

Wiltshire Council

Cabinet

11 December 2018

Subject: Revenue and Capital Budget Monitoring Period 7 2018/19

Cabinet Member: Councillor Philip Whitehead – Cabinet Member for Finance, Procurement, ICT and Operational Assets

Key Decision: No

Executive Summary

This report advises members of the revenue and capital budget monitoring positions as at the end of Period 7 (end of October 2018) for the financial year 2018/19 with recommended actions as appropriate.

The forecasts indicate a general fund variance, if no further action is taken, of £2.064 million. This is 0.6% of the Council's net budget and is improvement on the period 4 variance of £2.558 million.

Overall a good proportion of service expenditure is in line with budget profiles and forecasts. There are some services which have identified larger variances at this stage of the year than originally planned. Directors and Heads of Service are identifying compensating actions in order to bring these back into a balanced year end position. Individual recovery plans will be produced for areas showing overspends, and these will be reported to Members in the next monitoring report at period 9.

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 £3.045 million overspend.

This report also details changes to the capital budget made since the 2018/19 budget was set on 20 February 2018 and reflects the forecast year end position of the 2018/19 capital spend against budget as at Period 7 (as at 31 October 2018).

Proposal

Cabinet is asked to note the outcome of the period 7 (end of October) budget monitoring and to approve all revenue budget amendments outlined in the report in appendix B.

Cabinet is asked to reinforce the need for expenditure to be contained within the budget agreed in February 2018. Individual recovery plans will be produced for areas showing

overspends, and these will be reported to Members in the next monitoring report at period 9.

To note the budget movements undertaken to the capital programme shown in appendices E and F and to also note the reprogramming of £37.980 million capital budget between 2018/19 and 2019/20.

Reason for Proposal

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

To inform Cabinet of the position of the 2018/19 capital programme as at Period 7 (31 October 2018), including highlighting any budget changes.

Becky Hellard, Interim Director – Finance and Procurement

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**Cabinet Member: Councillor Philip Whitehead – Cabinet Member for
Finance, Procurement, ICT and Operational Assets**

Key Decision: No

Purpose of Report

1. To advise Members of the revenue and capital budget monitoring position as at the end of period 7 (end of October 2018) for the financial year 2018/19 with suggested actions as appropriate.
2. To inform Cabinet on the position of the 2018/19 capital programme, as at period 7 (31 October 2018), including budget changes.

Background

3. The Council approved the 2018/19 budget at its meeting on 20 February 2018 for the sum of £327.746 million. The report focuses on forecast exceptions to meeting the approved budget. Action will be required to bring expenditure within budget. Comprehensive appendices showing the individual service headings are included in Appendix C. More details on any revisions to the original base budgets in year are also included in the report.

Revenue Summary

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

Summary Position	2018/19 Budget	Profiled Budget to date	Actual to date	Projected Position for Year (before mitigation)	Projected Variance	Variance reported at period 4	Movement since period 4
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
General Fund Total	327.746	280.644	252.600	329.810	2.064	2.558	(0.494)
Dedicated Schools Grant (DSG) *	180.580	60.193	60.513	181.539	3.045	0.959	2.086
Housing Revenue Account	(0.245)	(8.771)	(8.578)	(0.445)	(0.200)	0.000	(0.200)

*High Needs Block

5. This projected position is the current projected outturn position after any current approved recovery actions have been actioned.
6. There have been a number of budget movements during 2018/19. 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 A. The overall net budget remains the same as agreed by Full Council in February 2018.
7. In accordance with the scheme of delegation those budget transfers amounting to more than £0.250 million are shown in appendix B

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

Summary Position	2018/19 Budget	Profiled Budget to date	Actual to date	Projected Position for Year (before mitigation)	Projected Variance	Variance reported at period 4	Movement since period 4
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Adult Care & Public Health Services	144.049	81.214	85.943	146.507	2.458	4.087	(1.629)
Children & Education Services	76.662	145.582	119.698	78.570	1.908	0.581	1.327
Growth, Investment & Place Services	103.572	61.271	57.104	107.612	4.040	5.285	(1.245)
Corporate Services	3.463	(7.422)	(10.144)	(2.879)	(6.342)	(7.395)	1.053
General Fund Total	327.746	280.644	252.600	329.810	2.064	2.558	(0.494)

General Fund Monitoring Details

9. Overall the period 7 report identifies potential net year end forecast overspend of £2.064 million. Below are the details of the services and comments on the main forecast variances over £0.250 million.

