

<b>Report to:</b>	Children's Scrutiny Committee		
<b>Date of meeting:</b>	28 <sup>th</sup> August, 2019		
<b>Report of:</b>	Interim Director of People Services Director of Corporate Resources	<b>Report number:</b>	PS294
<b>Contact officer:</b>	Lisa Butcher, Head of Finance	<b>Telephone number</b>	01204 336818
<b>Report title:</b>	People Services Financial Monitoring 2019/20 Quarter One		
<b>Not confidential</b>			
This report does not contain information which warrants its consideration in the absence of the press or members of the public.			
<b>Purpose:</b>	This report provides the Executive Member with information relating to the financial position for the People portfolio for the 2019/20 financial year, as at Quarter One.		
<b>Recommendations:</b>	<p>It is recommended that the Executive Member:</p> <ul style="list-style-type: none"> <li>• Notes the financial position of the portfolio as at 30<sup>th</sup> June 2019.</li> <li>• Agrees the revenue budget changes and savings options realised in quarter.</li> <li>• Notes changes within the capital programme as detailed.</li> <li>• Agree that the Director of People has delegated authority to call off on the framework(s) for the capital programme as detailed in section 3.</li> </ul>		
<b>Decision:</b>			
<b>Background documents:</b>			
<b>Signed:</b> (Executive Cabinet Member reports only)	Leader/Executive Cabinet Member	Monitoring Officer	
<b>Date:</b>			

# Bolton Council

<b>Consultation with other officers</b>		
Finance	Yes	Lynne Hargreaves
Legal	No	NA
HR	No	NA
Equality Impact Assessment required?	No	N/A
<b>Pre-consultation reports</b> Is there a need to consult on the proposals?	No	

**Post consultation reports**

Please confirm that the consultation response has been taken into consideration in making the recommendations.

Please identify the appropriate Vision outcome(s) that this report relates or contributes to by ticking the relevant box.

1. Start Well	Y
2. Live Well	Y
3. Age Well	Y
4. Prosperous	Y
5. Clean and Green	Y
6. Strong and Distinctive	Y

## 1 Background

This report provides the Executive Member with information relating to the financial position for the 2019/20 financial year, as at Quarter One.

The information included within the report is divided into three elements:

- Revenue expenditure
- Capital expenditure
- Reserves movements

## 2 Revenue Expenditure

### 2.1 Revenue Budget

**Table One: Department of People – Approved Revenue Budget 2019/20 – As At Quarter One**

£'000	Adults	Children's	Total Budget
<b>2019/20 Budget per Strategic Budget Report</b>	<b>65,267,600</b>	<b>49,821,700</b>	<b>115,089,300</b>
Less Recharges	-3,529,100	-4,712,400	-8,241,500
Budget Adjustments:			
Internal Recharge adjustments	-2,800	2,800	0
Internal Recharge adjustments with Public Health	-43,900	2,800	-41,100
Transfer of Budget to Public Health to part fund post		-13,700	-13,700
Plus Recharges	3,529,100	4,712,400	8,241,500
<b>Adjusted Budget at Quarter One</b>	<b>65,220,900</b>	<b>49,813,600</b>	<b>115,034,500</b>

£'000	DSG
<b>Dedicated Schools Grant per Strategic Budget Report</b>	<b>186,957</b>
Budget Adjustments:	
Academy DSG Recoupment Adj	572
High Needs Place Deduction - March Update	-738
6th Form Funding - Pupil Number Update	-511
<b>Adjusted Grant at Quarter One</b>	<b>186,280</b>

Table One outlines the budget for the Department of People Services, including an analysis of amendments to the original budget.

There have been various budget adjustments within the first quarter.

Recharge adjustments have been made to accurately reflect Business Support and Policy Performance and Resource recharges between Children's Adults and Public Health.

There has been a movement of budget from Children's to Public Health to part fund an existing post.

The DSG budget in Quarter One has seen changes as a result of Academy Recoupment re-calculations. High Needs Place Deduction and 6<sup>th</sup> Form Funding updates relating to previous years academy conversions.

## **2.2 Strategic Redirections**

In December 2018, following consultation, the Council approved departmental savings options of £23.5m to be taken out of the budgets in 2019-20. For the People department this equated to £13.8m of which £4.59m relates to Children's, £7.558m relates to Adults and £1.656 relates to Public Health. The full breakdown excluding Public Health is shown in Appendix C.

