

Appendix A9

Supplementary Estimates

for the year ending 31 March 2019

Date of Request: **23/11/2018** Date of Mayor / Cabinet endorsement: **04/12/2018**

Strategic Director: Jacqui Jensen, Executive Director of Adults, Children and Education (ACE) Cabinet Member: Cllrs Holland (Adults), Godwin (Children) and Keen (Education)

DECISION REQUIRED:

It is recommended that a supplementary estimate of **£12.320m** be approved for the ACE Directorate, as per the schedule in section 1, effected by way of ongoing contingencies held and one-off virements held in other General Fund service areas.

1 Directorate Budget Position

- 1.1 The table below summarises the original and revised budgets for 2018/19, the latest P6 forecast for 2018/19 and the resulting variance, which (with roundings) constitutes the requested supplementary estimate.

ACE Directorate Summary				
Division (Service Director Level)	2018/19 Original Budget	2018/19 Revised Budget	2018/19 Latest Forecast P6	Variance & Requested Supplement ary Estimate
	£000's	£000's	£000's	£000's
Adult Social Care	130,605	138,574	149,681	11,107
Children and Family Services	60,299	60,295	60,299	4
Education, Learning and Skills Improvement	12,610	17,166	18,769	1,603
Public Health - General Fund	2,004	2,204	1,822	(382)
Total ACE	205,518	218,240	230,571	12,331

2 Justification

2.1 During 2018/19 services have been operating cash limited budgets. This requires services to take all appropriate action to contain net expenditure within budget approvals and in circumstances where further mitigating action is not possible services are required to seek a supplementary estimate from Cabinet.

2.2 ACE Directorate, in spite of additional resource being applied as part of the budget setting process for 2018/19, has been unable to contain their expenditure within budget approvals. This is through a combination of historic pressures not having been fully addressed with the additional budgets for 2018/19, slippage on and difficulties in meeting agreed savings proposals (eg Education Services Grant loss) and a continued high level of demand, particularly for Adults Social Care.

Comment on components of supplementary estimate requested		
Service within ACE	Supplementary Estimate Requested £'000	Comment
Adult Social Care	11,100	<p>There are underlying pressures in the service of £23.7m:</p> <ul style="list-style-type: none"> • Older People (packages of care): £10.5m • Working Age Adults (packages of care): £10.2m • Preparing for Adulthood (packages of care): £3m <p>These are offset by compensating underspends of- £12.6m:</p> <ul style="list-style-type: none"> • Service user contributions and income form CCG: (£4.2m) • Staffing & other costs (£1.3m) • One-off funding (£4.6m) <p>The net supplementary estimate would be used to re-baseline the whole service as indicated above.</p>
Children and Family Services	0	At present, Children's Social Care are forecasting a balanced budget for 218/19 and no change to the 2018/19 budget is sought.
Education, Learning and Skills Improvement	1,600	<p>At present, the three main areas of pressure are:</p> <ul style="list-style-type: none"> • Education Management (net £0.662m), comprising £0.760m unallocated loss in total from 2017/18 Education Services Transitional Grant and assorted educational management pressures of £0.169m, with offsetting savings of £0.213m in School Pensions and £54k in Early Years. • Home –School Transport £0.760m. • Trading with Schools £0.178m shortfall in surplus targets. <p>Work is being done to establish the extent to which these pressures are on-going or one-off. A working assumption is that £1.1m of these pressures will be on-going.</p>
Public Health - General Fund	-380	This is an on-going saving in the Public Health General Fund arising from costs being met from the Public Health Grant itself, leaving GF budget without commitments.
Total net supplementary estimate 2018/19	12,320	

