

# AUGUST FINANCE MONITORING – AUGUST 2014

## Revenue Monitoring Position

Directorate	2014/15 Council Approved Budget	2014/15 Budget Virements	2014/15 Latest Budget	2014/15 Forecast Outturn	Forecast Year End Overspend / (Underspend)	Movement in Month
	£m	£m	£m	£m	£m	£m
Executive Office	3.697	0.143	3.840	4.040	0.200	0.000
Corporate Items	11.008	4.763	15.771	15.075	(0.696)	(0.460)
Transformation and Change Directorate	31.335	(1.322)	30.013	30.013	0.000	(0.280)
People Directorate	122.746	(0.863)	121.883	126.345	4.462	0.743
Public Health	0.184	0.010	0.194	0.194	0.000	0.000
Place Directorate	35.710	(2.731)	32.979	32.980	0.001	(0.661)
<b>TOTAL</b>	<b>204.680</b>	<b>0.000</b>	<b>204.680</b>	<b>208.647</b>	<b>3.967</b>	<b>(0.658)</b>

**Key Issues and Corrective Actions (if required)**

Issue	Variation £M	Direction of Travel	Management Corrective Action
<p><b>PLACE - Economic Development -</b> Rents - The economic climate is resulting in lower rental income. A range of ongoing and one off actions have been taken to mitigate and contain this pressure. In addition, the current market position exposes the Council to a reduction in income on geared head leases, which are outside the Council's control. £100k adverse</p> <p>Strategic Projects Development is showing a favourable variation of (£65K) due to vacancies and additional fee income net of additional professional fee costs.</p>	0.039	Improving	<p>An ongoing review of expenditure and options to increase income will continue in order to meet budget by year end</p> <p>A survey of the estate is in progress to identify the priorities for maintaining the stock and meeting contractual obligations to protect the level of rental income.</p>
<p><b>PLACE – Street Services</b></p> <p>Waste Disposal and Collection - Following a review of budgets, the Energy from Waste (EfW) plant delay has caused a timing delay in the receipt of PFI credits. This will be addressed with a one off transfer from corporate reserves of £0.500m. In addition, the Materials Recycling Facility (MRF) procurement has increased costs which has been offset with savings on the Street Lighting procurement. Where management action plans are not being achieved these have been replaced which new action plans.</p> <p>Eg; Some Car Parking Action Plans are now being deferred in 2014/15 resulting in a pressure of</p>	0.139	Declining	<p>A further and ongoing review of expenditure and options to increase income will continue in order to meet budget by year end</p> <p>MRF Recyclates Market and EfW tonnages continue to be monitored monthly to track any movement</p> <p>Agency spend continues to be reduced. But until front line structures are reviewed, agency staff need to be employed to maintain services. The best example of this is the drop of use when the Waste Collection Rezoning takes place.</p>

<p>£395k. This will be offset by maximising (£160k) highways capital grants in order to reduce revenue expenditure.</p> <p>Street Cleansing &amp; Grounds have identified savings of £110k through a range of actions the main being the reduction in agency spend</p> <p>Staff previously charged to revenue and now working on capital projects will also create a part year saving in 2014/15</p> <p>The Car Parking back office procurement will realise a part year saving in the region of £20k in 2014/15</p>			<p>Analysis of the work completed by EDGE is being actioned to determine which additional savings can be implemented in the current financial year</p>
<p><b>PLACE - Strategic Planning and Infrastructure</b></p> <p>Estimated part year effect of the restructure of £15k and a range of staff savings together with increased public transport income of £89k is more than covering pressures within Building regulations (ICT costs and Fee Income), CIL income shortfall of £31k</p>	(0.084)	Improving	<p>A further and ongoing review of expenditure and options to increase income will continue in order to meet budget by year end Expectation of increased planning income compared to budgeted level of activity which is too early to calculate at this stage</p>
<p><b>PLACE - Business Support</b></p> <p>Advertising costs of £15k for the vacant Assistant Director for Street Services have been offset against overachieving management actions and other staff variations in Business Support.</p>	(0.034)	Improving	<p>Continue to review expenditure to identify if this position can be improved further</p>
<p><b>PLACE - Management &amp; Support</b></p>	(0.060)	Improving	

