Appendix A

County Council
Cabinet

12 February 2018

2017/18 Revenue Budget Monitoring Quarter 3

Cabinet Member(s):	Cllr David Hall – Cabinet Member for Finance and Economic Development
Division and Local Member(s):	All
Lead Officer:	Lizzie Watkin – Service Manager – Chief Accountant
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	Seen by:	Name	Date
	County Solicitor	Honor Clarke	22/1/18
	Monitoring Officer	Julian Gale	22/1/18
	Corporate Finance	Lizzie Watkin	22/1/18
	Human Resources	Chris Squire	22/1/18
	Senior Manager	Kevin Nacey	22/1/18
	Cabinet Member	David Hall	22/1/18
	Opposition Spokesperson	Simon Coles	12/2/18
	Relevant Scrutiny Chairman	Tony Lock	12/2/18
Forward Plan Reference:	FP/17/08/08		
Summary:	The purpose of this report is to update members on the current Revenue Budget forecast outturn position for the 2017/18 financial year based on the end of November (Month 8).		
Recommendations:	**Cabinet is recommended to:-** 1. Note the contents of this report and specifically the Forecast Outturn Position for the year (section 3-9), the current Aged Debt Analysis (Section 10) and the projected delivery of the MTFP savings (Section 11). 2. Approve the drawdown from earmarked reserves as specified in sections 4 and 7 and Annex A. 3. Approve £0.093m transfer from earmarked contingency for the Local Assistance Scheme (Section 4.3). 4. Approve the transfer of £5.888m from contingency to support the additional spend in Children's Services (Section 8.1). 5. Approve the use of the flexibilities on capital receipts to fund £1.068m of transformational costs in Learning Disabilities and the planned overspend element of the Core Council programme of £1.173m (Section 7). 6. Approve the transfer of £1.000m from the revenue backed Capital Fund and £0.958m from other earmarked reserves to support the in-year position.		

Reasons for Recommendations:	As above.
Links to Priorities and Impact on Service Plans:	The report indicates how the Council's resources are forecast to be used to support the delivery of budgetary decisions. The Medium Term Financial Plan (MTFP) sets the funding for the County Plan and the use of those funds is then monitored throughout the year to ensure delivery of Council objectives and actions.
Consultations and co-production undertaken:	Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report.
Financial Implications:	A deficit on the Revenue Budget will impact on the Council's General Balances. The Council's financial position is constantly reviewed. This report highlights significant concerns with regard to Children's service spending.
Legal Implications:	There are no implications arising directly from this paper.
HR Implications:	There are no implications arising directly from this paper.
Risk Implications:	If the overspend were to be at the same level by year end, this would significantly reduce the Council's General Balances placing them well below the recommended range. The availability and use of reserves is critical in being able to manage spikes in demand and costs incurred. Our corporate risk register recognises this and we will put mitigating actions in place to reduce the level of overspends wherever possible. The increase in spend within Children's Services even since the beginning of the year is the most worrying aspect of this report.
Other Implications (including due regard implications):	There are no other implications arising directly from this paper. However, as services take remedial action, including any formal decisions required to address the in-year overspend, then appropriate consideration will need to be given to the legal, HR and equalities issues, as necessary.
Scrutiny comments / recommendation (if any):	Not Applicable

1. Background

1.1. Throughout this financial year, the main area of overspend has been in budgets related to Children's services. The demands upon these services have not reduced since last year and have even increased since month 6. There is a concerted effort under way to improve demand management and simultaneously improve outcomes for vulnerable children. More detail of planned and on-going actions is included in section 3.

The additional funding from government for Adult Social Care alongside the management action and demand management approach adopted is keeping this budget under control.

1.2. SCC is therefore in a position where we continue to mitigate pressures across the whole Council, as well as in those core care services, to off-set the overspend. Services are being redesigned with affordability, service quality and service improvement all in mind but market factors and rising costs and service demand are making this transformation extremely difficult.

2. Summary Forecast 2017/18 – Revenue Budgets

2.1. The Authority's forecast shows a projected net overspend of £7.741m (see Annex A) when compared to the Revenue Budget. This represents 2.48% of base budget. The majority of the overspend lies in the Children's Services budgets (section 3).

2.2. Most other areas of the Council are within reasonable tolerance although some corporate and support budgets are under pressure (as covered in section 7).

2.3. The implication of this forecast is that Cabinet and the Senior Leadership Team will need to continue to exercise more stringent control in all areas of council spend to ensure the final outturn position is much lower than this.

2.4. The predicted General Reserve position at the end of March 2018 and for 2018/19 is shown in the table below:

	Value £m
Balance brought forward 2017/18	10.441
In year Transfers	(0.301)
Collection Fund Surplus 2017/18	4.871
Current Balance	**15.011**
Estimated in year overspend to be written off	(7.741)
Balance at March 2018	**7.270**
Base Budget contribution 2018/19	2.000
Estimated Collection Fund Surplus 2018/19	2.000
Balance at 31 March 2019	**11.270**

3. Children's Services

3.1. Children and Families Operations: (+) £14.664m: movement (+) £1.588m

3.1.1. The biggest financial pressure facing Children's Services is on the placements budget. Annex C includes a report by the Director of Children's Services on care placement sufficiency explaining how we are tackling this problem. The continued lack of sufficiency within the fostering market has resulted in an increase in the length of time children are in external residential placements. 16,000 days were projected for 2017/18 in the second quarter but this has increased to 18,200 and the average weekly cost of external residential placements is currently £4,208. In the same period the number of court ordered family assessments have increased with 8 being undertaken compared to 1 at the end of the second quarter increasing the cost in this area by £0.295m. This, together with a small increase in external fostering placements, has led to an increase in the projection for external placements of £1.746m, creating an overall pressure of £6.950m against a budget of £12.303m.

