

## Financial Monitoring update - end of November 2014

### Summary

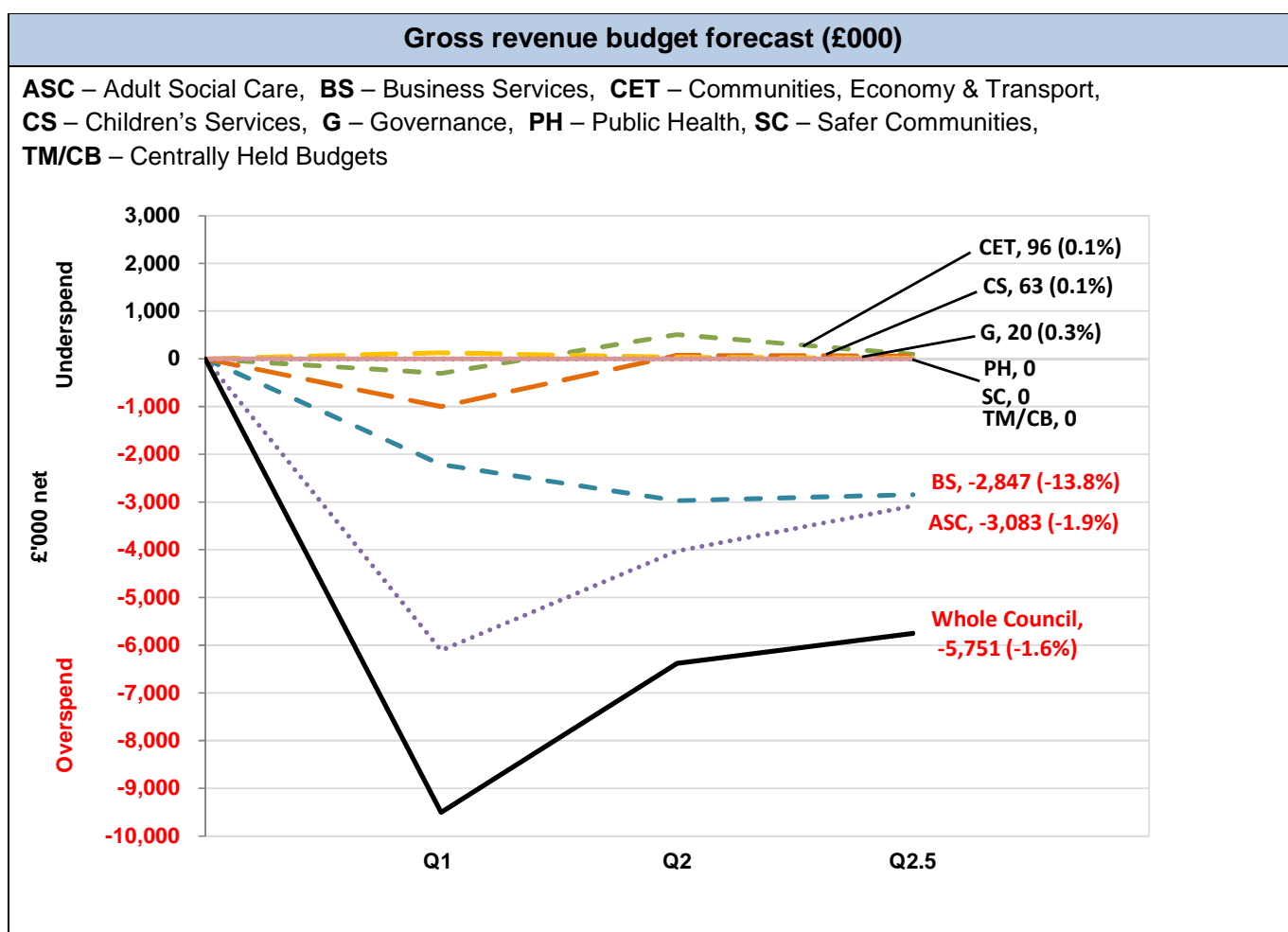
The Quarter 2 standard Performance Management Report was considered by the Cabinet at the December 2014 meeting. That report reflected the position to the end of September 2014. It is important that when considering the budget for the forthcoming financial year that the most up to date information on the financial performance within the current financial year is used.

