

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	24 February 2014
Title:	Quarter Three Budget Monitoring – 2013/14
Reference:	5636
Report From:	Director of Corporate Resources – Corporate Services

Contact name: Rob Carr – Head of Finance

Tel: 01962 847508

Email: rob.carr@hants.gov.uk

1. Executive Summary

- 1.1. This report reviews the budget monitoring position at the end of the third quarter. It also examines the monitoring of high risk / demand led budgets within Departments, and other central budget items that make up the overall revenue account.
- 1.2. A revised budget for 2013/14 was presented to County Council on 20 February 2014 and the figures in the report are measured against that Revised Budget position. The only anticipated variations against this position are in Departmental budgets, but these will be transferred to Departmental earmarked reserves.
- 1.3. Overall, there is expected to be an underspend against the Revised Budget position. However, this masks continued pressures within Adults and Children's social care.
- 1.4. The table below outlines the overall position on Departments and is explained in more detail in the following paragraphs::

Department	Current Budget	Forecast Outturn	Forecast Variance	
	£'000	£'000	£'000	%
Adult Services	323,344	323,344	0	0%
Children's Services	878,782	875,396	(3,386)	(0.4%)
Economy, Transport and Environment	112,393	112,393	0	0%
Policy and Resources	96,096	95,546	(550)	(0.6%)
Departmental Total	1,410,615	1,406,679	(3,936)	(0.2%)
Public Health	36,753	36,753	0	0%

Adult Services

- 1.5. Overall, the forecast is for a balanced position for 2013/14. There continues to be underlying pressures due to growing levels of care complexity and rising care costs, as set out in the December Financial Update. These are expected to be offset through the use of contingencies and the department's cost of change reserve. Management actions are in place in order to continue to provide appropriate services to clients whilst ensuring that the resultant financial implications are contained within the cash limit.

Children's Services

- 1.6. The projected outturn for 2013/14 is an underspend of £3.4 million on the schools budget and a balanced position on the non-schools budget.
- 1.7. There continues to be pressures within the Children Looked After (CLA) due to increasing activity and increasing unit costs. Every effort is being made to manage down the number of children entering care, through prevention work, and there are plans in place to ensure that the overall spend is kept within the department's budget. Currently, overspends within this area are offset by underspends within Services for Young Children, Young People's Learning and Development and Central Budgets.
- 1.8. The main variances on the schools budget include underspends on Pupil Growth/Infant Class sizes, 2 Year Old Free Entitlement Funding, Behaviour Support Teams and High Needs Top-Up Funding.

Economy, Transport and Environment

- 1.9. The forecast is for a balanced position. Underspends due to the restructure of Economic Development and vacancy management are expected to be offset by pressures within the Highways Maintenance budget caused by the recent flooding.

Policy and Resources

- 1.10. There is a forecast underspend of £550,000 within the Policy and Resources Budget. This comprises a number of smaller underspends within the Non Departmental P&R budgets, including the external audit fee, corporate expenses, Rural Affairs and the rephasing of expenditure on World War commemorations and the Olympic Legacy.
- 1.11. CCBS and Corporate Services are forecasting a breakeven position, with costs relating to one-off service investment and change programmes being met from departmental cost of change reserves where required.

Overall Revenue Account

- 1.12. Appendix 1 sets out the forecast for the overall revenue budget, taking the figures outlined above for Departments together with the other central items that make up the revenue account.
- 1.13. The outturn forecast figures are compared to the Revised Budget that was presented to County Council as part of the budget setting process on 20

February and therefore there are no variations other than in the Departmental spending positions.

- 1.14. The net under spend of £3.9 million in Departmental budgets has been offset by transfers to Departmental earmarked reserves for future costs of change.

2. Key Risk Issues

- 2.1. There continue to be underlying pressures within Adult and Children's social care. Both of these pressures are broadly in line with the position reported to Cabinet in December and management action is continuing in order to contain these within the cash limit.
- 2.2. Within Adult social care, additional demand around the hospital discharge process is resulting in high complexity cases, increasing the cost of providing services for existing clients. In addition, the number of clients receiving domiciliary care is also increasing. Specific agreed actions are being undertaken to create a sustainable service model for Adult Services, which will also help to further suppress growth in costs.
- 2.3. Within Children's social care, there continues to be an upward trend in CLA with increasing numbers and unit costs. There are continuing significant pressures on purchased fostering and residential placements with activity above the budgeted placements. The position continues to be impacted by recent court cases and rulings and better processes for identifying signs of neglect and abuse. It is expected that this pressure can be contained within the department's budget for this year and into 2014/15, but it is recognised that a base budget adjustment will be required from 2015/16 onwards.

3. Overall Revenue Position

- 3.1. The overall revenue position for the County Council is set out in Appendix 1. This takes the 2013/14 Revised Budget presented to County Council in February 2014 and then measures this against the expected position at the end of the year.
- 3.2. Since the Revised Budget has only just been set, there are no further cash limit changes to this position that need to be taken into account. The net under spend of just under £4 million in Departmental budgets has been offset by a transfer to schools balances or to Departmental earmarked reserves for future costs of change.
- 3.3. The Revised Budget took account of the fact that there were predicted under spends in contingencies and capital financing costs of £16 million. It was proposed that these underspends would be used to fund future capital investment priorities.

4. Recommendations

- 4.1. To note the forecast position for the overall revenue account as contained in Appendix 1.

REVENUE BUDGET SUMMARY 2013/14 – QUARTER 3

	Revised Budget 2013/14	Outturn Forecast	Forecast Variance
	£'000	£'000	£'000
<u>Departmental Expenditure</u>			
Adults	323,344	323,344	0
Children's - Schools	713,843	710,457	(3,386)
Children's - Non schools	164,939	164,939	0
Economy, Transport and Environment	112,393	112,393	0
Policy and Resources (exc. Public Health)	96,096	95,546	(550)
DEPARTMENTAL TOTAL	1,410,615	1,406,679	(3,936)
Public Health	36,753	36,753	0
<u>Capital Financing Costs</u>			
Interest on Balances	(3,950)	(3,950)	0
Capital Financing Costs	63,126	63,126	0
RCCO	32,360	32,360	0
	91,536	91,536	0
<u>Pension and IAS 19 Costs</u>			
Pensions & IAS 19 Costs	53,814	53,814	0
Contribution from Pension Reserve	(40,472)	(40,472)	0
	13,342	13,342	0
<u>Other Costs and Income</u>			
Business Units	128	128	0
Contingency	10,133	10,133	0
Dedicated Schools Grant	(693,222)	(693,222)	0
Specific Grants	(116,408)	(116,408)	0
Flood Protection Levy	603	603	0
Coroners	1,331	1,331	0
	(797,435)	(797,435)	0
Draw (from) / to Earmarked Reserves	14,380	18,316	3,936
Draw from Trading Unit Reserves	(19)	(19)	0
Draw for RCCO	(6,290)	(6,290)	0
	8,071	12,007	3,936
Total Net Spending	762,882	762,882	0
Contribution to/from General Balances	(7,100)	(7,100)	0
BUDGET REQUIREMENT	755,782	755,782	0

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific proposals

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific proposals affecting adaptation to climate change