



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Resources

LEAD OFFICERS: Director of Finance and IT

DATE: 10 August 2017

**PORTFOLIO/S
AFFECTED:** All

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: CORPORATE REVENUE BUDGET MONITORING REPORT QUARTER 1 - 2017/18

1. EXECUTIVE SUMMARY

To report the overall revenue financial position of the Council, highlighting any significant issues and explaining variations in the first quarter of the financial year.

2. RECOMMENDATIONS

The Executive Board is asked to approve:

- the portfolio cash limit adjustments outlined in Appendix 1.
- the Earmarked reserves position shown in Appendix 2
- the variations to revenue expenditure, as listed in Section 6, giving rise to a forecast balance of £6.192 million in the unallocated General Fund revenue reserve at 31st March 2018.

3. BACKGROUND

All portfolios are required to examine their revenue budget position on a monthly basis. Regular reports are submitted to Executive Board for review along with a final report, detailing the financial outturn position.

4. KEY ISSUES & RISKS

a) Actual revenue expenditure at 30th June 2017 in relation to cash limited budgets across all portfolios was £23.151million, which is 22.56% of the current budget. Further details relating to the financial position of each portfolio are outlined in Section 6.

b) General Fund unallocated reserves are forecast to be £6.192 million at 31st March 2018 based on information available at this point in time.

c) Based on the information currently available, Earmarked reserves available for discretionary use within the Council are forecast to be £15.445 million at 31st March 2018 compared with a balance of £13.874 million at 31st March 2017, with a further £17.282 million of other reserves held mainly in relation to schools.

5. POLICY IMPLICATIONS

The information contained within the report accords with the three year budget forecast within the Medium Term Financial Strategy 2017-20, as approved at Finance Council on 27th February 2017.

6. FINANCIAL IMPLICATIONS

6.1 CASH LIMITS AND REVENUE EXPENDITURE

6.1.1 Revenue Budget Overview

Given the scale of the financial challenge faced, throughout the course of 2016/17 Executive Members and Officers continued to review all services and worked to develop options to deliver budget reductions as part of a £15.0m savings programme.

The budget for 2017/18 and the Medium Term Financial Strategy (MTFS) reflected these savings, as well as the other measures taken to address reductions in funding. The implementation of the savings programme within the challenging timescales set, and delivering this in the face of further increases in demand and demographic pressures, will be critical to balancing the revenue account this year.

6.1.2 Performance Against Cash Limits

Appendix 1 details the portfolio cash limits approved by the Executive Board in February 2017 together with the details of the adjustments recommended to the Board for approval in this report. These include:

- budget virements (transfers) between portfolios
- transfers from Earmarked reserves to support spending on specific schemes for which these reserves were established
- transfers from Unallocated reserves to support budget pressures
- transfers from contingencies
- transfers from Earmarked reserves in respect of grants / contributions and other budgets approved for carry forward from 2016/17

The principle issues for each portfolio are as follows:

Health & Adult Social Care

At this early point in the year, the HASC portfolio is reporting significant pressures consistent with the trend experienced last year. The Government has allocated additional funding for adult social care from 1st April 2017 via the Improved Better Care Fund (iBCF). Initial allocations of the fund were issued through the Core Spending allocations to local government; for Blackburn with Darwen, the initial allocation was £717,000 in 17/18 which was included in the Medium Term Financial Strategy approved at Finance Council on 27th February 2017. Further allocations were subsequently announced in the Chancellor's Spring Budget, increasing the total funding for iBCF for Blackburn with Darwen to £4.307 million in 2017/18, i.e. an increase of £3.590 million.

This funding is paid directly to all Local Authorities with adult social care responsibilities who must meet the grant conditions as part of locally agreed plans through the Better Care Fund pooled budget.

