

Full Cabinet Revenue and Capital Monitoring for Quarter 3/Period 9 (December 2019)

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

The current forecast is showing a total adverse variance of +£6.233 million which is in relation to the Children, Education and Skills portfolio as well as the (Dedicated Schools Grant) DSG. The other portfolio variances are all across the Economy and Infrastructure Directorate who manage their position as a whole.

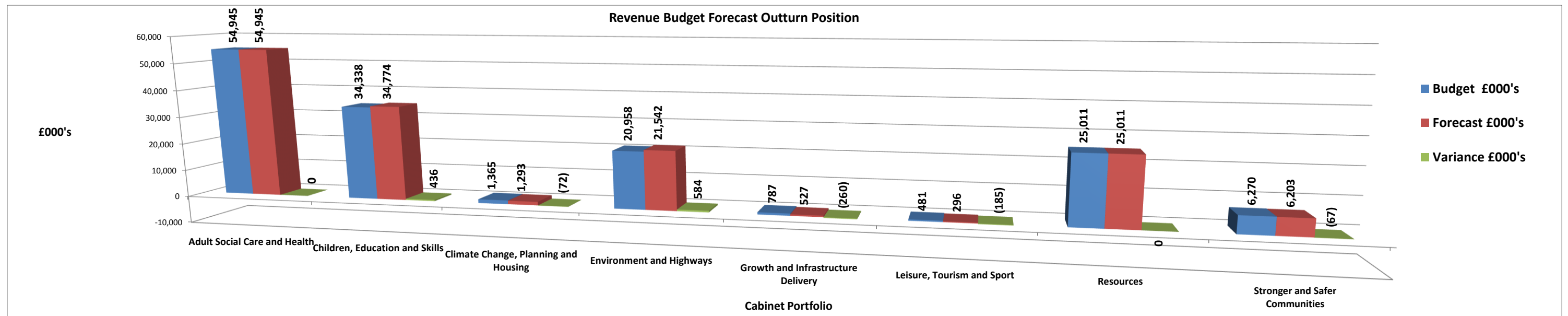


Table 2. Revenue Budget - Forecast Out-turn Position 2019/20 and Explanation of Key Variances