The purpose of this paper is to provide an update on the Quarter 2 position reflecting the financial projected outturn as at the end of November 2014.

The Quarter 2 monitoring position projected a gross overspend for the Council of £6.38m. The updated view, as set out in the graph below shows an improved position with the projected overspend now at £5.75m; an improvement of £0.63m. It is anticipated that the overspend can be managed within the unused general contingency of £3.5m and remaining inflation provision for 2014/15; after the minimum wage increase was not as anticipated.

Within this there are a couple of key changes which Members will wish to be aware of as follows:

- A reduction in projected overspend in Adult Social Care of around £1m. Reflecting a refined approach to working practices with CCGs around continuing health care provision;
- A number of changes within CET which increase expenditure by a net £0.4m.



## Adult Social Care and Health – Monitoring Update 2014/15

Divisions	Planned (£000)			2014/15 (£000)					
				Projected outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Older People	89,412	(38,433)	50,979	91,345	(38,751)	52,594	(1,933)	318	(1,615)
Physical Disabilities	19,690	(4,856)	14,834	20,276	(5,135)	15,141	(586)	279	(307)
Learning Disabilities	48,773	(4,854)	43,919	51,482	(7,184)	44,298	(2,709)	2,330	(379)
Mental Health	8,556	(2,438)	6,118	9,779	(2,889)	6,890	(1,223)	451	(772)
Other Adults	2,616	(878)	1,738	2,652	(914)	1,738	(36)	36	-
Supporting People	10,171	-	10,171	10,171	-	10,171	-	-	-
Assessment and Care Management	25,959	(3,119)	22,840	26,038	(3,198)	22,840	(79)	79	-
Management and Support	11,111	(2,638)	8,473	11,774	(3,293)	8,481	(663)	655	(8)
Service Strategy	1,340	(821)	519	1,205	(684)	521	135	(137)	(2)
<b>Adult Social Care</b>	<b>217,628</b>	<b>(58,037)</b>	<b>159,591</b>	<b>224,722</b>	<b>(62,048)</b>	<b>162,674</b>	<b>(7,094)</b>	<b>4,011</b>	<b>(3,083)</b>
<b>Safer Communities</b>	<b>661</b>	<b>(251)</b>	<b>410</b>	<b>927</b>	<b>(517)</b>	<b>410</b>	<b>(266)</b>	<b>266</b>	-
<b>Public Health</b>	<b>24,186</b>	<b>(24,186)</b>	-	<b>24,186</b>	<b>(24,186)</b>	-	-	-	-

Overall, the movement since the end of September is a reduction in the forecast overspend of £946k. The key movements since the end of September monitoring position are as follows:

- Agreement with CCGs, delivering a refinement of operating principles for Continuing Health Care (CHC), has resulted in costs of £1.8m being borne by CHC budgets within health.
- The period subsequent to the end of September has seen continued activity to safely manage reductions in care packages, however the challenges are intensifying especially with regard to the NHS and increased activity coming out of hospitals has increased estimated costs by £0.809m.
- Minor projected increases across Directly Provided Services and Management and Support of £0.045m.