10. Overall a significant proportion of service expenditure is in line with budget profiles and forecasts. There are some services which have identified larger variances at this stage of the year than originally planned. 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. Individual recovery plans will be produced for areas showing forecast overspends, and these will be reported to Members in the next monitoring report at period 9.

ADULT SOCIAL CARE, PUBLIC HEALTH & PROTECTION AND LEGAL & DEMOCRATIC SERVICES

Summary Position	2018/19 Budget	Profiled Budget to date	Actual to date	Projected Position for Year (before mitigation)	Projected Variance	Variance reported at period 4	Movement since period 4
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Adults 18+	50.667	28.360	32.546	50.502	(0.165)	0.451	(0.616)
Mental Health	16.338	10.491	11.323	16.149	(0.189)	0.865	(1.054)
Learning Disabilities	46.194	26.594	31.870	50.980	4.786	3.224	1.562
Adults Commissioning	25.395	16.896	11.667	23.321	(2.074)	(0.589)	(1.485)
Total Adults	138.594	82.341	87.406	140.952	2.358	3.951	(1.593)
Public Health Grant	0.084	(3.842)	(6.891)	(0.163)	(0.247)	0.000	(0.247)
Other Public Health & Public Protection	1.126	0.313	2.735	1.373	0.247	0.070	0.177
Total Public Health & Protection	1.210	(3.529)	(4.156)	1.210	0.000	0.070	(0.070)
Legal & Democratic	4.245	2.402	2.694	4.345	0.100	0.066	0.034
Adult Care & Public Health Services Total	144.049	81.214	85.943	146.507	2.458	4.087	(1.629)

11. Adult Social Care budgets are projecting a net forecast overspend of £2.358 million for 2018/19 after incorporating the additional £1.8 million Winter Pressure Grant and £2 million from the Improved Better Care Fund. This is split as per the below.

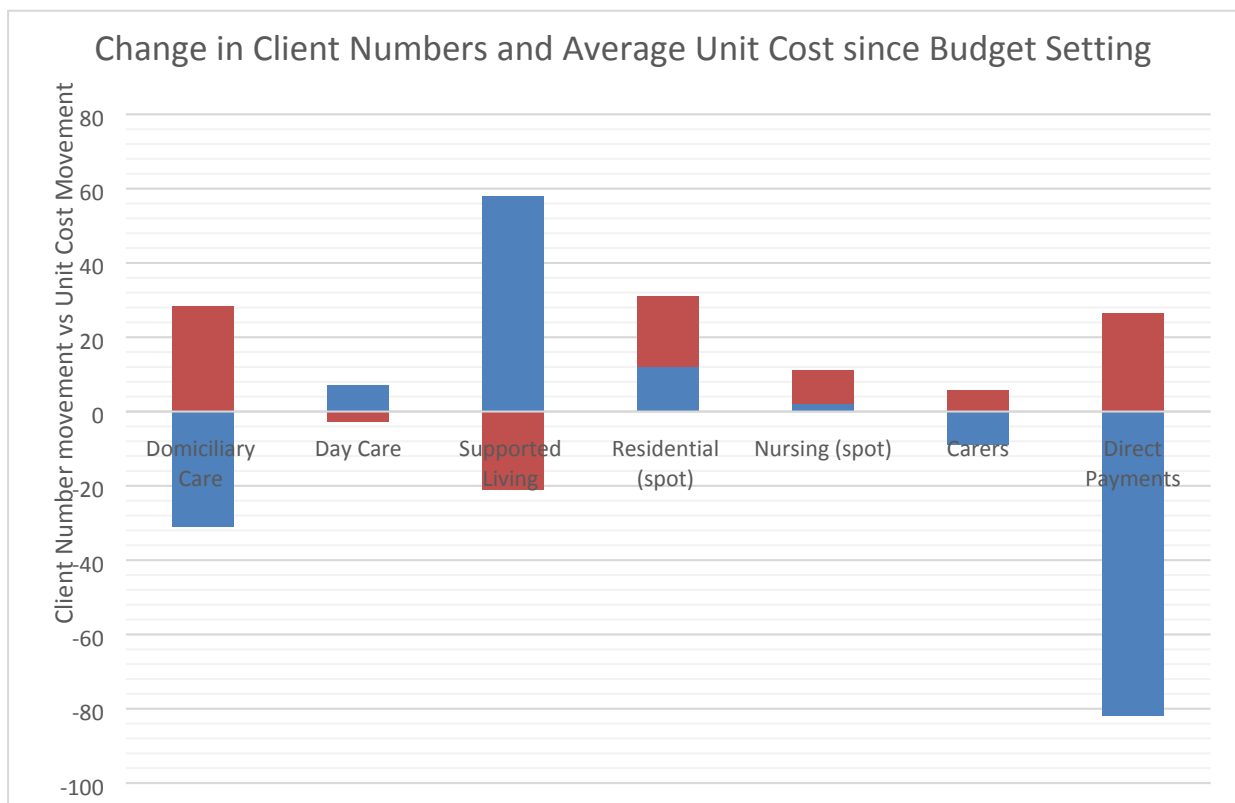
12. Adults 18+ is currently projecting an underspend of £0.165 million, however this includes additional grant funding (as per point 11 above). Whilst the service is underspending on staff due to the implementation of transformation programme Phase 1, this is mitigating forecast overspends on placements.

