

**CLLR JANETTE WILLIAMSON****CABINET****16 JULY 2018****REVENUE MONITORING 2018/19****QUARTER 1 (TO JUNE 2018)****Councillor Janette Williamson, Cabinet Member for Finance and Resources, said:**

“The Council set a balanced, sustainable and fair budget in March 2018, despite significant government cuts and increasing demand for costly, specialist children’s social care services. No additional funding from government has been forthcoming to support this national crisis. Setting the budget for 2018/19 under such difficult circumstances was tough but we continued to protect those services most important to our most vulnerable and target our resources to the areas that matters most to our communities.

Already during Quarter 1 we are feeling the extent of our reduced funding with pressures already mounting in some areas as demand continues to rise. We have a robust programme of recovery with intervention and demand management taking shape to ensure we can mitigate pressures in year.

At the end of Quarter 1 we are forecasting an overspend of 0.2% of the net budget. This is early and while cautious it is prudent to ensure we forecast a realistic representation, I am confident that the plans and restrictions we have in place will once again enable us to deliver a balanced budget for the coming year.”

## **REPORT SUMMARY**

This report sets out the projected revenue position for 2018/19 as at the end of Quarter 1 (30 June 2018).

The forecast outturn position as at the end of Quarter 1 is a potential overspend of £0.617m. It is anticipated that mitigating savings can be identified to offset the potential overspend, however as these are yet to be formalised, it is prudent to report an overspend position.

Since the 2018/19 budget was set in March 2018, there are several areas of significant pressure across the Council as a result of increasing demand and there is a robust mitigation programme in place to ensure these pressures do not materialise.

The report provides an update on the achievement of savings proposals for 2018/19, some of which are currently not being realised, however areas to offset these via other means are being explored so that the total savings target can be met by the end of the year.

In addition to formal Quarterly reporting to Cabinet, the budget position is reported monthly at Directorate Management Team meeting and the Strategic Leadership Team. This is to ensure any early warning highlighting pressures can be collectively resolved. The outcome of the quarterly monitoring and any medium to long term effects is fed into the Medium Term Finance Strategy to ensure the impact can be assessed against the council's future financial sustainability

This is a key decision which affects all Wards within the Borough.

## **RECOMMENDATIONS**

- 1 The Quarter 1 forecast to the year-end of a £0.617m overspend which incorporates a number of adverse variances across the range of portfolios, be noted.
- 2 To note that Officers continue to identify actions and take measures to effectively manage the overall budget and reduce the impact of any adverse projected pressures that may result in overspends.

## 1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council, having set a Budget at the start of the financial year, needs to ensure the delivery of this Budget is achieved. Consequently there is a requirement to regularly monitor progress so corrective action can be taken when required which is enhanced with the regular reporting of the financial position.

## 2.0 OTHER OPTIONS CONSIDERED

- 2.1 This is a monitoring report but any options to improve the monitoring and budget accuracy will be considered.

## 3.0 BACKGROUND INFORMATION

### 3.1 CHANGES TO THE AGREED BUDGET

- 3.1.1 The 2018/19 Budget was agreed by Council on 5 March 2018. There have not been any changes to the budget since it was agreed. The budget by Portfolio for the year is included below:

**Table 1: 2018/19 Net Budget by Portfolio**

	£000
Adult Care and Health	90,068
Children and Families	80,992
Environment	28,868
Finance and Resources	9,983
Highways and Transport	39,085
Housing and Planning	19,396
Jobs and Growth	1,107
Law and Order	4,398
Leader of the Council	8,891
Leisure and Recreation Services	17,732
<b>Total Net Budget</b>	<b>300,520</b>

- 3.1.2 For this report the budget has been analysed between the new Cabinet Portfolios confirmed at Council on 15 May 2018. Once the new Senior Management structure takes effect from 1 July, the following reports will be structured in this way.

## 3.2 PROJECTIONS AND KEY ISSUES

3.2.1 The projected Outturn position as at the end of June 2018 and Portfolio updates are detailed in the following sections.

**Table 2: 2018/19 Projected Forecast Outturn**

<b>Portfolio</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Variance £000</b>	<b>Variance %</b>
Adult Care and Health	90,068	90,068	0	0
Children and Families	80,992	80,992	0	0
Environment	28,868	29,243	-375	-1.2
Finance and Resources	9,983	9,895	88	0.9
Highways and Transport	39,085	39,085	0	0
Housing and Planning	19,396	19,396	0	0
Jobs and Growth	1,107	1,107	0	0
Law and Order	4,398	4,398	0	0
Leader of the Council	8,891	8,891	0	0
Leisure and Recreation Services	17,732	18,062	-330	1.9
<b>TOTAL</b>	<b>300,520</b>	<b>301,137</b>	<b>-617</b>	<b>-0.2</b>

## 3.3 PORTFOLIO UPDATES

### 3.3.1 Adult Care and Health – Balanced

- Adult Social Care and Health are currently anticipating a demand pressures of £3m to the year end.
- The pre-agreed 4-year learning disability and mental health savings targets set in April 2017 aim to offset £2m of this pressure and a detailed project plan including arrangements for consultation and engagement where this is required, is being developed. To manage the range of complex projects, a Programme Lead Commissioner has been appointed, on a joint funded basis with the CCG to lead on the coordination and delivery of the efficiencies.
- The remaining £1m will be delivered through Wirral Community Foundation Trust, via a combination of existing packages of care reviews and an offer for appropriate levels of care in the community that will promote independence for service users.

