

# Agenda Item 68.

<b>TITLE</b>	<b>Revenue Monitoring 2016/17 – September 2016</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 27 October 2016
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director Finance and Resources
<b>LEAD MEMBER</b>	Anthony Pollock, Executive Member for Economic Development and Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Effective management of the Council's finances to ensure Value for Money for council tax payers, tenants and schools.

## **RECOMMENDATION**

The Executive is asked to:

- 1) note the forecast outturn position of the revenue budget and the level of forecast balances in respect of the General Fund, Housing Revenue Account, Schools Block and the Authority's investment portfolio;
- 2) note the potential carry forward requests as per Appendix B.

## **SUMMARY OF REPORT**

To consider the Revenue Monitoring, General fund, Housing Revenue Account, Schools Block and Treasury Management Reports. The Executive agreed to consider Revenue Monitoring Reports on a quarterly basis.

The General fund is forecasting a net overspend of £494,000, Housing Revenue Account a net underspend of £38,000 and Schools Block a net overspend of £341,000.

## Background

### General Fund

The table below shows the expected forecast outturn for 2016/17 by Service. An explanation of the major budget variances are shown in Appendix A.

<b>Revenue</b>	<b>Budget 2016-17 £,000</b>	<b>Forecast Variance £,000</b>
Chief Executives	4,538	(40)
Childrens Services	33,418	250
Health & Wellbeing	44,322	408
Environment	40,921	(90)
Finance & Resources	11,826	(34)
<b>TOTAL</b>	<b>135,026</b>	<b>494</b>

The forecast represents a General Fund net in-year overspend of £494,000.

Material forecast variances include:

#### **Chief Executive net favourable variance (£40,000)**

Material variances identified include Customer Services and Digitisation savings will be achieved through 21st Century Project £140k, offset by insurance premiums (£130k) & salary efficiencies (£50k).

#### **Children's Services net adverse variance £250,000**

The forecast reflects a net increase in Placements £373k, difficulties in recruiting Social Workers has led to retention of interims; recruitment & retention strategy in place to review current balance of structure £173k. Offset by ongoing service initiatives and escalation of efficiency programmes (£196k) plus external funding of new Shared Services (£100k).

#### **Health & Wellbeing net adverse variance £408,000**

Impact of the continued increase in homelessness within the borough from the last quarter of 2015/16 £200k and £208k continued impact of the care act changes resulting in increased pressures in domiciliary care. Carry forward of £69k identified.

It is looking increasing unlikely WBC will receive funds expected from Department of Health following the Judicial Review of the change in eligibility criteria. Current expectation is the next monitoring report will be seeking a Supplementary Estimate in respect of this.

### **Environment net favourable variance (£90,000)**

There has been a favourable overachievement of income from car parking and developer street naming and numbering (£90k). Carry forward of £320k identified.

### **Finance & Resources net favourable variance (£34,000)**

There are a number of forecasts contributing to the net forecast underspend. These include favourable forecasts resulting from the overachievement of Business rates (£250k) and Shared Legal Services additional income (£40k). These are offset by pressures relating to the Aspire building operational costs £106k, Concessionary Travel increase in both usage & rates £100k; and in line with other Berkshire Authorities reduction in Local Land Charges £60k.

General Fund balances as at 31 March 2017 are projected to be £9.330m. The Statement of General Fund balance is shown in Appendix C.

## **Other Funds**

### **Housing Revenue Account net favourable variance (£38,000)**

The net in-year surplus is due to staffing vacancies.

The indicative Housing Revenue Account (HRA) balance as at the 31st March 2017 is £5,053,000. Shown in Appendix D.

### **Schools Block net adverse variance £341,000**

The net in-year deficit reflects the pressures resulting from Shinfield West School opening a year earlier and additional bulge places required in Woodley £481k, increased costs of pupils at independent special schools £658k. The deficit is partly offset through additional carry forward from 2015/16 net (£1.026m).

The indicative Dedicated Schools Grant (DSG) reserve balance as at 31st March 2017 is £497,000. Shown in Appendix E.

### **Investment Portfolio**

The authority's investment portfolio shows current investments of £55.5m being invested by the Council's External Fund Managers. Shown in Appendix F.

## **Analysis of Issues**

Effective monitoring of budgets is an essential element of providing cost effective services and enables any corrective action to be undertaken, if required. Many of the budgets are activity driven and can be volatile in nature.

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	General Fund £135m	Yes	Revenue
Next Financial Year (Year 2)	To be determined	Yes	Revenue
Following Financial Year (Year 3)	To be determined	Yes	Revenue

<b>Other financial information relevant to the Recommendation/Decision</b>
--

The Council will continue to review cost reduction measures to contain expenditure with the overall budget.
---

<b>Cross-Council Implications</b>
-----------------------------------

None
------

<b>List of Background Papers</b>
----------------------------------

None
------

<b>Contact</b> James Norris	<b>Service</b> Finance & Resources
<b>Telephone No</b> 0782 44 06 992	<b>Email</b> james.norris@wokingham.gov.uk
<b>Date</b> 17 October 2016	<b>Version No.</b> v3