13. Mental Health is currently projecting a forecast underspend of £0.189 million, however this includes additional grant funding (as per point 11 above). There is pressure on nursing and residential placements.

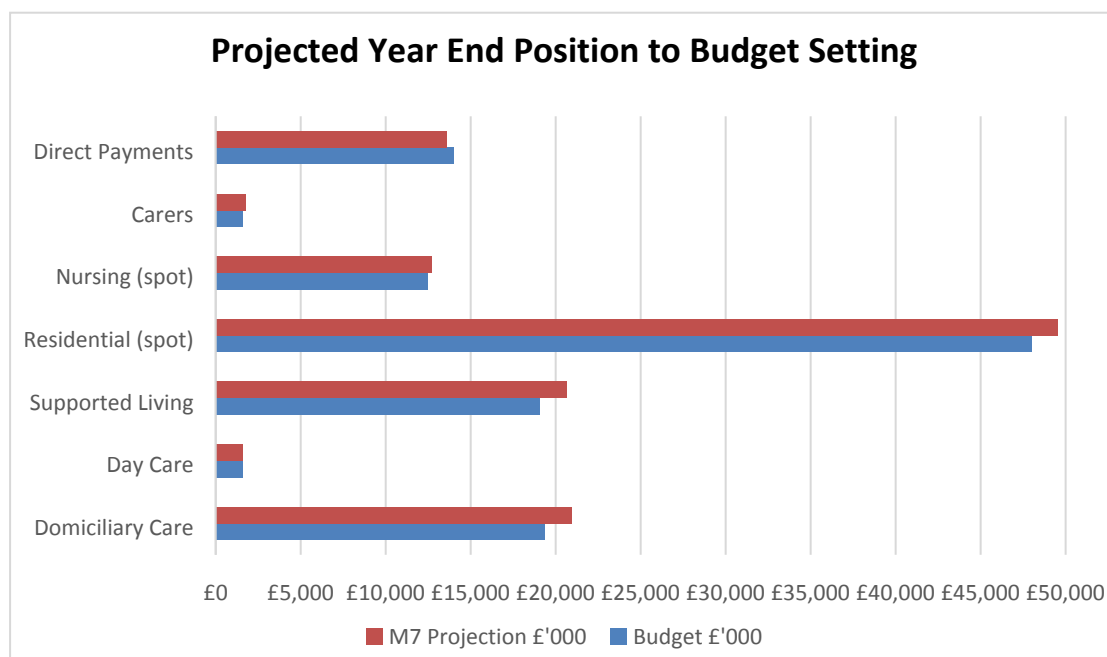
14. Learning Disabilities is currently projecting a £4.786 million overspend, however this includes additional grant funding (as per point 11 above). £1.000 million of this relates to the undeliverable savings from the Care Fund Calculator Programme and £1.700 million attributable to the increase in residents going into a Supported Living setting. £0.577 million relates to additional staffing costs to cover vacancies within the in-house provider services. This also includes 2 ordinary residency cases transferring over to the council, with a backdated charge of £0.436 million. Furthermore, there is pressure on residential placements. Work is ongoing within the team to find compensating savings to address this.

