



Meeting	Board
Date	Wednesday, 01 July 2020
Title of report	Finance Report
Purpose	For information
Public/private report	Public
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KEY POINTS

- While the overall forecast position remains in line with our spending plans, there will be significant movements within the budget.
- The disruption of Covid-19 has not caused any substantial delay of spend that will flow in to the following financial year. The need to increase workforce capacity will undoubtedly create ongoing spend if work is to continue to be allocated in a safe and sustainable manner.

1. AIM AND PURPOSE

- 1.1 To provide an update on the in year and forecast positions for the current financial year.

2. BACKGROUND

- 2.1 Our management accounts at the end May 2020 show spend currently running below the budgeted level by £0.7m. Of this, £0.6m relates to the Operational Area budget and is the effect of a reduction in Travel and Subsistence spending (£0.4m) and staff costs (£0.3m). The latter arises from the assumptions in the budget profile of new starters joining but offset by the extension of agency social workers to manage current capacity and demand.
- 2.2 The forecast position for the full year is an overspend of £0.5m compared to the shortfall on grant allocation of £0.6m reported to the previous Board meeting. A prudent approach has been taken in making assumptions about patterns of spending in line with current Covid-19 lockdown arrangements.
- 2.3 As these are eased spending in areas such as those currently underspending will start to pick up but are unlikely to rise to the budgeted level. However, maintaining and increasing workforce capacity is critical to keep workloads for individual practitioners manageable and the Executive Team are considering carefully what that means.
- 2.4 A summary of the year to date position and forecast position is set out here, with commentary on the latter below.

£'000

Budget April to May 2020	21,086
Actual spend April to May 2020	(20,313)
Underspend after two months, carried forward	772
Budget June to March 2021	121,134
Forecast spend June to March 2021	(122,440)
Outturn variance for financial year	(533)

- 2.5 Work is also now underway to prepare a Pay Remit for Ministerial approval. Guidance on a range of increases in remuneration costs has been issued by the Cabinet Office. Consistency with the MOJ position is expected but is as yet unknown.

3. KEY STRATEGIC AREAS TO CONSIDER

- 3.1 The ability to forecast spending patterns will attract considerable uncertainty for some time into this financial year. The initial response to Covid-19 had a dramatic impact on some areas of spend, such as travel costs.
- 3.2 These are unlikely to recover to budgeted levels for some months, if ever. There are however significant risks around capacity within the workforce in particular our social workers and their line managers.
- 3.3 New referral levels are consistent with pre lockdown levels but there is a large backlog that is trickling through but may speed up as additional court and judicial capacity comes on line. The impact of continuing school closures and shielding are imposing limits on the capacity of our existing staff so we will need to invest in substitute capacity as well as additional resource to manage workloads for the remainder of the current year at least.

4. IMPACT ON CHILDREN AND YOUNG PEOPLE

- 4.1 The delivery of safe, high quality and timely services remains a priority for service delivery. In order to achieve this, a budget plan is needed that is sufficient in size and appropriately allocated across functions and geographic areas to ensure resources are available to support service delivery.

5. FINANCIAL ANALYSIS

- 5.1 The financial implications of this paper are contained in the main body of this report.

6. RISK ANALYSIS

- 6.1 General risks associated with the in-year and future year financial positions are discussed within the Strategic Risk Register, considered elsewhere on the agenda today. In particular, we assess the risks relating to the availability of grant funding and its sufficiency within the current and future financial years. Continuing increases in demand always create financial pressures through the need to manage practitioner workloads and the quality of work. The rising stock of open cases is adding further pressure to already stretched capacity.

7. DIVERSITY ANALYSIS

- 7.1 Ensuring Equality and Diversity are central to all our work remains a key operational priority. In much the same way as ensuring the objectives of benefits for children are met through financial planning and management, so the active management of spending against a properly constructed budget will help ensure an equitable distribution of resources to enable equality of access to services.

8. ACTION REQUIRED

8.1 The Board is asked to **NOTE** the report.