



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Resources

LEAD OFFICERS: Director of Finance and IT

DATE: 08 February 2018

PORTFOLIO/S AFFECTED: All

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: CORPORATE REVENUE BUDGET MONITORING REPORT QUARTER 3 - 2017/18

1. EXECUTIVE SUMMARY

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

2. RECOMMENDATIONS

The Executive Board is asked to approve:

- the portfolio budget 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 £6.119 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 31st December 2017 in relation to controllable budgets across all portfolios was £77.449million, which is 68.61% 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 £6.119 million at 31st March 2018 based on information available at this point in time.

c) Again, based on current information, earmarked reserves available for discretionary use within the Council are forecast to be £9.622 million at 31st March 2018 compared with a balance of £13.874 million at 31st March 2017, with a further £15.482 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 CONTROLLABLE BUDGETS AND REVENUE EXPENDITURE

6.1.1 Revenue Budget Overview

As at 31st December 2017, the Council is facing financial pressures and is forecasting an overspend of approximately £326,000. This position is based on current levels of expenditure and after having reflected the requests for funding from reserves as detailed below.

6.1.2 Performance Against Controllable Budgets

Appendix 1 details the portfolio controllable budgets approved by the Executive Board in November 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 Contingency to support budget pressures
- transfers from Earmarked reserves to directly fund expenditure relating to grants / contributions and other budgets carried forward from 2016/17 for this purpose

In addition, a corporate budget adjustment has been made to realign insurance budgets across all portfolios to centralise all insurance premium costs within the Resources portfolio, having retendered the service back in March 2017.

The principal issues for each portfolio are as follows:

Health & Adult Social Care

Transfers of £367,000 from the earmarked reserve for demand pressures and £500,000 from the contingency held for Adults Commissioning inflationary cost pressures are requested. These transfers will support the pressures on commissioning and meet the increasing costs of care packages across all client groups this year; this should bring the portfolio to a breakeven position at the year end.

A break even position is reported in respect of Public Health services

Children's Services

As previously reported to and discussed at Executive Board and Overview & Scrutiny Committee, there continue to be significant demand-led cost pressures in Children's Services and transfers of £2.5M from the earmarked reserves established for this purpose are now requested, being £1.883M from the Complex Needs and Transition reserve and £617k from the earmarked reserve for demand pressures.

A transfer of the £250,000 that has been held to date in contingency is also requested to cover the costs of the agreed extension to the social work contract with Skylakes through to September 2017, along with the transfer of £73,300 from the part year effect reserve in respect of the slippage from 16/17 to which this relates.

Environment

The portfolio is looking to contain cost pressures largely related to waste management costs within the existing budget and as such is currently predicting to breakeven at the year end.

Leisure, Culture and Young People

The portfolio has highlighted three cost pressures that it is trying to contain within the current budget:

- Workforce Review – A savings target of £138,000 will not be delivered in this financial year
- Shadsworth Leisure Centre – further to recent reports on the centre, there remains a cost pressure of £145,000 in the current financial year
- Daisyfield Pools – although this site has been the subject of an asset transfer, operational costs of £43,000 remain within the portfolio.

A request to transfer £25,000 from unallocated reserves is also made by the portfolio to support the 2017/2018 Festival of Making.

Neighbourhoods & Prevention

The portfolio is currently predicting to breakeven at the year end.

Regeneration

As previously reported to the Executive Board, the portfolio is facing significant pressures and a transfer of £1.088 million is requested from reserves:

- £500,000 to address demand pressures on the Highways budgets
- £347,000 to address cost pressures and a shortfall in income across the Market and Bus Station sites
- £76,000 to address winter maintenance demand pressures
- £50,000 for the agreed corporate support for the Making Rooms
- £115,000 from the slippage reserve in respect of public transport and business centres

Resources

A request is made for a transfer of £80,000 from unallocated reserves in relation to a settlement paid from the legal budget. In addition, request is also made to utilise the Strategic Partnership Reserve to fund the final costs of the support provided for the implementation of the new strategic partnership of £44,500 and for £44,900 to fund the costs of early retirement/voluntary redundancies in the portfolio in the third quarter of the year as part of the workforce review programme. After these adjustments, the portfolio is forecasting a breakeven position at the year end.

Schools & Education

The portfolio is reporting pressures on the SEN Transport budget however it is anticipated these can be managed within the portfolio in this financial year. Therefore the portfolio is forecasting a break even position at 31 March 2018.

Additional funding of £24,200 has been received in respect of extended rights to free travel, a budget increase is therefore requested for this.

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.

6.2 General Fund Unallocated Reserves

	£'000
Unallocated reserves as per Executive Board Report November 2017	6,224
Transfers from Unallocated reserves	
Re-imburement of settlement paid through Legal Services budget	(80)
Festival of Making	(25)
Forecast balance on Unallocated General Fund reserves at 31 March 2018	6,119

6.3 Earmarked Reserves

The level of Earmarked reserves held for discretionary use by the Council at 31 December 2017 is currently expected to reduce to £9.622 million at 31st March 2018 compared to £13.874 million at the same point in 2017.

Summary of movement	£'000
Earmarked reserves available for discretionary use as per Executive Board Report November 2017	11,972
Support for short term provision of social work resource – slippage from 16/17	(73)
Utilisation of Developers Contributions (S106 income) to support revenue budgets	(32)
Strategic Partnership Support	(45)
Support for redundancy and pension strain costs in quarter 3	(45)
Support to fund Children's Services portfolio demand pressures	(2,500)
Support to fund Adult Social Care portfolio demand pressures	(367)
Support to fund Regeneration portfolio demand and cost pressures	(1,088)
Transfer from Other Earmarked Reserves	1,800
Forecast balance on Earmarked reserves available for discretionary use at 31 March 2018	9,622

Other earmarked reserves, largely in respect of schools, are currently held of £15.482 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.

6.4 Contingencies

There is currently a pressure of £840,000 identified in contingencies, this will be addressed in the budget strategy.

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:	V 3
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DATE:	29 th January 2018
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BACKGROUND PAPER:	N/A
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