



Report of: Executive Member for Finance, Performance and Community Safety

Meeting of:	Date	Ward(s)
Executive	22 March 2018	All

FINANCIAL MONITORING 2017-18 MONTH 10

1. SYNOPSIS

- 1.1 This report presents the forecast outturn position for 2017-18 as at 31st January 2018. Overall, there is a forecast gross General Fund overspend of £5.7m. Action is required to continue to bring this overspend down; otherwise the Council's contingency budgets will be low going into 2018-19.
- 1.2 The Housing Revenue Account (HRA) is forecast to break-even over the year.
- 1.3 It is forecast that £99.9m of capital expenditure will be delivered in 2017-18.

2. RECOMMENDATIONS

- 2.1. To note the forecast revenue outturn for the General Fund (**Table 1**) of a gross overspend of £5.7m, including corporate items. (**Paragraph 3.1**)
- 2.2. To note that any remaining overspend at year-end, after ongoing management actions, will be covered by drawing down from corporate contingency budgets in the first instance. (**Paragraph 3.2**)
- 2.3. To note the breakdown of the forecast General Fund outturn by individual variance at **Appendix 1** and by service area at **Appendix 2**.
- 2.4. To note that the HRA forecast is a break-even position. (**Section 5, Table 1**)
- 2.5. To note the latest capital position with forecast capital expenditure of £99.9m in 2017-18. (**Section 6, Table 2, and Appendix 3**)

3. **REVENUE POSITION: SUMMARY**

- 3.1. A summary position of the General Fund and HRA is shown in **Table 1**, a breakdown by individual General Fund variance at **Appendix 1** and a breakdown by General Fund and HRA service area at **Appendix 2**.

Table 1: 2017-18 General Fund and HRA Month 10 Forecast

	Forecast Over/(Under) Spend (£000)
<u>GENERAL FUND</u>	
Resources	(1,612)
Chief Executive's Department	(461)
Core Children's Services (Excluding Schools)	5,110
Environment and Regeneration	342
Housing and Adult Social Services	936
Public Health	0
DIRECTORATE TOTAL	4,315
Corporate Items	1,377
GROSS OVER/(UNDER) SPEND	5,692
<u>HOUSING REVENUE ACCOUNT</u>	
NET (SURPLUS)/DEFICIT	0

- 3.2. Any overspend at year-end, after ongoing management actions, will be covered by drawing down from corporate contingency budgets in the first instance. Prior year contingency reserve and current year corporate contingency budget total £6.7m.

4. **GENERAL FUND**

Resources Department (-£1.612m)

- 4.1. The Resources Department is forecasting, after management actions, an underspend of (-£1.612m) over the financial year with the key variances detailed in **Appendix 1**.

Chief Executive's Department (-£0.461m)

- 4.2. The Chief Executive's Department is forecasting an underspend of (-£0.461m) over the financial year with the key variances detailed in **Appendix 1**.

Children's Services - General Fund (+£5.110m), Schools (-£0.369m, -0.2%)

- 4.3. The Children's Services Department is forecasting a (+£5.110m) General Fund overspend, the largest of any council service but not inconsistent with other similar councils. The key variances behind the General Fund net overspend are set out in **Appendix 1**.
- 4.4. Management actions being undertaken are as follows:
 - 4.4.1. Vacancy management across the service;
 - 4.4.2. Review of high cost packages, resource allocation scoring framework and budget allocations for young people with personal budgets in the disabled children's service;
 - 4.4.3. Review of housing benefit collection arrangements with providers of accommodation for care leavers to maximise income;
 - 4.4.4. Review of dispersal arrangements for unaccompanied asylum seeking children;
 - 4.4.5. Review of high cost packages for children looked after, underlying cost drivers and trends in complex residential placements including CSE and secure accommodation and value for money arrangements for 16/17s in supported accommodation;
 - 4.4.6. Review of trading and business income options across pupil and school support services;
 - 4.4.7. Review of semi-independent provision for over-16s; and
 - 4.4.8. Review of SEN transport.
- 4.5. The schools' dedicated schools grant position is a forecast underspend of (-£0.369m or -0.2%). This position includes £0.3m of prior year balances being managed on behalf of the Schools Forum.

