

1. General Fund

- 1.1. The Council is currently forecasting a £6.5m overspend on the approved general fund budget (£376.3m) which is an increase of £2.2m since P7. At this point of the financial year, supplementary estimates are expected for any immitigable risks of overspend approaching year-end. The level of reported overspend has also been considered in proposing the 2020/21 annual budget.
- 1.2. The table below provides a summary of the current 2019/20 forecast position by directorate. Additional service details are provided for each Directorate in individual appendices.

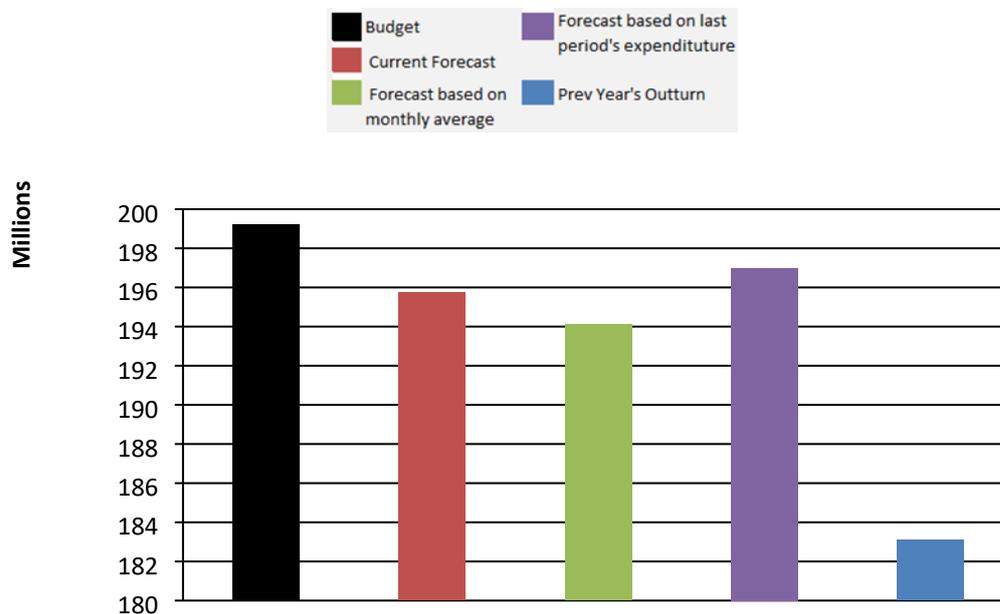
Figure 1: General Fund Forecast Net Expenditure

Approved Budget*	Directorate	Revised Budget	Outturn	Variance	Variance as % of Net Budget
£m		£m	£m	£m	
226.3	People	226.7	232.9	6.2	2.8%
53.9	Resources	53.6	53.7	0.1	0.3%
61.1	Growth and Regeneration	59.9	60.2	0.3	0.5%
341.3	Sub-total	340.1	346.8	6.6	1.9%
35.0	Other Budgets**	36.2	36.1	-0.1	(0.3%)
376.3	Net Expenditure Total	376.3	382.9	6.5	1.7%

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

- 1.3. The increase in the forecast overspend in People from £3.1m in P7 to £6.2m in P8 relates to the increase in forecast overspend on Adult Social Care (increase from £2.4m to £5.5m). As previously reported the service has undertaken a review of the impact of changes in demand and market capacity which hindered the delivery of the £4.3m savings originally planned in 2019/20 and concluded the delay in achieving these savings. Please see Appendix A1 for further detail. A supplement estimate will be required in 2019/20 to balance the in-year position. In addition, a separate report will be taken to Cabinet before March proposing to re-profile the original savings target over 2020/21 and 2021/22.
- 1.4. The reported overspend on Education improvement budget remains at £0.6m, principally relating to Home to School Transport. This recurrent issue was addressed by a temporary supplementary estimate in 2018/19, and it will likely to trigger a further supplementary estimate in 2019/20. The principal reason for the increase is an increase in demand; the current trajectory indicates a 16% increase from last year in eligible children numbers. Other contribution pressures include increases in the cost of Service Level Agreements and increased costs of the new Transport Framework.
- 1.5. The forecast overspend in Resources Directorate has reduced from £1.5m in P7 to £0.1m in P8 through implementing a range of mitigations across the Directorate, e.g. reducing non-essential expenditure; drawing down earmarked reserves and reviewing income forecasts. Gross pressures remain within Facilities Management (£1.5m) due to challenges in delivering savings along with risks to achieving income targets; these are offset through the above mentioned mitigations across-divisions within the Resources Directorate (see Appendix A2 for further detail).
- 1.6. Figure 2 below illustrates the difference between the budget holders' forecasts on employees spend and the extrapolated positions. It shows that the current forecast falls in between the monthly averages and extrapolation based on the last period. As we are heading into the end of the third quarter, forecast accuracy is expected to improve.

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



2. Ring-Fenced Accounts

Housing Revenue Account

- 2.1. The HRA is reporting a higher underspend (£2.1m) against the approved budget comparing to P7 (£1.7m). This relates to the recruitment and retention issues in the Construction industry generally, and the service is seeking to fill vacancies and over programme works where possible in order to ensure maximum deliverability of the planned programme. Any underspend at year-end will be carried forward and built into the future programme.

