

Full Cabinet Revenue and Capital Monitoring for Quarter 2/Period 6 (September 2019)

Table 1. Revenue Budget - Forecast Out-turn Position 2019/20

The current forecast is showing an adverse variance of +£5.610 million which is solely in relation to the DSG. The other portfolio variances are all across the Managed Growth and Communities Directorate who manage their position as a whole.

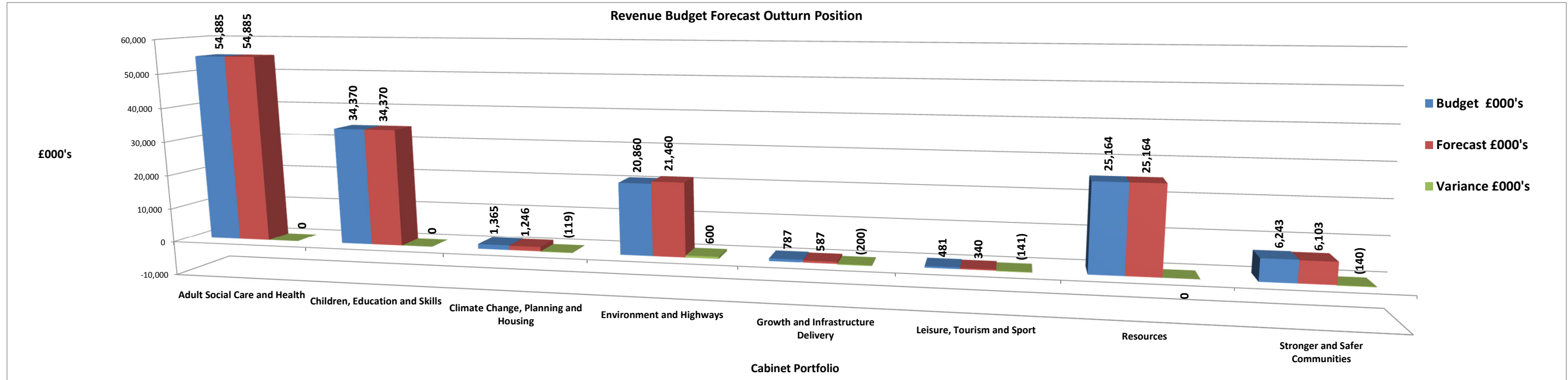


Table 2. Revenue Budget - Forecast Out-turn Position 2019/20 and Explanation of Key Variances