15. Adults' Commissioning are forecasting an underspend of £2.100 million which relates to savings in Supported Housing, Telecare and block residential placements.

16. The main underlying pressure across Adult Social Care relates to placements and the movement in both activity and unit cost. The below table shows the effect of both these dynamics together to explain this by care group.



17. The impact of the above movements identifies an ongoing budgetary pressure identified by care groups as per the below table:



18. After movements in the seven months of the financial year, the council is projecting to spend £121.194 million supporting 4,638 different packages of care.

Care Type	Projected Year End Figures at Budget Setting			Period 7 Forecast		
	No of Clients	Costs £'000	Average Unit Cost per Week £	No of Clients	Costs £'000	Average Unit Cost per Week £
Domiciliary Care	1,381	£19,366	£270	1,350	£20,923	£298
Day Care	279	£1,569	£108	286	£1,565	£105
Supported Living	498	£19,059	£736	556	£20,667	£715
Shared Lives	28	£575	£395	25	£457	£352
Residential (spot)	813	£48,017	£1,136	825	£49,542	£1,155
Nursing (spot)	299	£12,467	£802	301	£12,692	£811
Carers	574	£1,617	£54	565	£1,763.45	£60
Direct Payments	812	£13,993	£331	730	£13,583	£358
Total	4,684	£116,663	£479	4,638	£121,194	£503

CHILDREN & EDUCATION, COMMUNITIES & COMMUNICATION AND HUMAN RESOURCES SERVICES

Summary Position	2018/19 Budget	Profiled Budget to date	Actual to date	Projected Position for Year (before mitigation)	Projected Variance	Variance reported at period 4	Movement since period 4
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Childrens Commissioning	5.362	21.665	18.884	5.362	0.000	0.000	0.000
Childrens Social Care	41.269	25.039	23.829	41.322	0.053	0.000	0.053
0-25 Service: Disabled Children & Adults	19.519	31.329	33.404	19.846	0.327	(0.576)	0.903
Early Help	(0.050)	(0.279)	0.139	0.033	0.083	0.059	0.024
School Effectiveness	1.899	4.601	2.687	1.899	0.000	0.000	0.000
Funding Schools	0.000	58.314	34.398	0.000	0.000	0.000	0.000
Children & Education Totals	67.999	140.669	113.341	68.462	0.463	(0.517)	0.980
Communications	1.435	0.795	0.997	1.373	(0.062)	0.000	(0.062)
Libraries, Heritage & Arts	4.010	2.021	3.128	5.272	1.262	0.883	0.379
Leisure	(0.173)	(0.010)	0.301	0.072	0.245	0.215	0.030
Human Resources & Org Development	3.391	2.106	1.930	3.391	0.000	0.000	0.000
Children & Education Services Totals	76.662	145.582	119.698	78.570	1.908	0.581	1.327

Children & Young People with Social Care Needs

19. The table below shows a significant increase in numbers of children and young people with social care needs. Additional growth for demography and inflation was added to the placement budgets to reflect the anticipated upward trend particularly in relation to unaccompanied asylum-seeking children. Although the placement

budgets continue to be under pressure, they are closely monitored and currently within budget.

	Child Protection Plans	Children in Need	Children Looked After	Total
Number as at Budget Setting (Aug 17)	340	1,975	425	2,740
Number as at October 2018	417	3,269	458	4,144
Movement	77	1,294	33	1,404
% Change	23%	66%	8%	51%

20. In June 2018 Cabinet approved part year investment of £0.900 million in additional social care posts. A recruitment campaign is underway to recruit to these posts and agency staff are being used in the interim.