## Business Services – Monitoring Update 2014/15

Divisions	Planned (£000)			2014/15 (£000)					
				Latest outturn prediction			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
ICT	12,583	(7,665)	4,918	12,941	(7,403)	5,538	(359)	(262)	(621)
Personnel	3,378	(1,643)	1,735	3,280	(1,546)	1,735	98	(98)	(0)
Property	27,110	(19,677)	7,433	27,076	(19,959)	7,116	34	283	317
Procurement	1,360	(484)	876	1,276	(400)	876	84	(84)	(0)
Strategic Finance	12,039	(5,770)	6,268	10,695	(4,491)	6,204	1,343	(1,279)	64
Service Finance	2,656	(853)	1,803	2,436	(884)	1,553	220	30	250
Management & Support	1,270	(855)	415	1,148	(1,037)	111	122	182	304
Non-Specific	793	(14)	779	750	(1)	750	43	(13)	29
Unallocated	(619)	0	(619)	902	(1,330)	(428)	(1,521)	1,330	(191)
<b>Total BSD</b>	<b>60,570</b>	<b>(36,962)</b>	<b>23,608</b>	<b>60,505</b>	<b>(37,050)</b>	<b>23,455</b>	<b>65</b>	<b>88</b>	<b>153</b>
Agile Savings	(3,000)	0	(3,000)	0	0	0	(3,000)	0	(3,000)
<b>Total incl. Agile</b>	<b>57,570</b>	<b>(36,962)</b>	<b>20,608</b>	<b>60,505</b>	<b>(37,050)</b>	<b>23,455</b>	<b>(2,935)</b>	<b>88</b>	<b>(2,847)</b>

Overall, the movement since the end of September is a reduction in the forecast overspend of £127k. If you removed the £3m pressure presented by Agile then the department would be underspending by £153k. The key changes since production of the Quarter 2 report are:

- Strategic Finance – Some of the costs attributable to the development of core systems (SAP) are now able to be funded by the Transformation Challenge Award. Also management costs of the AP/AR function have been moved to the South East Shared Services budget. This has reduced the position from a pressure of £19k to an underspend of £64k.

- Unallocated – BSD training budgets have now been allocated according to plan. £171k identified through appraisal process leaving £93k as a forecast underspend.

## Communities, Economy & Transport – Monitoring Update 2014/15

Divisions	Planned (£000)			2014/15 (£000)					
				Projected outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Management and Support	1,520	(160)	1,360	1,499	(153)	1,346	21	(7)	14
Trading Standards	1,085	(271)	814	1,059	(319)	740	26	48	74
Economic Developments, Skills & Infrastructure	4,664	(3,103)	1,561	4,666	(3,167)	1,499	(2)	64	62
Transport & Operational	30,298	(19,236)	11,062	30,464	(19,876)	10,588	(166)	640	474
Highways	29,719	(6,413)	23,306	30,573	(7,137)	23,436	(854)	724	(130)
High Weald	413	(390)	23	419	(396)	23	(6)	6	-
Planning	3,169	(2,036)	1,133	3,195	(2,030)	1,165	(26)	(6)	(32)
Environment	56,922	(25,191)	31,731	59,362	(27,601)	31,761	(2,440)	2,410	(30)
Libraries	7,685	(1,604)	6,081	7,495	(1,184)	6,311	190	(420)	(230)
Support to the Arts	51	-	51	54	-	54	(3)	-	(3)
Archives and Records	2,307	(1,327)	980	2,623	(1,407)	1,216	(316)	80	(236)
Registration	1,169	(1,353)	(184)	1,145	(1,410)	(265)	24	57	81
Customer Care	418	-	418	501	(135)	366	(83)	135	52
<b>Total CET</b>	<b>139,420</b>	<b>(61,084)</b>	<b>78,336</b>	<b>143,055</b>	<b>(64,815)</b>	<b>78,240</b>	<b>(3,635)</b>	<b>3,731</b>	<b>96</b>

Overall, the movement since the end of September is an increase in the forecast expenditure of £410k, reducing the underspend to £96k. This can be explained as a result of the following movements:

- Management & Support – this budget line has been charged additional external legal fees, which are being challenged.
- Trading Standards – Additional income for staff working on anti-fraud / scam projects has been added to the forecast, increasing the underspend.
- Transport & Operational Services – this forecast has increased as access to a Government grant that was previously expected, is not available for our service. In addition, there has been a movement in the Payments to Operators, which reflects CSD policy changes on further education low income eligibility.
- Planning – There is now an increased pressure as the £305k savings expected to be delivered by planning, will not be met this financial year. This has been offset in part by additional income to be provided by the Transport Development Control workstream.
- Libraries – Savings from the Mobile Library service will not now be achieved this year £75k. There is a general reduction in income particularly from The School Library Service and Learn Direct £125k. Staff restructuring delays and increased electricity costs have resulted in a further overspend of £80k. The overspend is mitigated by a reduced spend on the book stock of £50k.

