

Agenda Item 92.

TITLE	Revenue Monitoring 2016/17 – December 2016
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	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;
- 3) approve a Supplementary Estimate for Health and Wellbeing in the sum of £722k.

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 £812k, Housing Revenue Account a net underspend of £38k and Schools Block a net overspend of £286k.

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.

Revenue	Budget 2016-17 £k	Forecast Variance £k
Chief Executives	5,011	(40)
Childrens Services	33,474	386
Health & Wellbeing	44,378	1,663
Environment	40,974	(80)
Finance & Resources	11,189	(1,117)
TOTAL	135,026	812

The forecast excluding Supplementary Estimate represents a General Fund net in-year overspend of £812k.

Material forecast variances include:

Chief Executive net favourable variance (£40k)

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 £386k

The forecast reflects a net increase in Placements £410k as well as difficulties in recruiting Social Workers which has led to retention of interims a recruitment & retention strategy is now in place to review the current balance of the structure overall adverse variance of £123k. Home to School Transport increased numbers of Special Educational Needs pupils requiring transport outside of Borough and additional Primary School routes £210k. These movements are offset by ongoing service underspends, initiatives and escalation of efficiency programmes (£207k) plus external funding of new Shared Services (£150k).

Health & Wellbeing net adverse variance £1,663k

Optalis Contract costs £533k. Impact of the continued increase in homelessness within the borough from the last quarter of 2015/16 £200k, new initiatives are underway to contain this adverse pressure. Continued impact of the care act changes resulting in increased pressures in domiciliary care £208k. Following the unfavourable outcome of the Judicial Review of the change in eligibility criteria by the Department of Health resulting in an adverse impact of £722k. The outcome

resulted in the non-receipt of expected budgeted income. The service will seek a Supplementary Estimate in respect of this.

A carry forward of £69k has been identified in respect of the Special Item relating to the Adult Social Care contract with Optalis.

Environment net favourable variance (£80k)

There has been a favourable overachievement of income from car parking (£40k) and developer street naming and numbering (£40k).

A carry forward of £565k has been identified in respect of the following:

- £440k Local Plan Review
- £75k Dinton Special Item
- £45k Minerals & Waste
- £5k Self Build Grant

Finance & Resources net favourable variance (£1,117k)

There are a number of forecasts contributing to the net forecast underspend. These include revenue released through share capital (£685k), overachievement of Business rates (£350k), Interest on balances (£180), Debt Charges (£160k), reactive maintenance (£59k) and Shared Legal Services additional income (£50k). These are offset by pressures relating to the Aspire building operational costs £106k, Concessionary Travel increase in both usage & rates £100k, increase in Joint Arrangement payments (Coroners Court) £87k 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 £9,012k; the opening balance as at 1st April 2016 was £10,370k. The Statement of General Fund balance is shown in Appendix C.

Other Funds

Housing Revenue Account net favourable variance (£38k)

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

The indicative Housing Revenue Account (HRA) balance as at the 31st March 2017 is £5,053k, the estimated balance as at 31st March 2017 was £5,015k. Detailed monitoring is shown in Appendix D.

Schools Block net adverse variance £286k

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 £552k, the estimated balance as at 31st March 2017 was £838k. Detailed monitoring is 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

Other financial information relevant to the Recommendation/Decision

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

Cross-Council Implications

None

List of Background Papers

None

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Date 13 January 2017	Version No. v3