21. There is currently a £0.053 million projected overspend from the approved budget which comprises an underspend on placements and an overspend on social work staff. The national shortage of experienced social workers and the Councils commitment to keeping caseloads of social workers at acceptable levels has led to reliance on agency staff which has put pressure on the staffing budget.

0-25 Service: Disabled Children & Adults

22. The 0-25 SEND Service is currently projected to overspend by £0.327 million.

23. There are a number of children with SEND for which we have responsibility and whose needs will require support from adult services upon reaching stability or age 25 years. The original base budget allowed for element of placement budget being passed to adult services alongside the case. This funding arrangement has now ceased and the placements budget is therefore projecting a forecast underspend.

24. The number of children with education, health and care plans (EHCP) and statements at the time of setting the budget was 2,956. Additional growth representing demography and inflation was added to the budget to reflect the anticipated upward trend. The number of children with EHCP plans and statements at the end of October was 3,273. Most children require specialised or additional educational support, some medical, some social care and some more require support across more than one of these.

25. Of the 3,273 children with an EHCP statement, the budget plan was for 222 children to have support from the SEN social care placement budgets. The table below shows the different types and cost of care settings:

Care Type	At Budget Setting		Period 7 Forecast Expenditure		Variance	
	No of Clients	Costs £m	No of Clients	Costs £m	No of Clients	Costs £m
Independent Fostering Agencies	9	0.670	8	0.532	(1)	(0.138)
Residential Homes	16	1.864	14	1.742	(2)	(0.122)
Residential School	21	1.938	21	1.769	-	(0.169)
Supported Living	26	1.607	20	1.126	(6)	(0.481)
Direct Payments	12	0.492	14	0.595	2	0.103
Respite	0	0.000	0	0.018	-	0.018
Care Packages and Personal Budgets	138	0.691	151	0.997	13	0.306
Total	222	7.262	228	6.779	6	(0.483)

Early Help

26. Oxenwood Education Centre is a fully traded service. The proposed closure and later Cabinet decision to extension of the opening period until 31 March 2019 has affected income and costs which will now not be covered in full for 2018/19.

Libraries, Heritage & Arts

27. Libraries, Heritage & Arts is currently projecting a forecast net overspend of £1.262 million. This is due to a delay in actioning 2018/19 savings proposals. It is expected that these savings will be delivered in full for 2019/20.

28. The 2018/19 £0.200 million savings target to review and fund area board youth activity from Public Health grant cannot be taken forward and will be rebased as part of 2019/20 budget setting.

29. In addition, the service is managing historic savings targets in relation to Melksham Lunch Club, Income generation regarding City Hall, Advertising and Sponsorship. It is currently forecast that income targets will not be fully achieved in 2018/19.

Leisure

30. Leisure is currently projecting a new forecast overspend of £0.245 million this is in relation to the 2018/19 savings target for renegotiating the contract with Places for People. The target was for £0.750 million of which £0.505 million has been delivered by the negotiations. For 2018/19 Leisure continue to look at ways to improve income and one off ways to reduce expenditure in order to deliver a balanced budget. This has been rebased as part of 2019/20 budget setting.

GROWTH, INVESTMENT & PLACE, CORPORATE SERVICES AND FINANCE & PROCUREMENT SERVICE

Summary Position	2018/19 Budget	Profiled Budget to date	Actual to date	Projected Position for Year (before mitigation)	Projected Variance	Variance reported at period 4	Movement since period 4
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Economic Development & Planning	1.929	0.992	1.357	1.929	0.000	0.150	(0.150)
Highways	18.194	11.097	10.159	18.194	0.000	0.900	(0.900)
Transport	17.203	8.854	8.163	17.203	0.000	0.000	0.000
Car Parking	(6.807)	(3.836)	(3.407)	(6.807)	0.000	0.130	(0.130)
Waste & Environment	36.456	14.222	14.756	40.421	3.965	3.786	0.179
Housing Services	4.252	3.305	2.384	4.252	0.000	0.000	0.000
Strategic Asset & Facilities Management	11.642	8.155	4.790	11.642	0.000	0.124	(0.124)
Growth, Investment & Place Totals	82.869	42.788	38.202	86.834	3.965	5.090	(1.125)
Corporate Services	5.392	3.255	3.368	5.542	0.150	0.150	0.000
Information Services	9.004	6.412	7.412	9.004	0.000	0.000	0.000
Finance & Procurement	7.007	6.786	6.071	6.932	(0.075)	0.045	(0.120)
Revenues & Benefits - Subsidy	(0.700)	2.031	2.050	(0.700)	0.000	0.000	0.000
Growth, Investment & Place Service Totals	103.572	61.271	57.104	107.612	4.040	5.285	(1.245)