Throughout 2019/20, individual reviews will be undertaken and budgets reduced within the relevant services once completed. This will continue for those reviews remaining in 2020/21.

### **Review of Staffing across the department (Children's) £850k**

Savings of £100k have been identified within the information management unit. These include the deletion of a vacant post (Project Support Officer 58580) and savings on software licences and other ICT costs.

### **Review of Staffing across the department (Adults) £750k**

Savings of £136k have been identified through a review of budgets across Adult's Care Management. Working with budget holders savings have been identified across a range of non-staffing budgets and maximisation of income streams.

## **2.3 Financial Position – Revenue Expenditure – Position at Quarter One**

Table Two below outlines the Department of People's revenue position as at quarter one.

**Table Two – Department of People Financial Position 2019/20 – Quarter One**

<b>Service</b>	<b>Net Budget</b>	<b>Outturn</b>	<b>Combined Re-Allocated</b>	<b>Year End Variance</b>
<b>Local Authority Budgets</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Adult Services</b>				
Older Adults	16,996	17,813		817
Integrated Services	-605	-960		-355
Adults Under 65 - LD/MH/PD	31,520	35,275		3,755
Care Management	7,426	7,602		176
Supporting People	1,149	1,149		0
AD Element of Combined Services			-2,460	-2,460
<b>Subtotal</b>	<b>56,486</b>	<b>60,879</b>	<b>-2,460</b>	<b>1,933</b>
<b>Children's Services</b>				
Education & Learning Division	5,250	5,142		-108
Staying Safe Division	32,113	38,725		6,612
Children's Transport	3,506	3,709		203
CH Element of Combined Services			-547	-547
<b>Subtotal</b>	<b>40,869</b>	<b>47,576</b>	<b>-547</b>	<b>6,160</b>
<b>Combined Services</b>				
Corporate Recharges and other central costs	8,513	6,315		-2,198
Policy, Performance & Resources	9,167	8,358		-809
<b>Subtotal</b>	<b>17,680</b>	<b>14,673</b>	<b>3,007</b>	<b>0</b>
<b>Total Local Authority Budgets</b>	<b>115,035</b>	<b>123,128</b>	<b>0</b>	<b>8,093</b>
<b>Reserve Movement</b>				<b>-8,093</b>
<b>People Department Projected Outturn</b>	<b>115,035</b>	<b>123,128</b>	<b>0</b>	<b>0</b>

Service	Net Budget	Projected Outturn	Year End Variance
Dedicated Schools Grant	£000s	£000s	£000s
<b>Schools Block</b>			
Nursery Schools	0	-6	-6
Primary Schools	91,603	92,148	545
Secondary Schools	37,863	37,890	27
Special Schools	469	582	113
Other - Growth	828	828	0
De-delegation	0	-18	-18
Use of schools balances		-679	-679
<b>Subtotal</b>	<b>130,763</b>	<b>130,745</b>	<b>-18</b>
<b>Local Authority Retained Budgets</b>			
Central Expenditure	3,010	2,882	-128
Early Years Block	21,793	21,705	-88
High Needs Block	30,714	32,743	2,029
<b>Subtotal</b>	<b>55,517</b>	<b>57,330</b>	<b>1,813</b>
<b>Total Dedicated Schools Grant Budgets</b>	<b>186,280</b>	<b>188,075</b>	<b>1,795</b>

## Variance Analysis

Outlined below are details of significant variances between the projection at quarter one and the budget, analysed between the Local Authority Block and Centrally Held Dedicated Schools Grant.

### 2.3.1 Local Authority Block

The revenue outturn position for the Local Authority block is expected to be in line with budget following use of reserves of £8.093m.

The most significant reasons for variances were as follows:

#### Adult Services

The budget is projected to have a significant overspend by year end, this is largely due to increased number of high value Learning Disability and Mental Health packages in residential and supported living. A significant number of packages are as a part of the Transforming Care programme, transitioning from Children's and cases moving in to the area.

The overspend in under 65s services is being partially offset by the Adult Social Care and Winter Pressures grant contribution which are a one off for 2019/20. Growing demand in older adults has seen an overspend in those budgets particularly around Home Care.

## **Children's Services**

Financial pressures continue to increase with the higher numbers of Looked After Children overall and those placed in more expensive independent provider placements because of their complex needs.

The unit costs of our internal provision have risen due to the need to manage the number of children within the homes and the reduction in bed space. This is as a result of closer matching criteria being used so that placements are sustainable over a longer period and there is a more focused service developing through the review of Residential care that is underway.

