



Title: **Revenue Budget Monitoring 2014/15 – Quarter 3**

Wards Affected: **All Wards in Torbay**

To: **Overview and Scrutiny Board**                      On: **18 February 2015**  
**Council**    On: **26 February 2015**

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## **1. Key Points and Summary**

- 1.1 At the end of December 2014 the latest projected forecast for council services is an overspend of £1.5m. This compares to a £1.6m projected overspend at the end of quarter 2 and £1.2m at the same time last year.
- 1.2 There are a number of variations to the approved budget across services with Children’s - Safeguarding and Wellbeing facing the largest forecast overspend at year end.
- 1.3 Members were advised of the challenging financial climate it faced when the 2014/15 budget was set in February 2014. The inherent risks faced by the Council when the budget proposals were approved were set out in the report and these risks were accepted by Members. They arise from the ongoing austerity measures from the coalition government and demand pressures across a number of services.
- 1.4 Due to the size of the projected overspend and the minimal amount of time to make further savings there is a risk that there will be a call made upon Council reserves to ensure a balanced budget is declared at year end.
- 1.5 The Senior Leadership Team and Executive Lead Members have taken corrective action where appropriate and, as previously reported, identified savings proposals that were due to be implemented from April 2015 which have been implemented in the current year amounting to £0.6m. This amount has been included within the forecast outturn position.

1.6 The key variations within services are summarised below:

- Children's Services: The Director of Children's Services forecast a projected overspend of £1.4m at the end of the first quarter. Based upon existing client numbers and associated staffing costs (including the continued use of agency staff) the forecast overspend at the end of the second quarter has increased to £2.8m. This is after the application of the earmarked contingency for Safeguarding and Wellbeing, one off support from earmarked reserves and savings derived to date from the recovery plan.
- Adult Social Care: £0.455m projected overspend. The forecast overspend for Adults services (provided by the Torbay and Southern Devon Care and Health NHS Trust) continues to fall and is now £0.253m. There are budget pressures amounting to £0.300m (Torbay's share) within the Torbay Community Equipment Service for adaptations and equipment for clients. This service is commissioned jointly with the Clinical Commissioning Group (CCG). These overspends have been partly offset by savings within Other Adult Care Services.
- Residents and Visitors: projected overspend of £0.102m. There continues to be an improving position compared to the previous quarter due to the actions taken by the Executive Head for Residents and Visitors.

1.7 In response to the projected outturn position within Children's Services, a 5 year Cost Reduction Plan has been developed and was approved by Council in October 2014. The plan is designed to manage existing and future pressures and has identified work packages as part of a cost reduction programme. This work was supported by Social Finance.

1.8 With respect to Adult Social Care a recovery plan has been circulated to Members at the end of quarter 2 which set out the actions taken to reduce spend and there is a recovery plan to address the pressures within the Torbay Community Equipment Service.

1.9 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.

1.10 Members will be aware the Council does hold reserves. These should only be used for one off purposes or for invest to save initiatives and is not a solution to supporting ongoing financial commitments. Members should note that due to the size of the projected overspend and limited time available to take action to reduce spend there is a risk that the council will have to draw down monies from the Comprehensive Spending Review Reserve in 2014/15 to ensure a balanced position is achieved. This will have significant implications for future years as this reserve was created to fund the costs for restructuring services and invest to save projects.

### **Strategy for in Year Budget Management**

1.11 The Council will continue with its adopted ongoing Strategy in response to the coalition government's austerity programme and to address its own financial challenges. Fundamentally the Senior Leadership Team and Executive Lead Members must maintain strict financial management and control over all services areas. The Senior Leadership have agreed on all of the following measures:

- 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 service consequences including reshaping of services where possible.
- where possible identification of any further savings proposals for 2015/16 agreed at Council in October 2014 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 2014/15 and beyond.

**Paul Looby**

**Executive Head of Finance and Chief Finance Officer**

### **Appendices**

Appendix 1                      Summary of Main Variations

Exempt Appendix 2              Write offs above £5,000.