3.1.2. There has been continued dialogue with the Somerset Clinical Commissioning Group and Somerset NHS Partnership Trust and an agreement is near completion regarding the partner contributions for children discussed at the multi-agency Complex Cases panel.

3.1.3. The success of the authority's recruitment campaign for permanent social workers and the training of Assessed and Supported Year in Employment staff have led to a further reduction of £0.196m in the pressures previously reported. The overall salary pressure now stands at £3.062m against a budget of £22.675m. Other general expenditure associated with the staffing budgets is showing a pressure of £0.311m, similar to the previous quarter.

3.1.4. The costs associated with the revised Foster Carer Progression scheme introduced last quarter is now incorporated into our overall projections which remain reasonably stable with an overall pressure of £0.585m, against a budget of £2.859m, an increase in the quarter of £0.090m.

3.1.5. The innovative use of the Assistance to Families budget to prevent children coming into care has added a further pressure of £0.218m, an increase of £0.043m on the second quarter. This work continues to prevent the potential longer term pressure in other areas of the budget.

3.1.6. Pressures around the accommodation support and welfare of Unaccompanied Asylum Seeking Children is £0.066m greater than the second quarter with a current pressure being projected of £0.351m. This is being addressed through a revised commissioning approach for 2018/19.

3.1.7. Transport costs, primarily associated with school and contact visits account for a further £0.151m pressure, a reduction of £0.063m on the last quarter.

3.1.8. Financial pressures of £1.625m attributed to positive outcomes for the permanence of children and young people, including increases in the number of Special Guardianship Orders, Adoption and Leaving Care allowances and accommodation is similar to that reported in the last quarter.

3.1.9. The number of families taking advantage of the Direct Payments scheme within the Disabilities service remains reasonably static with a pressure of £0.385m, a small decrease of £0.015m to that reported in the last quarter. Pressures within the Disabilities service around specific grants and targeted support adds a further £0.232m pressure, similar to that previously reported.

3.1.10. Specific activities associated with the Children and Young People's Plan, including focussed training and support following Ofsted and peer group recommendations have so far incurred costs of £0.350m and Business Support continues to project a £0.402m pressure, a decrease of £0.038m. A review of business support is continuing but will not yield savings in 2017/18.

3.1.11. Pressures in the legal and Public Law Outline budget of £0.089m remain similar to that reported in the last quarter.

An underspend of £0.030m relating to the pooled budget with the Police Probation Service and Youth Offending Team will need to be carried forward.

3.2. Children and Learning Central Commissioning: (+) £2.466m: movement (+) £0.174m

3.2.1. The on-going pressure across transport budgets is forecast at £2.451m, an increase of £0.551m against a budget of £9.563m.

3.2.2. Of this overspend, Home to School transport is showing a pressure of £1.564m against a budget of £6.111m. Inflation pressures are impacting on the service. These were offset via managed savings and reduced school calendar days within 2017/18, but much of the quarterly increase is due to emergency costs following contractor closure issues, driver turnover/shortages and increased pay rates following retendered contracts at the start of the Academic Year. Cross county issues, where contractual and wage variations between South Somerset and Dorset are also leading to increased driver turnover, plus employment opportunities and pay rates offered by Hinkley Point are impacting the budget as well. Removing occasional use transport and a pay seats policy change have been implemented, plus a service based on live occupancy levels is being piloted in the spring to address levels of spend.

3.2.3. The Special Educational Needs (SEN) transport pressure is forecast at £0.887m against a budget of £3.452m, due to the on-going issue of increased placements. The full year implication of additional routes following the opening of the new Mendip Free School, plus additional post 18 placements are also impacting on spend. Half day transport and dual placement transport in Pupil Referral Units have been removed to reduce costs, plus the personal travel payments pilot has saved over £0.100m to date and take up is increasing.

3.2.4. The managed saving within Early Help is now forecast at £0.667m, an increase of £0.144m. This is part of the planned underspend detailed within the Early Help business case. The original estimate was £0.205m, however there was an increase in carry forward (£0.082m) and grant (£0.161m) supporting the service. Further increases are due to vacancy savings and significant staff turnover (£0.242m), plus service cost reductions. The service will request this is as a carry forward given known reductions in Troubled Families grant funding in 2018/19. A review is taking place in relation to proposals around the Family Support Service, plus wider pressures the council is under.

3.2.5. The planned invest to save costs relating to posts within Children's Commissioning to achieve cost avoidance is forecast to be £0.206m.

