

Wiltshire Council

Cabinet

19 November 2019

Subject: **Budget Monitoring, Performance & Risk Management
2019/20 Quarter 2 (30 September 2019)**

Cabinet Member: **Cllr Simon Jacobs – Cabinet member for Finance and
Procurement**

Key Decision: **Non Key**

Executive Summary

This report brings together the regular reports on Budget Monitoring, Performance & Risk Management. The aim is to combine key information to give a complete picture of performance, both financial and non-financial, in regular reports which highlights the main area for consideration in a clearer format.

This report advises members of the Budget Monitoring, Performance & Risk Management as at the end of Quarter 2 (as at 30 September 2019) for the financial year 2019/20. Highlighting recommended actions as appropriate.

Budget Monitoring

The Council has delivered most of the savings planned for delivery in 2019/20 and expects to deliver a balanced budget by the end of the financial year. However, there are some services which have identified large variances due to additional cost pressures identified in year and these forecasts indicate a general fund variance, if no further action is taken, of £2.678 million. This is 0.8% of the Council's net budget

Directors and Heads of Service are identifying compensating actions to bring this back into a balanced year end position. Individual recovery plans are being produced for areas showing forecast overspends.

The report includes commentary on the Dedicated Schools Grant (DSG). This is coming under increased pressure in Wiltshire as it is across the country. Current forecast is for a £5.900 million overspend. Mitigation plans are in place to address this overspend; further details are outlined in the main body of this report.

This report also details changes to the capital budget made since the 2019/20 budget was set on 20 February 2019 and reflects the forecast year end position of the 2019/20 capital spend against budget as at Quarter 2 (as at 30 September 2019). The revised capital programme as at Quarter 2 is £158.696 million, which includes £66.369 million of budget reprogramming into future years.

Performance

Due to the timing of the report not all indicators from the Corporate Performance Framework are available to be included. This is because the time required to record

work done, extract data from recording systems, validate that data and report it correctly is, in many cases, weeks rather than days. In addition, a number of the Council's chosen indicators require input from partner organisations who are not ready to report to the council at this time. Available indicators have been included when they relate to the financial information being reported.

Risk Management

The Council's Strategic Risk Register for Quarter 2 (Appendix G) contains 12 significant service and composite corporate risks. Four of those risks have a high inherent rating. Most of the risks on the strategic register remain as they were in quarter one.

Proposal

Cabinet is asked to note:

- a) that the budget is forecast to breakeven by the end of the financial year with the General Fund Quarter 2 projected year end outturn being an overspend risk of £2.678 million, before management actions are made.
- b) the HRA Quarter 2 projected year end outturn is online.
- c) the 2019/20 capital programme as at quarter 2 (30 September 2019) has been revised to a budget of £158.696 million (including requested additions).
- d) outturns against the selected performance measures in relation to the Council's Business Plan.
- e) the scoring and commentary on the Strategic Risk Register.

Cabinet are asked to approve:

- f) the budget virements in the revenue budget and capital programme, per Appendices C, D & E.
- g) a recommendation to Full Council to approve additions to the capital programme of £0.644 million.

Reason for Proposal

To inform effective decision making and ensure a sound control environment.

To inform Cabinet of the position of the 2019/20 budget as at Quarter 2 (30 September 2019), including highlighting any budget changes.

To inform Cabinet on Performance and Risk in the context of the financial position in relation to the Council's stated aims in its Business Plan.

Carlton Brand, Alistair Cunningham OBE and Terence Herbert – Executive Directors

Wiltshire Council

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Cabinet Member: **Cllr Simon Jacobs – Cabinet member for Finance and
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Key Decision: **Non Key**

Purpose of Report

1. To advise Members of the Budget Monitoring, Performance & Risk Management position 2019/20 Quarter 2 (30 September 2019) for the financial year 2019/20 with suggested actions as appropriate.
2. To inform Cabinet on the position of the 2019/20 revenue and capital budgets as at quarter 2 (30 September 2019), including highlighting any budget changes.
3. To provide an update on the progress against the stated aims in the Council's Business Plan to include measures from the corporate performance framework as well as the latest version of the Council's strategic risk register as at the end of September 2019.

REVENUE BUDGET BACKGROUND

4. The Council approved the 2019/20 budget at its meeting on 26 February 2019 for the sum of £332.377 million. The report focuses on forecast exceptions to meeting the approved budget. Comprehensive appendices showing the individual service headings are included in Appendix A. More details on any revisions to the original base budgets in year are also included in the report.

Revenue Summary

5. The projected year end position for the relevant accounts is set out as follows:

Summary Position	2019/20 Budget	Profiled Budget to date	Actual to date	Projected Position for Year	Projected Variance	Variance reported at Quarter 1	Movement since Quarter 1
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
General Fund Total	332.377	219.505	203.238	335.055	2.678	0.500	2.178
Dedicated Schools Grant (DSG) *	180.333	45.914	47.114	186.288	5.900	3.000	2.900
Housing Revenue Account	0.000	(7.626)	(8.033)	0.000	0.000	0.000	0.000

*High Needs Block

6. This projected position is the current projected outturn position after any current approved recovery actions have been actioned. Information on significant movements since Quarter 1 are included in the detail below.
7. Managers are instigating recovery plans which will ensure that an overall break-even position is achieved by the end of the year. Further details are included below.

Recovery Plans

8. The reports shows that some services have identified large variances at this stage of the year. Details of these areas are included below. Directors and Heads of Service are identifying compensating actions to bring these variances back in line. These are explained in the service sections below.
9. As corporate measures, officers are committed to ensuring that non-essential spend is delayed or not undertaken. This will include staffing and non-staffing costs. Additionally, they are looking to bring forward savings and efficiencies into 2019/20 to help mitigate budget pressures and to reduce costs wherever possible.
10. As well as this, a review of outstanding earmarked reserves and grants and has been undertaken in order to identify potential reserves and grants that could be released to mitigate the service in year position A review of transformation costs

that have delivered savings is in progress to facilitate an increased use of flexible capital receipts in line with the Council's flexible use of capital receipts strategy.

11. Officers are formulating and embedding these recovery plans, and it is currently forecast that enough compensating savings will be identified to ensure that the Council break even by the end of the financial year. This will need to be rigorously monitored and a tracker for mitigation plans, alongside the existing savings tracker, will be developed.
12. Where Corporate services are currently forecasting an underspend position, it is proposed that these underspends are used to ensure that the overall council position breaks even.
13. At the beginning of 2019/20 the General Fund Reserve balance was £15.100 million; it is essential that this projected overspend is recovered without the need to draw on the General Fund reserve to ensure that an adequate minimum reserve balance is maintained.

Budget Movements

14. There have been a number of budget movements during 2019/20. These are due to budget virements (transfers) relating to factors such as structural changes or allocation of funding for the pay award. A full breakdown is shown in Appendix B. The overall net budget remains the same as agreed by Full Council in February 2019.
15. In accordance with the scheme of delegation those budget transfers amounting to more than £0.250 million need to be reported to Members. Details are included in Appendix C.

REVENUE BUDGETS

16. The breakdown of the projected year end position by services is set out as follows

Summary Position	2019/20 Budget	Profiled Budget to date	Actual to date	Projected Position for Year	Projected Variance	Variance reported at Quarter 1	Movement since Quarter 1
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Adult Care, Public Health & Digital	156.106	81.737	79.627	157.485	1.379	0.000	1.379
Children & Education Service	80.845	100.485	79.528	83.801	2.956	0.000	2.956
Growth, Investment & Place Service	99.431	46.924	46.642	102.644	3.213	2.900	0.313
Corporate	(4.005)	(9.641)	(2.559)	(8.875)	(4.870)	(2.400)	2.470
General Fund Total	332.377	219.505	203.238	335.055	2.678	0.500	2.178

17. The corporate composite risk related to budget management remains in the medium bracket. Monthly reporting to the Corporate Leadership Team and quarterly reporting to Cabinet help mitigate this risk as does continued monitoring of projected spend, linked metrics and managers applying a rating to savings targets.

18. The corporate risk around the difficulty of delivering a balanced budget with uncertainty in the future of local government financing has remained low. This is because of the continued delay in the expected review. This risk will be removed from the corporate risk register until a time when it becomes relevant again.

19. The corporate composite risk around contract management remains at the high level and on the edge of the Council's risk appetite. The Corporate Leadership Team have approved an action plan and, while partly underway, its full impact has yet to be felt. It is hoped that the residual risk could be scored lower in future quarters.

General Fund Monitoring Details

20. Overall the Quarter 2 report identifies potential net year end forecast overspend of £2.678 million before further mitigating action. Below are the details of the services and comments on the main forecast variances.

21. Overall a significant proportion of service expenditure is in line with budget profiles and forecasts, however areas of concern have been highlighted. Details of these areas are included below. Directors and Heads of Service are identifying compensating actions in order to ensure a balanced year end position.