Cabinet Portfolio	Budget £'000	Forecast £'000	Variance £'000	Explanation of Key Variances
Adult Social Care and Health	54,945	54,945	0	The original forecast for this financial year included a use of reserves of £1.641 million. However, the position has improved during the year and the portfolio is able to contribute £234,000 to the reserve. This is partly due to funding from the Clinical Commissioning Group for Continuing Health Care 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 changes to the income levels of customers. The final Better Care Fund grant allocations for 2019/20 have resulted in an improvement of (£402,000). The Department for Health and Social Care freezing the Minimum Income Guarantee, combined with the Disability Related Expenditure changes and other factors resulted in further (£400,000). These have 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 and reconciliations of the DP accounts have resulted in an additional (£326,000) of claw back, (£97,000) from a review of Community Equipment stock levels and (£230,000) of other variations. In relation to Public Health grant, staffing variance (£72,000) due to delayed recruitment, one off variances due to decommissioning and early delivery of savings: Substance Misuse (£28,000), Health checks (£41,000), Stop Smoking (£31,000) and Emergency Planning (£7,000) gives an increased contribution to Public Health reserves of +£179,000.
Children, Education and Skills	34,338	34,774	436	Adverse variances in Children's Placements +£1.966 million, SEND Transport +£400,000 and 0 to 25 Disability costs +£874,000. The placements position reflects the impact of the continuing rise in Looked After Children (LAC) numbers (386 now compared to 355 at the same time last year) and high cost residential placements; there have been 32 new or amending placements since P8 increasing the forecast by £752,000. 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. In SEND, the impact of the agreement from Cabinet to increase capacity in the service in this financial year is starting to feed into the forecast. Disability costs reflect the impact of both demand and legislative changes. These costs are being mitigated from other net savings within the Directorate (£645,000), one off DFE grant (£740,000) and the Reserve Fund (£1.390 million), along with other minor variances (£29,000). UASC – new rates have significantly increased grant income. Current initial projections indicate a £212,000 shortfall which the Council will seek from the Home Office as part of our annual grant negotiation with them. UASC modelling is volatile (numbers have increased in this year) and we will be doing a revised projection shortly based on current numbers. Work has begun on options to mitigate the current projected adverse variance by year end.
Climate Change, Planning and Housing	1,365	1,293	(72)	Adverse variances due to lower than expected planning and development income. The increased target was predicated on an increase in activity in response to the local plan - this has yet to be realised but is partly offset by held vacancies and temporary additional income from both the Community Infrastructure Levy and from Building Control +£196,000. There are favourable variances within this portfolio due to a share of cross-Directorate mitigations. These have arisen from the early delivery of savings and a use of reserves to balance the Economy and Infrastructure Directorate - (£268,000).
Environment and Highways	20,958	21,542	584	Adverse variances on the Waste Collection, Disposal and Recycling contract (growth pressures) and brown recycling bins replacement costs partially netted off by the increased Coventry and Solihull Waste Disposal Company dividend gives an net adverse variance of +£713,000. Cleansing Services and Parks & Open Spaces growth pressures +£102,000 are partially offset by the early delivery of savings in Highways Services which are supporting the Directorate as part of the MTFs and use of Directorate reserve to balance the overall Economy and Infrastructure Directorate position (£231,000).
Growth and Infrastructure Delivery	787	527	(260)	Forecast favourable salary costs variance (£135,000) due to vacancies held during the year. This is partly offset by pressures of +£155,000 which is mainly related to income from external funding bodies which is below budget due to a reduced activity / slower progress on projects. There are favourable variances within this portfolio due to a share of cross-Directorate mitigations. These have arisen from the early delivery of savings and a use of reserves to balance the Economy and Infrastructure Directorate - (£280,000).
Leisure, Tourism and Sport	481	296	(185)	Leisure Centre Contract surplus (£489,000), Solihull Active surplus (£10,000) and one-off income (£445,000) offsetting the future impact of the 2018/19 Tudor Grange pool closure +£167,000 and a one-off contribution to Culture & Tourism +£200,000. This favourable position also allows an in year contribution of +£577,000 to the Leisure reserves. There are favourable variances within Arts of +£87,000 due to income pressures in the Core theatre and cafe. There are also favourable variances within this portfolio due to a share of cross-Directorate mitigations. These have arisen from the early delivery of savings and a use of reserves to balance the Economy and Infrastructure Directorate - (£272,000).
Resources	25,011	25,011	0	Adverse variance allows for contribution to Council's overall Bad Debt Provision +£224,000, this is offset by favourable pay variances within Corporate Property Services (£101,000), additional income in Financial Operations (£55,000), Business Intelligence salaries (£34,000) and other net variances (£34,000). Further adverse variances on Catering due to reduction in contract income +£150,000, Building Design Studio income from project delays +£110,000, Coroners Court share of running costs +£100,000, Internal Audit (inc. Health & Safety) due to agency and system costs +£55,000 and other pressures of +£93,000; funded from reserves contributions (£508,000) including a favourable variance of (£35,000) on the CSW Resilience budget that will be contributed to reserves.
Stronger and Safer Communities	6,270	6,203	(67)	Adverse variances due to an income pressure on Bereavement Services as a result of a reduction in demand +£313,000, the costs of a Health and Safety at work legal case +£71,000 and other minor variances +£6,000. These are offset by favourable salary variances within Libraries (£102,000) and Customer Services (£83,000) and a share of cross-Directorate mitigations. These have arisen from the early delivery of savings and a use of reserves to balance the Economy and Infrastructure Directorate - (£272,000).
<b>Total Core Council</b>	<b>144,155</b>	<b>144,591</b>	<b>436</b>	
Dedicated Schools Grant (DSG)	(1,705)	4,092	5,797	The (£1.705 million) budget for this year relates to a carry forward of the 2018/19 High Needs Block adverse variance - this has been partially resolved in 2019/20 to the value of £297,000 leaving an in year adverse variance of £1.408 million. There are also adverse variances in Independent Schools +£3.000 million, +£1.163 million Out of Borough Schools, +£200,000 Other Special Education, +£468,000 High Needs Top Up Funding and other adverse variances of +£53,000. This is partly offset by a contribution of (£495,000) to Capital (prior year funding swap) which is currently withheld to mitigate the overall HN Block pressures. A project board has been established to focus on a Recovery Plan. This variance will trigger a recovery plan for submission to the DFE in June 2020. This is the subject of another report on this agenda. Solihull Schools Forum is engaged in this process and a Head Teacher Group has been established to work with us on this.
Levies	8,559	8,559	0	Nil Variance
Working Balances/ Contingency	(3,389)	(3,389)	0	Nil Variance
<b>Total</b>	<b>147,620</b>	<b>153,853</b>	<b>6,233</b>	

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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 £38.115 million. Actual expenditure to the end of December was £21.581 million and there is a forecast favourable variance (£0.155 million).