Highways

31. Highways is currently projecting a forecast net overspend of £0.900 million in relation to street lighting energy. The energy budgets have been under pressure due to significant increases in previous years for energy costs. Some of this has been mitigated by reducing street lighting usage in certain areas, however there is a forecast base budget pressure of £0.500 million. In addition to this a saving proposal was put forward for 2018/19 to move to LED lighting of £0.400 million. This requires significant investment of circa £12.000 million. The business case for the LED street lighting has been evaluated and the conclusion is that the full programme can deliver the £0.400 million saving target in addition to covering the capital financing costs of the investment. The move to LED reduces the Council's energy consumption by 57.4% overall for the Highways network reducing it from 12,977,500 kwh to 5,262,291 kwh this will also help the Council mitigate the impact of any future significant energy increases. A report will be presented to cabinet in December 2018 for approval to proceed. This is a two year plan to replace 45,000 units so the savings will not be delivered in full in year one.
32. Car parking is projecting a net forecast overspend of £0.450 million, this is based on income projections and is in part due to a delay in the implementation of parking consultation proposals and the removal of Sunday car parking charges.
33. Overall Highways and Car parking will present a balanced budget in 2018/19 as one off mitigating savings have been identified to offset the above forecast overspend. This includes use of Development control income, revenue savings as a result of delaying and slowing down programmes in street scenes and car parking, review of and use where appropriate of S106 and commuted sums and the holding vacancies in the service where possible.

Waste & Environment

34. Waste is currently projecting a net forecast overspend of £3.965 million, a net movement of £0.179 million since period 4. This is after the release of the reserve identified for Waste of £1.250 million that was set aside as part of 2017/18 outturn. The release of the reserve is mitigating the other movements that are detailed below.
35. The previous contract with Hills for management of materials has ended and the final account has been received. This was higher than expected due to tonnes of waste treated being higher than forecast. The increase equates to circa £0.157 million.
36. Landfill tax variance has moved by £0.531 million and is now forecast to be £0.754 million above budget. In 2018/19 the budget was reduced to reflect a forecast reduction in tonnes of waste to landfill as a result of the cessation of collection of commercial waste and other 2018/19 savings initiatives. These savings proposals have been implemented but the anticipated reduction in tonnes has not been seen. Tonnes managed will continue to be monitored and investigated.

37. The in house waste and recycling collection service and FCC contract have now ceased, the outturn position on this is £0.100 million above budget.

38. The forecast for the contract for collection of waste and recycling has moved by a further £0.380 million due to the pension costs which pass through to the council for employees who are members of the Local Government Pension Scheme that transferred under TUPE from Wiltshire Council to Hills.

CORPORATE EXPENDITURE

Summary Position	2018/19 Budget	Profiled Budget to date	Actual to date	Projected Position for Year (before mitigation)	Projected Variance	Variance reported at period 4	Movement since period 4
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Corporate Directors	1.054	0.663	0.679	1.054	0.000	0.000	0.000
Members	2.227	1.279	1.273	2.227	0.000	0.000	0.000
Movement on Reserves	(1.011)	(0.111)	(0.111)	(1.011)	0.000	(1.250)	1.250
Capital Financing	21.024	4.433	3.961	21.024	0.000	0.000	0.000
Restructure & Contingency	(1.813)	(1.773)	(0.494)	(0.455)	1.358	1.555	(0.197)
General Government Grants	(24.846)	(16.567)	(19.848)	(32.046)	(7.200)	(7.200)	0.000
Corporate Levies	6.828	4.654	4.396	6.328	(0.500)	(0.500)	0.000
Corporate Totals	3.463	(7.422)	(10.144)	(2.879)	(6.342)	(7.395)	1.053

Movement on Reserves

39. Period 4 showed a release of £1.250 million waste transformation earmarked reserve that was created at the end of 2017/18. This has now been shown against waste.