ADULT SOCIAL CARE, PUBLIC HEALTH, LEGAL AND DIGITAL SERVICE

Summary Position	2019/20 Budget	Profiled Budget to date	Actual to date	Projected Position for Year	Projected Variance	Variance reported at Quarter 1	Movement since Quarter 1
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Adults 18+	48.901	23.199	32.674	51.065	2.164	0.000	2.164
Mental Health	18.281	10.090	7.740	17.838	(0.443)	0.000	(0.443)
Learning Disabilities	51.914	25.872	21.683	52.027	0.113	0.000	0.113
Adults Commissioning	23.019	13.856	5.609	23.384	0.365	0.000	0.365
Total Adults	142.115	73.017	67.706	144.314	2.199	0.000	2.199
Public Health	1.418	0.884	0.649	0.998	(0.420)	0.000	(0.420)
Information Services	8.806	6.108	9.143	8.806	0.000	0.000	0.000
Legal & Democratic	3.767	1.728	2.129	3.367	(0.400)	0.000	(0.400)
Adult Care, Public Health & Digital Service Total	156.106	81.737	79.627	157.485	1.379	0.000	1.379

Adult Social Care

22. Adult Social Care budgets are projecting a net variance of £2.199 million overspend.

23. A recovery plan is being developed to address this projected overspend.

24. The 18+ Service – risk of additional budget pressures of £2.164 million

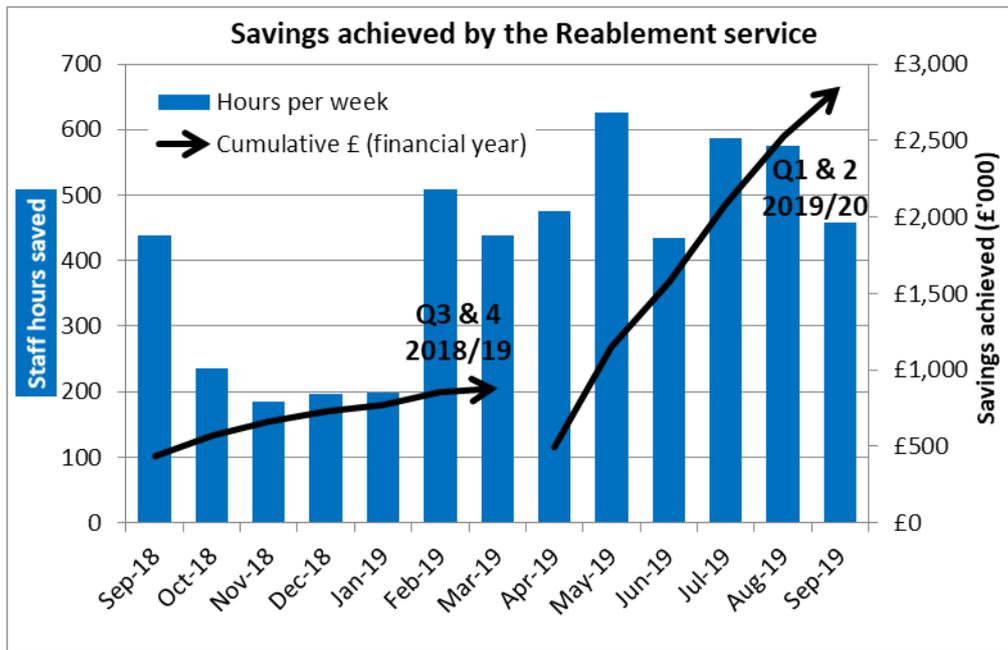
- a. Although the Reablement in-house service is over achieving its savings target of £2.350 million (of which £3.776 million has been achieved to date), there has been a sharp reduction in people having a direct payment (27%) and transferring to have council arranged domiciliary care packages. There has also been an increase of 20 residential spot purchases since budget setting which equates to 6.69%. The demographic growth projected (as per ONS) was 4.5%.

25. Wiltshire Council aims to provide care as close to home as possible for its customers. Wiltshire Council's in-house Reablement service became operational in September 2018. Reablement is a short-term intervention in a person's own

home designed to maximise independence and reduce the need for long term and ongoing care. In the second half of the last financial year the Reablement service avoided the need for over 2,000 hours of care; over 3,100 hours have been saved in the first six months of the current financial year.

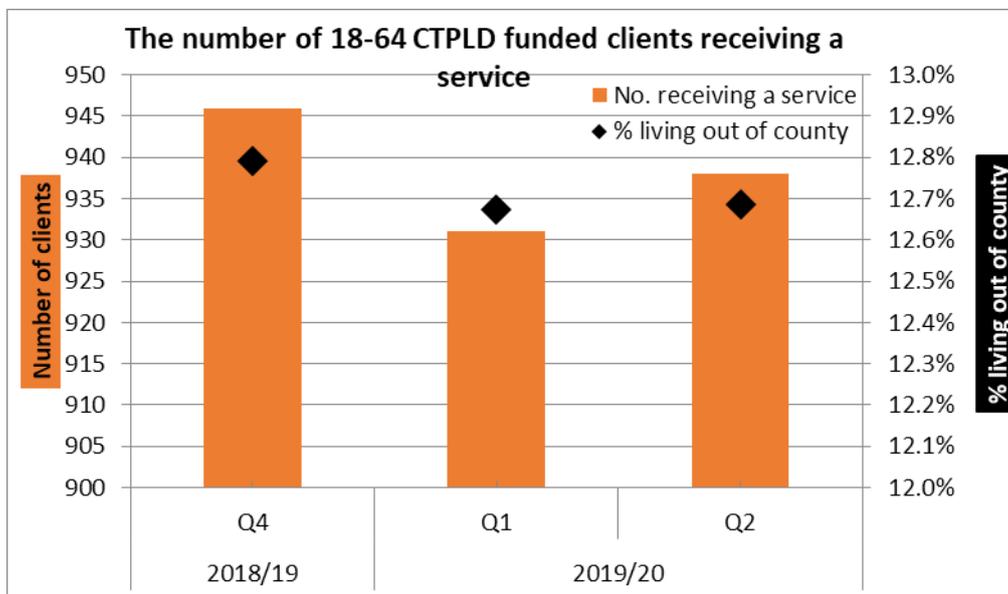
Month	Hours Per Week	Savings Achieved £ m	Full year Effect Savings £ m
Total 2018/19	2,202	£0.878	£3.029
Apr-19	475	£0.493	£0.511
May-19	625	£0.659	£0.755
Jun-19	458	£0.422	£0.527
Jul-19	587	£0.510	£0.710
Aug-19	575	£0.448	£0.697
Sep-19	458	£0.318	£0.576
Total 2019/20	3,178	£2.850	£3.776
Total To date	5,380	£3.728	£6.805

26. The Council aims to provide care as close to home as possible for its customers. Wiltshire Council's in-house Reablement service became operational in September 2018. Reablement is a short-term intervention in a person's own home designed to maximise independence and reduce the need for long term and ongoing care. In the second half of the last financial year the Reablement service avoided the need for over 2,000 hours of care; over 3,000 hours have been saved in the first half of the current financial year. The total cumulative savings made by the service are nearly £3 million in the six months to October 2019. The total cumulative savings in the previous six months was just under £0.9 million.



Better performance is shown by a higher number

27. The Community Team for People with Learning Difficulties (CTPLD) also aims to provide support for its clients as close to home as possible. In quarter three the proportion of CTPLD clients living out of county was 12.7% which was almost identical to the position six months before. The total number of people supported by CTPLD has fallen by 1% in the last six months.



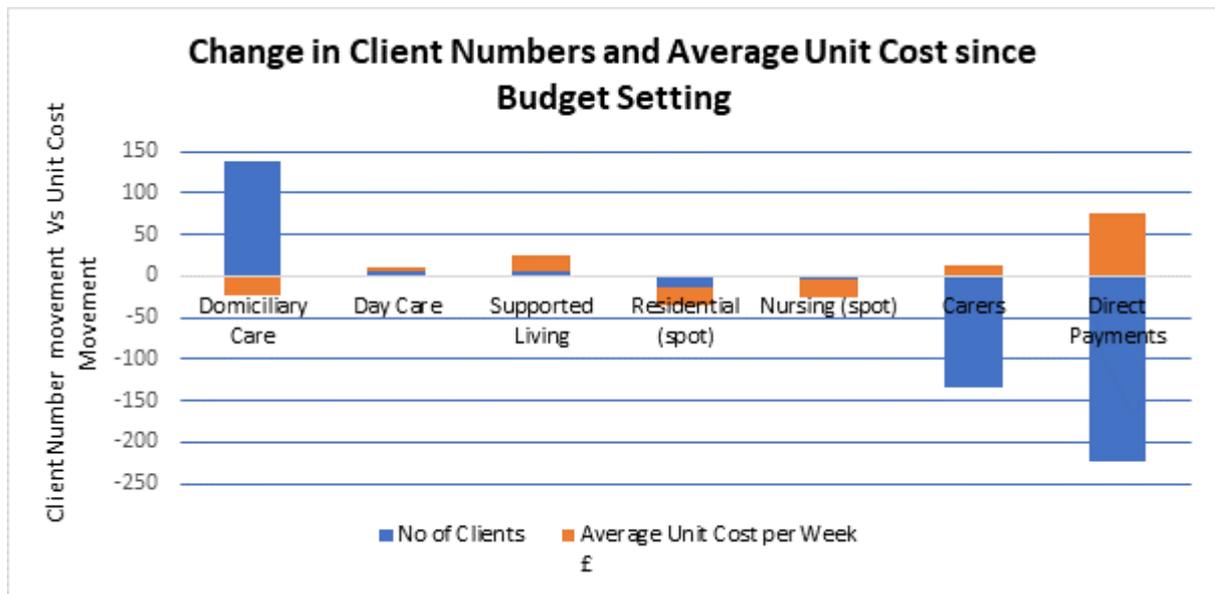
Better performance is shown by a lower rate

28. Mental Health, current trends suggest that they will underspend, however this is after taking into account two savings targets which are still to be achieved:

- i. Shared Lives - £0.135 million savings target; and
- ii. Service Redesign - £0.039 million

Work is ongoing to achieve these targets.