<p><b>GAME</b></p> <p><u>Commercialisation</u>          Whilst the Trade Waste Service will generate a surplus based on normal operational assumptions the stretch target within GAME commercialisation is proving to be unrealistic given the current market conditions          Commercialisation activities are now starting to be generated ahead of the key strategic work and the bringing together of the workstreams for further development but it is unlikely to achieve the overall target in the current year.</p> <p><b>OTHER INCOME</b></p> <p>The Directorate has significant income streams as a whole, and are always looking to ensure that these are maximised for the benefit of the Community and the Council.</p>			<p>Work is ongoing across all GAME work streams to mitigate the reduced income associated with the commercialisation work stream.          The Strategic Business Case for Commercialisation contains several key workstreams which will be implemented on a prioritised basis to generate further income streams. The overall position on commercialisation v target of £700k is expected to be in the region of £400k (£300k EFW Hedge Settlement and £100k Landfill Gas Contract) with every endeavour to maximise as much income as possible.</p> <p>Management are reviewing a number of further potential additional income options across the Directorate including:</p> <ul style="list-style-type: none"> <li>• Planning – re-introduction of a CIL charge across the City Centre, and continuing to proactively chase any unpaid section 106 agreements</li> <li>• Economic Development – re-examine existing income models around profit share splits</li> </ul>
<p><b>TRANSFORMATION &amp; CHANGE – Legal</b>          Trend increase in Child placement court fees £70k partly offset by new income streams</p>	0.000	Improving	Managers have reviewed budgets and have identified further income generation opportunities to offset this pressure
<p><b>TRANSFORMATION &amp; CHANGE – Departmental Management</b>          Potential pressure due to shortfall on planned efficiency</p>	0.200	Same	Some planned efficiency savings have not been

savings.	(0.200)	Improving	<p>realised fully</p> <p>Further areas for savings that have been identified include:</p> <ul style="list-style-type: none"> <li>• Integrated Assurance and Compliance Unit</li> <li>• Transfer of functions into transaction centre</li> <li>• Review of business requirements for elements of support services</li> </ul>
<p><b>PEOPLE – Children’s Social Care</b></p> <p>Pressure with Children &amp; Young People’s placement numbers and costs. Significant increase in placements during the summer, young people placed in Independent foster care has increased by 12 to 69 against target budget of 60. Residential placements have increased by 2 to 30 against a target budget of 18 with a significant number of these placements being high cost due to the complex nature of these children’s needs.</p>	2.367	Declining	<p>The annual round of ‘Star Chambers’ together with all external placements being reviewed and challenged. People DMT saving target (£200k) from negotiate with providers on commissioned contracts and maximisation of health and education funding against secure welfare placements</p> <p>There are a number of initiatives either implemented or in the process of being implemented as part of a containment plan to address the increasing numbers of children in care including:</p> <ul style="list-style-type: none"> <li>• Completed reconfiguration of the Childrens Social Care family support service to create an intensive family support team focusing on children on the cusp, at risk of coming into care, as well as working to return children home from care where possible</li> </ul>

			<ul style="list-style-type: none"> <li>• Regular review of internal and external placements, including requesting external providers to review costs. Block contracts for suitable providers being considered where appropriate</li> <li>• New emergency placements for 16 year olds have been commissioned</li> </ul> <p>A bid to the Department of Education Innovation fund for £3.5m to implement a new multi agency way of meeting the needs of our most complex adolescents in care. An outcome is expected in early October. Whilst this grant will be ringfenced to new activities only, the impact of these activities is anticipated to reduce costs in other areas.</p>
<p><b>PEOPLE – Co-operative Commissioning &amp; Adult Social Care</b></p> <p>There has been a significant pressure created by cost and volume changes, and a reduction in income</p> <p>There are also pressures related to the Community Equipment service (CES)</p> <p>The impact of a Supreme Court judgement in relation to Deprivation of Liberty Safeguarding (DoLS) assessments have impacted the service significantly, with resources having to be diverted to meet this statutory requirement</p>	2.570	Same	<p>The department are reviewing and rightsizing packages of care, as well as reviewing the budget for any savings to be made. These include:</p> <ul style="list-style-type: none"> <li>• Reviewing the way resources are allocated through the Resource Allocation System (RAS) to ensure a consistent approach</li> <li>• Review of Service vacancies and management costs</li> <li>• Further review of Commissioning spend</li> <li>• Reviewing the flexibility around the use of the Transformation Efficiency Grant</li> </ul>

<b>PEOPLE – Homes &amp; Communities</b> Identification of additional external funding.	(0.475)	Improving	People DMT agreed increase from maximisation of external funding (Families with a Future) and reviewing the commitments against specific reserves
<b>CORPORATE ITEMS - Transformation</b> Currently forecasting an underspend in transformation.	(0.099)	Declining	Forecast continually under review.
<b>CORPORATE ITEMS - Capital Financing</b> Reduction in interest payable on loans	(0.446)	Improving	Re-profiling the borrowing portfolio and seeking greater returns on investments has delivered a surplus against the required £1m revenue savings on Treasury Management in 2014/15. Management will continue to review the borrowing portfolio for further savings opportunities
<b>CORPORATE ITEMS – Business Rates</b> The Council is part of a business rates pool with other Local Authorities in the Devon which is in its second year of operation.	(0.150)	Improving	The current forecasts indicate additional income due to the Council from the pooled arrangement
<b>EXECUTIVE OFFICE</b> Potential pressure due to shortfall on planned efficiency savings.	0.200	Same	Managers to continue to review budgets to identify potential savings to address issues.
<b>TOTAL</b>	<b>3.967</b>		