3.2.6. The Somerset Education Partnership Board (SEPB) programme is now forecast as a pressure of £0.617m, a decrease of £0.022m. This includes £0.187m in relation to Team Around the School posts, £0.269m for School Education Partners (SEPs) and bids for match funded Raising Achievement Plans (RAPs) for the Secondary phase that have been agreed at £0.136m. Other minor School Improvement pressures total £0.25m.

3.2.7. Commissioning decisions against the West Somerset Opportunities grant have yet to be confirmed and the service has estimated that it is unlikely to be fully spent within the Financial Year. The grant is a specific grant and so it will be requested that the unspent grant is carried forward to 2018/19.

3.3. Schools Budget
Children and Learning Central Commissioning: (+) £1.892m: movement (+) £0.000m

3.3.1. The Out of County Independent and Non-Maintained Special Schools budget is projecting a pressure of £2.484m against a budget of £10.238m, an increase of £0.250m. This is due to continuing and extended high cost placements at higher than average costs. There have been 19 new placements made during the quarter, totalling £0.456m, partially offset by 5 leavers and amended placements totalling £0.206m.

3.3.2. Minor variations across all other High Needs funded areas total £0.156m, a decrease of £0.284m since quarter 2.

3.3.3. A planned increase in school contributions towards maternity costs to recover prior year pressures is now forecast at £0.409m, an increase of £0.023m.

The High Needs sub group is considering plans to recover the High Needs deficit.

3.4. Schools and Early Years Providers: (-) £12.000m: movement of (+) £7.528m from the b/fwd Schools Budget of £19.528m

The combined projected school outturn for 2017/18 based on spend as at month 6, including budget and income yet to be allocated to individual schools. This figure takes into account schools' use of reserves to balance the 2017/18 individual budget plan and the in-year conversions of academies.

4. Adult Services including Learning Disabilities

4.1. Adult Social Care Variation: (-) £3.347m underspend: movement (-) £2.031m

4.1.1. There continues to be an overall downward trend in the projected costs for Adults Social Care Operations and the reallocation of some Better Care Fund money has also reduced the variation since quarter two. The main changes since the previous report are:

- Residential/Nursing +£0.350m
- Care at Home -£0.510m
- Direct Payments - £0.132m
- Mental Health -£0.196m

4.1.2. Residential/Nursing
The number of Residential and OPMH Nursing placements have increased considerably since the quarter two report. This has led to the projected increase of £0.350m. There has been a net increase of 16 Residential placements and 16 OPMH Nursing placements. 27 of the new placements made in 2017/18 are over our published fee rate. A number of 'Capital drops' (Individuals who had funded their own care but subsequently reached a financial position requiring SCC support) contributed to both the increased numbers and above rate position. The service has worked with providers to reduce the majority of these costs to SCC rates. In addition the increased demand and pressure within the NHS has contributed to an increase in placements directly from hospital.

The full year effect of the continuing upward trend of residential placements will have a big effect on costs for 2018/19. These increases will need to be managed to avoid pressures in the new financial year.

4.1.3. Care at Home
In line with the strategy to target support to assist people to regain independence and overall promoting independence there has been a reduction against these services of £0.510m from the quarter two estimate. This is as a result of reduced core home care delivery, increased income and a streamlined reablement service.

The projected cost of core care at home delivery has reduced by £0.085m in the past two months in line with our promoting independence emphasis. The service are actively reviewing the need for long term support, and this along with the increased use of the home first service is leading to shorter more outcome focussed interventions.

There has been an increase in the estimated income from extra care housing following the completion of a project by the finance and benefits team to ensure that all clients are paying the correct contribution towards their support.

Home First (our hospital discharge service) continues to pick up service delivery that was previously going through reablement. This has changed the way people receive a service following discharge from hospital, and provides an improved service in a more efficient way.

4.1.4. Direct Payments

The number of Direct Payments setup in the past two months has reduced again with 895 currently in place compared to 908 at quarter two. The variation is now showing an underspend of £0.581m which is a reduction of £0.132m from the last report. Year on year spend is projected to drop to £8.417m from £9.449m in 2016/17. This is due to a 10% reduction in the number of direct payments set up this year.

4.1.5. Mental Health

The overspend against Mental Health has decreased since quarter two and is now £0.425m.

A reduction in supported living costs is the main reason for this change with the ending of a block placement with one supplier and one high cost placement coming to an end earlier than anticipated. Partially offsetting these reductions is an increase in residential and nursing placements. The full year effect of these will cause a pressure for this budget during the new financial year.

4.1.6. Staffing

Due to the number of vacancies within the service during 2017/18 there is an underspend against the staffing budget of £0.723m which is contributing to the overall underspend reported above. This is not an on-going position and once recruitment exercises are complete the underspend will no longer be available.

4.2. Learning Disabilities: (+) £4.204m overspend: movement (+) £2.080m

4.2.1. The overspend is made up of £3.792m Learning Disabilities Purchased and £0.412m Discovery.

4.2.2. The main changes between quarter two and quarter three are an increase in projected cost for residential placements and the reduction in anticipated savings that can be achieved in year.

4.2.3. There have been 7 new residential placements since the previous report which have increased the projection by £0.400m. 2 of these were back dated placements to the beginning of 2017 but the remaining 5 new placements were made in year and show an upward trend in use of residential. Spend is projected to be £0.740m higher than during 2016/17.