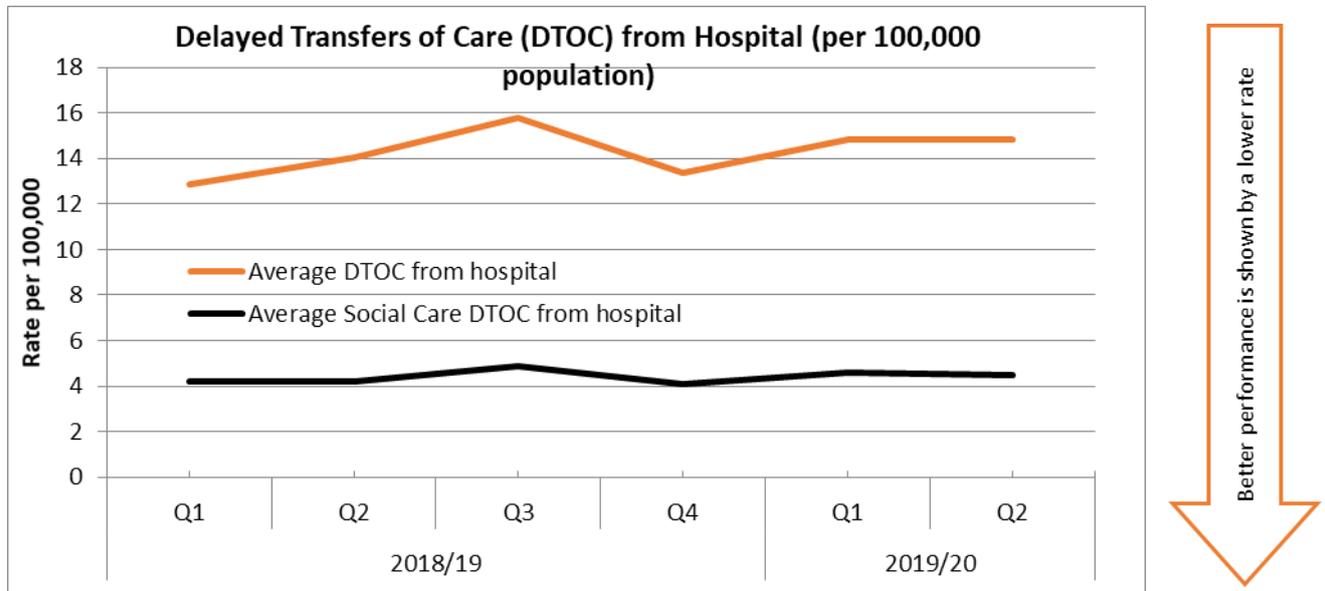
29. The Shared Lives Service provides accommodation, care and support to people unable to live independently. The service is provided in the home of approved Shared Lives carers, where people are helped with their everyday needs - from guidance, reminders or prompts to help with everyday tasks, personal care and accessing health services. There has been 2 additional Shared Lives Placements in the last few months.
30. Learning Disabilities - risk of additional budget pressures of £0.117 million. This is in the in-house provider service which provides day care and respite. These services have been restructured and the projected financial pressure has reduced by over £0.500 million since Quarter 1.
31. Commissioning is currently working towards an underspend of £0.365 million, which relates to the contracts with the OSJ for residential and nursing beds.
32. The main underlying pressure across Adult Social Care relates to placements and the increase in both activity and unit cost. The table below shows the reduction in direct payments and the correlating increase in domiciliary care.



33. Ensuring that vulnerable people get the right support at the right time remains a major concern of the Council's care teams. Wiltshire Council monitors performance in the delayed transfer of care (DTOC); when a patient is ready to leave hospital but is unable to do so because of a lack of appropriate health or social care. DTOC is measured as the average number of people delayed in hospital as a rate per 100,000. Over the last 18 months the level of DTOC level in Wiltshire has remained

fairly constant with the proportion, identified by the NHS, as being the responsibility of Wiltshire Council Social Care being around 30%.

34. The corporate critical service risk related to Safeguarding Adults remains at the medium level it has been at for the last few quarters. The introduction of the Adults Multi-Agency Safeguarding Hub (MASH), which had a formal launch in May 2019, has meant that the likelihood of safeguarding incidents occurring is as low as it is

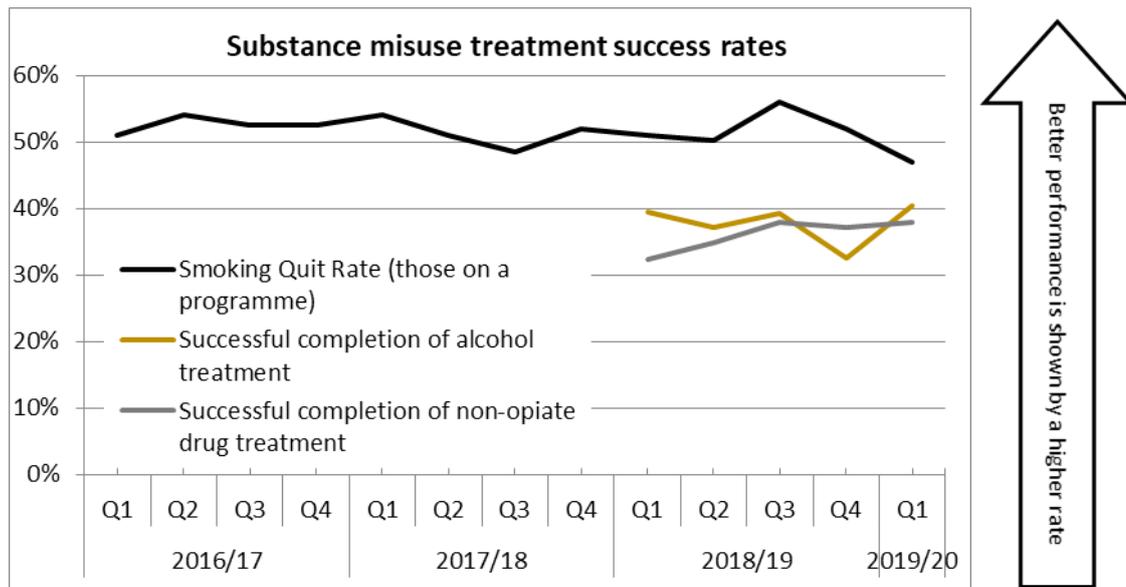


anticipated that it could be. Because of the seriousness of any safeguarding issues it is not expected to be possible to reduce this risk below its current level.

Public Health

35. Public Health is projecting a net variance of (£0.420) million after use of one-off earmarked reserves to fund public health as part of the recovery plan.

36. As part of building safer communities Wiltshire Council aims to reduce the level of substance misuse in the county. Through the Public Health service, the Council invests in rehabilitation and support for people afflicted by substance misuse. A range of services are provided including to help people quit smoking and manage problem alcohol or other substance misuse. Success rates on these programmes have been largely static over the last year. Despite the fall to below 50% success rate for those on a smoking cessation programme in quarter one 2019/20 the Wiltshire rate matches the rate for England as a whole.



37. The corporate composite risk around health, safety and wellbeing is maintained at the low level that it has been at for the last year. New actions including the introduction of a staff wellbeing platform and a lone working audit help to ensure the component risks across the council are well managed.

Information Services

38. Information Services is forecasting a balanced year end position.

39. The corporate Cyber Resilience risk, which considers the likelihood and impact of potential cyber-attacks on the Council's information technology systems, remains high. There has been a fall in the likelihood score of the inherent risk because a new action plan has been put in place. However, the impact of that action plan is yet to be felt so the overall risk remains high and on the cusp of being outside the corporate risk appetite.

