

**Subject:** Targeted Budget Management 2015/16 (Month 9)  
**Date of Meeting:** 8 March 2016  
**Report of:** Acting Director of Finance & Resources  
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**Wards Affected:** All

**FOR GENERAL RELEASE**

**1 SUMMARY AND POLICY CONTEXT:**

- 1.1 Targeted Budget Management (TBM) reports are reported to the Policy & Resources Committee and referred to the Audit & Standards Committee and the Cross Party Budget Review Group (monthly) to ensure effective member oversight and consideration of the in-year capital and revenue financial performance and associated risks. The Audit & Standards Committee's primary role in respect of TBM reports is to consider whether or not risks have been appropriately identified and treated to assure the ongoing financial resilience of the authority.
- 1.2 This report highlights the position as at Month 9 (December) as reported to the 11 February meeting of the Policy & Resources Committee.

**2 RECOMMENDATIONS:**

- 2.1 That the Audit & Standards Committee notes the update on the council's in-year financial position and the continuing actions taken to address forecast overspend risks.

**3 CONTEXT/BACKGROUND INFORMATION:**

- 3.1 The council's financial performance is monitored monthly through the Targeted Budget Management (TBM) process. TBM reports are reported to Policy & Resources Committee and more frequently (monthly) to the cross-party member Budget Review Group. They are also reviewed monthly by Directorate Management Teams and the Executive Leadership Team.
- 3.2 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. Individual services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within each budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'corporate critical' areas.
- 3.3 In summary, as at Month 9 the forecast overspend risk on the council's General Fund was £0.452m as shown below:

Forecast Variance Month 7 £'000	<b>Directorate</b>	2015/16 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
2,354	Children's Services	55,335	57,266	1,931	3.5%
2,809	Adult Services	67,030	70,141	3,111	4.6%
(65)	Environment, Development & Housing	30,884	30,657	(227)	-0.7%
(489)	Assistant Chief Executive	15,499	14,890	(609)	-3.9%
(324)	Public Health (incl. Community Safety & Public Protection)	5,134	4,786	(348)	-6.8%
(2,002)	Finance, Resources & Law	29,569	27,356	(2,213)	-7.5%
2,283	Sub Total	203,451	205,096	1,645	0.8%
(1,172)	Corporate Budgets	6,565	5,372	(1,193)	-18.2%
1,111	Total Council Controlled Budgets	210,016	210,468	452	0.2%

3.4 In addition, the council's share of the forecast risk on NHS managed Section 75 partnership arrangements was £0.489m as follows:

Forecast Variance Month 7 £'000	<b>Section 75</b>	2015/16 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
542	NHS Trust managed S75 Services	11,488	11,977	489	4.3%

3.5 The Financial Position Update (TBM 6) report to the Special Policy & Resources meeting on 4 November outlined 'improvement targets' across all directorates to bring the position back into balance. These measures included:

- Further savings from vacancies;
- Further controls on agency/sessional work usage;
- Further one-off funding from other sources where this can be appropriately deployed e.g. Dedicated Schools Grant;
- The release of one-off Care Act funding and funding discussions with health partners;
- Further restrictions on supplies & services and training budgets;
- Temporary suspensions of planned and reactive property maintenance;
- Deferral of the ICT desktop replacement programme.

3.6 Month 7 (October) indicated a substantial forecast risk of £1.653m after taking into account corrective action and the impact of increased recruitment and financial controls introduced in late August as well as the improvement target measures outlined above.

3.7 The forecast risk for Month 9 (December) shows further improvement of £0.712m bringing the forecast overspend risk down to £0.941m. The TBM Month 9 report to Policy & Resources on 11 February 2016 describes the main underlying reasons for the overspend forecast which concerns pressures across Children's and Adults social care services and homelessness (temporary accommodation). The main reasons for the improvement from Month 7 are summarised in the table below.