The vast majority of our looked after children are looked after in house, in our foster care and residential provision but we are seeing an increase in the use of non-LA foster carers and external residential provision due to a national gap in placement sufficiency.

The costs of external provision is high due to demand in the market nationally these costs are escalating. The complex needs of some young people who need a package of care that includes a high ratio of staffing can cost between £6k and £9k a week.

The review of Early Help and In-house residential provision alongside a commitment to working differently with children, families and partners to divert children from the care system should see an improved picture by 2020. Workshops on the Early Help strategy have been held and initial proposals shared with Children's PDG in January 2019.

Budget challenge meetings with heads of service has seen stability in the number of children coming into care over the last two months and further workshops are planned for August 2019. The newly established Rapid Response Team have been closing cases in the safeguarding service which will reduce caseloads and cost overall.

We are preparing a bid for Innovation funding in the fostering service between the 10 GM authorities. This will build resilience and strength in our own fostering service and will contribute towards a fostering strategy that will lay out the plans to increasing recruitment of in house carers.

Work is being undertaken involving Commissioning and Greater Manchester Commissioning Group to ensure value for money and appropriate placements are sourced but the local and national context is very challenging.

We have produced a revised sufficiency statement and are taking a much more proactive approach to provider engagement which should result in a more targeted approach to the sourcing of placements and the recruitment of foster carers with the skills to meet the emerging and increasing complexity of children in Bolton.

The focus on improved permanence planning will deliver clearer long-term plans for children and a commitment to return children to their families where possible, reducing longer term placement costs.

Transport costs as a result of the high needs pressures began to grow in 16/17 and continued in 18/19 and in to 19/20.

## 2.3.2 Dedicated Schools Grant

### Centrally Retained Budgets

Dedicated Schools Grant is projected to exceed the grant available by £1.795m.

The significant variance relates to the High Needs block due to increases in external placements and increased special school placements. Approval was given by the Secretary of State to contribute £2.1m of Schools block towards the High Needs block in 2019/20.

A High Needs Strategic group is ongoing to look at the pressures within this area and new ways to contain the overspend and begin to pay back the deficit.

### Delegated Schools Budgets

Following the submission of the original budget plans by schools, schools balances are expected to reduce by £679k in 2019/20 mainly in the Primary sector. This may increase should there be further Academy transfers.

Schools balances are projected to total £6.3m at the end of the financial year, which is felt to be prudent but cost pressures are an ongoing factor for schools.

## 3 Capital Programme

Appendices Ai and Aii detail the capital programme, and this is summarised below.

**Table Three – Capital Programme**

	<b>Original Programme</b>	<b>Change</b>	<b>Revised Programme Q1</b>	<b>Actual at Quarter 1</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Adult Services</b>	299	0	299	-59
<b>Children's Services</b>	22,899	-597	22,302	1,895
<b>Total Programme</b>	<b>23,198</b>	<b>-597</b>	<b>22,601</b>	<b>1,836</b>

The original capital programmes for the Department of People Services were reported in the Cabinet reports of February 2019. The schemes have since been amended due to the following:-

- Slippage in both programmes from 2018-2019 £1.217m
- Reprogramming of schemes resulting in a reduction of £3.34m
- New Schemes £1.526m

At the end of quarter one expenditure was £1.836m.

It is recommended that the Director of People is authorised to procure for schemes under the limit of £300k via the Council's Corporate Procurement Team either through call offs under any available framework(s) or via open tender procurement process to enable the capital programmes to progress.

#### 4. Reserves Movements

**Table Four – Summary of Reserves Position**

Outlined in the table below are the projected movements on the Department's reserves in the current year. Further detail of these reserves is shown in Appendix B.

