

Summary of Main Variations

A. Performance

A1.1 The table below provides a summary of the projected outturn position for Council services based upon the four Commissioning areas.

Business Unit/Service	A 2011/12 Budget	B Spend to Date	C Variance to Date	D Projected Out-turn	E Variation at Out-turn
	£'000	£'000	£'000	£'000	£'000
Adults & Operations					
- Adult Social Care	41,952	6,615	575	43,452	1,500
- Business Services	2,621	1,009	0	2,621	0
- Chief Information Officer	4,096	1,363	0	4,096	0
- Commercial Services	2,255	823	0	2,255	0
- Finance	11,199	(747)	0	11,199	0
- Supporting People	6,380	1,652	0	6,380	0
	68,503	10,715	575	70,003	1,500
Children Services	21,865	(3,659)	270	23,408	1,543
Communities & Local Democracy					
- Community Safety	3,096	132	0	3,096	0
- Community Engagement	1,473	461	0	1,473	0
	4,569	593	0	4,569	0
Place & Environment					
- Residents & Visitors	9,887	2,873	0	9,887	0
- Spatial Planning	5,574	538	0	5,574	0
- Torbay Development Agency	4,871	1,584	0	4,871	0
- Torbay Harbour Authority	0	(469)	0	0	0
- Waste & Cleaning	10,518	6,872	0	10,518	0
	30,850	11,398	0	30,850	0
Sub Total	125,787	19,047	975	128,830	3,043

A2. Main Variations

A2.1 The following paragraphs identify, within each Commissioning area, identified variations against the approved budgets or concerns about emerging issues and risks in that area. Service managers consider the sensitivity of budget variations and the projected outturn position which is based on the most likely position at the time of writing this report.

Environment

A2.2 Services within the Environment portfolio are projecting to spend within their approved budget. However there are a number of emerging issues which are putting pressure on the budget which will need to be monitored closely over the next quarter.

(a) Resident's and Visitors

The amount of car park income will be heavily influenced by seasonal variations such as the summer holiday season which will be reflected in the quarter 2 monitoring position. Due to its volatility, car parking income is monitored on a weekly basis. At the moment, projections indicate that the service should achieve the overall level of budgeted income for on and off-street car parking of £5.230m.

(b) Waste and Cleaning

Early indications are that the costs for Waste disposal are expected to remain with the overall budget allocation.

(c) Spatial Planning

The costs for Concessionary Fares remained within the approved budget last year, however, this is one of the Council's volatile budgets and is subject to significant variations as it is influenced by the number of visitors to the Bay. Increased demand and associated costs within this budget (which stands at £4.208m) are outside of the control of Torbay and will be monitored closely throughout the year.

With the demise of Planning Delivery Grant, the planning department has seen a significant reduction in its budgeted grant income of £145,000 this year. In addition, planning and building control income is heavily influenced by the state of the local economy and there is potential for this to also fall below budgeted levels. Current predictions suggest this could amount to a further £90,000 shortfall in income, giving an overall budget pressure of £235,000. The Environment Commissioner and the Executive Head for Spatial Planning are looking closely at this issue and are working to ensure offsetting savings are found across the Environment portfolio to bring the overall budget back into balance.

Children's Services

A2.3 Children's Services are projecting an overspend of £1.5m. The net overspend represents 5.6% of the total net revenue budget for Children's Services.

A2.4 Children's Services can be split into three main areas:

- Children's, Schools and Communities.
- Commissioning and Performance.
- Safeguarding and Wellbeing.

A2.5 The overspend is primarily within Safeguarding and Wellbeing, due to increasing numbers and costs for Children In Care and the costs for the continued use of agency social workers within the Children in Need service.

A2.6 A breakdown of the projected position is summarised below:

- (i) Children's, Schools and Communities are projecting an overspend of £0.443m which is primarily due to the difficulty in achieving its vacancy management factor which has been built into the 2011/12 budget and additional costs within Governor services.
- (ii) Commissioning and Performance is projecting a balanced budget position at year end.
- (iii) Safeguarding and Wellbeing is the most volatile budget within Children's and covers placements for vulnerable children and is projected to overspend by £1.1m. This is based upon current commitments and placement numbers and the projected duration of placements and related costs. The latest figures for the number of looked after children as at the end of May was 223 which have increased from 213 as at 31 March 2011. The number of Children looked after has to be set in the context of the difficulties the Service has had in recruiting qualified staff and the need to cover this through the employment of agency social workers.

A2.7 Children's Services recovery plan to address the current position is shown in appendix 2.

Communities and Local Democracy

A2.8 Services within Communities and Local Democracy are projecting to spend within their budget allocation.

Adults and Operations

A2.9 Services within Adults and Operational Support are projected to over spend by £1.5m. The projected overspend is within Adult Social Care and the main variations are summarised below.

Adult Social Care

A2.10 Adult Social Care is a Commissioned service and is provided in partnership with Torbay Care Trust. The partnership is managed through a pooled budget - a summary of the latest pooled budget is attached in appendix 3. The Pool budget comprises 3 elements, Community Based Teams, Commissioned Social Care and Management and Support Services.

A2.11 Within the Social Care Commissioned areas there are two material areas reporting budget pressures which are summarised below:

(a) Learning Disability

The budget pressures within this client group are personal budgets and domiciliary care (supported living). With the personalisation agenda it should be anticipated that costs will increase in these areas but unfortunately to date there has not been corresponding decreases in residential care which would have allowed for budget to be transferred. Underpinning the cost pressures within this client group are a number of factors such as transitional cases from children services, ordinary residency issues, older family carers and costs relating to clients at risk of offending.