Legal, Electoral & Registration

40. Legal, Electoral & Registration is projecting a net variance of (£0.400) million after use of one-off earmarked reserves as part of the recovery plan. Service pressures of £0.200 million arising from the need to extend the use of external consultancy services to cover for long term sickness within the Elections team as well as to mitigate against the risk of the unplanned general election are offset by an in-year reduction of £0.200 million and a one-off release of £0.400 million from the Elections Earmarked Reserve.

Adult Social Care, Public Health, Legal & Digital Recovery Plan

41. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves totalling £1.020 million
 - £0.420 million (Revenue Grants Earmarked Reserve)
 - £0.600 million (Elections Earmarked Reserve)
- Review potential increased use of flexible capital receipts to fund transformational work
- Review all red rated savings and deliver commitments
- Review direct payments and clawback surplus
- Review non-essential spend and defer recruitment to non-essential vacancies
- Adult social care to focus on reablement and enablement and personal budgets to achieve better value for money as well as rigorously challenging high cost care packages through the QUAM process

CHILDREN & EDUCATION, COMMUNICATIONS AND HUMAN RESOURCES SERVICES

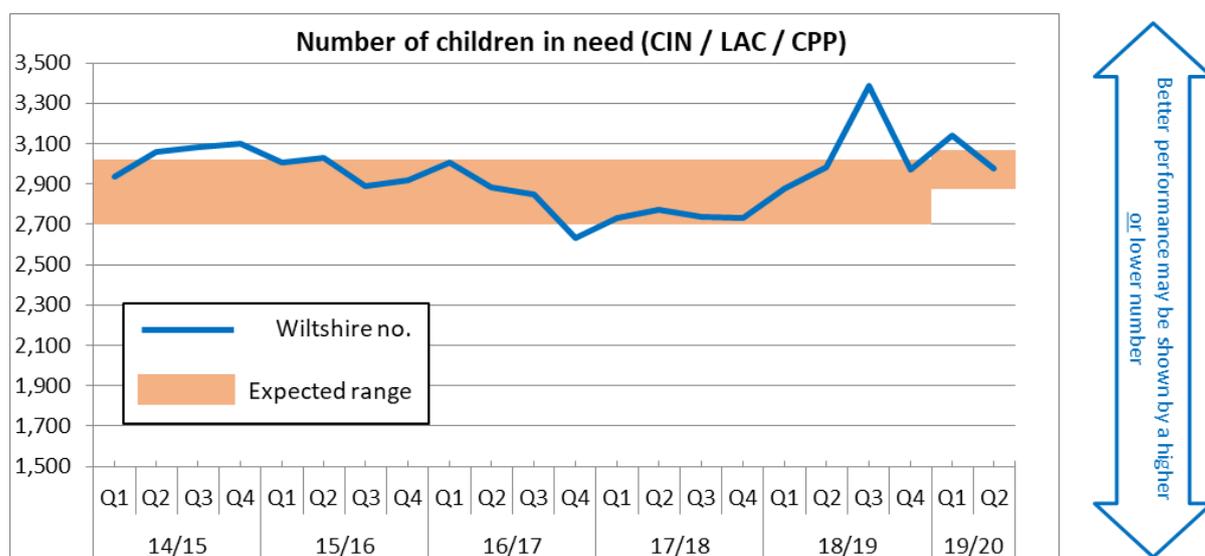
Summary Position	2019/20 Budget	Profiled Budget to date	Actual to date	Projected Position for Year	Projected Variance	Variance reported at Quarter 1	Movement since Quarter 1
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Children's Commissioning	5.234	16.964	15.468	5.234	0.000	0.000	0.000
Children's Social Care	42.354	21.085	23.014	44.214	1.860	0.000	1.860
0-25 Service: Disabled Children & Adults	19.387	26.988	31.232	20.615	1.228	0.000	1.228
School Effectiveness	4.525	4.208	3.506	4.500	(0.025)	0.000	(0.025)
Funding Schools	0.000	26.741	0.949	0.000	0.000	0.000	0.000
Children & Education Totals	71.500	95.986	74.169	74.563	3.063	0.000	3.063
Corporate Services	4.936	2.309	2.910	4.936	0.000	0.000	0.000
Communications	1.215	0.634	0.719	1.258	0.043	0.000	0.043
Human Resources & Org Development	3.194	1.556	1.730	3.044	(0.150)	0.000	(0.150)
Children & Education Service Totals	80.845	100.485	79.528	83.801	2.956	0.000	2.956

Children & Young People with Social Care Needs

42. This is a demand driven area. The LAC external placement budget is forecasting additional budget pressure due to a number of factors including increased numbers of children in our care and an increase in placement costs of residential and Independent Fostering Agency placements. This is offset by underspends in inhouse foster care and special guardianship orders. A £1.860 million overspend is forecast after use of one-off earmarked reserves in relation to prior year unspent revenue grants as part of the recovery plan. Significant effort is being put into

individual case reviews and mitigating action through the LAC Placement budget monitoring project and FACT workstreams and work is ongoing in an effort to reduce the overspend by the year end, however Wiltshire's increase is aligned to the national increase in social care activity and expenditure.

43. The number of young people who have a status of 'Child in Need' or 'Looked After Child' or who have a Child Protection Plan in place in Wiltshire remains around 3,000. This quarter two total is almost identical to the same period in the previous year but is 5.3% lower than quarter one 2019/20. The expected range for this indicator is set nationally at between 272 and 290 per 10,000 for 2019/20. The current level falls within the expected range.



44. Other pressures reflect the recruitment and retention issues in the Support & Safeguarding service where vacant social worker posts have been filled by more expensive agency staff, whom are more expensive than permanent staff, in order to ensure caseloads are manageable plus savings plans which have not come to fruition – these are largely offset by vacancies held in the looked after children & 16+ teams.

	Weeks Care	Expenditure £ million
Budgeted	35,070	19.296
Forecast	36,459	21.165
Forecast Variance	1,389	1.870

45. The corporate critical service risk around Safeguarding Children remains at a high level. The score of 12 puts this risk at the level of its corporate risk appetite meaning that the organisation expects to be implementing actions to mitigate the risk. The actions being taken are to ensure that Children's Services caseloads remain small enough to be effective. Caseloads are reviewed by heads of service and referred

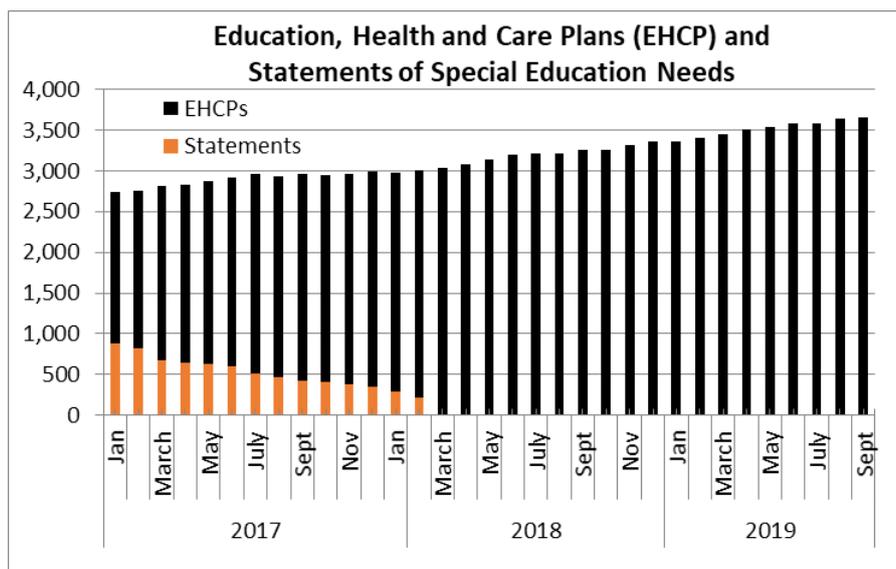
to the Outcomes Board if they reach a critical level. A clear recruitment and retention policy is in place to ensure that there are enough qualified workers in the Council.

0-25 Service: Disabled Children & Adults

46. 0-25 Service: Disabled Children & Adults is forecasting a net variance of £1.228 million after use of one-off earmarked reserves in relation to prior year unspent revenue grants as part of the recovery plan.
47. There is a demand driven budget pressure in the SEND placement budget – around the rising number of children with complex needs, transitions cases and the budget savings target and availability of local provision. The rising demand for education, health & care plans (EHCPs) is leading to a cost pressure on SEND transport of £0.700million. These are somewhat offset by vacancies held in operational teams.

	FTE of Packages of Care	Expenditure £ million
Budgeted	517.17	5.183
Forecast	603.38	6.292
Forecast Variance	86.21 (17%)	1.108 (21%)

48. Improving support for people with Learning Disabilities includes being able to identify, correctly, who those people are and what their needs might be now and into the future. In the last two years the number of young people with a Statement has decreased by 98% as Statements have been replaced by Education, Health and Care Plans (since the introduction of the Children and Families Act 2014). Over the same period the total number of children with either a Statement or an ECHP has increased by 24%.