Dedicated Schools Grant

- 2.1. The High Needs budget includes transfers from other blocks of £2.566m and the accelerated funding of £2.407m from 2020/21, giving a total budget of £58.904m. This block is forecasting an overspend of £1.377m, which has improved by £0.3m since last month reflecting a reduction in the projected cost of Out of Area Placements. The ESFA have announced that funding for this block will increase in 2020/21 and Schools Forum will be asked to support any movement between blocks required to ensure enough funding is available to meet demand.
- 2.2. Early years DSG income is based on actual take up of places and measured at four census points during the year. The first two of these are available and the forecast is based on these participation levels, along with an estimate of future levels, giving an underspend of £0.416m. As actual levels are notified, both the income and forecast will vary during the year.

Public Health

- 2.3. Public Health is forecasting to deliver a balance budget in 2019/20 which remains consistent with P7. The total grant receipt of £31.6m included a 2.5% reduction (£0.9m) this year. There is a risk that the agreed 2019/20 budget may be overspent to a value of £0.102m (£0.127m P6) and steps are being taken to reduce this amount where practical.

3. Savings Programme

- 3.1. The savings / efficiency programme agreed by Council in 2018 included savings totalling £11.7m for 2019/20. In addition, £6.1m of savings were carried forward from 2018/19 to 2019/20 which still requires recurrent delivery and mitigation in 2019/20. Therefore the total savings delivery target for 2019/20 is £17.8m.

- 3.2. At P8 £5.1m of £17.8m savings are reported to be at risk where further work / mitigating actions may be required in order to deliver of which £4.3m relates to the Adult Social Care Better Lives Programme and the remainder relates to Facilities Management and Third Party efficiencies.
- 3.3. The Adult Social Care Better Lives Programme review has concluded that the full saving of £4.3m is to be reported as at risk for P8 (previously £2m) and this is detailed in Appendix A1.

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	8.98	4.60	4.39	49%
Resources & Cross-Cutting	4.39	3.71	0.69	16%
Growth and Regeneration	4.41	4.38	0.03	1%
Total	17.79	12.69	5.11	29%

4. Movement of Earmarked Reserves

- 4.1. This report proposes to allocate £0.38m from the Mayors Savings Consultation Reserve as a one off transfer to the Community budget within Commercialisation and Citizens to offset the crosscutting savings on FP01- Review and reduce spend on service provided by external partners which was agreed in 2018/19 and if delivered may have an adverse impact on community engagement; and separate out £2.0m funding from the Business Transformation Reserve for the specific purpose of investing in the Council's Key Line of Business and Systems / Project developments.

REF	Reserve Name	Closing Balance 31.03.2019	Movement	New Balance
BX151	Mayors Risk (saving consultation reserve)	(0.609)	0.380	(0.229)
BX084	Business Transformation Reserve	(3.347)	2.000	(1.347)
NEW	Key Line of Business Transformation Reserve	0.000	(2.000)	(2.000)

- 4.2. Examples of projects under this new theme include Revenue & Benefit systems (separate report on the agenda at this meeting), HR and Payroll systems, Risk Management Systems, Print & Mail systems and DBS systems. Please note that delegated authority individual projects draw-down will be subject to separate cabinet approvals if constitute key decisions and authority is sought for delegation to the Deputy Mayor, Cabinet Member for Finance, Governance and Performance in consultation with the Director of Finance for the allocation of the funds below key decision values to the specific propositions.

Period 8 Budget Monitoring - Summary

	2019/20 - Full Year			
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance
	£000s			
People				
Adult Social Care	148,718	148,912	154,447	5,535
Children and Families Services	62,439	62,699	62,752	54
Educational Improvement	11,915	11,814	12,463	649
Public Health - General Fund	3,237	3,237	3,237	0
Total People	226,309	226,662	232,899	6,238
Resources				
Digital Transformation	11,528	11,668	11,468	(200)
Legal and Democratic Services	6,898	6,808	6,607	(201)
Finance	11,500	11,591	11,601	10
HR, Workplace & Organisational Design	10,568	10,364	9,806	(558)
Policy, Strategy & Partnerships	2,939	3,037	2,881	(156)
Commercialisation & Citizens	10,446	10,101	11,347	1,246
Total Resources	53,879	53,569	53,710	141
Growth & Regeneration				
Housing & Landlord Services	11,649	11,602	11,325	(277)
Development of Place	1,277	1,287	1,181	(105)
Economy of Place	2,678	3,410	4,308	899
Management of Place	45,476	43,584	43,340	(244)
Total Growth & Regeneration	61,080	59,883	60,154	273
SERVICE NET EXPENDITURE				
	341,268	340,114	346,763	6,652
Levies				
Levies	857	857	860	3
Corporate Expenditure	34,174	34,925	34,810	(115)
Capital Financing	0	405	405	0
Corporate Revenue Funding	(376,299)	(376,299)	(376,299)	0
RELEASED FROM RESERVES	0	0	0	0
TOTAL REVENUE NET EXPENDITURE	0	0	6,540	6,540