

1. General Fund

- 1.1. The Council is currently forecasting a £2.3m overspend on the approved general fund budget (£376.3m). At this point of the financial year it is expected that the forecast overspend will be managed through management actions throughout the financial year.
- 1.2. The table below provides a summary of the current forecast position by directorate for 2019/20. Additional service details are provided for each Directorate in individual appendices.

Figure 1: General Fund Forecast Net Expenditure

Approved Budget*	Directorate	Revised Budget	Outturn	Variance	Variance as % of Net Budget
£m		£m	£m	£m	
226.6	People	226.6	228.8	2.3	1.0%
50.4	Resources	50.4	50.6	0.2	0.4%
64.3	Growth and Regeneration	64.4	64.4	0.0	(0.1%)
341.3	Sub-total	341.4	343.9	2.4	0.7%
35.0	Other Budgets**	34.9	34.8	-0.1	(0.3%)
376.3	Net Expenditure Total	376.3	378.6	2.3	0.6%

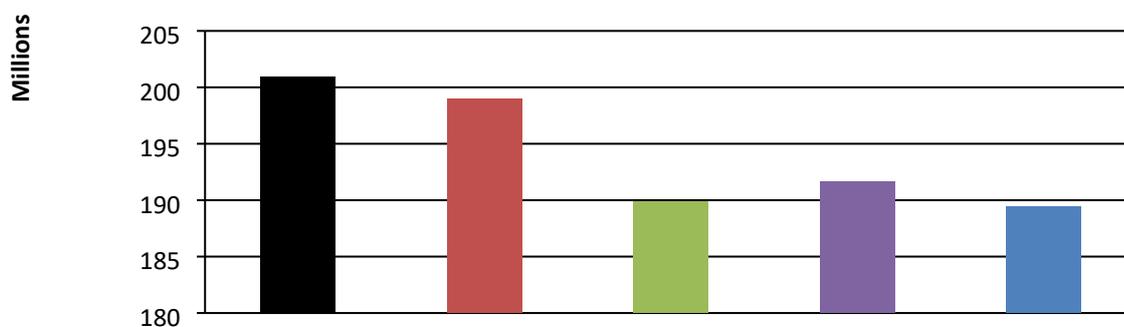
*Approved budget restated to reflect organisational restructure.

**Other Budgets includes capital financing and borrowing costs, and un-apportioned central overheads.

- 1.1. The forecast overspend is pre-dominantly within Adult Social Care (£1.8m) meanwhile assuming a level of savings will be delivered in the service. The Adult Social Care area is facing increasing cost pressures in providing residential support to those young adult transitioning from full-time education into adulthood and increase in cost of providing for working age adults in the communities. An action plan is place in advance of P3 to review in detail the number of residential placements for transitions and review options in contracting arrangements for those adults supported in the community.
- 1.2. Education improvement is also showing £0.5m forecasts overspend, principally relating to Home-School Transport. This is a recurrent issue and was addressed by temporary supplementary estimate in 2018/19. For 2019/20 demand and cost pressures remains. The service is actively seeking solutions to mitigate this pressure permanently by procuring a new software system to get better management information and to improve route planning; participating in a Department for Education project looking at good practice in Home-School Transport; and jointing up with SEN Capital Strategy to help minimise the need for transport by having provision where it is needed.
- 1.3. At this point of the financial year a significant amount of budget for the wider council is forecasted to be spent as a default by budget holders rather than as a necessity. For example, the overall forecast spend on employees is higher than the extrapolated current monthly level of spend suggesting that a large number of vacancies are planned to be filled. Further work is required to examine the forecast in detail to ensure that the assumptions match with recruitment plans and that any potential variance-offsetting savings have been identified.

Figure 2: Employee cost run-rate comparison to management forecast





- 1.4. Directorates that expecting immitigable budget pressures are required to follow a 3-stage budget scrutiny process and develop further action plans / interventions to ensure that expenditure is contained within the agreed budget for the year.

2. Ring-Fenced Accounts

Housing Revenue Account

- 2.1. The HRA is currently forecasting £2.4m underspend, partly due the revenue impact of the timing of capital and the pashing on the delivery of the repair and maintenance programmes. Any adjustments transferring funds to / from the HRA reserve will be dealt with in Period 3 reporting.
- 2.2. Following the recent implementation of the Civica system, there will be a focus on reducing the level of bad debt during 2019/20.

Dedicated Schools Grant

- 2.3. The total Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies is £356.9m for 2019/20. The DSG is currently forecasting an in year balance position with the planned drawn-down from reserves at £1.56m.
- 2.4. The approved budget for 2019/20 included use of funding for High Needs in advance (from 2020/21). The DSG brought forward a £1.9m surplus from the previous year so is forecast to carry forward a £0.4m surplus at the year end. Within the DSG there remains significant pressure on high needs with a forecast £2.4m deficit. The underlying position for High Needs is a shortfall of £5m. The plan for addressing this presently is to lobby government for more resources, to pursue the High Needs Transformation Programme to deliver service improvements and to take any opportunities that present themselves to transfer funding from other blocks or elsewhere.
- 2.5. Regarding early years DSG income is based on census. As the profile of participation in 2018/19 generated an underspend, a similar level of participation will generate £2m underspend, however, at this stage of the financial year, none of the details of the censuses used to pay early years settings is yet available. It is, therefore, too early to determine whether participation levels will be at, below or above 2018/19 and the forecast will vary during the year, as this information becomes available.

