

Children and Families Overview and Scrutiny Committee
Tuesday, 25 September 2018

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| REPORT TITLE: | Financial Update 1. Financial Monitoring Report Quarter 1 2018/19 2. Budget 2019/20 |
| REPORT OF: | Director of Finance & Investment (S151) |

REPORT SUMMARY

This report is coming to this committee to update on the financial position of the Council.

The following report and appendices sets out the projected revenue and capital monitoring position for 2018/19 as at the close of quarter 1 (30 June 2018).

The report also provides details of the Medium Term Financial Strategy 2019/20-2022/23 (MTFS) and preparation of the budget for 2019/20.

RECOMMENDATION/S

- 1 That members note the report and appendices.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Overview and Scrutiny Committees receive regular financial updates throughout the year. These allow Committees to understand the financial position of the council and to scrutinise decisions and performance as required.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable

3.0 BACKGROUND INFORMATION

Financial Monitoring Report Quarter 1 2018/19

- 3.1 This report supplies financial information in the form of revenue and capital cabinet reports for the council as a whole in a portfolio structure. The quarter 1 revenue forecast is an overall overspend of £0.6 million for the year. Environment and Leisure and Recreation Services forecast overspends making up the majority of this.

The quarter 1 capital report recommends that Cabinet agree the 2018/19 Capital Programme of £86.4 million which takes into account re-profiling identified during the 2017/18 final accounts process together with any additional grant funding notified to the Council. Expenditure to date is £5.0 million.

- 3.2 The detail for the portfolio Children and Families within the reports is the key information for this scrutiny committee.

The quarter 1 revenue report shows a balanced budget for Children and Families. The quarter 1 capital report shows an expenditure of £2.2 million on a programme of £20.9 million.

Budget 2019/20

- 3.3 In July the Cabinet agreed a new MTFs covering the period 2019/20 – 2022/23 during which the Council will continue to implement the pledges contained in the Wirral Plan whilst operating in a challenging financial environment.

Budget Projections 2019/20-2022/23: Budget Gap Forecast

| PROJECTIONS | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Cumulative Budget Gap | 45 | 62 | 65 | 67 |
| Annual increase in the Budget Gap | 45 | 17 | 3 | 2 |

During this period Council continues to face financial constraints and pressures. The medium term financial planning period to 2023 will see continued grant funding reductions and financial pressures as a result of increasing demand. Aligned to this the Council will in 2020, assume full responsibility for the raising and collection of income generated locally that will be used to fund the services accessed by Wirral residents.

3.4 The MTFS from 2019 to 2023 describes the way that Council will address these challenges via a three phased approach:

- The Medium Term Financial Strategy describes what the future financial position of the Council will look like, what our challenges are and how we will allocate our resources to meet our corporate priorities and achieve the outcomes of the Wirral Plan. Working through strategies to resource Council priorities through additional income. Strategies such as the Growth Strategy, Income Strategy, Commercial Strategy will all lead to greater income in the future.
- The Medium Term Financial Plan describes how we are currently financed and future changes to this, our approach to meeting the financial challenges and how we will measure this.
- The Financial Resilience plan describes how we can evidence our financial sustainability over the medium term to provide assurance to local taxpayers that we are providing value for money, our process for decision making is robust and we are safeguarding public funds.

3.5 Over the period the Council will seek to achieve the following to resolve the funding gap:

Short Term

Growth in income sources will make a limited contribution with the amount of council tax growing through new homes being built. Business rates are also expected to increase along with fees and charges increasing too. Saving proposals will have to make up a significant part of the resolving of the funding gap.

Medium to Long Term

In the long term the Councils plan is to change approaches so that it can raise or generate more income itself and be less reliant on central government. This will be through:-

- Income and investments. Aiding local economic development so that the area becomes more self-sufficient through economic growth, community involvement and social action.
- Transform how the Council works and operates to improve service and pledge outcomes and reduce costs.
- Working with partners and residents to provide the tools to get people into employment and improve health. Through this route there will be better life outcomes and a reduced need for social care.

3.6 Role of Overview and Scrutiny Committees

Each year the Council is legally bound to set an annual budget, agreed by Full Council. The process for budget setting for each year 2019 – 2023 is a continuous one with activities taking place all year round to ensure a balanced annual budget can be set. The development of financial proposals for future years will take place via a Cabinet Portfolio aligned approach to action planning and budgeting. Budget proposals are encouraged organisation wide. Overview and Scrutiny Committees activities focus on the consideration and response to draft budget proposals for the coming financial year as proposed by Cabinet. All Committees are involved and may propose financial proposals, making any comments and recommendations, including in relation to the draft budget considered by Cabinet.

- 3.7 The Council is currently working on setting a balance budget and work has commenced on this. The key dates and timeline are as follows:

| Event | Date |
|---|--------------------------------|
| Cabinet agree draft budget proposals for formal consideration | November/December 2018 |
| Overview and Scrutiny Committees consider and review draft budget proposals | Various dates in December 2018 |
| Comments on draft budget proposals to Cabinet | January 2019 |
| Cabinet approve budget 2019/20 and an updated MTFS to 2023 taking account of Overview and Scrutiny recommendations and make Council Tax recommendations to Council. | 18 February 2019 |
| Full Council consider budget and Council Tax | 4 March 2019 |

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Financial implications are contained within the report and appendices. These explain the revenue budget and forecast spend positions and the capital programme budget and spend to date. The budget setting and planning process is integrated with the Wirral Plan. Further resource implications are detailed within the Medium Term Financial Strategy and these implications are reviewed by the reports revising the financial position submitted to Cabinet throughout the year.

5.0 LEGAL IMPLICATIONS

- 5.1 There are none arising directly from this report.

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 There are none directly relating to this report. The monitoring of financial performance is important to ensure robust financial control procedures are in place. This report outlines the MTFS 2019/20-2022/23 considered by Cabinet. The council faces financial challenges in this period as it seeks to increase income, reduce costs whilst transforming its approach to services. There is a risk in future years that the Council does not achieve a planned approach.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

- 9.1 This report is essentially a monitoring report which reports on financial performance.

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APPENDICES

Appendix 1 – Revenue Monitoring 2018/19 Quarter 1
Appendix 2 – Capital Monitoring 2018/19 Quarter 1

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|--|--|
| Budget Council Cabinet – Revenue Monitoring 2017/18 Quarter 1 Cabinet – Capital Monitoring 2017/18 Quarter 1 Cabinet – Medium Term Financial Strategy 2019/20- 2022/23 | 5 March 2018 16 July 2018 16 July 2018 16 July 2018 |