4.2.4. Adjustments have now been made to projections for both expenditure and income to reflect actual delivery to date for this financial year. Reduced delivery in Supported Living and Residential placements is leading to a projected underspend against these services.

4.2.5. The overall position against the contract is an underspend of £0.235m which is an increase of £0.054m since quarter two. There is a one off pressure in year of £0.647m relating to old year costs for the Provider Service (LDPS).

4.2.6. The position now assumes achievement of £0.100m savings in year through the reviewing to improve lives project. The scale and complexity of realising the savings has been greater than expected. The balance of the MTFP saving is shown as a pressure against the overall position. There is an exercise to be undertaken which will re-profile what is achievable through this project with a view to setting a realistic target for 2018/19.

4.2.7. The reported position takes into account a transfer of £6.158m from an equalisation reserve and £1.086m transformation investment funded from capital receipts.

4.3. Adults Commissioning: (-) £0.117m underspend: movement (-) £0.066m

4.3.1. The majority of this change relates to vacancies within the Commissioning Team that will not be appointed to permanently this year.

4.3.2. The above position is net of £0.033m which will need to be drawn down from the Carers Earmarked Reserve to fund the Carers Support Worker post.

4.3.3. We estimate that £0.093m will need to be transferred from earmarked contingency to pay for the Local Assistance Scheme programme costs.

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5. Public Health: (-) £0.553m underspend

5.1. The Public Health budget is made up of two elements. The ring fenced Public Health Grant (£21.270m) which is projected to be fully spent, and £1.094m of Somerset County Council funding. This element is projected to be underspent by £0.553m.

6. Economic and Community Infrastructure Services (ECI): (-) £0.511m underspend: movement (-) £0.224m

6.1. Overall ECI services are showing an underspend of £0.511m (0.80% of the total budget) which is largely due to SCC's contribution to the Somerset Waste Partnership. Waste tonnages continue to be lower than budgeted, with an estimated end of year underspend of £0.795m.

6.2. Other services therefore are overspent by £0.284m (0.45% of the total budget). This is an improvement of £0.283m since Quarter 2. Partly this has been achieved by reviewing staffing budgets and vacancies within services and also by reviewing one-off balances such as commuted sums. Senior officers are reviewing all expenditure across these services in order to determine if further expenditure can be stopped or delayed.

6.3. Within the current forecast there are still risks around waste tonnages, concessionary fares, winter and emergency maintenance. An emerging pressure is around transport costs. There is significant inflation in these services, and further costs pressures with the closure of another local bus operator.

7. Corporate and Support Services: (+) £1.384m overspend: movement (-) £0.423m

7.1. Corporate Affairs (-) £0.121m; movement (-) £0.119m

The Customers and Communities budget line is projected to be underspent by £0.121m as a result of surplus income and savings. The main element of the underspend is within the Community Invest-to-Save budget which assumes no further spend before year-end.

7.2. Commercial and Business Services

7.2.1. **Commercial Procurement and Contract Management: (+) £1.226m overspend; movement (+) £0.004m**

Some of the MTFP savings aimed at reducing third party and agency expenditure have not been possible given the market and service requirements/ This has led to an overspend which effectively should sit across the whole council spend but has been allocated against this budget. Work is ongoing to identify where savings will fall against this cross-cutting target. Staff vacancies in Commercial Contract Management and Procurement have resulted in a forecast underspend of £0.139m.

The Building Schools for the Future (BSF) budget is projected to be underspent by £1.159m. This report assumes this amount will be transferred to the earmarked BSF Equalisation Reserve at year-end as planned.

7.2.2. **Core Council Programme (Including Business Change): (+) £1.173m Funding Requirement; movement (-) £0.115m**

The capital receipt flexibility funding requirement for the Core Council Programme is now projected to be £1.173m. This is a reduction of £0.115m from Quarter 2. This movement is mainly due to vacancy savings from staff Also, £0.095m of the £0.100m projected for the County Plan Vision Volunteers work is now not expected to be spent.

7.2.3. **Strategic Property: (+) £0.161m overspend; movement (+) £0.137m.**

Strategic Property are forecast to be overspent by £0.161m in total, an increase of £0.137m from the previous quarter. £0.081m of income from Broughton House and Dimensions Somerset rent will not now be realised. There are further projected overspends amounting to £0.102m in the Land Management account and Commercial Properties areas, and a £0.050m overspend following an increase in County Hall rates. These are offset by a projected underspends in Estates and Energy of £0.065m and in Property General of £0.006m.

Costs in 2017/18 relating to the BMIS R&M scheme are forecast to result in a £0.321m overspend. The forecast assumes that this projected overspend will be transferred to the earmarked reserve at year end.

The Corporate Repairs and Maintenance budget is projected to be overspent by £0.306m. The cost of providing the service has risen since the introduction of the single contractor. This is partly due to an increase in a higher number of assets being recorded, and being included in the contract, resulting in an increase in costs The forecast assumes that this projected overspend will be transferred to the earmarked reserve at year end.

7.2.4. **HR and OD: (-) £0.146m underspend; movement of (-) £0.146m**

HR and OD is forecasting an underspend due to vacancy savings, a revised projection of income from payroll and an increase in the take-up of purchased annual leave.