Capital Financing

40. This shows the revenue costs of funding the capital programme. As discussed in the capital section below, the capital programme is currently being reviewed to ensure affordability and deliverability. At present it is forecast that £2.600 million will be transferred into the capital financing ear marked reserve at the end of the financial year. This is required against large capital schemes in the future plan, such as special schools and digital programme.

Restructure & Contingency

41. This is showing as £1.358 million overspend. This relates to corporate saving targets agreed as part of the 2018/19 budget setting, with some mitigation from one off savings.

General Government Grants

42. General Government Grants are forecasting to be £7.200 million higher than budget, mainly in respect of business rates. In prior years, this was used at year end to mitigate spending pressures and support the earmarked reserve for forecast losses in business rates. For 2018/19 the whole amount is being used to support revenue budget forecasts. There is no movement forecast from period 4 report.

Corporate Levies

43. This is currently forecasting a £0.500 million underspend. This is mainly due to a combination of lower than budgeted gross cost in terms of purchasing and surrendering Carbon Reduction Commitment (CRC) trading allowances for the year, together with additional business rates income of circa £0.200 million for renewable energy schemes. There is no movement forecast from period 4 report.

DEDICATED SCHOOLS GRANT

44. The Education and Skills Funding Agency (ESFA) provides pre-16 funding for schools to local authorities via the dedicated schools grant (DSG). This grant is ringfenced and is separate to local authority budget. Any underspend or overspend is also ringfenced. At the end of 2017/18, the positive balance of the DSG reserve was £0.846 million.
45. DSG comprises, four blocks: schools; central school services; high needs; and early years. Spend in each block is prescribed by the ESFA. The commentary in this report relates to pressures on the high needs block.
46. High needs funding is for children and young people with special educational needs or disabilities who need extra support at school, college or alternative provision settings. Many local authorities are now incurring deficit on their overall DSG account largely because of overspending on their high needs block. When children with additional needs are placed in Wiltshire schools, funding is passed to schools to support those children. Where children are placed outside Wiltshire schools, commissioning budgets are held and managed by the Head of Service for SEND. Following new placements for the new academic year the projected overspend of DSG spend on the high needs block for 2018/19 are an overspend of £4.125 million this is largely attributable to spend rising in line with increased numbers of children in Wiltshire with an EHCP statement exceeding the amount of DSG available for high needs. Approval will be sought from Schools Forum to use the DSG reserve to partially fund the high needs overspend in 2018/19.

47. Underspend anticipated in other DSG blocks will partially offset the overspend in 2018/19. A task and finish group; the High Needs Block Working Group comprising Heads, the Director of the Wiltshire Parent Carer Council and Officers from SEN, Childrens commissioning, education and finance was set up in September to identify contributory factors and to make proposals to reduce the cost pressure on the high needs block. The findings and proposed mitigations of the group have been summarised in a report being taken to Schools Forum in December.
48. The residue of £2.427 million will be carried forward and plans will be required to make good this amount and also identify a sustainable means of financing higher needs in the future. This is being tackled through the High Needs Block Working Group. An update from the group with proposals for mitigation is being presented to Schools Forum on the 6th December 2018.

Summary Position	2018/19 Budget £ m	Projected Position for Year (before mitigation) £ m	Projected Variance £ m	Variance reported at period 4 £ m	Movement since period 4 £ m
Schools Funding	113.149	113.149	0.000	0.000	0.000
High Needs Block	38.422	42.547	4.125	1.248	2.877
FTE ECHP Pupils	2,956	3,273	417 (14% increase)		
Early Years Block	26.756	25.987	(0.769)	(0.323)	(0.446)
FTE EY Pupils	5,360	5,238	(122) (23% decrease)		
Central Schools Block	2.252	2.134	(0.118)	0.000	0.000
TOTAL DSG	180.580	182.998	3.238	0.925	2.313

HOUSING REVENUE ACCOUNT SUMMARY

49. The HRA is currently projecting a forecast underspend of £0.220 million on Repairs & Maintenance. The service is currently going through a review as void repairs are being moved in house from April 2019.