The grant must be spent on adult social care and used for the purposes of:

1. Meeting adult social care needs
2. Reducing pressures in the NHS – including provision of support to more people to ensure they can be discharged from hospital when they are ready
3. Stabilising the social care provider market

The Council and Blackburn with Darwen CCG have been working together with health and adult

social care colleagues across Pennine Lancashire, and indeed across the wider county, to develop proposals to address the requirements of iBCF. The additional funding of £3.590 million in 2017/18 is planned to be allocated as follows:

- £500k - investment to reduce pressures in the NHS through a reduction in delayed transfers of care from hospital to the community and in enhancements to the 7 day integrated discharge service
- £205k - investment to address the increase in the number of reviews required following changes to the deprivation of liberty legislation
- £80k – investment to increase capacity within the Integrated Neighbourhood Teams
- The remaining £2.8 million will be used to address the pressures in adult social care arising from service demand and from fee uplifts to stabilise the provider market, as identified in the budget setting process in February 2017 and which have continued into this financial year

Given the ongoing demand pressures across the social care system, the Council will also maintain a specific Earmarked reserve established to be used to meet the impact of increases in demand for social care, complexity of need and in the stabilisation of the social care market.

This additional funding however is non-recurring as it reduces to £2.186 million in 2018/19, reducing again down to £1.081 million in 2019/20, beyond which date we have no indication as to whether it will continue; the costs to which the funding must be applied however are recurring as the forecasts and projections on demand and demographic pressures illustrate.

Alongside these pressures, the portfolio also has some difficult savings targets to deliver this year in relation to day care services and supporting people as agreed by Policy Council in December 2016. The forecast outturn does not take into consideration the pressures arising from any delay in implementation (or unrealised) efficiency targets. Forecasts will be refined and presented as we progress through the year as more specific information becomes available.

Public Health

Budget transfers into the portfolio have been requested for grant funding brought forward from 2016/17 in respect Public Health grant (£87,600) and Transforming Lives grant (£93,000) to reflect the slippage of the spend profile in 2016/17.

Children's Services

In line with 2016/17, the portfolio has identified cost pressures for the year ahead due to increasing social work caseloads in respect of vulnerable children, combined with increasing expenditure on commissioned placements and special guardianship orders. Whilst the majority of these costs were contained in 2016/17 through other savings achieved in the portfolio, in line with the delivery of the savings programme, many of these savings have now been removed from the budget thereby reducing the ability to mitigate the difficult financial position.

These, and other areas of the budget, are being closely monitored and will be refined as further information becomes available over the coming months. However it is clear at this point that increasing costs, the removal of those savings that had been available in previous years and with a challenging savings programme to be delivered, it will be a difficult financial year for the portfolio; approval therefore is requested to release the £800k of contingencies set aside for this purpose during the budget setting process and to transfer £1.100 million from the Complex Needs and Transition reserve.

Further to the Executive Member (Children's Services) Decision report in June 2017, the portfolio is requesting a cash limit increase from Unallocated reserves of £166,700 to meet the costs of an extension to the contract with a specialist company for the provision of additional short-term social work resource for an additional period of 8 weeks (up until the middle of September 2017); this is to deliver a managed social work service focussing on children subject to Child in Need plans.

Environment

The portfolio has now delivered all of the savings allocated as part of the Council's savings programme and at this point in the year is forecasting a breakeven position at outturn. The main pressure faced is in respect of the Household Waste Recycling contract which has been through a recent tender exercise; unfortunately conditions in the market have led to an increase in price. Whilst budget uplift was provided in 2017/18 for increases in tonnage and inflation, this does not fully cover the amount of the price increase; the portfolio will look to contain the pressure however within existing budgets over the course of the year.

Leisure, Culture and Young People

A request is made to transfer £122,800 out of Earmarked reserves into the portfolio cash limit, as itemised in Appendix 1, in respect of specific grants and budgets carried forward from 2016/17, as reported in the 2016/17 Revenue Outturn report approved by Executive Board in July.

Cost pressures have been identified for the year in relation to delivery of the savings programme however the portfolio is trying to contain these within the existing cash limit budget.

Neighbourhoods & Prevention

The Neighbourhoods and Prevention portfolio are requesting a total transfer from Earmarked reserves into their cash limit budget of £230,100, as detailed in Appendix 1, in respect of specific grants and budgets brought forward from 2016/17 as reported in the 2016/17 Revenue Outturn report approved by Executive Board in July.

