

<b>TITLE</b>	<b>Revenue Monitoring 2017/18 – September 2017 (Q2)</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 26th October 2017
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for 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 balances in respect of the General Fund, Housing Revenue Account, Schools Block and the Authority's investment portfolio;
- 2) note the potential General Fund carry forward requests of £95k as set out in Appendix B to the report.
- 3) to agree supplementary estimate of £300k from General Fund for various key People Services programmes.

## **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 reporting a net adverse variance of £159k against planned spend of £130m, Housing Revenue Account a net favourable variance of (£2k) against planned spend of £0.872m and Schools Block a net adverse variance of £385k.

## Background

### General Fund

The table below shows the expected forecast outturn for 2017/18 by Service. An explanation of the major budget variances are shown in Appendix A.

Service	End of Year Position	
	Current Approved Budget £,000	Forecast over / (under) spend £,000
Chief Executive	2,371	(6)
Corporate Services	13,115	(52)
Customer & Localities Services	36,688	(39)
People Services	78,175	256
<b>Net Expenditure Total</b>	<b>130,349</b>	<b>159</b>

The forecast represents a General Fund net in year overspend of £159k.

Forecast variances include;

**Chief Executive** service net favourable variance of (£6k) relates to small savings on current staffing budgets.

**Corporate Services** net favourable variance of (£52k) relates to additional income from interest received on cash balances.

**Customer and Localities Services** net favourable variance of (£39k) relates to savings on current staff budgets.

**People Services** net adverse variance of £256k relates to pressures in adult social care packages, agency staffing across social care, home to school transport and virtual school service in Learning and Achievement budgets. Although management is proactively putting measures in place to keep pressures at manageable levels, the service is also facing on-going discussions with external providers around contractual inflation and national living wage impacts. In addition Learning Disability costs remain volatile.

Care budgets for Children services are currently underspending. However, the risk is that this position is fluid and with an average unit cost of £2,000 per week any marginal adverse movements in demand could change this position.

**Supplementary Estimates** a supplementary one-off budget request has been proposed of £300k. Although the actual activity the funding pertains to occur mainly and benefit the 2018/19 year, ground work and early start is essential in order to meet important statutory responsibilities and targets for next year. The requests are;

- **Improvement and Change Programme; £50k:** In 2018-19 there are various high profile programmes and events around quality of social care, safeguarding that require dedicated resources in order to ensure WBC is meeting its statutory responsibilities. This includes an Ofsted inspection. This request will ensure a Programme Manager is recruited immediately to commence key preparatory work in time for next year.
- **Deprivation of Liberty; £150k:** there is a back log of cases (including MCA DOLs doctors' assessments pending review in line with legal ruling in 2013/14, dedicated resources over and above existing establishment is required to clear this backlog and ensure that in the coming year only current cases are being reviewed. There is a risk with the backlog that the council is not meeting its legal obligations and may be at risk of significant financial and reputational damage.
- **Multi-agency safeguarding hub (MASH); £100k:** As part of its safeguarding responsibilities for children, WBC is required to ensure that it proactively has in place a robust process to ensure multi agency working with various agencies. Nationally, many Local Authorities have established Multi Agency Safeguarding Hubs (MASHs) to mitigate the risk of any child slipping through the safeguarding net. The multi- agency nature of the Hub makes it possible for all professionals working with children to identify risk early and put in place plans to address them. The children and families benefit from improved information sharing, joint decision making and coordinated action.  
Safeguarding failures have become a very high profile issue in local government following recent high profile failures

**General Fund** balances as at 31 March 2018 are forecast to be £8.699m before estimated carry forwards of £95k.

The Statement of General Fund balance is shown in Appendix C.

### **Other Funds**

The Housing Revenue Account reports a net favourable variance of (£2k) which relates to small staffing savings against budget. The Housing Revenue Account (HRA) balance as at the 31st March 2018 is estimated to be £4.052m. Shown in Appendix D.

The Schools Block reports a net adverse variance of £385k which relates to the high need block currently overspending due to new commitments for Oak and Northern house out of borough recoupment. The Dedicated Schools Grant (DSG) reserve balance as at 31st March 2018 is estimated to be £0m. Shown in Appendix E.

The authority's investment portfolio shows current investments of £71m being invested by the Council. 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 £130m	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

<b>Contact</b> John Ogden	<b>Service</b> Business Services
<b>Telephone No</b> 07879 608808	<b>Email</b> john.ogden@wokingham.gov.uk
<b>Date</b> 16 October 2017	<b>Version No.</b> 3