7.2.5. **Strategic ICT: (+) £0.218m overspend; movement (-) £0.308m**

There is currently a projected overspend on staff costs. Work is continuing to review the cost of ICT contracts which are above budget following the return of the service from SWOne.

7.2.6. **Finance and Performance**

Finance: (+) £0.090m overspend; movement (+) £0.019m

Despite holding some vacancies at present, Finance has an overspend on salaries in this financial year.

8. Non-Service Items: (-) £10.449m underspend: movement (-) £1.903m

8.1. At quarter 3 of the financial year, the s151 officer takes a view on the use of the contingency budget and assesses the need to allocate it against known pressures. Some of the budget has had to be used against the outcome of the pensions dispute with SWOne, which resulted in a final end-of-contract payment of £1.213m. It is requested that the uncommitted contingency balance of £5.888m is transferred to Children's Services to support the additional spend in that service area.

8.2. Central Redundancies: (+) £0.145m; movement (-) £0.000m

Current estimates for the costs of central redundancies, arranged in 2017/18 to-date, come to £1.482m. An extrapolation of costs for the remainder of the financial year suggests a further £0.662m, pushing costs over the £2.000m budget by £0.145m. This budget is volatile and depends upon other MTFP decisions and their timing.

8.3. Sustainable Transformation Programme (STP): (+) £0.195m overspend; movement (-) £0.035m

Costs incurred by SCC as part of the delivery of the STP will be funded from the Non-Service part of the budget. Projected year-end costs are now £0.195m, £0.035m lower than the Quarter 2 projection.

8.4. Use of Reserves: (-) £1.958m underspend; movement (-) £1.958m

Due to the overall overspend position of the authority, we have reviewed earmarked reserves once again to see if any of these reserves are no longer needed. It is requested to transfer £1.958m from the revenue backed Capital

Fund and other earmarked reserves to ease the impact on the General Reserve at year end and there should be no impact elsewhere in doing this.

9. Trading Units

Trading Units have a net nil budget. Any underspend is described as a surplus and any overspend as a deficit on the trading account.

9.1. Support Services for Education: (-) £0.211m surplus; a movement of (-) £0.009M

Minor variances make up the movement of £0.009m.

9.2. Dillington House: (+) £0.166m deficit; a movement of (+) £0.025m

Dillington has been unable to secure as many weddings this year due to a very competitive market. Compared to 2016/17 we are 20 weddings down which has had a major impact on income. The National Minimum Wage legislation has impacted on our staffing budget. Dillington will continue to review expenditure and make any savings possible between now and the end of the financial year to reduce the forecasted deficit.

10. Aged Debt Analysis

10.1. As at the end of November 2017, the outstanding debts over 90 days old totalled £4.592m or 52.66% of gross debt outstanding. By way of comparison, the percentage of debt over 90 days old in November 2016 was 21.86%. The aged debt profile is not at an acceptable level and we will need to purge this old debt quickly so that our usually excellent record on collecting over 99% of debt is maintained.

10.2. Services' total outstanding debt relating to external income on the Accounts Receivable system stood at £8.720m on 30 November 2017, (November 2016 £7.873m).

10.3.

Service	Not o/due	0-30 Days	1-3 Mths	3-12 Mths	12+ Mths	Total
	£m	£m	£m	£m	£m	£m
Adults & Health Comm.	0	0.044	0.010	0	0.126	**0.180**
Adults & Health Ops	0.092	0.414	0.486	0.554	0.202	**1.749**
Business Development	0.024	0.383	0.038	0.093	0.049	**0.586**
Customers & Communities	0	0.061	0	0.056	0	**0.117**
Children & Family Ops	0.001	0.098	0.001	0.513	0.007	**0.620**
ECI Comm.	0.003	0.002	0.004	0.002	0	**0.010**
ECI Ops	0.748	0.411	0.410	2.542	0.195	**4.306**
Schools & Early Years	0.030	0.009	0.007	0.010	0.006	**0.063**
Finance & Performance	0.004	0.128	0.055	0.002	0.008	**0.197**
Children & Learning Comm.	0.199	0.040	0.012	0.187	0.005	**0.442**
LD Ops	0.013	0	0	0.017	0.011	**0.041**
Support Services for Education	0.006	0.193	0.195	0.005	0	**0.400**
Public Health	0	0	0.008	0	0	**0.008**
Total £m	**1.120**	**1.783**	**1.225**	**3.981**	**0.611**	**8.720**
Total %	**12.84**	**20.45**	**14.05**	**45.66**	**7.00**	**100.00**

Total Debt Analysis

	Net Debt £m
November 2016	7.873
November 2017	8.720

10.4. Aged Debt – Service Commentary

10.4.1. **Adults and Health: £1.970m**

There is currently £0.920m of outstanding debt over 90 days old across all Adults services, which is a reduction of £0.293m from quarter two. £0.487m of this debt is with NHS partners relating to CHC contributions and the joint finance agreement. Discussions are on-going with the CCG to bring these disputes to a conclusion and we anticipate the majority of the debt being cleared.