Public Health

- 2.6. Public Health is forecasting to deliver a balance budget in 2019/20. The total grant receipt of £31.6m included a 2.5% reduction (£0.9m) this year and the budget assumes a drawdown of £0.7m from the ring fenced reserves this year.
- 2.7. Albeit service has achieved £0.9m savings following restructure, there still remains a 1.8m recurrent cost pressure. If Phase 1 commissioning proposals were to be approved by cabinet on 2nd July, this gap would reduce by £0.3m in 2019/20, and the full year effect will bring the pressure down to £1m. The balance of the pressure will be addressed by planned draw-down on the ring-fenced reserve pending Phase 2 commissioning proposals; however the second phase is foreseen to be uncertain due to its sensitivity and the critical nature of the services in scope. Meanwhile a range of measures

are in place to reduce recurrent costs wherever possible.

3. Savings Programme

- 3.1. To balance the 2019/20 budget, savings totalling £11.7m were required and approved by Full Council. There was also £6.1m of savings largely carried forward from 2018/19 to 2019/20 due to the delivery being recognised / mitigated in 2018/19 as one-offs which still require full delivery in 2019/20. Therefore the total savings delivery target for 2019/20 is £17.8m.
- 3.2. At P2 £6m of £17.8m savings are reported to be at risk where further work / mitigating actions may be required in order to deliver. Of this £2.0m relates to savings within Adult Social Care on Better Lives Programme and £2.3m relates to council-wide non-pay cost reduction and other cross-cutting savings initiatives.

Figure 3: - Summary of Delivery of Savings by Directorate

Directorate	2019/20 Savings £m	2019/20 Savings reported as safe	2019/20 Savings reported as at risk	
		£m	£m	%
People	4.23	3.63	0.60	14%
Resources & Cross-Cutting	4.60	1.34	3.26	71%
Growth and Regeneration	8.98	6.81	2.17	24%
Total	17.81	11.78	6.03	34%

- 3.3. Members should note that delivery of savings is based on Directors assessment of whether the savings agreed by Council have been delivered and whilst other areas of underspends and income generation is being realised within budgets, until this is reallocated via a formal change control process the savings delivery tracker and forecast outturn will not be aligned.

4. Position of Reserves – Reported Quarterly

- 4.1. The Council currently holds £23.3m general unallocated reserves and £81.2m earmarked reserves. Based on the revised net budget the general unallocated reserve balance is just outside the 6% policy threshold. Please note, any proposed movement on this reserve and full details for forecast use of reserves will be outlined in Period 3.

Period 2 Budget Monitoring - Summary

	2019/20 - Full Year			
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance
	£000s			
People				
Adult Social Care	148,805	148,805	150,572	1,767
Children and Families Services	62,439	62,439	62,453	13
Educational Improvement	12,103	12,103	12,606	503
Public Health - General Fund	3,237	3,237	3,210	(26)
Total People	226,584	226,584	228,840	2,257
Resources				
Digital Transformation	12,130	12,130	12,129	(0)
Legal and Democratic Services	6,898	6,898	6,707	(191)
Finance	10,947	10,947	10,947	(0)
HR, Workplace & Organisational Design	10,568	10,568	10,793	225
Policy, Strategy & Partnerships	2,939	2,939	2,909	(30)
Commercialisation & Citizens	6,915	6,915	7,131	216
Total Resources	50,396	50,396	50,616	220
Growth & Regeneration				
Housing & Landlord Services	11,600	11,600	11,580	(20)
Development of Place	1,429	1,483	1,471	(13)
Economy of Place	2,702	2,808	2,808	0
Management of Place	48,557	48,557	48,557	0
Total Growth & Regeneration	64,288	64,448	64,415	(33)
SERVICE NET EXPENDITURE	341,268	341,428	343,871	2,443
Levies	857	857	860	3
Corporate Expenditure	34,174	34,014	33,918	(97)
Insurance Fund	0	0	0	0
Corporate Revenue Funding	(376,299)	(376,299)	(376,299)	0
RELEASED FROM RESERVES	0	0	0	0
TOTAL REVENUE NET EXPENDITURE	(0)	(0)	2,350	2,350

HOUSING REVENUE ACCOUNT SUMMARY

	2019/20 - Full Year			
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance
	£000s			
Housing Revenue Account				
Strategy, Planning & Governance	(102,687)	(102,687)	(104,011)	(1,324)
Responsive Repairs	26,192	26,192	26,105	(87)
Planned Programmes	18,095	18,095	17,623	(472)
Estate Management	9,408	9,408	8,896	(512)
Capital - Neighbourhoods HRA	0	0	1	1
HRA - Funding & Expenditure	11,745	11,745	11,745	0
HRA - Capital Financing	11,617	11,617	11,617	0
HRA - Year-end transactions	25,630	25,630	25,630	0
Total Housing Revenue Account	0	0	(2,394)	(2,394)

RING FENCED BUDGETS

	2019/20 - Full Year			
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance
	£000s			
Public Health	0	0	0	(0)
Dedicated Schools Grant	(0)	(0)	0	0
Total Ring fenced budgets	(0)	(0)	0	0