
MONITORING OF THE GENERAL FUND REVENUE BUDGET 2015/16

Report by the Chief Financial Officer

EXECUTIVE COMMITTEE

16 February 2016

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with budgetary control statements for the Council's General Fund based on actual expenditure and income to 31 December 2015 and explanations of the major variances between projected outturn expenditure/income and the current approved budget.**
- 1.2 The revenue monitoring position set out in this report is based on actual income and expenditure to the 31 December 2015. All Services are projecting a balanced outturn position with management teams confident that any remaining pressures on budget will be managed within existing departmental budgets.
- 1.3 Pressures evident at month 9 (31 December 2015), which are being managed within departmental budgets, continue to be within out of area children's placements, higher than anticipated cost of care for Older People in Residential Care and people with Physical Disabilities and also within Neighbourhood Services for Materials, Sub-contract and Hire in the Roads service.
- 1.4 At 31 December 2015, 74% (£5.767m) of planned efficiency savings have been delivered as per the Financial Plan. Of the remaining 26%, 9% (£0.696m) has been achieved by alternative, permanent measures and 17% (£1.347m) temporarily. A further £0.015m remains profiled to be achieved by alternative means.
- 1.5 Full details of pressures, risks and challenges and the significant majority of areas of the Council's operation where budget plans remain on track are detailed in Appendix 1 to this report.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee:-**
- (a) notes the projected corporate monitoring position reported at 31 December 2015, the underlying cost drivers of this position and the identified areas of financial risk;**
 - (b) notes that the Depute Chief Executives for People and Place and their Service Directors will continue to work with their management teams to ensure a balanced budget position is delivered in 2015/16;**

- (c) approves the budget virements set out in appendices 2 & 3;**
- (d) notes the progress made in achieving Financial Plan savings in appendix 4.**

3 PROJECTED OUTTURN

3.1 The summary included in Appendix 1 is projecting an overall balanced position at 31 December 2015 with pressures evident in Children's Services, Adult Services and Neighbourhood Services being contained within departmental budgets. Department management teams continue to work to deliver a range of measures to address pressures across their services and continue to work with Finance to enable the delivery of a balanced outturn across Chief Executive, People and Place departments. Appendix 4 sets out the progress made by the end of month 9 to deliver the savings approved in the Financial Plan in February 2015 plus prior year savings achieved by temporary means.

3.2 **Chief Executive's**

The Chief Executive's department is currently projecting a balanced outturn position.

3.3 **People**

As highlighted previously to the Executive Committee the People department continues to experience budget pressures across its Services. Within Children & Young People, remedial actions developed in the form of an action plan have mitigated a budget pressure of £1.295m due to an increased placement cost for children with complex needs. This pressure has increased by a further £56k during December 2015. Actions taken within the Children & Young People Service to fully fund this pressure include ICS vacancy management and the transfer of budget from Central Schools.

3.4 The projected pressures within Adult Services have reduced consistently over a number of months leading to December due to the implementation and delivery of a range of savings actions including assessment and review of all new clients' care and support planning, review and of existing care packages, a large-scale vacancy freeze and the delayed implementation of the Dementia Care team. A reduction in the number of clients requiring residential care during December has helped considerably also and with the exception of £29k of remaining pressures requiring addressing which is now being actioned, the People department is now projecting a breakeven position overall.

3.5 **Place**

The Place department is currently projecting a breakeven position following the reallocation of budget within the department to cover known pressures in Neighbourhood Operations.

3.6 **Bellwin Scheme**

Pressures arising following the impact of Storm Desmond and Storm Frank have not been reflected in current monitoring reporting as the Scottish Government has initiated the Bellwin Scheme to allow Scottish Borders Council to recoup the costs of damage to the area. As per the Bellwin Scheme Guidance there is a requirement for the Council to provide a contribution to the works required to the value of 0.2% of net revenue budget. For Scottish Borders Council this equates to £509k which is being transferred into allocated Reserves as reflected in the accompanying projected balances report. This will ensure that the funding is available to augment the Bellwin claim which will not be finalised until 2016/17 when all the outstanding remedial and recovery works to our damaged infrastructure has been fully completed. It would normally be expected that all repairs are completed within 2 months of the weather event although in

this case the Council has written to the Scottish Government to indicate that the work associated with ascertaining the work required to repair bridges and structures may not be resolved until the new financial year. This letter has been acknowledged but we are awaiting a response, as this position is similar to the last Bellwin claim in 2013 there are no issues anticipated with these arrangements.

3.7 Other / Funding

Within Other, a balanced outturn position is projected at month 9. A reduction in the estimated distributable NDRI pool of £1.142m has been confirmed which is resulting from a cap in the NDR poundage rate for 2015-16. A corresponding increase in the General Revenue Grant figures for 2015/16 has been confirmed.

3.8 Corporate

As indicated in the Executive Committee report on the 17th November 2015, there was a requirement to draw down an estimated £0.700m from reserves to address a phasing issue between the budgeted 1% pay award and the agreed 1.5% pay award for all staff. These costs have now been confirmed at £0.602m for pay award increases and £0.077m to cover an increased Living Wage. The virements required to transfer this budget from Reserves and allocate to Services have been reflected in Appendix 1 for approval.

3.9 Earmarked Balances

Members will recall that approval was given at the 19 January 2016 Executive Committee to earmark budget to support the 2016/17 Financial Plan. Further earmarking adjustments are highlighted in Appendix 3 of this report. Any final earmarking will be presented to the Executive Committee on the 8 March 2016.

4 IMPLICATIONS

4.1 Financial Recommendations

There are no costs attached to any of the recommendations contained in this report its content being specifically related to the performance of the revenue budget in 2015/16.

4.2 Risk and Mitigations

There is a risk that management action does not deliver the necessary measures to balance the budget and ensure the delivery of the 2015/16 Financial Plan. There is also a risk that further cost pressures may emerge in-year which may then impact further on the bottom line, particularly within People and Place departments. Every effort must continue to be made by Service Directors to contain projected spend in the remainder of the year and to consider permanent effects on the Financial Plan.

4.3 It is imperative therefore that review is undertaken across all departments of savings identified within the 2015/16 and previous financial plans that have yet to be delivered or which are currently being met by other temporary means and alternatives, where appropriate, identified to ensure permanent affordability and budget sustainability.

The risks identified above are being managed and mitigated through:-

- (a) monthly reports of actual expenditure and income against approved budgets being made available to budget managers from the Council's Financial Information System.

- (b) review of budget variances and monitoring of management actions to control expenditure by Finance, Service staff and Directors and monthly reporting to CMT.
- (c) engagement with Departments and review of monthly management accounts by departmental management teams.
- (d) supporting departmental corporate transformation boards to monitor and deliver the planned corporate transformation savings in the medium-term Financial Plan.

4.4 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

4.5 Acting Sustainably

There are no significant effects on the economy, community or environment.

4.6 Carbon Management

No effect on carbon emissions are anticipated from the recommendation of this report.

4.7 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

4.8 Changes to Scheme of Administration or Scheme of Delegation

No changes to either the Scheme of Administration or the Scheme of Delegation is required as a result of this report.

5 CONSULTATION

- 5.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and their comments have been reflected within the final report.
- 5.2 The Corporate Management Team, Depute Chief Executives, Service Directors and their relevant staff have been involved in, and agreed the compilation of the budgetary control statements appended.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager 01835 824000 X 5881

Background Papers:
Previous Minute Reference:

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Treasury & Capital Team can also give information on other language translations as well as providing additional copies.