Revenue Reserves	Balance 1st April 2019	Outturn Movements	Other Movements	Balance 31st March 2020
	£'000	£'000	£'000	£'000
<b>Adults Services Reserves</b>				
To cover known areas of key future spend	-1,263	628	534	-101
To cover key areas of risk	0		0	0
Legal requirements	-111		52	-59
Existing commitments	-1,410	1,149	193	-68
Service general contingencies	-195	156	0	-39
<b>Total Adult Services Reserves</b>	<b>-2,979</b>	<b>1,933</b>	<b>779</b>	<b>-267</b>
<b>Children Services Reserves</b>				
To cover known areas of key future spend	-1,860		234	-1,626
To cover key areas of risk	-842	510	276	-56
Legal requirements	-2,627	2,123	114	-390
Existing commitments	-5,491	2,906	1,301	-1,284
Service general contingencies	-730	621	109	0
<b>Total Children Services Reserves</b>	<b>-11,550</b>	<b>6,160</b>	<b>2,034</b>	<b>-3,356</b>
<b>Schools &amp; DSG Reserves</b>				
To cover key areas of risk	-86		30	-56
Legal requirements	137	1,795	707	2,639
Existing commitments	-7,907		761	-7,146
<b>Total Schools &amp; DSG Reserves</b>	<b>-7,856</b>	<b>1,795</b>	<b>1,498</b>	<b>-4,563</b>
<b>Total Revenue Reserves</b>	<b>-22,385</b>	<b>9,888</b>	<b>4,311</b>	<b>-8,186</b>
<b>Capital Reserves</b>				
<b>Adults Services Reserves</b>				
Existing commitments	-1,334		299	-1,035
<b>Total Adult Services Reserves</b>	<b>-1,334</b>	<b>0</b>	<b>299</b>	<b>-1,035</b>
<b>Schools &amp; DSG Reserves</b>				
Existing commitments	-34,146		16,612	-17,534
<b>Total Schools &amp; DSG Reserves</b>	<b>-34,146</b>	<b>0</b>	<b>16,612</b>	<b>-17,534</b>
<b>Total Capital Reserves</b>	<b>-35,480</b>	<b>0</b>	<b>16,911</b>	<b>-18,569</b>

The outturn movements' column represents the impact upon reserves of the projected outturn position shown in Table 2 of this report.

## **5. Equality Impact Assessment**

This report does not require an Equality Impact Assessment

## **6. Vision 2030**

6.1 The proposal aligns to the Vision principles;

- Protecting the most vulnerable
- Reforming our services in partnership
- Inclusive growth and prosperity

6.2 The proposal will contribute to the following Vision priorities;

- Ensuring our children have the best possible start in life
- Improving the health and wellbeing of residents
- Older people in Bolton stay healthier for longer and feel more connected with their communities
- Businesses and investment are attracted to the borough, matching our workforce's skills with modern opportunities and employment
- Our environment is protected and improved so that more people enjoy it, care for it and are active in it.
- Stronger, cohesive, more confident communities in which people feel safe, welcome and connected

6.3 The proposal will use the following drivers of change which underpin the 2030 Vision;

- Behaviour change
- Delivering efficiently
- Rebalancing our finances
- Maximising our assets
- Digital delivery
- Engaging and empowering

## **7 Recommendations**

It is recommended that the Executive Member:

- Notes the financial position of the portfolio as at 30<sup>th</sup> June 2019.
- Agrees the revenue budget changes and savings options realised in quarter.
- Notes changes within the capital programme as detailed.
- Agrees that the Director of People has delegated authority to call off on the framework(s) for the capital programme as detailed in section 3.





## Appendix Bi

### Adult Services Projected Reserves Position – 2019/20 Financial Year

Service	Balance		Other	Balance
	1st April 2019	Outturn Movements	Movements	31st March 2020
	£'000	£'000	£'000	£'000
<b>Adult Service's Revenue Reserves</b>				
Carers Funding	-150	150		0
Health & Social Care Funding	-523		523	0
Social Care Funding	-11		11	0
LD Fast Track Funding	-101			-101
Complex Cases	-478	478		0
<b>Important to cover known areas of key future spend</b>	<b>-1,263</b>	<b>628</b>	<b>534</b>	<b>-101</b>
<b>Important to cover key areas of risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Supported Housing - Networks	-59			-59
Amenity Funds	-2		2	0
LD Joint Team	-50		50	0
<b>Legal requirements</b>	<b>-111</b>	<b>0</b>	<b>52</b>	<b>-59</b>
Capital	-460	399	61	0
Adults Pressures	-750	750		0
New Lane Contract	-102		102	0
Adult Safeguarding Board	-98		30	-68
<b>Reserve with existing commitment</b>	<b>-1,410</b>	<b>1,149</b>	<b>193</b>	<b>-68</b>
General Reserves	-195	156		-39
<b>Service General Contingencies</b>	<b>-195</b>	<b>156</b>	<b>0</b>	<b>-39</b>
<b>Total Revenue Reserves</b>	<b>-2,979</b>	<b>1,933</b>	<b>779</b>	<b>-267</b>