Cabinet Portfolio	Budget £'000	Spend £'000	Forecast £'000	Variance £'000	Explanation of Key Variances
Adult Social Care and Health	5,481	4,526	5,360	(121)	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	9,117	7,218	9,117	0	Nil variance
Environment and Highways	9,028	4,688	8,994	(34)	Brown Bin replacement costs are lower than originally forecast for 2019/20.
Growth and Infrastructure Delivery	5,542	2,263	5,542	0	Nil variance
Resources	7,458	2,690	7,458	0	Nil variance
Stronger and Safer Communities	1,489	196	1,489	0	Nil variance
<b>Total</b>	<b>38,115</b>	<b>21,581</b>	<b>37,960</b>	<b>(155)</b>	

**Table 4. MTFS 3 Year Savings Targets**

Cabinet Portfolio	2019/20 £'000	2020/21 £'000	2021/22 £'000	Details of Red Savings
Adult Social Care and Health	92	0	0	<b>2019/20 RAG rated Savings Target</b> The net savings target as per the MTFS is £11.167 million for 2019/20. The latest position shows that 5% of savings are RAG rated as Red or Amber.  Below outlines the red rated savings targets for each year:  <b>2019/20 Total (£0.092m)</b> - £0.092m (£0.019m one off) - in relation to residential and nursing care
Resources	0	219	297	
<b>Total Red Savings</b>	<b>92</b>	<b>219</b>	<b>297</b>	
<b>% of Total</b>	<b>1%</b>	<b>3%</b>	<b>9%</b>	
Adult Social Care and Health	153	781	100	<b>2020/21 Total (£0.219m)</b> - £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	13	50	500	
Growth and Infrastructure Delivery	56	0	0	<b>2021/22 Total (£0.297m)</b> - £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
Resources	0	115	20	
Stronger and Safer Communities	73	0	0	
Leisure, Tourism and Sport	13	0	0	
<b>Total Amber Savings</b>	<b>421</b>	<b>946</b>	<b>620</b>	
<b>% of Total</b>	<b>4%</b>	<b>13%</b>	<b>18%</b>	
<b>Total Green Savings</b>	<b>11,479</b>	<b>6,265</b>	<b>2,445</b>	
<b>% of Total</b>	<b>95%</b>	<b>84%</b>	<b>72%</b>	
<b>Total Gross Savings</b>	<b>11,992</b>	<b>7,430</b>	<b>3,362</b>	
Repayments	(825)	(3,554)	(1,699)	
<b>Total Net Savings as shown in the MTFS</b>	<b>11,167</b>	<b>3,876</b>	<b>1,663</b>	

**Table 5. Summary of Reserves/Contingencies**

Cabinet Portfolio	Balance as at 1st April 2019 £'000	Planned / Forecast (contribution)/use			Forecast Balance at the end of 2021/22 £'000	Forecast / Planned (contribution) /use beyond £'000	Proposed as part of 2022/23 MTFS £'000	Forecast Remaining Balance £'000
		2019/20 £'000	2020/21 £'000	2021/22 £'000				
Adult Social Care and Health	(962)	(246)	130	(102)	(1,180)	75	0	(1,105)
Children, Education and Skills	(1,064)	624	(10)	(10)	(460)	10	0	(450)
Climate Change, Planning and Housing	(1,749)	(217)	17	500	(1,449)	1,449	0	(0)
Environment and Highways	(3,487)	(933)	2,200	379	(1,842)	1,842	0	0
Growth and Infrastructure Delivery	(1,157)	616	78	37	(426)	426	0	0
Leisure, Tourism and Sport	(1,534)	(717)	384	0	(1,867)	29	0	(1,838)
Resources	(8,421)	(944)	1,453	750	(7,162)	145	200	(6,817)
Stronger and Safer Communities	(778)	(337)	(44)	(91)	(1,250)	1,250	0	(0)
Levies	0	0	0	0	0	0	0	0
Contingency Funding - ASC & PH	(5,275)	(234)	(59)	(304)	(5,872)	5,665	0	(207)
Corporate reserves (incl TM, BSR and Windfall)	(21,262)	(598)	2,696	(514)	(19,678)	4,607	2,000	(13,071)
<b>Total</b>	<b>(45,688)</b>	<b>(2,986)</b>	<b>6,843</b>	<b>645</b>	<b>(41,185)</b>	<b>15,498</b>	<b>2,200</b>	<b>(23,487)</b>

The balance of Portfolio Reserves at 1<sup>st</sup> 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 £4.503m leaving a balance of (£41.185m) at March 2022 - of which, £15.498m is forecast to be used beyond the current MTFS and £2.200m is being offered to the MTFS for 2022/23 leaving £23.487m - the majority of which are corporately held within the Resources portfolio. Residual reserves on the Children, Education and Skills portfolio are ring-fenced in relation to Troubled Families and capital projects and cannot be used for the revenue position.