The portfolio has now completed the work to deliver their specific elements of the wider Council savings programme although in doing so there may be some costs that fall into 2017/18 with a part year effect; every effort will be made to contain these within existing budgets.

Regeneration

The portfolio is requesting a cash limit increase from Earmarked reserves of £75,000 in order to meet the revenue costs associated with the implementation of the new Property IT system; this amount was carried forward from 2016/17 for this purpose as reported in the 2016/17 Revenue Outturn report approved by Executive Board in July.

The portfolio ended the 2016/17 financial year with an overspend against the cash limit budget of £325,000; a thorough financial review is being undertaken and options and proposals are being explored and developed to address these pressures. The outcome of this work will be brought to the Executive Board meeting in October/November 2017.

Resources

The portfolio is requesting a cash limit increase from Unallocated reserves of £73,000 to address and support the increase in workload in the Legal Services Social Care Team due to the increase in Children Social Care cases and in respect of Deprivation of Liberty (DoLs) renewals in Adult Social Care.

Cash limit increases are also requested from Earmarked reserves totalling £60,000, as itemised in Appendix 1, relating to resources carried forward from 2016/17.

Schools & Education

Cost pressures have been identified for the year in relation to delivery of the savings programme however the portfolio is trying to contain these within the existing cash limit budget.

Dedicated Schools Grant / Schools Block

Services in Schools & Education (DSG) are currently predicted to spend the funding available in

2017/18 through the Dedicated Schools Grant and Pupil Premium.

Schools and Education funding from DSG is monitored by the Schools Forum and reports are considered on a regular basis.

Business Support and Procurement Workforce Review

The Medium Term Financial Strategy was predicated on a savings programme which included delivery of the Workforce Review Programme over a three year period. Following completion of the Business Support and Procurement workforce reviews, virements are now requested between portfolios to reflect the organisation of the future staffing structure and delivery of the contribution to the savings programme in the year. The details of these virements are outlined in Appendix 1.

6.2 General Fund Unallocated Reserves

	£'000
Unallocated reserves as per Executive Board Report July 2017	6,189
Transfers from Unallocated reserves	
To Resources Portfolio re: increase in caseloads in Legal Services Social Care Team	(73)
To Children's Services Portfolio re: provision of additional short-term social work resource	(167)
Transfers to Unallocated reserves	
Savings in respect of interest and debt repayment budgets	243
Forecast balance on Unallocated General Fund reserves at 31 March 2018	6,192

6.3 Earmarked reserves

The level of Earmarked reserves held for discretionary use by the Council at 30th June 2017 is currently expected to increase to £15.445 million compared with the outturn position of £13.874 million as at 31st March 2017.

Summary of movement	£'000
Balance of reserves at 31st March 2017 as reported to Executive Board July 2017	13,874
Release to portfolios of grants and budgets carried forward from 2016/17 into 2017/18 (incl in Appendix 1)	(669)
Support to 2017/18 budget from Earmarked reserves as agreed at Finance Council on 27 th February 2017	(500)
Increases to/establishment of Earmarked reserves agreed as part of the 2017/18 budget setting process	2,073
Utilisation of Complex Needs and Transition Reserve within Children's Services	(1,100)
iBCF as notified in Chancellor's Spring Budget	3,590
Allocation of iBCF in respect of investment and support for demand and market pressures	(3,590)
Transfer to social care future demand earmarked reserve	1,767
Balance of reserves at 30th June 2017	15,445

Other earmarked reserves, largely in respect of schools, are currently held of £17.282 million.

Details of the requested application of reserves are outlined in Section 6.1.2 of the report (above) and in Appendices 1 and 2.

7. LEGAL IMPLICATIONS

The Council has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

8. RESOURCE IMPLICATIONS

None.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	V4
-----------------	-----------

CONTACT OFFICER:	Simon Ross (Ext 5569) Julie Jewson (Ext 5893)
-------------------------	--

DATE:	31st July 2017
--------------	----------------

BACKGROUND PAPER:	N/A
--------------------------	-----