

TITLE	Revenue Monitoring 2017/18 – December 2017 (Q3)
FOR CONSIDERATION BY	The Executive on 25 January 2018
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Oliver Whittle, Executive Member for Finance, 21 st Century Council, Internal Services and Human Resources

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 £470k as set out in Appendix B to the report.

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 £1.337m against planned spend of £131m, Housing Revenue Account a net favourable variance of £6k against planned spend of £0.872m and Schools Block a net adverse variance of £0.730m.

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	2,383	0
Corporate Services	12,976	0
Customer & Localities Services	37,137	70
People Services	78,602	1,267
Net Expenditure Total	131,098	1,337

The forecast represents a General Fund net in year overspend of £1.337m.

Forecast variances include;

Chief Executive service has no material variances expected against budget.

Corporate Services has no material variances expected against budget.

Customer and Localities Services net adverse variance of £70k. This relates to costs pressures from planning appeal budgets. This is partly mitigated by an overachievement of income against planned income on car parking and other charges.

People Services net adverse variance of £1,267k. This predominantly relates to pressures in adult social care packages, agency staffing across social care and central services, and home to school transport.

Commissioned care and support budgets for adult social care continue to be under pressure as the combined impact of price and activity. Controls in place within the service, such as operational forums, ensure that individuals are provided resources and personal budgets at an appropriate level to balance risks and outcomes, while delivering on wider system targets around Delayed Transfers of Care (DTC) etc. Increasing price pressure is evident across the service with market drivers such as the national living wage continuing to impact the price of placements and support commissioned.

Agency spend in the current financial year includes transitional SMT arrangements, and operational pressures such as support for newly qualified social workers and an increase in child protection referrals.

While care budgets for Children Services are currently underspending due to targeted work within the service, the position remains fluid, any marginal adverse movements in demand could change this position.

The People Services Senior Leadership Team has implemented a co-ordinated recovery plan to ensure that appropriate financial controls are kept under close review and all ongoing service decisions are risk assessed and taken in the context of the current financial position.

General Fund balances as at 31 March 2018 are forecast to be £7.072m.

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

Other Funds

The Housing Revenue Account (HRA) reports a net favourable variance of £6k which relates to small variances within staffing budgets. The favourable variance will be added to the HRA reserves at the end of year. The HRA balance as at the 31st March 2018 is estimated to be £4.056m. Shown in Appendix D.

The Schools Block, shown in Appendix E reports a net adverse variance of £0.730m which relates to increase costs and demand in high needs around maintained Education, Health and Care plans. In addition, Early Years income which is calculated using census data is going to be less than expected. We will look to fund these adverse variances from reserves. The Dedicated Schools Grant (DSG) reserve balance as at 31st March 2018 is estimated to be £0m.

The authority's investment portfolio shows current investments of £85m 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 £131m	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
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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 12 th January 2018	Version No. 4