| Cabinet Portfolio | Budget £000's | Forecast £000's | Variance £000's | Explanation of Key Variances |
|--------------------------------------|----------------|-----------------|-----------------|--|
| Adult Social Care and Health | 54,885 | 54,885 | 0 | The forecast is to use (£55,000) of reserves, which is a +£1.586 million reduction from what has been budgeted for as a result of the MTFs. This is partly due to funding from the CCG for CHC and Joint Funding clients who are residents of the Council small homes being (£860,000) better than the MTFs planning assumption. There has been a wider increase in client income from the budget assumptions, driven by a combination of Disability Related Expenditure Review producing greater than expected savings and wider changes to the income levels of customers. The final BCF grant allocations for 2019/20 have resulted in an improvement of (£402,000) in the position. The Department for Health and Social Care freezing the Minimum Income Guarantee, combined with the DRE changes and other factors resulted in further (£700,000) (of which £455,000 was previously forecast to cover care fee risks, however this risk has been mitigated). A further net (£64,000) of improvement in income, has been offset by +£300,000 plans to increase staffing temporarily to reduce waiting lists, +£140,000 from contractual costs following the Community Wellbeing Service changes. The Public Health budget for the year is net of use of the Public Health grant allocation for 2019/20 of £10.647million and a planned contribution to reserves of £0.032million. There are no forecast variances on Public Health. |
| Children, Education and Skills | 34,370 | 34,370 | 0 | Adverse variances in Children's Placements +£1.030m, SEND Transport +£400,000 and 0 to 25 Disability costs +£535,000. Placements reflects the impact of the continuing rise in Looked After Children (LAC) numbers (374 now compared to 352 at the same time last year) and high cost residential placements. With transport, the continued demand for education placements in the DSG has a direct impact on the need to transport children, particularly outside of the Borough. Disability costs reflect the impact of both demand and legislative changes. These costs are being mitigated from other net savings within the Directorate (£380,000), one off DFE grant (£740,000) and the Reserve Fund (£845,000). UASC – new rates have significantly increased grant income. Current initial projections indicate a £228,000 shortfall which we will seek from the Home Office as part of our annual grant negotiation with them. UASC modelling is volatile and we will be doing a formal projection shortly based on current numbers. |
| Climate Change, Planning and Housing | 1,365 | 1,246 | (119) | Favourable variances from early delivery of savings and use of reserves to balance Managed Growth and Communities Directorate variance (£272,000). This will be partly offset due to lower than expected planning and development income as increased target predicated on increase in activity in response to local plan has yet to be realised. This in turn is offset by part year staffing vacancies and additional income from the Community Infrastructure Levy and Building Control +£153,000. |
| Environment and Highways | 20,860 | 21,460 | 600 | Waste Collection, Disposal and Recycling contract and growth pressures and brown recycling bins defects replacement costs net of increased Coventry and Solihull Waste Disposal Company dividend +£727,000, Cleansing Services contract, SEC Pension liability and growth pressures +£144,000, offset by Highway Services - early delivery of savings reinvested in the Directorate as part of MTFs and use of Directorate reserve to balance overall Managed Growth and Communities position (£271,000). |
| Growth and Infrastructure Delivery | 787 | 587 | (200) | Favourable variances from early delivery of savings and use of reserves to balance Managed Growth and Communities Directorate variance partly offset by Income from external funders which is below budget due to a reduced activity / slower progress on projects (£272,000). This in turn is partly offset by part year vacant posts +£72,000. |
| Leisure, Tourism and Sport | 481 | 340 | (141) | Leisure Centre Contract surplus (£398,000) and one off income (£445,000) offsetting future impact of 2018/19 Tudor Grange pool closure +£167,000, one-off proposed contribution to Culture and Tourism +£200,000, one-off Leisure centre investment +£231,000 and other one minor variances +£29,000 resulting in a contribution to Leisure reserve +£216,000. Favourable variances from early delivery of savings and use of reserves to balance Managed Growth and Communities Directorate variance (£273,000) partly offset by pressure on Arts due to theatre and cafe income +£132,000. |
| Resources | 25,164 | 25,164 | 0 | Adverse variances on Strategic Land additional income target +£229,000 is offset by favourable variances from in-year treasury management savings (£86,000), pay underspends within Corporate Property Services (£102,000), additional income in Financial Operations (£30,000) and other net variances (£11,000). Adverse variances on Catering due to reduction in contract income +£262,000, Coroners Court share of running costs +£100,000, Health & Safety due to agency and system costs +£67,000 and other pressures of +£23,000; all to be funded from reserves contributions (£452,000). |
| Stronger and Safer Communities | 6,243 | 6,103 | (140) | Favourable variances from early delivery of savings and use of reserves to balance Managed Growth and Communities Directorate variance (£272,000), Libraries staffing (£102,000) and Customer Services (£90,000) partly offset by Bereavement Services income pressure due to reduced demand +£273,000 and Neighbourhood Management +£51,000. |
| Total Core Council | 144,155 | 144,155 | 0 | |
| Dedicated Schools Grant (DSG) | (1,705) | 3,905 | 5,610 | Indicative adverse variances in Independent Schools +£3.310 million (including an additional 35 new or amended placements in September), +£1.163 million Out of Borough Schools (including 12 new placements in September), +£200,000 Other Special Education which need further validation before they are reported fully. There is a +£1.408 million High Needs Block overspend carried forward from 2018/19 (with the underlying adverse variance at £4.202m this year). Other adverse variances +£24,000. Final validation of all the September term changes is nearing completion. Any actual increase would be offset by a budgeted contribution of (£495k) to Capital (as a result of a prior year funding swap) which is currently being withheld in order to mitigate the overall HN Block pressures. A separate project board has been established to focus on the production of a Recovery Plan and the subsequent delivery thereof. This overspend will trigger a recovery plan for submission to the DFE in 2020. This was the subject of a Full Cabinet report in October outlining the proposed actions to arrive at a Recovery Plan for February 2020. Solihull Schools Forum is engaged in this process. |
| Levies | 8,559 | 8,559 | 0 | Nil Variance |
| Working Balances/ Contingency | (3,389) | (3,389) | 0 | Nil Variance |
| Total | 147,620 | 153,230 | 5,610 | |

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Table 3. Capital Budget - Forecast Out-turn Position 2019/20 and Explanation of Key Variances

The latest approved Capital Programme budget is £44.736 million. Actual expenditure to the end of July was £14.068 million and there is a forecast favourable variance (£5.532 million).

| Cabinet Portfolio | Budget £000's | Spend £000's | Forecast £000's | Variance £000's | Explanation of Key Variances |
|------------------------------------|------------------|-----------------|--------------------|--------------------|--|
| Adult Social Care and Health | 6,148 | 3,500 | 5,383 | (765) | New programmes linked to the Disabled Facilities Grant will require consultation before the final decisions are made and they are implemented. This will mean that funding will be re-phased to next financial year. |
| Children, Education and Skills | 9,485 | 5,238 | 9,035 | (450) | The variances within this portfolio relate to revised project timescales against a number of projects. Variances will be re-phased where appropriate as part of the Corporate Capital Programme update report to Full Cabinet. |
| Environment and Highways | 9,223 | 2,796 | 9,339 | 116 | Greening the Grey/Wildlife Ways: Highways element - ERDF, Government, WMCA, SMBC funded multi year programme to create green corridors across the borough. Variance based on a reprofiling of some activity. The budget will be updated to reflect this. |
| Growth and Infrastructure Delivery | 9,247 | 1,043 | 5,314 | (3,933) | Significant variances on the Wildlife Ways programme across the Landscapes and Small Grants programme totalling (£2.312m) plus variances of (£1.568m) on the Kingshurst Village Centre. All variances will be re-phased as part of the Corporate Capital Programme update report due to Full Cabinet in December 2019. |
| Resources | 8,351 | 1,295 | 7,851 | (500) | The Oracle Cloud project funding will be re-phased into future years (£500,000) in line with the implementation timescales. |
| Stronger and Safer Communities | 2,282 | 196 | 2,282 | 0 | Nil variance |
| Total | 44,736 | 14,068 | 39,204 | (5,532) | |

