



**CLLR JANETTE WILLIAMSON**

**CABINET**

**18 FEBRUARY 2019**

**REVENUE MONITORING 2018/19**

**QUARTER 3 (TO DECEMBER  
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.

“Setting the budget 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.

“While keeping within our budget remains a challenge, as demand continues to rise, we are confident we have the plans and expertise in place to deliver a balanced budget for the current year, as we have consistently done.”

”

## **REPORT SUMMARY**

This report sets out the projected revenue position for 2018/19 as at the end of Quarter 3 (31 December 2018).

The forecast outturn position as at the end of Quarter 3 is a potential overspend of £0.720m. This is an improvement on Quarter 2 (£0.907m). All services are actioning mitigating savings to offset the potential overspend so that a balanced position can be reported at the end of the year.

Since the 2018/19 budget was set in March 2018, several areas of pressure across the Council have arisen as a result of increasing demand, to ensure these pressures do not materialise a robust programme of mitigation has been actioned, but in the current economic climate it is increasingly difficult to contain these pressures without impacting on service delivery.

The report provides an update on the achievement of savings proposals for 2018/19. Some of which are not being realised, however areas to offset these via other means are being implemented 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 Financial 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 3 forecast to the year-end of a £0.720m overspend which incorporates a number of adverse variances 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.

## SUPPORTING INFORMATION

### 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.

### 3.1 BACKGROUND INFORMATION

### 3.2 CHANGES TO THE AGREED BUDGET

- 3.2.1 The 2018/19 Budget was agreed by Council on 5 March 2018. In quarter two there was a £1.1 million adjustment to the bottom line. In quarter three the bottom line budget has remained the same.

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

|                           | £000           |
|---------------------------|----------------|
| Economic & Housing Growth | 25,557         |
| Business Management       | 10,796         |
| Strategy & Partnerships   | 18,283         |
| Delivery Services         | 65,589         |
| Childrens Services        | 89,571         |
| Adult Care & Health       | 91,826         |
| <b>Total Net Budget</b>   | <b>301,622</b> |

### 3.3 PROJECTIONS AND KEY ISSUES

- 3.3.1 The projected Outturn position as at the end of December 2018 and Directorate updates are detailed in the following sections.

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

| Directorates              | Revised Budget<br>£000 | Q3 Forecast<br>£000 | Q3 Variance<br>£000 | Q3 Variance<br>% | Q2 Variance<br>£000 |
|---------------------------|------------------------|---------------------|---------------------|------------------|---------------------|
| Economic & Housing Growth | 25,557                 | 25,557              | 0                   | 0                | (175)               |
| Business Management       | 10,796                 | 10,796              | 0                   | 0                | 0                   |
| Strategy & Partnerships   | 18,283                 | 18,283              | 0                   | 0                | 0                   |
| Delivery Services         | 65,589                 | 66,309              | (720)               | (1.1)            | (732)               |
| Childrens Services        | 89,571                 | 89,571              | 0                   | 0                | 0                   |
| Adult Care & Health       | 91,826                 | 91,826              | 0                   | 0                | 0                   |
| <b>TOTAL</b>              | <b>301,622</b>         | <b>302,342</b>      | <b>(720)</b>        | <b>(0.2)</b>     | <b>(907)</b>        |

### **3.4 DIRECTORATE UPDATES**

#### **3.4.1 Economic & Housing Growth – Balanced**

- The Directorate is reporting a balanced budget, a £0.175m improvement on Quarter 2, this is due to vacancies and controlled spend on Cultural events.
- Risks have increased in containing local plan costs with potential further costs in 2019/20 of £600k.
- It is anticipated that the dividend from the Wirral Growth Company will now be received in 19/20 and any associated 2018/19 costs will be funded from reserves to be repaid in the following year.

#### **3.4.2 Business Management – Balanced**

- Pressures remain in Governance and Assurance, Customer Services and Schools Traded Services. These are being mitigated through revised financing of costs including capitalisation to relieve revenue budgets.

