



CLLR JANETTE WILLIAMSON

CABINET

26 NOVEMBER 2018

REVENUE MONITORING 2018/19

QUARTER 2 (TO SEPTEMBER

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 2 we are feeling the extent of our reduced funding with pressures already mounting in some areas as demand continues to rise. This is early and while cautious it is prudent to ensure we forecast a realistic representation, I am confident 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 2 (30 September 2018).

The forecast outturn position as at the end of Quarter 2 is a potential overspend of £0.907m. 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 2 forecast to the year-end of a £0.907m overspend which incorporates a number of adverse variances across the range of directorates, 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.
- 3 The change to the bottom line net budget in point 3.2.2 is noted and referred to Council for approval.

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 one the budget was broken down by portfolio for monitoring purposes. This was due to the Council's new directorate structure not being implemented until June 2018. For quarter two the new directorate structure has been used to present the budget and the forecast information.

3.2.2 There has been a change relating to the bottom line of the budget that requires approval at quarter two. This is:

Original Budget : £300.520 million

Change requesting approval at Quarter 2:

- Capital Receipts funding for Childrens Services transformation program brought forward from 2017/18 £1,100,000

Table 1: 2018/19 Net Budget by Directorate

	£000
Economic & Housing Growth	25,012
Business Management	10,953
Strategy & Partnerships	18,273
Delivery Services	65,555
Childrens Services	88,162
Adult Care & Health	93,667
Total Net Budget	301,622

3.3 PROJECTIONS AND KEY ISSUES

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

Table 2: 2018/19 Projected Forecast Outturn

Directorates	Revised Budget	Forecast Outturn	Variance £000	Variance %	Q1 Forecast Variance
Economic & Housing Growth	25,012	25,187	(175)	(0.7)	0
Business Management	10,953	10,953	0	0	88
Strategy & Partnerships	18,273	18,273	0	0	0
Delivery Services	65,555	66,287	(732)	(1.1)	(705)
Childrens Services	88,162	88,162	0	0	0
Adult Care & Health	93,667	93,667	0	0	0
TOTAL	301,622	302,529	(907)	(0.3)	(617)

3.4 DIRECTORATE UPDATES

3.4.1 Economic & Housing Growth – Overspend of £0.175 Million

- Forecasts for the Economic and Housing Growth directorate indicate a budget pressure of £0.175m in 2018/19. Local Plan costs form part of this pressure although the total costs have been partly mitigated by use of the local plan reserve and in-year vacancy savings.
- Legal costs relating to Wirral Waters One development have presented a budget pressure which has been mitigated by in year vacancy savings and a reduction in culture event costs.

3.4.2 Business Management – Balanced

- Governance & Assurance is managing a financial pressure of £0.265m in the Coroners Service. This is a result of shared service arrangements with Liverpool Council being higher than anticipated when the arrangement was first put in place and as a result of increases in the SLA with NHS.
- Customer Services is controlling a forecast overspend of £0.3m due to Summons income being less than planned. This is due to a reduced number of people not paying so less people paying Summons costs. Current forecasting indicates that employees will underspend due to vacancies and this will mitigate the financial pressure for the current year.

3.4.3 Delivery Services– Overspend of £0.732 Million

- Waste & Environment faces budget pressures of £0.730m in 2018/19. Previously identified budget savings options that have not materialised account for £0.600m. this includes £0.4m budget saving relating to waste contract efficiencies that could not be found from the contracts and £0.2m of garden waste additional customers saving that has failed to acquire the numbers needed. There is also an additional pressure of £0.146m identified in relation to an under recovery of income received from the litter enforcement contract. This is due to increased compliance from members of the public changing behaviours and dropping less litter, in particular, cigarette litter, meaning a reduction in issued ticket numbers. This results in a reduces amount of income being gathered in

relation to previous years.

- There is an anticipated pressure of £0.357m relating to community services. This is predominantly due to previously identified savings of £0.4m within Sport and Recreation which will not be realised in 2018/19 due to issues in the implementation of projects including a flexible work programme at Woodchurch and new football pitches at Leasowe. Members took the decision to cancel the £0.2m approved budget savings option for more flexible ways of working at Woodchurch Leisure Centre. Works on new football pitches at Leasowe have been delayed mainly due to drainage issues at the site which have now been resolved. The project works are about to go out to tender and are expected to be completed in this financial year.
- These pressures are being mitigated from one off sources including the results from the Sporting Activities VAT exemption being higher than initially expected by £0.6m. This relates to interest on VAT back payment and the fees to PWC being less than anticipated.

3.4.4 Childrens Services – 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.
- There are pressures on the Grant funded schools' budget resulting from increasing number of Special Education Needs (SEN) assessments and complexity of the children's needs, reflecting national trends. These will be mitigated by a contribution from the Dedicated Schools Grant (DSG) reserve in 2018-19, but pressures will continue in 2019-20. External consultants have been commissioned to conduct an in-depth review of SEN provision during the 2018-19 academic year, with the aim of reallocating DSG resources to better meet need.

3.4.5 Adult Care & Health – Balanced

- Adult Care and Health are currently anticipating a demand pressure 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. Additional funding of £1.8m was announced by Government in October 2018 which is intended to help alleviate winter pressures on the NHS by getting patients home quicker and freeing up hospital beds across England. This resource is to be used to fund growth in domiciliary care based upon increased demand during 2018 and expected additional demand through the winter period.

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 30 September 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 Q2	Mitigation	To be Delivered
Adult Care and Health	1	2,000	825	0	1,175
Children and Families	10	5,200	2,800	0	2,400
Environment	4	480	100	25	355
Finance and Resources	10	4,996	3,803	0	1,193
Highways and Transport	4	212	162	0	50
Housing and Planning	4	206	81	0	125
Law and Order	1	30	30	0	0
Leader of the Council	2	85	50	0	35
Total	36	13,209	7,851	25	5,333

4.0 FINANCIAL IMPLICATIONS

4.1 This is the Quarter 2 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

Council Meeting	Date
Budget Council	March 2018
Cabinet - Revenue Monitoring 2018/19 Quarter 1	July 2018

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