



Children and Families Overview and Scrutiny Committee

Tuesday, 14 November 2017

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| REPORT TITLE: | Financial Monitoring Report Quarter 2 2017/18 |
| REPORT OF: | Assistant Director: Finance |

REPORT SUMMARY

This report sets out the financial monitoring information for Children and Families in a format consistent across the Overview & Scrutiny Committees. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information is at close of quarter 2, 2017/18.

Information has been drawn from the relevant sections of the most recent Cabinet revenue and capital monitoring reports and combined with additional relevant service information to produce a bespoke report for this Overview & Scrutiny Committee. The report includes the following:

- Performance against the revenue budget (including savings, income and debt)
- Performance against the capital budget

RECOMMENDATION/S

- 1 The quarter 2 revenue forecast overspend of £3.9 million be noted.
- 2 The performance of the capital projects be noted.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To provide members with details of the financial performance of the Overview and Scrutiny Committee's area.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable

3.0 BACKGROUND INFORMATION

3.1 PERFORMANCE AGAINST REVENUE BUDGETS QUARTER 2 (APRIL 2017- SEPTEMBER 2017)

3.1.0 CHANGES TO THE AGREED BUDGET

- 3.1.1 The 2017/18 Budget was agreed by Council on 6 March 2017. Any increase to the overall Council Budget (but not use of the existing budget contingency) requires agreement by full Council. Changes to the Budget since it was set are summarised in Table 1.

Table 1: 2017/18 Original & Revised Net Budget by Wirral Plan Themes

| | Original Net Budget | Proposed Budget Change Quarter 1 Use of Contingency | Proposed Budget Change Quarter 1 Use of Balances | Approved Budget Changes Qtr 2 | Revised Net Budget |
|------------------------------|---------------------|---|--|-------------------------------|--------------------|
| | £000 | £000 | £000 | £000 | £000 |
| People - Children & Families | 80,616 | 5,000 | - | - | 85,616 |
| Net Cost of Services | 80,616 | 5,000 | - | - | 85,616 |

3.2.0 PROJECTIONS AND KEY ISSUES

- 3.2.1 The projected outturn position as at the end of September 2017 and Wirral Plan: 2020 Vision Themes updates are detailed in the following sections.

Table 2: 2017/18 Projected Budget variations by Wirral Plan Themes

| Directorates | Revised Budget | Forecast Outturn | (Under) Overspend Quarter 2 | RAGBY Class | Change from prev |
|------------------------------|----------------|------------------|-----------------------------|-------------|------------------|
| People - Children & Families | 85,616 | 89,485 | 3,869 | R | 709 |
| TOTAL | 85,616 | 89,485 | 3,869 | | 709 |

The report classifies the forecast under/overspends for the above areas using a colour RAGBY rating. The ratings are defined as follows:

- Overspends Red (over +£301k), Underspend Yellow (over -£301k).
- Amber (+£141k to +£300k), Green (range from +£140k to -£140k); Blue (-£141k to -£300k).

3.2.2 Children and Families

- The predicted overspend is £3.9 million which is after the allocation of £5 million from the Contingency as highlighted in Section 3.1.
- Agency social worker costs are impacting due to a number of vacant posts within the existing establishment together with a number of posts requiring sickness / maternity cover. Whilst there is an ongoing strategy to recruit Social Work posts the shortages are a regional / national issue. This accounts for £1.5 million of the forecast year end overspend.
- The numbers of Looked After Children (LAC) are continuing to rise. The current number is 819 (795 were reported in July). Numbers for the remainder of the year have been forecasted using the ARIMA Statistical Model which determines the number by March 2018 will rise to 846. The projected overspend is £7 million with £5 million covered by the Contingency. This assumes a full year provision for children, more of whom are placed through independent fostering agencies. Whilst care placements are carefully managed through the weekly Planning for Children Panel, numbers continue to increase.
- Services for children with disabilities are forecast to overspend by £0.5 million as a consequence of the rising costs of domiciliary care and the impact of direct payments together with the savings in this area proving difficult to deliver through increased numbers.

3.3.0 IMPLEMENTATION OF SAVINGS

3.3.1 A summary of the position of 2017/18 Children and Families savings at 30 September 2017 is below.

Table 3: Savings Implementation 2017/18 (£000's)

| BRAG | Number of Options | Approved Budget Reduction | Amount Delivered at Q2 | To be Delivered |
|-----------------------------------|-------------------|---------------------------|------------------------|-----------------|
| R – high risk | 2 | 1,400 | 0 | 1,400 |
| Total at Quarter 2 2017-18 | 2 | 1,400 | 0 | 1,400 |

Due to overspends within the Childrens and Families theme these savings will not be achieved but will be mitigated by the use of contingency budget.