Table 4. MTFS 3 Year Savings Targets

| Cabinet Portfolio | 2019/20 £000's | 2020/21 £000's | 2021/22 £000's | Details of Red Savings |
|---|-------------------|-------------------|-------------------|--|
| Adult Social Care and Health | 92 | 0 | 0 | 2019/20 RAG rated Savings Target The net savings target as per the MTFS is £11.167 million for 2019/20. The latest position shows that 9% of savings are RAG rated as Red or Amber. Below outlines the red rated savings targets for each year: 2019/20 Total (£0.092m) - £0.092m (0.019m one off) - in relation to residential and nursing care |
| Resources | 0 | 219 | 297 | |
| Total Red Savings | 92 | 219 | 297 | |
| % of Total | 1% | 3% | 9% | |
| Adult Social Care and Health | 473 | 718 | 126 | 2020/21 Total (£0.219m) - £0.200m Asset Management - continuation of work to ensure efficient use of Council assets. - £0.019m other minor targets |
| Climate Change, Planning and Housing | 113 | 0 | 0 | |
| Environment and Highways | 118 | 191 | 500 | 2021/22 Total (£0.297m) - £0.147m for workforce planning in ICT, a review of central services an HR review of Oracle Business Intelligence - £0.150m for the implementation of a new social care information system |
| Growth and Infrastructure Delivery | 56 | 0 | 0 | |
| Resources | 0 | 115 | 20 | |
| Stronger and Safer Communities | 193 | 0 | 0 | |
| Leisure, Tourism and Sport | 13 | 0 | 0 | |
| Total Amber Savings | 966 | 1,024 | 646 | |
| % of Total | 8% | 14% | 19% | |
| Total Green Savings | 10,934 | 6,187 | 2,419 | |
| % of Total | 91% | 83% | 72% | |
| Total Gross Savings | 11,992 | 7,430 | 3,362 | |
| Repayments | (825) | (3,554) | (1,699) | |
| Total Net Savings as shown in the MTFS | 11,167 | 3,876 | 1,663 | |

Table 5. Summary of Reserves/Contingencies

| Cabinet Portfolio | Balance as at 1st April 2019 £000's | Planned / Forecast (contribution)/use; | | | Forecast Balance at the end of 2021/22 £000's | Forecast / Planned (contribution) /use beyond £000's | Proposed as part of 2022/23 MTFS £000's | Forecast Remaining Balance £000's |
|--|---|---|-------------------|-------------------|---|--|---|--|
| | | 2019/20 £000's | 2020/21 £000's | 2021/22 £000's | | | | |
| Adult Social Care and Health | (962) | (32) | 138 | 23 | (833) | 0 | 0 | (833) |
| Children, Education and Skills | (1,064) | 108 | 506 | (10) | (460) | (10) | 0 | (470) |
| Climate Change, Planning and Housing | (1,749) | (541) | 33 | 517 | (1,740) | 1,740 | 0 | (0) |
| Environment and Highways | (3,487) | (938) | 1,392 | (150) | (3,183) | 3,183 | 0 | 0 |
| Growth and Infrastructure Delivery | (1,157) | 389 | 78 | 37 | (653) | 653 | 0 | (0) |
| Leisure, Tourism and Sport | (1,534) | (356) | 153 | 0 | (1,737) | 0 | 0 | (1,737) |
| Resources | (8,420) | (1,150) | 1,443 | 750 | (7,377) | 106 | 200 | (7,071) |
| Stronger and Safer Communities | (1,186) | 117 | 77 | (59) | (1,051) | 1,051 | 0 | 0 |
| Levies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency Funding - ASC & PH | (5,275) | 55 | 971 | 0 | (4,249) | 4,042 | 0 | (207) |
| Corporate reserves (incl TM, BSR and Windfall) | (20,854) | (1,678) | 2,377 | 179 | (19,976) | 0 | 1,925 | (18,051) |
| Total | (45,688) | (4,026) | 7,168 | 1,287 | (41,259) | 10,765 | 2,125 | (28,369) |

The balance of Portfolio Reserves at 1st April 2019 was (£45.688m). The planned contribution/use in 2019/20, 2020/21 and 2021/22 is the latest estimate of what the position will be over those financial years. There is a forecast use of reserves over the existing Medium Term Financial Strategy of £4.429m leaving a balance of (£41.259m) at March 2022 - of which, £10.765m is forecast to be used beyond the current MTFS and £2.125m being offered to the MTFS for 2022/23 leaving £28.369m - the majority of which are Corporately held within the Resources portfolio.