Better performance may be shown by a higher or lower number

Corporate Services

49. Corporate Services is forecasting a balanced year end position.

50. Following the incidents in Salisbury and Amesbury in 2018 the Council has been managing the economic recovery for the Southern Wiltshire region. The risk relating to the failure to revive Salisbury's economy remains at a high level. The dedicated recovery team is building and supporting opportunities to revive the high streets, improve the cultural offer and stimulate new growth. The team has progressed to the next stage of the government's Future High Street Fund. The funding bid, if successful, will enable a number of projects and reduce the risk of failing to revive Salisbury's economy.

Human Resources & Organisational Development Services

51. The corporate composite risk related to the recruitment and retention of staff remains at the same medium level as it has for the last few quarters. There are some service specific risks that feed into this this composite risk that are scored at a high level but the overall impact on the Council is not seen to be high. Managers continue to implement changes in response to the most recent staff survey.

Children & Education, Communications and Human Resources Services Recovery Plan

52. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves totalling £0.176 million:
 - £0.176 million (Revenue Grants Earmarked Reserve)
- Review potential increased use of flexible capital receipts to fund transformational work
- Review efficient use of in year grant income to fund expenditure
- Review all red rated savings and deliver commitments
- Review non-essential spend and defer recruitment to non-essential vacancies

GROWTH, INVESTMENT & PLACE, COMMUNITIES & FINANCE SERVICES

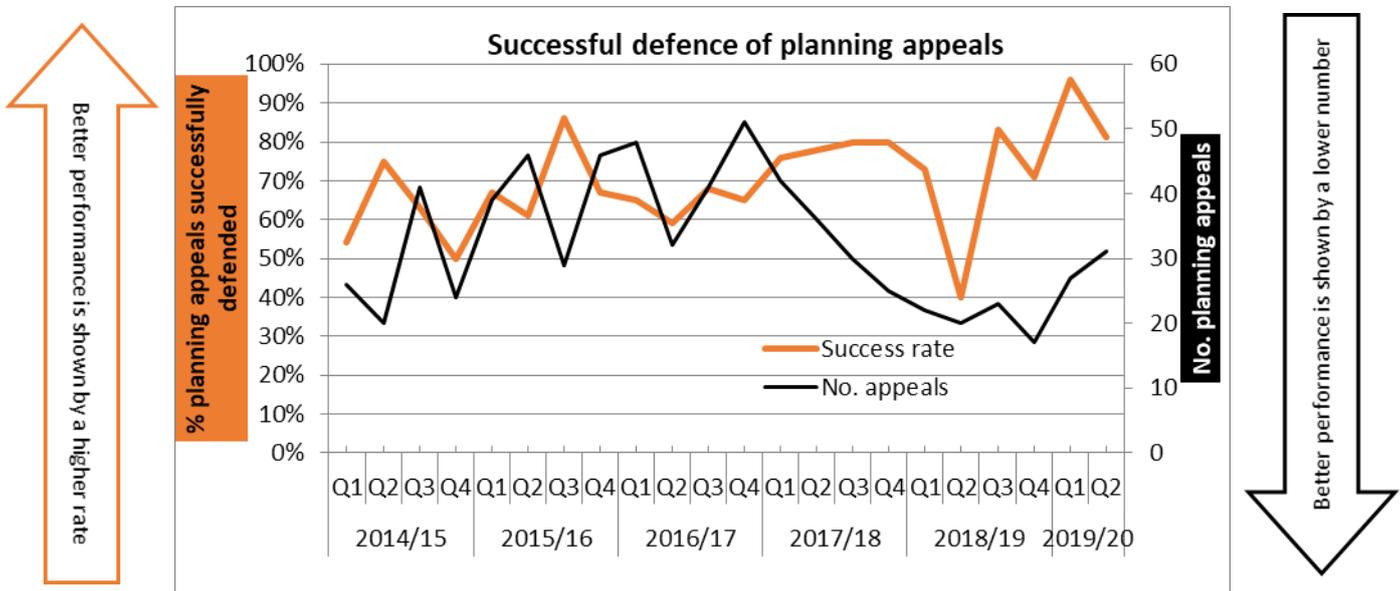
Summary Position	2019/20 Budget	Profiled Budget to date	Actual to date	Projected Position for Year	Projected Variance	Variance reported at Quarter 1	Movement since Quarter 1
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Economic Development & Planning	2.282	1.028	1.161	2.732	0.450	0.000	0.450
Highways	19.356	9.743	9.170	19.356	0.000	0.000	0.000
Car Parking	(6.812)	(3.041)	(3.055)	(6.812)	0.000	0.000	0.000
Waste & Environment	38.599	12.771	9.023	40.999	2.400	2.400	0.000
Housing Services	4.157	2.624	2.995	3.520	(0.637)	0.000	(0.637)
Strategic Asset & Facilities Management	12.051	7.779	5.434	12.051	0.000	0.000	0.000
Libraries, Heritage & Arts	5.494	2.688	2.992	5.994	0.500	0.500	0.000
Leisure	(0.164)	0.141	0.348	0.136	0.300	0.000	0.300
Transport	17.580	7.414	6.818	17.580	0.000	0.000	0.000
Public Protection	0.547	0.125	0.034	0.747	0.200	0.000	0.200
Finance & Procurement	7.041	5.422	5.539	7.041	0.000	0.000	0.000
Revenues & Benefits – Subsidy	(0.700)	0.230	6.183	(0.700)	0.000	0.000	0.000
Growth, Investment & Place Service Totals	99.431	46.924	46.642	102.644	3.213	2.900	0.313

Economic Development & Planning

53. Economic Development & Planning is forecasting a £0.450 million overspend after use of one-off earmarked reserves in relation to prior year unspent revenue grants and Development of the Local Plan as part of the recovery plan. This is due to underachievement of income budgets £0.650 million and £0.100 million in relation to cross cutting management savings target. Income budget totals £7.186 million across Development Management, Building Control and Land Charges.

54. Income budgets were underachieved by £0.871 million in 2018/19 with major planning applications down by 22% in 2018/19, 158 major applications in 2018 compared to 202 in 2017 (period April to March). Applications have not been this low since 2013/14. In the first quarter of 2019/20 we had a lower number of planning applications resulting in lower income than the budget forecast. It is thought that this reduction is in part down to the uncertainties of Brexit with Developers delaying and shying away from major applications.

55. Wiltshire Council's Business Plan states that sustainable development will be achieved by delivering development where it is needed and in accordance with Wiltshire's Core Strategy. Making the right planning decisions helps enable that ambition. Although quarter two saw a dip in the proportion of appeals successfully defended it was not as severe as the fall in the same period last year and remains above 80%. There were only six unsuccessful defences in quarter two this year, half the number that there were the in quarter two in 2018/19.



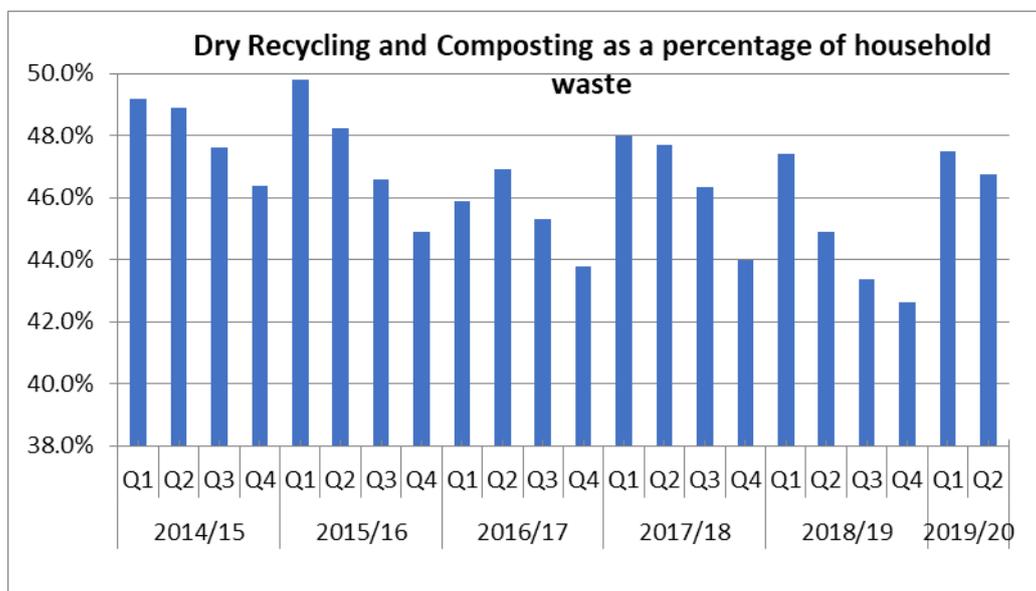
Highways

56. Highways is forecasting a balanced year end position.

Waste & Environment

57. As discussed in Quarter 1, an interim waste service will need to continue for 8 months more than budgeted. This is forecast to cost up to £2.400 million above budget in 2019/2020.