3.3.2 The savings tracker contains an assessment of the 2017/18 savings by the ratings below.

- **Blue:** Represents savings which have already been realised.
- **Green:** Savings on track to deliver.
- **Amber:** Some concerns regarding delivery and will require closer scrutiny and monitoring.
- **Red:** High risk of not being achieved.

3.4.0 INCOME AND DEBT

3.4.1 The table below shows the outstanding debt by Wirral Plan Theme category and then by invoice raised date. At the end of September 2017 total Council arrears stood at £24.629 million with £1.056 million of this relating to Children

& Families. In overall terms 37,723 invoices have been issued in the year by the council with a value of £43 million raised. £44 million of payments including amounts for prior years have been collected.

Table 4: Accounts Receivable Outstanding Arrears Analysis

| Theme | Less than 30 days | More than 30 days | 2016/2017 | 2015/16 | Pre 2015/16 | Total at 30.06.17 |
|---------------------|----------------------|----------------------|-----------|---------|----------------|----------------------|
| | £ | £ | £ | £ | £ | £ |
| Children & Families | 461,242 | 147,624 | 298,347 | 116,639 | 32,221 | 1,056,073 |

- 3.4.2 In accordance with proper accounting practice, income is credited to the relevant financial year's accounts of the service area at the point invoices are raised. A provision for bad debt is maintained and is assessed each year. Should non-payment occur after proceeding through all necessary recovery procedures, any properly authorised write off will be charged against the bad debt provision.

3.5.0 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 2 (April-September 2017)

3.5.1 Capital Programme 2017/18 at end of Quarter 2 (30 September)

| | Revised Programme | Spend to Date Sept 2017 | Funded by: Council Resources | Funded by: Grants |
|--------------------------|----------------------|-------------------------------|------------------------------------|-------------------------|
| | £000 | £000 | £000 | £000 |
| Children & Families | 15,608 | 4,935 | 11,682 | 3,926 |
| Total expenditure | 15,608 | 4,935 | 11,682 | 3,926 |

- 3.5.2 Of the expenditure incurred so far this year, £2 million relates to schools capital projects. Works to schools are largely programmed to be undertaken during the school holiday periods.

- 3.5.3 The Transformation Programme includes significant funding (£9.55 million) in respect of the Improvement Plan for Children's Services which is being implemented with investment in staff across a number of critical areas. These will help address the needs of those leaving care with more PA's, strengthen the Multi-Agency Safeguarding Hub (MASH) and Safeguarding teams, address high caseloads, improve information within the department and enhance Early Help and Prevention services. The costs will be transferred to the Capital Programme during the year.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The financial implications of this report are discussed throughout the report. This is essentially a financial monitoring performance update report.

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 Team / Management Teams reviewing the financial position.
 - Tracking system of savings options to monitor progress.
 - Use of temporary additional support to assist with revenues collection.
 - Use of earmarked reserves and General Fund Balance savings risk contingency.

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 which reports on financial performance.

REPORT AUTHOR: Reg Huyton
Principal Accountant
Telephone (0151) 666 3415
Email reghuyton@wirral.gov.uk

SUBJECT HISTORY

APPENDICES

Appendix 1 – Capital Programme and Funding 2017/18

| Council Meeting | Date |
|--|-----------------|
| Budget Council | 6 March 2017 |
| Cabinet – Revenue Monitoring 2017/18 Quarter 1 | 17 July 2017 |
| Cabinet – Capital Monitoring 2017/18 Quarter 1 | 17 July 2017 |
| Cabinet – Revenue Monitoring 2017/18 Quarter 2 | 6 November 2017 |
| Cabinet – Capital Monitoring 2017/18 Quarter 2 | 6 November 2017 |

Capital Programme and Funding 2017/18**APPENDIX 1**

| People Children & Family | Revised Programme £000 | Spend to Date £000 | Council Resources £000 | Grants £000 | Total Funding £000 |
|---|---------------------------------------|-----------------------------------|---------------------------------------|------------------------|-----------------------------------|
| Family support schemes | 191 | 33 | 191 | - | 191 |
| Stanley Special additional classrooms etc. | 4 | - | 4 | - | 4 |
| School condition allocation | 3,000 | 1,077 | - | 3,000 | 3,000 |
| Private Finance Initiative | 85 | - | 85 | - | 85 |
| Basic needs | 676 | 406 | - | 676 | 676 |
| School remodelling (Primary places) | 2,102 | 543 | 1,852 | 250 | 2,102 |
| Transformation Programme (including Children's Services(| 9,550 | 2,876 | 9,550 | - | 9,550 |
| | 15,608 | 4,935 | 11,682 | 3,926 | 15,608 |