

Agenda Item 71.

TITLE	Revenue Monitoring 2015/16 – September 2015
FOR CONSIDERATION BY	The Executive on 29 October 2015
WARD	None specific
DIRECTOR	Graham Ebers, Director Finance and Resources
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) approve Supplementary Estimates for Children's Services of £50,000 and Health and Wellbeing £300,000.

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 £644,000 before the Supplementary Estimates of £350,000 (£294,000 after approval of Supplementary Estimates), Housing Revenue Account a net underspend of £253,000 and Schools Block is a net underspend of £171,000.

Supplementary Estimate for Children's Services of £50,000.

Funding will be used to implement the Child Sexual Exploitation and Multi Agency Safeguarding Hub (MASH). The Hub provides information sharing across all organisations involved in safeguarding children and families. Partners include Social Care, Health, Education, Housing, Police, Youth Offending & Targeted Services.

The MASH will share information across the services above in order to better inform initial safeguarding decisions. All partners will work together to provide the highest level of knowledge and analysis to make sure that all safeguarding activity and intervention is timely, proportionate and necessary. It will contribute to improved outcomes for children and young people because it has the ability to swiftly collate and share multi agency information held by various organisations.

To approve Supplementary Estimate Care Act £300,000.

The Care Act imposed a new eligibility criteria for care services on Wokingham (moving us from 'critical' to 'critical and substantial'), such that many more people are now eligible for care services. Inevitably the effect is increased demand both for assessments of need and provision of care. Although this effect was anticipated, the settlement from government (Department of Health – DoH) for these new duties fell far short of the actual cost.

The Council challenged the legal basis for the DoH's Care Act funding allocation through Judicial Review proceedings, which led to the DoH agreeing to an independent review of any 'new burden' on the Council. That review is currently being undertaken and will report in December. If successful, the Supplementary Estimate will be repaid from new funding awarded by the DoH.

Background

General Fund

The table below shows the expected forecast outturn for 2015-16 by Service. An explanation of the major budget variances are shown in Appendix A.

Table below represents latest forecast position. An updated position with September figures will be provided for Executive.

Service	End of Year Position		
	Current Approved Budget £,000	Current Forecast £,000	Net over/(under) spend £,000
Chief Executive	5,686	5,636	(50)
Children's Services	33,070	33,644	574
Health & Wellbeing	43,197	43,660	463
Environment	35,098	35,018	(80)
Finance & Resources	10,957	10,694	(263)
Net Expenditure	128,008	128,652	644

The forecast represents a General Fund net overspend of £644,000 or £294,000 after the Supplementary Estimate.

1. Material variances within Children's Services are:

a) Cessation of grant funding £198,000

The Department for Education Adoption Reform Grant ended February 2015. Up to that stage the indication from the Department was that funding would continue. The money is contractually invested. The funding supports cross service activities. A Growth bid is anticipated for 2016-17.

b) Reduction in Continuing Health Care Funding £100,000

Initial applications to Health have resulted in lower level of contributions than estimated. A Growth bid is anticipated for 2016-17.

c) Residential Placements £226,000

Additional Residential Placement due to Tribunal led decision resulting in an unexpected mid-year placement costing £40,000. Care plans for two children in high cost complex Placements dictate that the children need to remain in their placement, generating an unexpected pressure of £186,000 (costs of the placement to year one).

Appendix B sets out forecast spend and activity for the last two financial years with projections to 2018-19.

Expenditure for 2013-14 & 2014-15 was approximately £2.4m.

Following a number of initiatives, including reviewing all Placements, with where appropriate, planned moves to alternative provision and recommissioned contracts a total saving of £515,000 was agreed for the budget 2015-16 resulting in a revised budget of £1.8m.

However, following pressures as set out above relating to Tribunals & Judicial Review the current forecast exceeds £2m, resulting in a net overspend of £226,000. Future budget projections are in line with current forecast and a growth bid is anticipated for 2016-17.

Increased early intervention, greater working with children & families and more flexible approach to alternative provision has resulted in fewer mainstream lower cost placements. This has led to an increased average unit cost as existing and new placements have more complex and higher cost needs.

2. Material variances within Health & Wellbeing are:

a) Homelessness c£100,000

There are pressures in both Housing Needs and Mental Health for Homelessness due to increasing volumes within the Borough. Steps are being taken to source alternative housing provision.

b) Public Health Grant c£320,000

Following recent announcements there is a risk of an in-year reduction to the Public Health Grant. There are plans to contain this with the service.

c) Eligibility Criteria c£300,000

The service is experiencing increasing service and assessment costs relating to the requirement to meet wider eligibility criteria following the implementation of the Care Act. Individual packages of care are now costing more due to a greater level of need being provided for, as well as increased purchasing costs.

The Council is currently in negotiations with the Department of Health regarding the impact of the Care Act. Any monies received resulting from this would be used to first replenish this £300,000 use of balances.

General Fund balances as at 31 March 2016 are projected to be £10.198m (£9.848m after approval of Supplementary Estimates). The Statement of General Fund balance is shown in Appendix C.

Other Funds

The Housing Revenue Account forecast is a net underspend of £253,000.

The indicative Housing Revenue Account (HRA) balance as at the 31st March 2016 is £4,363,000. Shown in Appendix D.

The Schools Block forecast is a net underspend of £171,000.

The indicative Dedicated Schools Grant (DSG) reserve balance as at 31st March 2016 is £468,000. Shown in Appendix E.

The authority's investment portfolio shows current investments of £73.1m 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 £128m	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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