Environment and Regeneration (+£0.342m)

- 4.6. The Environment and Regeneration Department is forecasting a (+£0.342m) overspend. The key variances behind this net overspend are set out in **Appendix 1**.
- 4.7. The management actions being taken to control these pressures are:
 - 4.7.1. Regular monitoring of spend and income trends across the department to enable effective decisions to be taken.
 - 4.7.2. Extensive work being undertaken within Street Environmental Services to control and monitor staff related spend in particular overtime levels, agency staff and sickness absence.
 - 4.7.3. Vacancy and recruitment management across the department and control over non-essential expenditure.
 - 4.7.4. On-going work to drive through service changes to deliver the delayed savings.

Housing and Adult Social Services (+£0.936m)

- 4.8. Adult Social Services is forecasting a (+£0.936m) overspend. The key variances behind this net overspend are set out in **Appendix 1**.
- 4.9. The management actions being taken to control the net overspend are:
 - 4.9.1. Review of savings plans;
 - 4.9.2. Finance training for all budget holders;
 - 4.9.3. Review of all agency staff and establishments in order to reduce staffing pressure; and
 - 4.9.4. Review of all current care packages to ensure projections have been made accurately.
- 4.10. The Housing General Fund is forecasting a break-even position for the financial year.

Public Health (Break-Even)

- 4.11. Public Health is funded via a ring-fenced grant of £26.6m for 2017-18. There is a forecast net break-even position for the financial year.

Corporate Items (+£1.377m)

- 4.12. There is a (+£0.8m) uncontrollable cost due to the Council's statutory duty to provide assistance to all destitute clients who are Non-European Union nationals and can demonstrate need under Section 21 of the National Assistance Act, 1948. This is commonly referred to as No Recourse to Public Funds (NRPF).
- 4.13. (+£1.2m) of planned savings are now considered unachievable in 2017-18, including cross-cutting savings relating to further channel shift and income generating activities across the Council.
- 4.14. There is a (+£0.6m) unbudgeted cost relating to the estimated General Fund cost of the new apprenticeship levy.
- 4.15. These overspends are partially offset by:
 - 4.15.1. Net unbudgeted grant income totalling (-£0.9m), for example to compensate for the impact of Government policy on our retained business rates income in 2017-18 and to reimburse previously top-sliced New Homes Bonus funding.
 - 4.15.2. A forecast underspend of (-£0.3m) on the corporate levies budget compared to the estimate before the start of the financial year.

5. HOUSING REVENUE ACCOUNT

- 5.1. The net total forecast variance for the Housing Revenue Account is projected to be a break-even position over the financial year.

6. **CAPITAL PROGRAMME**

- 6.1. It is forecast that £99.9m of capital investment will be delivered in 2017-18. This is set out by directorate in **Table 2** below and detailed at **Appendix 3**.

Table 2: 2017-18 Capital Programme Month 10 Forecast

Directorate	2017-18 Capital Budget	2017-18 Capital Forecast	Forecast Re-profiling (to)/from Future Years (£m)
	(£m)	(£m)	(£m)
Children's Services	6.8	6.8	0
Environment and Regeneration	26.7	26.0	(0.7)
Housing and Adult Social Services	89.9	67.1	(22.8)
Total	123.4	99.9	(23.5)

Forecast Re-profiling

- 6.2. Under the Council's financial regulations, the re-profiling of capital budgets between financial years over £1m on an individual capital scheme is a function of the Executive.

Housing and Adult Social Services

- 6.3. The forecast re-profiling of the Housing and Adult Social Services capital programme to 2018-19, totalling £22.8m, comprises:
- 6.3.1. Housing major works and improvements programme (£4.5m), caused by delays in contract starts on site arising primarily as a result of recruitment pressures, staff resources being diverted to fire safety related assessments/works post Grenfell and protracted contract price negotiations.
- 6.3.2. New homes programme (£18.3m) based on latest scheme projections, which estimate total expenditure of £38.1m in 2017-18 compared to the original estimate of £56.4m before the start of the financial year.

7. **IMPLICATIONS**

Financial Implications

- 7.1. These are included in the main body of the report.

Legal Implications

- 7.2. The law requires that the Council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance.

Environmental Implications

- 7.3. This report does not have any direct environmental implications.

Resident Impact Assessment

- 7.4. The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.
- 7.5. A resident impact assessment (RIA) was carried out for the 2017-18 Budget Report approved by Full Council. This report notes the financial performance to date but does not have direct policy implications, so a separate RIA is not required for this report.

Appendices:

Appendix 1 – General Fund Revenue Monitoring by Individual Variance

Appendix 2 – Revenue Monitoring by Service Area

Appendix 3 - Capital Monitoring

Background papers: None

Signed by



8 March 2018

Executive Member for Finance,
Performance and Community Safety

Date

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