### 3.3.2 Children and Families – Balanced

- The cost of Looked After Children (LAC) continues to present a pressure for the Directorate. The number of LAC has stabilised over the past 6 months with only a small number of new placements agreed. However, the increasing complexity of needs still represents a challenge in reporting a balanced budget.
- The investment provided in the 18/19 budget is taking shape with new practices embedded within the Directorate creating efficiencies and enabling reactive expenditure to be diverted to prevention.

### **3.3.3 Environment – Overspend of £0.375 Million**

- Within the Waste & Environment contract a £0.4 million anticipated saving on establishment costs has not materialised and alternative areas are being explored and recovery plans being developed to offset the saving. The overspend is currently being offset by one-off underspends elsewhere within the Directorate and every effort is being made to mitigate this pressure for 2019/20.

### **3.3.4 Finance and Resources– Underspend of £0.088 Million**

- An underspend of £0.5m is forecast on the cost of borrowing due to a lower than anticipated schedule for financing the capital programme. The programme however is not static and there could be further projects that require capital financing during the year. It is expected that any new projects are self-financing but as there is often a lead in time for benefits to be realised, there is a risk that this underspend could reduce in the event of any new major capital initiatives.
- The underspend is being offset in part by a pressure within the Council contribution to the Coroners Service which is part of a shared service hosted by Liverpool City Council. Dialogue will take place with Liverpool City Council to establish what plans they have for mitigating the pressures. Minor areas of underachievement of income from traded services is also offsetting the overspend.

### **3.3.5 Highways and Transport – Balanced**

- The Portfolio is currently experiencing a pressure as a result of an underachievement of car parking income which is being offset by the management of Commissioning Support budgets to prioritise and streamline highway maintenance works. It is anticipated that this an in-year pressure that will be fully resolved in 2019/10.

### **3.3.6 Housing and Planning – Balanced**

- Within the buildings service a potential overspend on rent and rates and other associated premises costs is currently being offset by efficiencies on plant, property and machinery expenditure and income receivable from Design Consultancy.

### **3.3.7 Law and Order – Balanced**

- Community Safety is currently forecasting expenditure pressures that are anticipated to be offset by future restructuring proposals.

### **3.3.8 The Leader of the Council – Balanced**

- A review of Communication, Marketing Press & PR budgets is being undertaken with a view to 'right-sizing' these budgets to offset historic income pressures. This will be undertaken by Quarter 2 and should alleviate any future pressures in this area.

### 3.3.9 Leisure and Recreation Services– Overspend of £0.33 Million

- The 2018/19 budget was predicated on the expectation that savings options relating to a more flexible work programme at Woodchurch and new football pitches would be fully achieved. However, continuing delays in the implementation of both of these projects will mean that not all these savings will come to fruition in 2018/19. Alternative areas to achieve these income targets are being explored with a view to offsetting the overspend by the end of the year.

## 3.4 IMPLEMENTATION OF SAVINGS

- 3.4.1 As part of the budget setting process for 2018/19 a range of savings options were agreed. These are monitored monthly to ensure their achievement is progressing. A summary of the position of 2018/19 savings at 30 June 2018 is below. It is anticipated that all savings either via the original proposal or via other means will be realised by the end of the year

**Table 3: Savings Implementation 2018/19 (£000's)**

Portfolio	Number of Options	Approved Budget Reduction	Amount Delivered at Q1	Mitigation	Unachievable awaiting mitigation	To be Delivered
Adult Care and Health	1	2,000	0	0	0	2,000
Children and Families	10	5,200	0	0	0	5,200
Environment	4	480	100	25	0	355
Finance and Resources	10	4,996	3,803	0	0	1,193
Highways and Transport	5	457	37	0	100	320
Housing and Planning	4	206	51	0	0	155
Law and Order	1	30	0	0	0	30
Leader of the Council	2	85	50	0	0	35
<b>Total</b>	<b>37</b>	<b>13,454</b>	<b>4,041</b>	<b>25</b>	<b>100</b>	<b>9,288</b>

## 4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2018/19. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Cabinet, the financial position is reported monthly at each Directorate Management Team and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

## 5.0 LEGAL IMPLICATIONS

- 5.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

## **6.0 RESOURCE IMPLICATIONS; ICT, STAFFING AND ASSETS**

6.1 There are no implications arising directly from this report.

## **7.0 RELEVANT RISKS**

7.1 The possible failure to deliver the Revenue Budget is being mitigated by:

- Senior Leadership / Directorate Teams reviewing the financial position.
- Availability of General Fund Balances.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 No consultation has been carried out in relation to this report.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 This report is essentially a monitoring report on financial performance.

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## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Budget Council	5 March 2018

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