



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Resources

LEAD OFFICERS: Director of Finance and Customer Services

DATE: 9 August 2018

PORTFOLIO/S AFFECTED: All

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: CORPORATE REVENUE BUDGET MONITORING REPORT QUARTER 1 - 2018/19

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 balance of £5.935 million in the unallocated General Fund revenue reserve.

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 2018 in relation to cash limited budgets across all portfolios was £22.045 million, which is 19.68% of the current budget. Further details relating to the financial position of each portfolio are outlined in Section 6.

b) Subject to Executive Board approval of the proposed adjustments, General Fund unallocated reserves are £5.935 million at 30th June 2018 compared to the minimum level of unallocated reserves agreed at Finance Council in February 2018 of £4.0 million.

c) Based on the information currently available, Earmarked Reserves available for discretionary use within the Council are £12.334 million at 30th June 2018 compared with a balance of £13.107 million at 31st March 2018, with a further £12.593 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 2018-21, as approved at Finance Council on 26th February 2018.

6. FINANCIAL IMPLICATIONS

6.1 CASH LIMITS AND REVENUE EXPENDITURE

6.1.1 Revenue Budget Overview

In light of the Local Government Finance Settlement for 2018/19 and the financial constraints on the authority, the Leader and the Executive Members continue to work with Officers to review the allocation and use of resources including continued review of all expenditure and income budgets, of contractual commitments and property holdings and the implementation of savings plans, set within the context of the Council's statutory responsibilities and corporate priorities.

A balanced budget for 2018/19 was approved at Finance Council on 26th February 2018. This was predicated on estimates and assumptions that are not without risk;

- Risk that the forecast and provisions for demand are outstripped
- Risk that the expected income streams are not realised
- Risk that the use of strategic reserves may not be possible

These pressures, savings and risks will be continuously monitored throughout the financial year and reported to Executive Board.

6.1.2 Performance Against Cash Limits

Appendix 1 details the portfolio cash limits approved by the Executive Board in February 2018 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 2017/18

The principle issues for each portfolio at the end of the first quarter of the year are as follows:

Health & Adult Social Care

At this relatively early stage in the year, on the basis of the information available and current demand levels, spend for the Adult Social Care portfolio in 2018/19 is anticipated to be around £485k over budget. Early monitoring indicates increased demand pressures in the area of external commissioning budgets which is a continuation of the significant pressures the portfolio faced in 2017/18 due to increased activity and the increased cost of care packages.

The majority of these pressures were mitigated last year by the agreed allocation from the Improved Better Care Fund (iBCF), along with transfers from the Social Care Demand reserve and contingency held within the 2017/18 budget for inflationary cost pressures. In 2018/19 however, the iBCF allocation and funding for inflation have already been included within the base budget for the portfolio

to address the increasing demand and increased costs of care arising from the National Living Wage.

Detailed reviews of all budget lines are undertaken throughout the year and the impact of fluctuating demand will be monitored. It should be noted, however, that the current forecast does not make any provision for the financial risk and financial impact of;

- transitions from Children's to Adult Services,
- Transforming Care service users discharged from hospital or
- short term costs arising from the implementation phase of our newly developed supported living schemes and Extra Care schemes.

The forecast does however include transfer of £600,000 from the original Better Care Fund (BCF) contingency budget as agreed at the Joint Commissioning and Recommendations Group (JCRG) which oversees the allocation and monitoring of the Better Care Fund resources.

Public Health

Public Health is projected to breakeven in 2018/19 based on the position at the end of the first quarter of the year. The Executive Board is asked to approve the transfer of £215,500 from the Public Health Grant brought forward from 2017/18 within Earmarked reserves to meet budget commitments in the year. In addition, the budgets have now been re-profiled and £425,600 can be released from within the specific element of the 2018/19 contingency budget established for this purpose.