Directorate	Movement £'000	Main Explanation for movement from Month 7 to Month 9
Children's Services	(423)	Reduced staffing requirements in Social Work Teams (£0.356m) and improvement in Fostering & Adoption (£0.135m) offset by increase in overspend on Child Agency Placements of £0.272m.
Adult Services	302	Pressures from savings put at risk of £0.712m and Increase in costs from complexity of clients of £0.238m are offset by a reduction in net demand (£0.309m), an increase in income (£0.211m) and one -off Care Act Funding (£0.063m).
Environment, Development & Housing	(162)	Reduction in the forecast overspend related to Temporary Accommodation due to less need to use spot purchased properties (£0.108m)
Assistant Chief Executive	(120)	Increased income from Seafront property rent reviews (£0.045m) Additional vacancy management savings (£0.030m)
Public Health (incl. Community Safety & Public Protection)	(24)	Lower than anticipated smoking figures resulting in reduced forecast spend (£0.053m) Offset by demand pressure regarding sexual and domestic violence of £0.023m.
Finance, Resources & Law	(211)	Improved forecast for the commercial property portfolio (£0.049m), Reductions in utility costs (£0.065m), further underspends in contracts and property functions review (£0.050m) Improved forecast for the Revenues and Benefits service, mainly around vacancy management and improved income collection (£0.090m) Offset by worsening of Housing Benefit subsidy forecast of £0.074m.
Corporate Budgets	(21)	Financing costs (£0.021m)
<b>Total Council Controlled Budgets</b>	<b>(659)</b>	
NHS Trust managed S75 Services	<b>(53)</b>	Overspend on jointly commissioned service expected to be covered by Better care Funding for 2015/16 only (£0.055m)
<b>Total General Fund</b>	<b>(712)</b>	<b>Total improvement from Month 7 to 9</b>

- 3.8 The report concludes that the improved position puts the authority within sight of achieving financial balance over the remaining 3 months of the year. However, there are still underlying pressures and significant risk areas within the forecast and therefore strict recruitment and financial controls must remain in place to maintain a strong grip on financial performance. This will also maintain the focus on containing costs and demands to avoid putting the revenue budget under immediate pressure at the start of the next financial year. The committee should note that the corporate risk provision of £1.620m will continue to be held centrally at present to mitigate against any shortfall in achievement of improvement targets, recovery actions or savings programmes in 2015/16.
- 3.9 With regard to the 2015/16 savings programme, this continues to be largely on track with £1.891m (9.0%) of the £21.089m savings target currently regarded as at risk. This risk is reflected in the overall TBM forecast each month and explanations of at risk areas are provided at Appendix 3 of the TBM report.

#### **4 EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 4.1 Any overspend remaining at the year-end, after taking account of risk provisions, would need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below the recommended level of £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2016/17.

#### **5 COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 None directly in relation to this update report.

#### **6 CONCLUSION**

- 6.1 The TBM Month 9 report to Policy & Resources Committee on 11 February highlighted the forecast overspend risk at Month 9 and reiterated the need to maintain financial and recruitment controls in order to bring the position back into balance by year-end.

#### **7 FINANCIAL & OTHER IMPLICATIONS:**

- 7.1 Included in the body of the report.

Finance Officer Consulted: Jeff Coates

Date: 26 February 2016

##### Legal Implications:

- 7.2 None directly in relation to this report. Implications relating to TBM Month 9 are detailed in the report to the 11 February Policy & Resources Committee meeting.

##### Equalities Implications:

- 7.3 Note directly in relation to this report. Implications relating to TBM Month 9 are detailed in the report to the 11 February Policy & Resources Committee meeting.

##### Sustainability Implications:

- 7.4 None directly in relation to this report. Implications relating to TBM Month 9 are detailed in the report to the 11 February Policy & Resources Committee meeting.

#### **SUPPORTING DOCUMENTATION**

**Appendices:** None

**Documents in Members' Rooms:** None

**Background Documents:** None