## Appendix Bii

### Children's Services Department Reserves Position – 2019/20 Financial Year

Service	Balance		Other	Balance
	1st April 2019	Outturn Movements	Movements	31st March 2020
	£'000	£'000	£'000	£'000
<b>Children' Services Revenue Reserves</b>				
Schools ICT	-1,346		-130	-1,476
Start Well	-514		364	-150
<b>Important to cover known areas of key future spend</b>	<b>-1,860</b>	<b>0</b>	<b>234</b>	<b>-1,626</b>
Children's Social Care	-804	510	276	-18
Schools Insurance Contingency	-38			-38
<b>Important to cover key areas of risk</b>	<b>-842</b>	<b>510</b>	<b>276</b>	<b>-56</b>
Public Sector Reform and Troubled Families	-1,832	1,623	209	0
Safeguarding Board	-161		2	-159
School Improvement	-634	500	-97	-231
<b>Legal requirements</b>	<b>-2,627</b>	<b>2,123</b>	<b>114</b>	<b>-390</b>
Capital	-523	461	62	0
Education Psychology	-167		37	-130
SACRE	-7		7	0
Workforce Development - Grant	-166		166	0
Managed Funds	-3		1	-2
Music Service	-154		-26	-180
GM Music Hub	-42			-42
Regional Adoption Agency	-691		207	-484
Children's Demand	-2,445	2,445		0
Placements North West	-196			-196
Performance Policy and Resources	-1		1	0
Washacre Capital Works	-250			-250
Youth Services	-197		197	0
Capital Grants	-649		649	0
<b>Reserve with existing commitment</b>	<b>-5,491</b>	<b>2,906</b>	<b>1,301</b>	<b>-1,284</b>
General Reserves	-730	621	109	0
<b>Service General Contingencies</b>	<b>-730</b>	<b>621</b>	<b>109</b>	<b>0</b>
<b>Total Revenue Reserves</b>	<b>-11,550</b>	<b>6,160</b>	<b>2,034</b>	<b>-3,356</b>

## Appendix Biii

### Schools and DSG Reserves Financial Position – 2019/20 Financial Year

Service	Balance		Other	Balance
	1st April 2019	Outturn Movements	Movements	31st March 2020
Schools and DSG Revenue Reserves	£'000	£'000	£'000	£'000
High Needs Strategic Planning	-86		30	-56
<b>Important to cover key areas of risk</b>	<b>-86</b>	<b>0</b>	<b>30</b>	<b>-56</b>
Centrally Retained DSG	7,690	1,795		9,485
Other Schools Balances	-577		28	-549
Schools Balances	-6,976		679	-6,297
<b>Legal requirements</b>	<b>137</b>	<b>1,795</b>	<b>707</b>	<b>2,639</b>
Capital	-7,375		761	-6,614
Bolton Supported School Improvement Group	-157			-157
Two Year Old Funding	-375			-375
<b>Reserve with existing commitment</b>	<b>-7,907</b>	<b>0</b>	<b>761</b>	<b>-7,146</b>
<b>Total Revenue Reserves</b>	<b>-7,856</b>	<b>1,795</b>	<b>1,498</b>	<b>-4,563</b>

## Appendix Ci

### 2019-21 Budget Options – Adult Services

Savings Option	Budget Saving £000	Delivered	In Consultation	No Report Yet	Comments
Do not apply Non-Pay Inflation	2,729	1,443		1,286	
Review of Staffing across the department	750	71		679	£136K in this report
Review of Community Meals	250			250	
Review of Handyman Service	179		186		
Review of the Intermediate Tier	500			500	
Review of Income including Charges and Subsidies	500	500			
Reprioritising iBCF	1,000	1,000			
Review of contracts	1,650	300		1,350	
<b>Total Saving</b>	<b>7,558</b>	<b>3,314</b>	<b>186</b>	<b>4,065</b>	

## Appendix Cii

### 2019-21 Budget Options – Children's Services

Savings Option	Budget Saving £000	Delivered	In Consultation	No Report Yet	Comments
Do not apply Non-Pay Inflation	165	165			
Review of Early Help	3,500		250	3,250	
Management of Cash Limited Budgets	75	75			
Review of staffing across the department	850		315	535	£100k in this report
<b>Total Saving</b>	<b>4,590</b>	<b>240</b>	<b>565</b>	<b>3,785</b>	