58. Wiltshire Council aims to meet the national target of 50% of household waste being recycled or composted by 2020. The recycling rate is shown as a year-to-date figure. Dry recycling, as a percentage of household waste, was 46.8% in quarter two; two percentage points higher than in the same period last year. Services introduced in August 2018 as part of new waste contract are anticipated to increase recycling levels; as residents will be able to recycle additional materials at the kerbside. However, due to the change in behaviour required, this impact is not expected to be seen in this financial year. Quarters three and four usually show a lower level of recycling because of the reduction in garden waste.



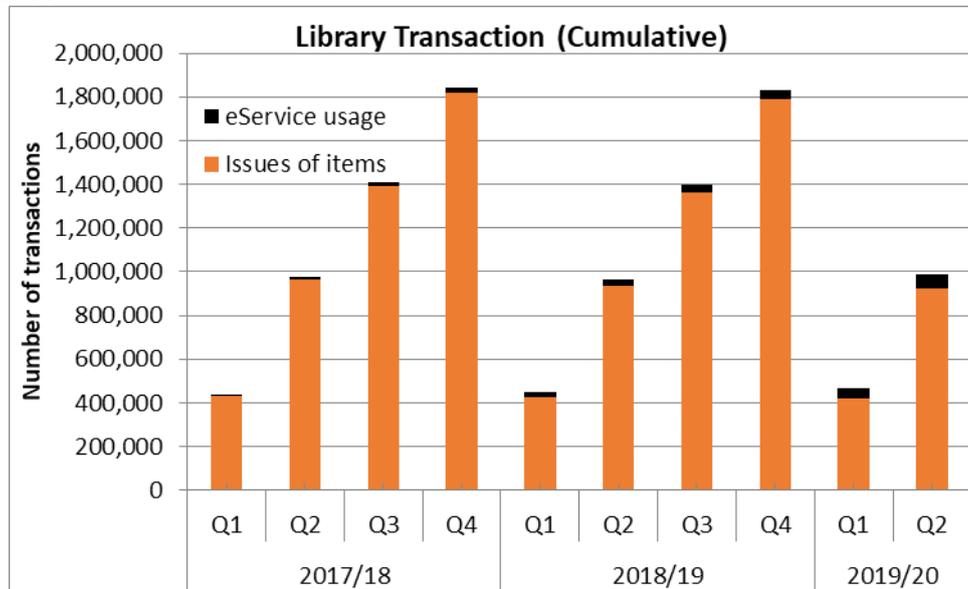
Housing Services

59. Housing Services is projecting a net variance of (£0.637) million after use of one-off earmarked reserves in relation to prior year unspent revenue grants as part of the recovery plan.

Libraries, Heritage & Arts

60. As identified in quarter 1, Communities & Neighbourhood Services are reporting a £0.500 million pressure in relation to Library Services, whilst savings proposals are being approved, reviewed and implemented.

61. In addition to the general changes in the use of physical libraries a fall in the quantity and quality of stock has had an impact on the physical transactions in Wiltshire's libraries. At the same time there is a growth in electronic lending. This includes eBooks, eAudio and eMagazines which now make up 4.9% of all items loaned from Wiltshire's libraries. When combined the cumulative physical and electronic loans at the end of quarter two are 2.5% higher than they were at the same time last year. This growth is attributed entirely to electronic loans which grew by 136.1%

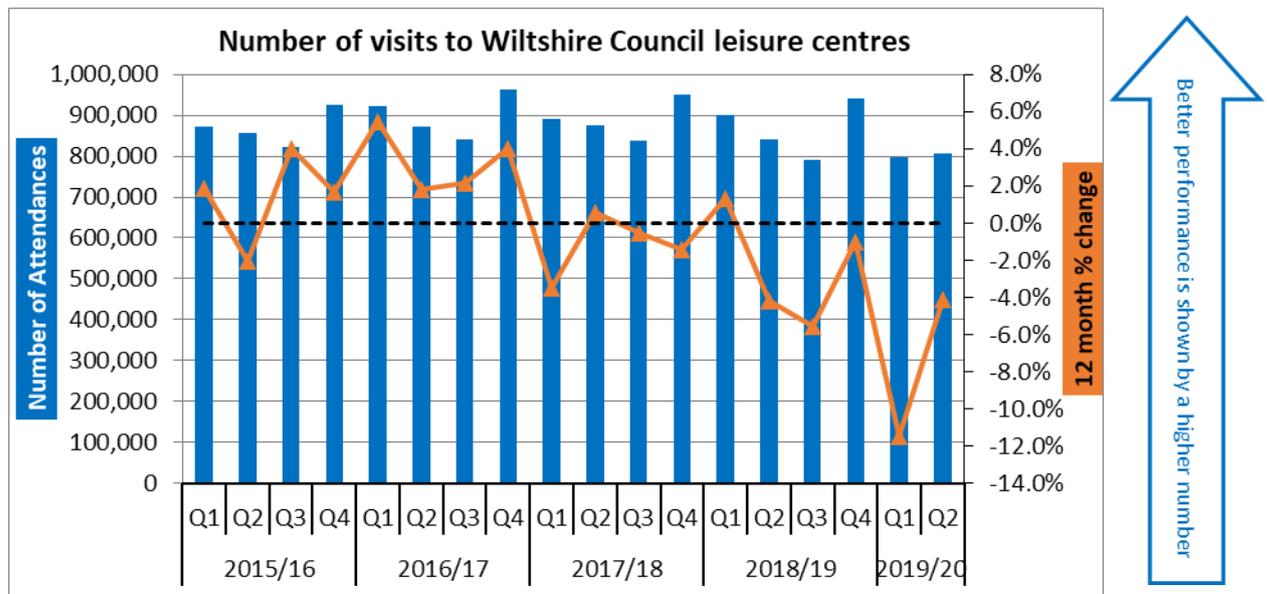


Better performance is shown by a higher number

Leisure

62. Leisure is forecasting £0.300 million overspend, £0.249 million in relation to cross cutting management saving target and net £0.051 million underachievement of income / increased expenditure due to facility closure and performance issues that have now been identified and resolved.

63. Wiltshire Council aims to provide opportunities for its residents to participate in physical activity through its leisure offer. Visits to Wiltshire Council leisure centres go through an annual cycle with the highest attendance figures in quarter four of each year (following the start of the new calendar year) and quarter three showing the lowest. Some of quarter twos attendance figures have been estimated based on previous years numbers while new systems are calibrated. Based on these figures quarter two saw a 4.1% decrease in attendance on the previous year but a 0.9% increase on the previous quarter.



Public Protection

64. Public Protection is forecasting £0.200 million overspend, £0.127 million in relation to cross cutting management saving target and £0.073 million from historic saving targets and underachievement of income targets.

Growth, Investment and Place, Communities & Finance Services Recovery Plan

65. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves totalling £0.787 million:
 - £0.300 million (Development of Local Plan Earmarked Reserve)
 - £0.487 million (Revenue Grants Earmarked Reserve)
- Review potential increased use of flexible capital receipts to fund transformational work
- Review all red rated savings and deliver commitments
- Review non-essential spend and defer recruitment to non-essential vacancies

CORPORATE EXPENDITURE

Summary Position	2019/20 Budget	Profiled Budget to date	Actual to date	Projected Position for Year	Projected Variance	Variance reported at Quarter 1	Movement since Quarter 1
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Corporate Directors	0.899	0.698	0.694	0.899	0.000	0.000	0.000
Members	2.231	1.095	1.093	2.231	0.000	0.000	0.000
Movement on Reserves	(2.823)	(3.172)	(3.172)	(2.823)	0.000	0.000	0.000
Capital Financing	20.334	3.570	5.758	17.806	(2.528)	(0.500)	(2.028)
Restructure & Contingency	1.995	0.990	1.491	1.703	(0.292)	0.000	(0.292)
General Government Grants	(33.166)	(16.783)	(12.365)	(35.066)	(1.900)	(1.900)	0.000
Corporate Levies	6.525	3.961	3.942	6.375	(0.150)	0.000	(0.150)
Corporate Totals	(4.005)	(9.641)	(2.559)	(8.875)	(4.870)	(2.400)	(2.470)

Capital Financing

66. This is the revenue costs of funding the capital programme. The capital programme was set at budget setting to ensure affordability and deliverability. This included estimates of requirements against large capital schemes in the future plan, such as special schools and the digital programme. These requirements are constantly reviewed. At present it is forecast that Capital Financing will be underspent by £2.528 million at the end of the financial year after use of one-off earmarked reserves from the Capital Financing Earmarked Reserve as part of the recovery plan. This earmarked reserve's purpose was to help smooth the fluctuations in the revenue costs of financing the capital programme (external interest and minimum revenue provision (MRP)). This reserve is no longer required as these costs have been factored into the current and future year's Capital Financing revenue budget within the Medium Term Financial Strategy.