#### **3.4.3 Delivery Services– Overspend of £0.720 Million**

- Delivery Services continues to face pressures from the non-achievement of savings within Waste & Environment being £0.4m from expected contract efficiencies and £0.2m from reduced targeted garden waste income where attracting additional users has not matched budgeted expectations.
- Since the Q2 report the overall forecast has not changed significantly however this overall position includes notable variances. Higher costs for winter maintenance are anticipated as weather forecasters continue to predict a harsh winter which would see increased gritting schedules, with the associated increased costs in salt and transport. This pressure is anticipated to be offset by small improvements in income forecasts and savings across other areas of the Directorate.

#### **3.4.4 Childrens Services – Balanced**

- The cost of Children Looked after (CLA) continues to present a pressure for the Directorate. However, the number of CLA has stabilised over the past 9 months. The increasing complexities of needs still represent a challenge and work continues to be undertaken to bring this cost pressure down.
- The investment provided in the 2018/19 budget is taking shape with new practices embedded within the Directorate creating efficiencies and enabling reactive expenditure to be diverted to prevention. This investment will continue to shape the Directorate into 2019/20.
- Pressures on the schools budget continue to grow and are now projected to total £2m, due to the further identification, demand, and complexity of pupils with Special Education Needs (SEN). These are partially offset by the transfer from the Individual Schools Budget as well as other small underspends within the Dedicated Schools Grant (DSG) budget. The remaining projected 2018/19 overspend of £1.13m will be met from the DSG reserve.
- SEN pressures are reflected nationally and will continue in 2019/20. Wirral has commissioned Premier Advisory Group to carry out an in-depth independent review of SEN provision, which will take place in 3 phases over the 2018/19 academic year, with the aim of reallocating DSG resources to meet need and to avoid future overspends. Any changes however will not impact the budget until 2020/21.

### 3.4.5 Adult Care & Health – Balanced

- Adult Health & Care is still forecast to balance its budget by year-end; there have been no significant changes to the forecast position from Quarter 2. There is a gross additional financial pressure on the service anticipated of £2.5m. This is comprised of two elements:
  - 1) £0.7m relates to the remaining part-year effect of the increased demand for services in 2018/19. This has caused additional expenditure against care budgets and will be fully mitigated through the continued delivery of the savings plan agreed at the start of the year (see below).
  - 2) £1.8m relates to additional demand anticipated over the winter period, predominantly in the home care market. This will cause additional expenditure, but will be mitigated by Wirral's share of the additional £240m of funding announced by the DoHSC for Adult Social Care on 17th October 18.
- The pooled fund of £131m, to which Adult Health & Care is a contributor, is currently forecasting a deficit position due to increased demand for services. Work is ongoing between Adult Health & Care and Wirral CCG to find means of managing this, including income generation and cost reduction plans. There is a potential further risk of £0.5m to Adult Health & Care if the pool is still in deficit at year-end.

## 3.5 IMPLEMENTATION OF SAVINGS

- 3.5.1 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 31 December 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                 | 2018/19 Saving<br>£000 | Amount Delivered<br>at Q3<br>£000 | Mitigation<br>£000 | To be Delivered<br>£000 |
|---------------------------|------------------------|-----------------------------------|--------------------|-------------------------|
| Care and Health           | 2,000                  | 1,303                             | 0                  | 697                     |
| Business Management       | 4,696                  | 4,603                             | 0                  | 93                      |
| Children's Services       | 5,200                  | 3,800                             | 0                  | 1,400                   |
| Delivery Services         | 916                    | 486                               | 30                 | 400                     |
| Economic & Housing Growth | 212                    | 212                               | 0                  | 0                       |
| Strategy and Partnerships | 185                    | 150                               | 0                  | 35                      |
| <b>Total</b>              | <b>13,209</b>          | <b>10,554</b>                     | <b>30</b>          | <b>2,625</b>            |

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 This is the Quarter 3 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.

### **REPORT AUTHOR:**

Chris Kelly  
Principal Accountant  
0151 666 3417  
chriskelly@wirral.gov.uk

Telephone:

Email:

### **SUBJECT HISTORY**

| <b>Council Meeting</b>                         | <b>Date</b>   |
|--|---------------|
| Budget Council                                 | March 2018    |
| Cabinet - Revenue Monitoring 2018/19 Quarter 1 | July 2018     |
| Cabinet - Revenue Monitoring 2018/19 Quarter 2 | November 2018 |