The majority of the remaining £0.433m relates to debt with clients of the service who have been assessed as being able to contribute to their support. These debts are with 122 customers, with the top 11 accounting for half of the outstanding amount. Where appropriate these older debts have been referred to legal services for their assistance with recovery. All other debts are being actively pursued by members of the Adults and Health finance team.

10.4.2. **Children and Learning: £1.062m**

Of the debt over 90 days, 92% relates to contributions due from partner health authorities towards costs of children in specialist provision with therapeutic and health related support. We are awaiting written confirmation of the outcome of recent discussions held with these agencies to resolve the settlement of these debts.

10.4.3. **Corporate and Support Services: £0.900m**

Aged debt 'over 90 days old' totals £0.208m. Larger debts include:-

- Customer Contact £0.056m: this related to the SLA with Taunton Deane BC and has now been paid.
- Property Maintenance £0.074m: these are being actively pursued by the service.
- Other Commercial & Business Services £0.071m.

10.4.4. **Economic and Community Infrastructure: £4.316m**

Aged debt over 90 days old totals £2.739m.

- £2.305m relates to a developer debt in relation to a S106 Agreement and is being actively pursued at Director level
- £0.126m relating to defects following utilities work and is with the recovery team
- £0.077m relates to damage to Highway from oil spillage and has reached legal stage of recovery
- £0.087m relates to Transport debt with Somerset Partnership and is being pursued
- £0.064m relates to other Transport debt with 2 suppliers
- £0.028m represents County Ticket debt which is being pursued by recovery team
- £0.019m also relates to Highways damage and are currently with loss adjusters/insurers
- £0.012m contribution from SSDC towards A30 Highways works
- £0.008m is small value libraries debt and partner contributions for Libraries West Partnership

Remaining £0.013m is small balances across remaining ECI services.

10.4.5. **Public Health: £0.008m**

The debt for Public Health is less than 90 days old and not considered to be at risk of non-recovery.

10.4.6. **Support Services for Education: £0.400**

The increase in the level of debt is due mainly to the raising of termly invoices to schools and academies for services delivered through SSTEP and recoupment of salary costs of staff seconded to other LAs and Universities. Robust processes are in place to ensure these debts are settled within the agreed terms.

11. Delivery Progress of 2017/18 MTFP Proposals

11.1. In February 2017, the Council approved £19.506m of savings proposals and £14.332m of pressures. This section of the report provides an update of the progress towards delivery of the proposals with a RAG status showing the level of risk around delivery (Annex B).

11.2. Savings

As all savings have been taken from service budgets at the commencement of the financial year, the real risk is that service areas will not be able to deliver the full saving and overspend. At this time of year savings are assessed as either delivered or no longer deliverable and the "amber" status is no longer appropriate.

Over 64% of the savings have been classified as having a green status, meaning service directors are confident that these savings will be delivered at the financial impact predicted in proposal documents.

This leaves just over 35% of savings that are no longer deliverable in 2017/18.

12. Consultations Undertaken

12.1. The individual service content within this report has been considered by Service Management Teams prior to submission together with on-going briefings of Cabinet Lead Members.

13. Financial, Legal, HR and Risk Implications

13.1. Financial implications are dealt with in the body of this report, and where decisions are required. There are no other direct implications arising from this paper.

14. Background papers

14.1. County Council – 15 Feb 2017 – 2017/18 Revenue Budget and MTFP
County Council – 15 Feb 2017 – S151 Robustness and Adequacy report
Cabinet – 15 November 2017 – Revenue Budget Monitoring 2017/18 Month 6

Note:
For sight of individual background papers please contact the report author(s):

