50% of the arrears brought forward from previous years.

A5.3 The Council is due to collect £65.7m after the granting of statutory exemptions and reductions and Council Tax Support in the period April 2014 to March 2015. To date the Council has collected £17.9m which is 27.2% of the Council Tax due in year. The collection level is lower than last year when 27.8% was collected.

A5.4 The total arrears outstanding at 31 March 2014 were £4.89m and this has been reduced by £0.738m which is about 18.6% of the total arrears due. At the equivalent time last year the Council had collected £0.712m of arrears of £3.67m, which equates to around 19.4%.

A5.5 There are no Council Tax write-offs over £5,000 to report. 553 council tax accounts with a value of £0.176m have been written off in the first quarter.

### Non-Domestic Rates

A5.6 The targets for the collection of NNDR (business rates) re:

- (i) collect 97% of the business rates due within the 12 months of the financial year (i.e. April to March); and
- (ii) collect 50% of the arrears brought forward from previous years.

A5.7 The Council is due to collect £37.9m after the granting of mandatory relief in the period April 2014 to March 2015. To date the Council has collected £13.3m which is 29.9% of the business rates due in year. In the equivalent period last year the Council had collected £11.5m which equates to 31.2%.

A5.8 The total arrears outstanding at 31 March 2014 were £1.53m and this has been reduced by £0.391m which is about 25.5% of the total arrears due. Last year the Council had collected £0.385m off arrears of £1.55m which equates to around 24.9%

A5.9 There are four write offs above £5,000 which have been circulated to Members of the Overview and Scrutiny Board and are available to all Members upon request.

A5.10 The Council has written off 20 accounts in quarter one with a value of £0.063m.

**Other Debtors**

A5.11 The total debt written off in quarter 1 on the Benefits system is £0.026m relating to 92 records and £0.029m relating to 74 records.