## Children's Services – Monitoring Update 2014/15

Divisions	Planned (£000)			2014/15 (£000)					
				Projected outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Central Resources	20,811	(2,143)	18,668	17,828	(1,921)	15,907	2,983	(222)	<b>2,762</b>
Early Help & Commissioning	15,827	(3,894)	11,933	16,662	(4,779)	11,883	(835)	885	<b>50</b>
Children and Families	46,374	(10,378)	35,996	50,615	(12,270)	38,345	(4,241)	1,892	<b>(2,349)</b>
Learning and School Effectiveness	71,075	(5,074)	66,001	71,695	(5,694)	66,001	(620)	620	-
Communication, Planning & Performance	19,954	(4,279)	15,675	20,411	(4,336)	16,075	(457)	58	<b>(399)</b>

DSG Individual School Budgets (ISBs)	188,652	(188,652)	-	188,652	(188,652)	-	-	-	-
DSG Non-ISBs	-	(60,927)	(60,927)	-	(60,927)	(60,927)	-	-	-
<b>Total CSD</b>	<b>362,692</b>	<b>(275,346)</b>	<b>87,347</b>	<b>365,862</b>	<b>(278,579)</b>	<b>87,283</b>	<b>(3,170)</b>	<b>3,233</b>	<b>63</b>

Whilst the overall forecast has only changed by £10k, which is not significant, there have been some movements in individual forecasts, and in the budgets since the end of September.

Items of note include:

- Budget adjustments to reflect schools converting to academy status from 1 September and subsequent adjustment of DSG.
- Further realignment of historically based budgets within the department.
- Reductions of circa £350k in the Home to School Transport (HTST) forecast spend following review of the underlying assumptions and model at the start of the new school year.
- Increased Looked After Children (LAC) costs of £184k resulting from extensions in estimated service end dates for In house foster placements and Agency placements; out of county adoption placements; and additional placement costs in the care leavers service.
- Additional £50k costs for Virtual School staff as a result of budget reconciliations.
- Reduction of £60k in de-delegated funding as a result of schools transferring to Academy status.

## Governance – Monitoring Update 2014/15

Divisions	Planned (£000)			2014/15 (£000)					
				Projected outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Corporate Governance	3,409	(5)	3,404	3,319	(35)	3,284	90	30	120
Corporate Support	3,961	(1,008)	2,953	3,845	(941)	2,904	116	(67)	49
Management & Support	1,563	(541)	1,022	1,711	(540)	1,171	(148)	(1)	(149)
<b>Total Governance</b>	<b>8,933</b>	<b>(1,554)</b>	<b>7,379</b>	<b>8,875</b>	<b>(1,516)</b>	<b>7,359</b>	<b>58</b>	<b>(38)</b>	<b>20</b>

Overall, the movement since the end of September is an increase in the forecast expenditure of £16k. This is as a result of refining the expected costs of the Legal Shared Service with Surrey County Council.

## Centrally held budgets – Monitoring Update 2014/15

Divisions	Planned (£000)			2014/15 (£000)					
				Projected outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Contribution to Capital Programme	19,291	0	19,291	19,291	0	19,291	0	0	0
Treasury Management	30,786	0	30,786	30,786	0	30,786	0	0	0
Non service expenditure budgets	4,724	0	4,724	4,724	0	4,724	0	0	0
Levies	431	0	431	431	0	431	0	0	0
Corporate Grants	0	(10,638)	(10,638)	0	(10,638)	(10,638)	0	0	0
<b>Total Centrally held budgets</b>	<b>55,232</b>	<b>(10,638)</b>	<b>44,594</b>	<b>55,232</b>	<b>(10,638)</b>	<b>44,594</b>	<b>0</b>	<b>0</b>	<b>0</b>

Overall the forecasts are the same as reported in the Quarter 2 report.

The overall budget for 2014/15 includes general contingency of £3.5m and unused inflation provision. This is being held to fund the overspend identified within the Service summaries above.