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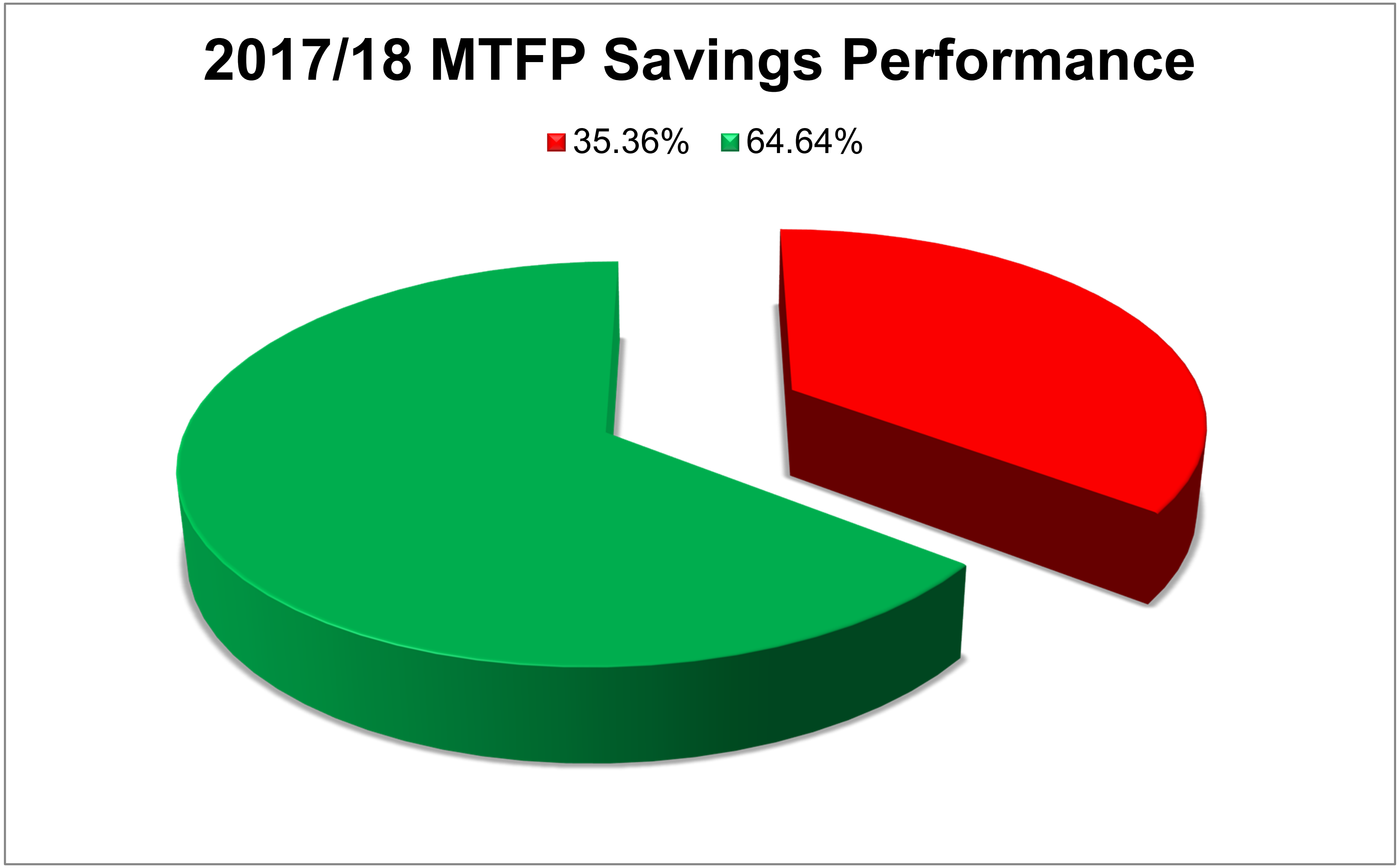
Annex A – Revenue Budget Monitoring – Headline Summary Table

Service	Original Base Budget	Budget Movements	Total Budget Approvals	17/18 Projection	Gross Variance Under (-) / Overspend		Transfers (to) and from Grant / Earmarked Reserves	SCC Variance Under (-) / Overspend		Planned Use of Capital Receipts Flexibility	Forecast Under (-) / Overspend	Movement from Previous Report
	£m	£m	£m	£m	£m	%	£m	£m	%	£m	£m	£m
Adults and Health - Operations	**72.683**	6.237	**78.920**	75.573	**(3.347)**	(4.24)		**(3.347)**	(4.24)		**(3.347)**	**(2.031)**
Children and Families - Operations	**48.749**	(1.286)	**47.464**	62.128	**14.664**	30.90		**14.664**	30.90		**14.664**	**1.588**
Learning Disabilities	**48.183**	2.321	**50.504**	61.952	**11.448**	22.67	(6.158)	**5.290**	10.47	(1.086)	**4.204**	**2.080**
Adults and Health - Commissioner	**14.756**	(7.011)	**7.746**	7.662	**(0.084)**	(1.08)	(0.033)	**(0.117)**	(1.51)		**(0.117)**	**(0.066)**
Children and Learning - Commissioning Central	**18.013**	3.787	**21.799**	26.369	**4.570**	20.96	(2.104)	**2.466**	11.31		**2.466**	**0.174**
Public Health	**1.070**	0.024	**1.094**	0.541	**(0.553)**	(50.54)		**(0.553)**	(50.54)		**(0.553)**	**(0.533)**
ECI Services	**61.655**	2.042	**63.697**	63.186	**(0.511)**	(0.80)		**(0.511)**	(0.80)		**(0.511)**	**(0.224)**
Key Services Spending	**265.109**	**6.115**	**271.224**	**297.411**	**26.187**	**9.66**	**(8.295)**	**17.892**	**6.60**	**(1.086)**	**16.806**	**0.969**
Corporate and Support Services	**25.449**	0.090	**25.539**	28.219	**2.680**	10.49	(0.213)	**2.557**	10.01	(1.173)	**1.384**	**(0.423)**
Non-Service Items (Inc Debt Charges)	**21.214**	(25.733)	**(4.519)**	(14.968)	**(10.449)**	231.20		**(10.449)**	23.20		**(10.449)**	**(1.903)**
Trading Units	**0.000**	0.000	**0.000**	(0.045)	**(0.045)**	(6.528.57)	0.045	**0.000**	0.00		**0.000**	**0**
Support Services and Corporate Spending	**46.663**	**(25.642)**	**21.020**	**13.205**	**(7.815)**	**(37.18)**	**(0.078)**	**(7.892)**	**(37.55)**	**(1.173)**	**(9.065)**	**(2.327)**
Individual Schools Budget (ISB) and Early Years Providers	**0.000**	19.528	**19.528**	7.528	**(12.000)**	(61.45)	12.000	**0.000**	0.00		**0.000**	**0**
SCC Total Spending	**311.772**	**0.000**	**311.772**	**318.144**	**6.327**	**2.04**	**3.627**	**10.000**	**3.21**	**(2.259)**	**7.741**	**(1.358)**