Restructure & Contingency

67. Restructure & Contingency is projecting a net variance of (£0.292) million after use of one-off earmarked reserves from the Enabling Fund Earmarked Reserve as part of the recovery plan. The Enabling Fund was created to fund one-off projects such

as the Boundary Review. Following a review of all current remaining calls on the Enabling Fund, the remaining unallocated balance has been released.

General Government Grants

68. General Government Grants are forecasting to be £1.900 million higher than budget, in respect of business rates. This is unchanged from Quarter 1. The base is recalculated annually upon submission of the annual return to central government.

Corporate Services Recovery Plan

69. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves totalling £2.520 million:
 - £1.928 million (Capital Financing Earmarked Reserve)
 - £0.592 million (Enabling Fund Earmarked Reserve)

DEDICATED SCHOOLS GRANT

70. The dedicated schools grant (DSG) is ringfenced and is separate to local authority budget. Any underspend or overspend is also ringfenced. At the end of 2018/19, the balance of the DSG reserve was a deficit of £2.060 million. This takes into account a one-off contribution of £1.300 million from the local authority which was key in securing a £2.200 million (0.8%) transfer from school's block funding in 2019/20.
71. The latest forecast for DSG is a £5.900 million overspend. This takes account of a funding reduction in the early years block of £0.359 million and reduction in the high needs block £0.225 million due to pupil census data being updated by the DfE. Numbers of EHCPs continue to rise and it is anticipated that once September pupil placements are finalised, that this forecast overspend has the potential to further increase. The deficit DSG reserve as at 31st March is forecast to be (£8.166) million. This overspend is aligned with the national picture for numerous other local authorities and the Government's acknowledgement of this is the additional funding for the 20/21 high needs block of £680million with £100million DfE contingency budget will come somewhat to alleviating the pressure for future years it will not however, assist with current or previous years' overspends.
72. The pressures on the High Needs Block are felt nationally following a change in legislation in 2014 to increase the local offer to children with SEND as well as extend the offer from 0 to 25 years. This pressure is mirrored locally but in addition, Wiltshire is the 7th lowest funded authority in the Country for Schools which, together with rising numbers of EHCPs is driving this overspend.
73. Mitigation plans have been drawn up and are based on the final report from external consultants who have worked with officers and school headteachers on a suite of recommendations around strengthening place sufficiency, place planning, inclusion, internal systems around decision making, procurement and commissioning.
74. Developments in the short term include: Inclusion & SEN which will have closer alignment with school effectiveness – a regional approach, from November 2019 including developing communication with termly headteacher briefings and SENCo briefings, a new Head of Service post with focus on inclusion, a review of panel and application of bandings, a dedicated consultant headteacher with a focus on inclusion in school, consultation events forming part of the SEN Strategy which will come to Cabinet in February 2020, developments in the SEMH pathway, clear outcomes for young people around their transition to adulthood, alternative provision and targeted review of independent special school and elective home education placements. It is unlikely that these developments will lead to material cost avoidance or savings in year due to the programme of work needing to be co-produced with heads and families.

75. In the longer term, co-produced developments include a review of secondary provision, redefining the banding framework, providing effective and trusted support to reduce the time delay in services provided with an EHCP, in reach and out reach services with two new special schools in the north and south of the county, expansion of current and new resource bases in primary and pilot schools with dyslexia specialisms.

76. Additionally, schools will be consulted on options to balance the DSG budget for 2020/21 in the Autumn. Key to this will be an indication from the local authority of another contribution. Prior to any agreement will be the DfE funding announcement for the 2020/21 final allocation in late December 2019.

HOUSING REVENUE ACCOUNT SUMMARY

77. The Housing Revenue Account is forecasting an on line at the year end.

SAVINGS DELIVERY PERFORMANCE

78. The Council has a savings requirement of £27.290 million within its 2019/20 budget which were approved by Council. The deliverability of these proposals are closely monitored and reported to CLT on a regular basis.
79. The Quarter 2 assessment on the deliverability of the savings is summarised below. Overall a shortfall of £0.381 million is forecast, for which mitigation plans will be put in place. This is included in the General Fund figures set out in this report.

	Saving Target	Green	Amber	Red	Alternative Savings
	(£ m)	(£ m)	(£ m)	(£ m)	(£m)
RAG analysis by Directorate					
Adult Care & Public Health Service					
Access & Reablement	(7.057)	(7.031)	(0.026)	-	-
Learning Disabilities & Mental Health	(3.915)	(1.827)	(0.658)	(1.430)	(1.430)
Commissioning – Adults	(4.031)	(3.074)	-	(0.957)	(0.957)
Public Health	(0.506)	(0.506)	-	-	-
Digital & Information	(0.716)	(0.451)	(0.265)	-	-
Legal & Electoral & Registration	(0.291)	(0.025)	(0.266)	-	-
Children & Education Service					
Commissioning - Children	(0.300)	(0.300)	-	-	-
Family & Children Services	(2.796)	(1.195)	(1.183)	(0.418)	(0.070)
Education & Skills	(0.123)	(0.123)	-	-	-
Corporate Services	(0.303)	(0.303)	-	-	-
Human Resources & Org Development	(0.213)	(0.092)	(0.121)	-	-
Growth, Investment & Place Service					
Economic Development & Planning	(0.151)	(0.134)	(0.017)	-	-
Highways & Environment	(1.195)	(0.962)	(0.200)	(0.033)	-
Housing & Commercial Development	(0.788)	(0.662)	(0.090)	(0.036)	(0.036)
Communities & Neighbourhood	(0.932)	(0.647)	(0.262)	(0.023)	(0.023)
Finance	(0.523)	(0.523)	-	-	-
Corporate					
Corporate Directors	-	-	-	-	-
Corporate	(0.150)	(0.150)	-	-	-
Cross Cutting	(3.300)	(0.650)	(2.150)	(0.500)	(0.500)
	(27.290)	(18.655)	(5.238)	(3.397)	(3.016)

Red savings	(3.397)
Alternative Savings	(3.016)

Savings Unachievable in 2019/20 0.381

Key Green = Deliverable
 Amber = Deliverable with risks
 Red = Unlikely to be delivered

80. Out of £27.290 million savings proposals £5.238 million are assessed as amber rated. This means that they are deemed to be deliverable in 2019/20, but with some risks associated with them.
81. £3.397 million of savings targets are currently assessed as red after compensating savings. This means they are deemed unlikely to be delivered as planned. However, officers will continue to try and identify compensating savings and corresponding mitigating actions. So far £3.016 million of alternative savings have been identified, some of which are one-off in nature, and these are included in the figures in this report. This leaves £0.381 million of savings for which further compensating savings are being identified at present. Any savings assessed to be non-deliverable will be addressed as part of the Medium Term Financial Strategy Update.

CAPITAL SUMMARY

82. In July 2019, Cabinet approved a revised capital programme totalling £216.985 million.
83. Additions to the capital programme, where the associated funding has no revenue implications for the Council e.g. the funding is from grants or contributions such as capital grants from central government and s106 contributions total £7.444 million for Quarter 2 (per Appendix D and Appendix E – Section 1).
84. Reprogramming of approved capital budgets into future years totals £66.369 million during Quarter 2 (Appendix D and Appendix E – Section 2).
85. A number of budget transfers have been requested since Quarter 1. These transfers between schemes are shown in Appendix D and Cabinet is asked to approve these transfers in this report.
86. Additions to the capital programme that impact of have the potential to impact on the Council's revenue budget must be approved by Full Council. This report requests that Cabinet recommend to Full Council that the following additions, totalling £0.644 million, to the capital programme are approved (also see Appendix D and Appendix E – Section 3):
- £0.269 million (ICT Applications) – to fund employee costs working on the implementation of the new adult social care Liquid Logic system.
 - £0.250 million (Transformation Schemes in Children's Services) – to fund the workstream for supporting the parents of under 1s.
 - £0.125 million (Fleet Vehicles) – to fund the purchase of a mixture of new snow blowers and other winter equipment.

All of these schemes are proposed to be funded from capital receipts.

87. ICT Applications and Transformation Schemes in Children's Services schemes have been identified as being transformational and can therefore be funded by the flexible use of capital receipts. This allows for revenue savings to be realised or non-recurring revenue growth to be avoided. The Council originally budgeted to fund £9.567 million of the capital programme from capital receipts; of which £3.177 million was for transformational schemes. At Quarter 2, the Council is forecasting to receive £11.289 million of capital receipts and to fund £4.405 million of transformational schemes. There is therefore sufficient headroom to fund these additional schemes from capital receipts.

88. In respect of the Fleet Vehicles scheme, as part of the move to leasing in the gritter fleet, the old vehicles have now been sold generating £0.125 million of capital receipts (to date) and it is therefore proposed that these receipts are used to create the budget to fund the expenditure on new snow blowers and other winter equipment.