3 In-Year Controls

- 3.1 Budget managers have monitored their budgets every month and there have been extensive process in place to track delivery of savings measures agreed as part of budget setting. Regular reports are considered by management teams at all levels in the Directorate and corporately, including reporting to Cabinet. There have been restrictive processes for dealing with any staff appointments which includes getting proposals vetted through the Departmental Leadership Team. Processes for entering into contracts have been through the CPG (Contract and Procurement Group) process.
- 3.2 During 2018/19 the reported budget position reached a peak at the end of Period 3 when an overspend of £13m was forecast. Mitigating actions have been taken by the service, much of which has involved the application of the Improved Better Care Fund (i-BCF) a government grant received to address the longer term demand pressures within adults social care.
- 3.3 This scale of overspend triggered Level 2 of the Budget Scrutiny / Improvement Protocol, which required the Budget Improvement Executive to be convened. This involved a meeting to consider the Adults, Children's and Education finances in November 2018. This was attended by the three lead Members for each of the services, Service Directors and representatives of the Senior Leadership Team. Moreover, several meetings have been convened by the Head of Paid Service since his arrival in Bristol to establish the underlying position on Adults Social Care.
- 3.4 It has been recognised particularly that the spending level on Adults Social Care is significantly higher than the base budget. Such a large (£11.1m) gap is unsustainable and it is appropriate to re-baseline the service at this level.
- 3.5 For Education, the loss of Education Services Grant of £0.8m, with a further £0.8m planned in the Medium Term Financial Plan has been difficult for the service to reconcile with its statutory responsibilities. While there is a £17.2m budget for Education, after taking account of School Pensions, Home-School Transport, Children's Centres and PFI contributions, there remains only around £3m from which the balance of any savings would come. Consultants have been engaged on a short-term exercise to advise on scope for savings and resourcing options for meeting statutory responsibilities. While this exercise may point to further opportunities, the working assumption is that £1.1m of this £1.6m is currently an on-going pressure.
- 3.6 Elsewhere in Education, the cost reductions in Home-School Transport in recent years were regarded as having practically exhausted options for further savings. Cost and demand pressures, however, have re-emerged. A pressure of £0.760m looks to be unavoidable for 2018/19 and the consultancy exercise referred to in the previous paragraph will also consider options for home-school transport, too.
- 3.7 And finally, in Education, the Trading with Schools service continues to report a shortfall of £0.178m in delivering its surplus target. This service is transferring to Commercialisation and Citizen in December 2018, at which point it will be fundamentally reviewed.
- 3.8 The reported position for Period 6 is a forecast overspend of £12.320m and it is this level of overspend, for which a supplementary estimate is sought.

4 Impact Description

Source of funding	Status	Amount (£m)
Additional S31 grant	One-off	(2.199)
Social Care Grant	One-off	(2.000)
Corporate contingency reserve	One-off	(3.000)
Subtotal one off funding		(7.199)
Capital financing	Permanent	(2.500)
Social Care Contingency	Permanent	(1.325)
Sleep-in Contingency	Permanent	(0.718)
Resources Directorate Underspends	Permanent	(0.578)
Subtotal Ongoing funding		(5.121)
Total Funding of supplementary estimate		(12.320)

Impact if not Approved

At this point in the year, the requested supplementary funding is the best estimate of the likely spend in this financial year. If the supplementary estimate is not approved, People Directorate would enter the last few weeks of the financial year without approval to spend, in the context of cash limited budgets.

5 Learning Points

- 5.1 Recognising the link between service activity and finance is important and the work on demand management for adults and children's will help get that better in future years.
- 5.2 Lead in times for change in complex services can be long.
- 5.3 Financial control is important.
- 5.4 The importance of sharing more widely the difficulties of reconciling the tensions between meeting statutory responsibilities and meeting savings targets.

6 2018/19 Previously Approved Supplementary Estimates

- 6.1 None

7 Supplementary Estimate - Sign Off

The following people have signed off this Supplementary Estimate	Evidence of Sign-off (email/121)	Date
Strategic Director Jacqui Jensen	EDM	21/11/2018
Cabinet Member – Cllr Helen Holland, Adults	Email	26/11/2018
Cabinet Member – Cllr Helen Godwin, Children	Email	26/11/2018
Cabinet Member – Cllr Anna Keen, Education	Email	26/11/2018
Section 151 Officer – Denise Murray	Email	26/11/2018