



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Resources

LEAD OFFICERS: Director of Finance and Customer Services

DATE: 8 November 2018

PORTFOLIO/S AFFECTED: All

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: CORPORATE REVENUE BUDGET MONITORING REPORT QUARTER 2 - 2018/19

1. EXECUTIVE SUMMARY

To report the overall revenue financial position of the Council, highlighting any significant issues and explaining variations in the second 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 £5.686 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 September 2018 in relation to cash limited budgets across all portfolios was £53.09 million, which is 47.1% 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 £5.686 million at 30th September 2018 compared to the minimum level of unallocated reserves agreed at Finance Council in February 2018 of £4.0 million.

c) Earmarked Reserves available for discretionary use within the Council are £10.919 million at 30th September 2018 compared with a balance of £12.334 million at 30th June 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. All pressures, risks and delivery of agreed savings programmes 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 as at 30th June 2018, as approved by the Executive Board in August 2018, together with details of the adjustments recommended to the Board for approval for the period through to 30th September 2018. 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 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 second quarter of the year are as follows:

Health & Adult Social Care

Budget monitoring, based on current demand levels and information presently available, indicates a break even position for the portfolio by the financial year end 2018/19. Increased demand pressures persist in the 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.

Detailed reviews of all budget heads are undertaken throughout the year and the impact of fluctuating demand is monitored. It should be noted that the current forecast does not make any provision for the financial risk and financial impact of additional costs arising from:

- the transition of individuals 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.

Public Health

Public Health is projected to breakeven in 2018/19 based on the position at the end of the second

quarter of the year.

Children, Young People and Education

The projected net position for the portfolio at the year-end is an overspend of £1.190 million based on current levels of demand, the delivery of planned savings and other mitigation. The projections of final spend do not take into account any further increases in demand and the potential for any new placement costs between now and the end of the financial year.

Whilst there are variances across all budget codes, the largest variations are seen in Family Group Conferencing, Assessment and Safeguarding, Early Years, SEN Transport, Special Guardianship Orders and a shortfall against the Adolescent Review savings target. These are currently being offset to a degree by an underspend on the Foster Care Payments budget.

Dedicated Schools Grant (DSG) / Schools Block

Services in Schools & Education (DSG) are currently forecast to spend the funding available in 2018/19 through the DSG and Pupil Premium.

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

Environment

The portfolio is predicting an overspend of £1.229 million; in the main this comprises of a shortfall against income budgets of £731,200 and a pressure of £588,900 on waste related budgets arising from increases in waste tonnages and the increase in costs following the re-tender of the Household Waste Recycling contract. This is offset by £91,000 of other savings across the portfolio budgets.

Leisure and Culture

Cost pressures of £698,000 across the Leisure Centres and Pools have been identified. Action is being taken to address £135,000 of these pressures in year, leaving an outstanding pressure of £563,000. The portfolio will continue to review the budgets and will work to develop and implement plans to contain costs wherever possible.

Neighbourhood & Prevention Services

The portfolio has identified cost pressures of £129,500 arising from potential shortfalls against income budgets. 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, to ensure a break even position at year end.

Regeneration

Maintenance of the highways and pot hole repairs, has given rise to a £310,000 cost pressure on the Regeneration budgets. In addition, cost pressures and income budget shortfalls on the Markets have also added a further £280,000 to this overspend. Action has been taken to mitigate most of these pressures during the year through savings identified and re-alignment of budgets; as such the portfolio is currently predicting to break even 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 some slippage in delivery of the final portfolio contributions to the workforce review savings programme. A number of actions are underway to offset this, through which the portfolio expects to deliver a break even position at year-end.

6.2 General Fund Unallocated Reserves

	£'000
Unallocated reserves as per the August 2018 Executive Board Report	5,935
Transfers from Unallocated reserves	
Pest control officer – 12 month fixed term contract	(41)
Adjustment to PFI Unitary Charge	(135)
National Living Wage – Early Years	(67)
Adjustment to Pension Deficit budget	(16)
Transfers to Unallocated reserves	
Income released from Balance Sheet	10
Balance on Unallocated General Fund reserves at 30 September 2018	5,686

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 September 2018 will decrease to £10.919 million compared with £12.334 million as at 30th June 2018

Summary of movement	£'000
Earmarked reserves available for discretionary use as per Executive Board Report August 2018	12,334
Release to portfolios of grants and budgets carried forward from 2017/18 into 2018/19 (incl in Appendix 1)	(15)
Transfer to earmarked schemes - Migration Fund Monies	32
To fund ER/VR costs in Neighbourhood & Prevention Services portfolio	(14)
Release of Local Plan Review Grant - Growth Team	(30)
Release of Accommodation and Property Improvements reserve to Griffin Lodge capital scheme already included within the capital programme	(300)
Release of Development Investment Fund reserve to finance the scheme already included within the capital programme	(101)
Release of S106 contributions reserves to finance various Highways capital schemes	(987)
Balance of reserves at 30th September 2018	10,919

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:	V2
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CONTACT OFFICER:	Gaynor Simons (Ext 5635)
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DATE:	29 October 2018
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BACKGROUND PAPER:	N/A
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