Children's Services, Schools and Education

In 2017/18 the Children's Services portfolio continued to face mounting cost pressures due to increasing social work caseloads in respect of vulnerable children, combined with increasing expenditure on commissioned placements and special guardianship orders. Placement costs significantly increased during the course of 2017/18 predominantly due to changes in the complexity of need for individual children and young people. To address this additional funding was provided in the 2018/19 portfolio budget, and in particular placement services budgets.

The position at the end of quarter 1 is a projected overspend of £776,500 against the cash limited budget. At this early stage of the year it is based on current levels of demand which may fluctuate during the year and pressures on the SEN Transport budget.

The portfolio is currently investigating numerous options to offset the identified cost pressures and in order to contain the full extent of financial pressures that may arise during the year.

Dedicated Schools Grant / Schools Block

As agreed at Finance Council funding has been included in the Children's Services baseline budget to fund the costs of 0-25 year olds complex, high needs and transition cases. The movement in reserves reflects this adjustment.

Environment

The portfolio has highlighted significant cost pressures in relation to waste (£237k) and a shortfall on income (£563k). The income shortfall is non-recurring however and will be addressed as new car parks (e.g. Old Bank Lane and the Brown Street extension) come on line during the financial year. Options to reduce the in-year pressure are currently being developed.

Leisure, Culture and Young People

Cost pressures of £738k across the Leisure Centres and Pools have been identified. Whilst £255k of these pressures are non-recurring, (i.e. those relating to Shadsworth Leisure Centre, Daisyfield Pools and Witton Car Park lighting), the remaining £483k are from staffing and running costs at Blackburn, Witton and Darwen Leisure Centres. Options to address these ongoing pressures are currently under consideration.

Neighbourhoods & Prevention

The portfolio has identified cost pressures of £194,000 arising from potential shortfalls in income in respect of the renewal of the Employability & Health contract, CCTV and temporary housing accommodation. The portfolio is currently looking at options to negate the impact of these pressures including investigation of alternative income streams and rebasing the current income targets.

Approval is sought to transfer £110,000 from unallocated reserves to fund expenditure in respect of the social integration programme across the Council.

Regeneration

Maintenance of the highways and pot hole repairs, following the extended winter that continued into the new financial year, have given rise to a £310k cost pressure on the Regeneration budgets. In addition, running costs and income shortfalls on the Markets have added a further £280k to this. However action has been taken to mitigate most of these pressures through savings identified and by the re-alignment of budgets; as such the portfolio is currently predicting to break even position by the year end.

Resources

The portfolio has identified cost pressures for the year which it is working hard to contain including pressures on the Legal Services budget from the increase in the number of childcare legal cases, and other prosecutions, and to offset the slippage in delivering the final portfolio contributions to the savings programme from the Finance Team. A number of actions are underway to offset this.

6.2 General Fund Unallocated Reserves

	£'000
Unallocated reserves as per the 2017/18 Outturn Executive Board Report (July 2018)	6,055
Transfers from Unallocated reserves	
To Neighbourhoods and Prevention for social integration	(110)
To Resources portfolio	(10)
Transfers to Unallocated reserves	
Balance on Unallocated General Fund reserves at 30 June 2018	5,935

6.3 Earmarked reserves

Taking account of the adjustments highlighted at Appendix 2, the level of Earmarked reserves held for discretionary use by the Council at 30th June 2018 is will decrease to £12.334 million compared with £13.107 million as at 31st March 2018.

Summary of movement	£'000
Balance of reserves at 31st March 2018 (as reported to Executive Board in July 2018)	13,107
Release to portfolios of grants and budgets carried forward from 2017/18 into 2018/19 (incl in Appendix 1)	(743)
Your Call Volunteers – King Georges Hall	(2)
Better Care Fund	(23)
Sc 106 - Chapeltown Play Area	(3)
Sc 106 – Spring Vale Gardens	(2)
Balance of reserves at 30th June 2018	12,334

Other Earmarked reserves, held largely in respect of schools, are £12.593 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

Not applicable.

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:	V1
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CONTACT OFFICER:	Simon Ross (Ext 5569) Julie Jewson (Ext 5893)
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DATE:	31st July 2018
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BACKGROUND PAPER:	N/A
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