Annex B: Savings Month 8 2017/18

	Value of Approved Saving		Red	Green
Adults and Health - Operations	**764,600**		184,600	580,000
Learning Disabilities - Operations	**4,733,800**		3,066,900	1,666,900
Adults and Health - Commissioner	**727,000**		250,000	477,000
Public Health	**168,500**		0	168,500
Adults and Health	**6,393,900**		**3,501,500**	**2,892,400**
Children and Families - Operations	**18,000**		18,000	0
Children and Learning - Commissioning Central	**3,095,600**	*	1,952,800	1,142,800
Children's	**3,113,600**		**1,970,800**	**1,142,800**
Somerset Waste Partnership	**760,000**		0	760,000
Highways	**800,000**		0	800,000
ECI Other Services	**2,587,400**		65,200	2,522,200
Economic and Community Infrastructure	**4,147,400**		**65,200**	**4,082,200**
Key Services Spending	**13,654,900**		**5,537,500**	**8,117,400**
Commercial and Business Services	**5,677,600**	*	1,359,300	4,318,300
Finance and Performance	**173,600**		0	173,600
Customers and Communities	**0**		0	0
Support Services	**5,851,200**		**1,359,300**	**4,491,900**
Total Services	**19,506,100**		**6,896,800**	**12,609,300**
Percentage			**35.36%**	**64.64%**

* The non-delivery of these savings has been taken into account in the forward budget process


2017/18 MTFP Savings Performance
35.36%
64.64%

ANNEX C

REPORT BY THE DIRECTOR OF CHILDREN'S SERVICES ON CARE PLACEMENT SUFFICIENCY

The sufficiency of care placements overall has continued to deteriorate locally and nationally, being driven both by rising complex needs – including legacy cases in the Somerset context, and significant market difficulties with increasing competition for 'good' provision. Key features include:

- **Prevention & Early Intervention** - there are effective arrangements to manage overall demand for care arrangements, with **the numbers and total cost of children looked after remains below similar local authorities**. In addition to the numbers and proportion of vulnerable families increasing in Somerset, further work is required to address the drivers leading to children coming into care especially a significant increase in children being excluded from school.

The use of residential care and related unit costs is higher (out of county placements and additional costs) than other similar local authorities. This is being driven by:

- **Placement Stability** – too many care placements are breaking down through ineffective care planning at all stages of the process including: assessment of a child's needs based on proportionate understanding of risks; limited placement choice leading to poor matching from the outset of the placement; inconsistent rigour of care planning reviews, and; too often poor planning to reduce placement breakdown.
- **Sufficiency of Foster Placements** – there are insufficient foster parents provided by the Council's internal fostering service and there has been a significant decline in external agency fostering provision available locally to Somerset.
- **Commissioning of the Care Market** – Local and regional commissioning and procurement arrangements are not always delivering maximum value for money in terms of meeting specific children's needs and delivering agreed outcomes. NHS services are not yet good enough to meet all the needs of children in care nor have they historically contributed to specialist placements for children with complex education, health and care needs.
- **Permanency Planning** – where adoption is the plan for a child permanency planning is 'good', however social work practice is not consistent in ensuring that all children in care - especially older children and those with complex needs have an appropriate permanency plan, including where appropriate reunification back to their families.

Sufficiency Plan – there is an established statutory Sufficiency Plan as required by government which is overseen by the Somerset Corporate Parenting Board, key elements of which are being reviewed to address:

A. **Commissioning of the Care Market –** There are a number of actions underway to improve the commissioning of the Somerset care market (including implementing key aspects of the national Narey Review) these include:

    - **Review of Residential Placements** – an urgent review of all residential placements by care provider, is underway, with the aim of maximising value for money and ensuring that there is effective care planning in place.

    - **Support for providers** - Independent care providers need more support to provide sufficient high quality care placements for Somerset children. This includes improved relationships, shared workforce development, and contracts which provide greater certainty and innovation.

B. **Sufficiency of Council Foster Placements** – in addition to improved commissioning of independent fostering agencies, further work is underway to strengthen the Council's fostering service including innovative recruitment and an improved offer of support and benefits.

C. **Permanence Planning –** to support effective permanency planning for all children, specific developments include:

    - **Permanence panel** – reconfiguring the existing panel to ensure there are robust permanence plans for all children. Supported by:

        - **Family Finding –** increased specialist capacity to recruit carers for named children; and,
        - **Kinship Team** - development of a specialist social work team responsible for the assessment and support of family and friends' carers.

    - **Family Solutions** – engaging the wider family through:

        - Enhanced **Family Group Conferencing** to enable families to find their own solutions.
        - **Rapid Response team** - 24/7 adolescent support service for families in crisis
        - **Community Adolescent teams** - adolescent support teams to prevent family breakdown and supporting the return of children home from care.

D. **Placement Stability –** work is underway to improve care planning practice, with more effective: monitoring and assessment of the stability of care placements, earlier placement stability meetings and plans, and ensuring support from partner agencies is in place.