(b) Older People and Physical Disability

The budget pressures within this client group is domiciliary care. Whilst the Trust over the last five years has been successful in reducing traditional residential and nursing placements it has seen a movement of clients and cost to domiciliary care. Underpinning this cost pressure and older people in general is the demographic pressures of an ageing local population.

A2.12 The Torbay Care Trust's recovery plan to address the overspend is shown in appendix 4.

Strategy For in Year Budget Management

A2.13 The key pressures identified to date are for services provided to the most vulnerable residents within the Bay and these are some of the council's most volatile budgets. Executive Leads and their respective managers will be working hard to ensure the measures set out in the recovery plans will address the budget pressures identified to date. These plans will be monitored closely by Executive Leads and managers and an update on progress against these plans will be provided to members of the Board in the autumn.

A2.14 In addition, by the end of August, Executive Heads and Commissioners will have taken a council wide view as to what other efficiency savings, or reductions in uncommitted expenditure can be made up until the end of the financial year. This will include:

- what areas of budgeted expenditure could be ceased and an assessment of the services consequences.
- a review on all non front line expenditure to identify whether any expenditure in these areas could be reduced and the implications of any reductions will be assessed.
- further controls upon vacancy management.
- consideration of cross council reductions including an assessment of a reduction in council office opening times, a managed reduction in the number of printers within the council, a review of meetings and associated costs such as travel costs, a restriction on attendance at external conferences.
- Identification of any invest to save schemes that will have an immediate or cost savings in 2012/13.

A2.15 Commissioners and Executive Heads will continue to scrutinise all areas of expenditure and assess the sensitivity of outturn projections by working closely with service managers to ensure expenditure is maintained within existing budgets.

A2.16 As mentioned above one immediate response could be to place a freeze on all external recruitment subject to individual cases presented to and scrutinised by the Establishment Control Board. These vacancies will only be filled where this is a strong business case and is approved by the relevant Commissioner in consultation with the Executive Lead.

A2.17 The council is already faced with an extremely challenging financial outlook in the context of reducing government grant and increasing service demands over the next few years. It is therefore essential that services maintain expenditure within their approved budget otherwise the financial challenge will become harder in 2012/13 and beyond. The actions outlined above and the implementation of the action plans will enable the Council to address the in-year pressures.

A4. Reserves

A4.1 As reported to Council on 14 July 2011 a summary of the Council's reserves are shown in the table below. These are the only uncommitted reserves held by the Council. In addition, the Council has its general fund balance which is £4.0m. In response to concerns raised by our external auditors as to the level of the general fund balance, the Council set an internal target to reach 3% of its net revenue budget. As result of the contribution to the general fund balance as approved by Council on 14 July, the current level is 3.2% which I consider to be a prudent level.

A4.2 The annual review of all reserves will be undertaken as part of the budget preparation process and will be reported to Members in the autumn. This process will allow the existing earmarked reserves to be challenged to ensure they are still

required and to what level. This may allow any surplus monies to be recycled as part of the budget setting process for the following year or to address any in year pressures.

- A4.3 Members will be aware that all reserves are earmarked for specific purposes with the exception of the General Fund Reserve which remains the only fund the Council holds to meet emergency costs. The government has focused its attention on the level of Council reserves held within the council. It should be noted that any release of monies from reserves should only be used for one off purposes and cannot be used to sustain ongoing expenditure.

Reserve	Balance at 1 April 2011 £'m
Comprehensive Spending Review Reserve	3.100
Budget Pressures Reserve	0.943
Credit Crunch Reserve	0.109
LABGI Reserve	0.045
Seaside Towns Reserve	0.042
Financial Strategy and Change Management Reserve	0.399
Total	4.638

A.5 Dedicated Schools Grant (DSG)

- A.5.1 The Dedicated Schools Grant in 2010/11 is estimated to be £84m – the final allocation will be confirmed at the end of July. The DSG is currently reporting a small projected underspend of £0.064m subject to confirmation of the final grant allocation.

A6. Debtors Monitoring

- A6.1 This section of the report provides Members with an update for the first quarter of 2011/12 in respect of council tax and business rate collection. It also sets the background and benchmarks against which future performance will be monitored and assessed during the current financial year.
- A6.2 In common with previous reports to Members, the Councils debtors are broken down into a number of groups and these will be dealt with individually, relating at the same time to key indicators.

Council Tax

- A6.3 In 2011/12 the targets for council tax 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.

- A6.4 The Council is due to collect £59.2m after the granting of statutory exemptions and reductions and Council Tax Benefit in the period April 2011 to March 2012. To date the Council has collected £16.1m which is about 27.3% of the Council Tax due in year. The collection level is in line with last year's performance.
- A6.5 The total arrears outstanding at 31 March 2011 was £3.7m and this has been reduced by £0.636m which is about 17.1% of the total arrears due.
- A6.5 There is one write over £5,000 to report listed in Appendix A.

Non-Domestic Rates

- A6.7 The targets collection rates for 2011/12 are:
- (i) collect 98.0% of the business rates due within the 12 months of the financial year (i.e. April to March); and
 - (iii) collect 50% of the arrears brought forward from previous years.
- A6.8 The Council is due to collect £36.9m after the granting of mandatory relief in the period April 2011 to March 2012. To date the Council has collected £11.1m which is about 30.9% of the business rates due in year. The collection level is down compared to this point last year.
- A6.9 The total arrears outstanding were £1.49m and this has been reduced by £0.314m which is about 21.0% of the total arrears due.

The write-offs in respect of debts over £5,000 are listed in Appendix 5