89. The changes to the budget since it was last reported to Cabinet for Quarter 1) in July 2019) are summarised in the table that follows, a fuller breakdown of the changes made at a scheme by scheme level is attached as Appendix D.

Breakdown of Budget Amendments from Original Budget to Quarter 2 Budget (as at 30 September 2019)

Summary of Movements in Capital Programme	£m	Further information
Capital Programme Budget as at Quarter 1 (reported to Cabinet 23 July 2019)	216.985	Appendix D
Amendments to Capital Programme 2019/20 Since Quarter 1:		
Additional Budgets added to Programme – Funded by Grants & Contributions	7.444	Appendix D & E
Budgets Reprogrammed from 2019/20 to 2020/21	(66.369)	Appendix D & E
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing	0.644	Appendix D & E
Grant Amendments	(0.000)	Appendix D
Reduced Budgets	(0.008)	Appendix D
Quarter 2 Budget 2019/20	158.696	

Summary of Capital Position as at 30 September 2019

90. The current budget for the year 2019/20 is £158.696 million. The profiled budget to 30 September 2019 is £59.903 million. Actual spend on schemes as at 30 September 2019 was £43.849 million. A full breakdown of these figures is attached in Appendix D.

GROWTH, INVESTMENT & PLACE SERVICE

91. The current budget is £108.580 million; profiled budget is £43.102 million and actual spend recorded on SAP on these schemes as at 30 September 2019 was £26.612 million. It is currently anticipated that all schemes will deliver online by year end. Significant amendments to budgets in Quarter 2 are outlined below.
92. £14.507 million of budget has been reprogrammed into future years in respect of Local Growth Fund Schemes. Significant schemes are Chippenham Station Hub, A350 West Ashton/Yarnbrook and Maltings Salisbury. These are complex infrastructure and City centre regeneration schemes and are being done in conjunction with Developers and Partners. The reprogramming still meets the grant criteria.
93. £3.926 million of budget has been reprogrammed into future years in respect of LED Street Lighting. This is due to design and specification taking longer than originally anticipated. However, this delay has enabled interest free Salix funding to be applied for which will reduce the Council's future borrowing costs for the project.
94. £5.235 million of budget has been reprogrammed into future years in respect of Council House Build programme. This is due to the complex nature of developing on garage sites which has caused delays to the deliverability of the programme in year.
95. £5.000 million of budget has been reprogrammed into future years in respect of Commercial – Housing Company. The 2020/21 budget has therefore been increased to £15.000 million.
96. Budget virements (transfers) have been completed to align budgets and profiles to recently approved Cabinet reports in respect of Commercial – Commercial Investment (Sadlers Mead), Commercial – Local Development Company (Local Development Company Business Plan), Commercial Loans (Wiltshire Museum and Wiltshire College) and Non-Commercial Property Purchases (Learning Resource Centre).

CHILDREN & EDUCATION SERVICE

97. The current budget is £48.822 million; profiled budget is £16.533 million and actual spend recorded on SAP on these schemes as at 30 September 2019 was £17.090 million. It is currently anticipated that all schemes will deliver online by year end. Significant amendments to budgets in Quarter 2 are outlined below.
98. £17.742 million of budget has been reprogrammed into future years in respect of Health and Wellbeing Centres – Live Schemes. This predominantly relates to Melksham Campus, there are a number of complexities around this project. Consequently, the project has not advanced to the construction phase; and it is during this stage where the majority of expenditure would occur. Construction will commence in 2020/21.
99. Army Rebasing budget has been realigned in respect of required s106 contributions to finance the expenditure incurred to date. The revised budget is now £11.740 million in 2019/20.
100. £12.155 million of budget has been reprogrammed into future years in respect of Basic Need. Due to the number of projects and complexities with planning permissions and managing the changing need this budget can require regular re-profiling so requires careful monitoring but at this stage is reported online.

ADULT CARE & PUBLIC HEALTH SERVICE

101. The current budget is £1.294 million; profiled budget is £0.268 million and actual spend recorded on SAP on these schemes as at 30 September 2019 was £0.147 million. It is currently anticipated that all schemes will deliver online by year end. There are no significant budget amendments in Quarter 2 to report.

RESERVES

102. The table below provides the projected position for the year of the general fund balance held by the Council, as at Quarter 2

General Fund Balance	£m
Balance as at 1 April 2019	(15.100)
Projected overspend at Quarter 2	2.678
Compensating Recovery Plans currently being formulated	(2.678)
Projected impact on General Fund Balance	0.000
Potential General Fund Balance 31 March 2020	(15.100)

103. It is expected that further mitigating actions will mean that there is no draw on reserves by the end of the financial year. If the budget were not to be balanced in year then this would leave reserves at too low a level and would need to be

immediately replenished. This will need to be considered as part of the budget setting for 2020/21.

104. The recovery plans included in the Quarter 2 projections detailed above assume the use of £4.503 million of earmarked reserves:

	Recovery Plan use of Earmarked Reserves
	£m
Adult Care, Public Health & Digital	(1.020)
Children & Education Service	(0.176)
Growth, Investment & Place Service	(0.787)
Corporate	(2.520)
General Fund Total	(4.503)

105. The table below provides the projected position for the year of the earmarked reserve balances held by the Council, as at Quarter 2

Earmarked Reserves	£m
Balance as at 1 April 2019	(37.243)
Approved planned transfers to/from reserves to 30 September 2019	3.172
Projected planned transfers to/from reserves	10.132
Total Planned transfers to/from earmarked reserves	13.304
Projected Balances 31 March 2019 (before recovery plans)	(23.939)
Recovery Plan use of earmarked reserves	4.503
Projected Balances 31 March 2019 (after recovery plans)	(19.436)

106. The £13.304 million of planned transfers from earmarked reserves in 2019/20 utilises the reserve balances specifically for the purpose for which the funds were originally set aside e.g. to fund planned expenditure. £4.503 million of earmarked reserve balances has been identified as releasable as part of service recovery plans for 2019/20.

Overall Conclusions

107. The Council continues to rigorously monitor the budget. The quarter 2 overall net forecast position is a £2.678 million overspend, if no further managerial action is taken.
108. It is vital that focussed attention is given to keep expenditure within budget to deliver the savings that have been agreed by Members and to avoid the unplanned use of our limited level of reserves. The Corporate Leadership Team will continue to prioritise the identification of opportunities and actions to limit spending and improve income.
109. Officers are formulating and unbedding these recovery plans, and it is currently forecast that enough compensating savings will be identified to ensure that the Council break even by the end of the financial year.
110. Earmarked reserves are one-off resources set aside for specific purposes such as Locally Managed Schools balances PFI smoothing reserves and Insurance cover. The majority of the remaining projected balances of earmarked reserves are not available to fund fluctuations in the general fund budget position. Those reserves that can be released to mitigate the Quarter 2 position as part of recovery plans have been released but these are one-off funds that cannot be relied upon on a recurring basis for budget monitoring purposes.

Implications

111. This report informs Members' decision making.

Overview & Scrutiny Engagement

112. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position.

Safeguarding Implications

113. Safeguarding remains a key priority for the Council and this report reflects the additional investment support the ongoing spend in looked after children and safeguarding.

Public Health Implications

114. None have been identified as arising directly from this report.

Procurement Implications

115. None have been identified as arising directly from this report.

Equalities and diversity impact of the proposals

116. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

117. None have been identified as arising directly from this report.

Risks Assessment

118. If the Council fails to take actions to address forecast shortfalls, overspends or increases in its costs it will need to draw on reserves. The level of reserves is limited and a one-off resource that cannot thus be used as a long term sustainable strategy for financial stability. Budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken.

Financial implications

119. This is the subject of the report.

Legal Implications

120. None have been identified as arising directly from this report.

Proposals

121. Cabinet is asked to note:

- a) that the budget is forecast to breakeven by the end of the financial year with the General Fund Quarter 2 projected year end outturn being an overspend risk of £2.678 million, before management actions are made.
- b) the HRA Quarter 2 projected year end outturn is online.
- c) the 2019/20 capital programme as at quarter 2 (30 September 2019) has been revised to a budget of £158.696 million (including requested additions).
- d) outturns against the selected performance measures in relation to the Council's Business Plan.
- e) the scoring and commentary on the Strategic Risk Register.

Cabinet are asked to approve:

- e) the budget virements in the revenue budget and capital programme, per Appendices C, D & E.
- g) a recommendation to Full Council to approve additions to the capital programme of £0.644 million.

Reasons for Proposals

122. To inform effective decision making and ensure a sound financial control environment.

Background Papers and Consultation

None

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Appendices:

Appendix A: Revenue Budget Monitoring Statements

Appendix B: Revenue Budget Movements 2019/20

Appendix C: Major Virements between Service Areas from Original budget Revenue

Appendix D: 2019/20 Capital Programme Budget Movements and spend to September 2019

Appendix E: Requests for Additional Resources & Reprogramming of Approved Budgets within the Capital Programme

Appendix F: Strategic Risk Register for Q2 (July – September) 2019/20