SAVINGS DELIVERY PERFORMANCE

50. The Council has a savings requirement of £26.706 million within its 2018/19 budget. These were identified in the February budget setting. The deliverability of these proposals are closely monitored and reported to CLT on a regular basis.
51. The latest assessment on the deliverability of the savings are set out in detail in Appendix 4. The table below summarises the position.

RAG analysis by Service	Saving Target	Green	Amber	Red	Alternative Savings
	(£ m)	(£ m)	(£ m)	(£ m)	(£m)
ASC Operations - Access & Reablement	(5.660)	(4.607)	(1.053)	-	-
Learning Disabilities & Mental Health	(1.940)	(0.614)	(0.326)	(1.000)	-
Public Health & Protection	(1.793)	(1.223)	-	(0.570)	(0.500)
Commissioning	(0.300)	-	(0.200)	(0.100)	(0.100)
Family & Children Services	(1.040)	(0.955)	-	(0.085)	(0.085)
Education & Skills	(0.325)	(0.230)	-	(0.095)	(0.095)
Economic Development & Planning	(1.083)	(0.683)	-	(0.400)	(0.400)
Highways & Transport	(1.714)	(0.964)	-	(0.750)	(1.250)
Waste & Environment	(2.570)	(1.740)	-	(0.830)	-
Housing & Commercial Development	(1.000)	(0.346)	-	(0.654)	(0.655)
Communities & Communications	(2.469)	(1.049)	-	(1.420)	(0.280)
Corporate Services & Digital	(1.043)	(0.465)	-	(0.578)	(0.428)
Finance	(0.575)	(0.130)	(0.075)	(0.370)	(0.370)
Legal & Democratic	(0.166)	(0.050)	(0.050)	(0.066)	(0.066)
Human Resources & Org Development	(0.373)	(0.278)	(0.095)	-	-
Corporate	(4.655)	(3.000)	(0.100)	(1.555)	(0.188)
	(26.706)	(16.334)	(1.899)	(8.473)	(4.417)

Key Green = Deliverable
 Amber = Deliverable with risks
 Red = Unlikely to be delivered
 Alternative savings = Other compensating savings identified

52. Out of £26.706 million savings proposals £1.899 million are accessed as amber rated. This means that they are deemed to be deliverable in 2018/19, but with some risks associated with them.
53. £8.473 million (32%) of savings targets are currently assessed as red. This means they are deemed unlikely to be delivered as planned. Officers are currently identifying compensating savings and corresponding mitigating actions. So far £4.417 million of alternative savings have been identified, some of which are one-off in nature.
54. Overall a shortfall of £4.056 million (15.2% of target) is forecast for the year. This is included in the General Fund figures set out above.
55. Work is also being undertaken to assess the deliverability of a number of historic savings targets built into the budget base. This work is currently ongoing.

CAPITAL SUMMARY

56. The original budget for 2018/19 was approved by Council during budget setting on 20 February 2018. Since that date there have been a number of changes to the budget for 2018/19, largely due to reprogramming of budget from 2017/18 and to 2019/20; but also, to reflect additional funding being available. The changes to the budget since it was last amended in the Budget setting report are summarised in the table that follows, a fuller breakdown of the changes made at a scheme by scheme level is attached as Appendix F.

Breakdown of Budget Amendments from Original Budget to Period 7 Budget (as at 31 October 2018)

Summary of Movements in Capital Programme	£m	Further information
Budget Period 4	169.642	Appendix F
Amendments to Capital Programme 2018/19 Since Original Budget Setting:		
Additional Budgets added to Programme	15.065	Appendix F & G
Grant Amendments	0.000	Appendix F
Reduced Budgets	(8.668)	Appendix F
Budgets Reprogrammed from 2018/19 to 2019/20	(37.980)	Appendix F & G
Current Budget 2018/19	138.059	

57. The budget additions shown above largely reflect increases in funding being available and brought into the programme under the Chief Financial Officer delegated authority. They largely comprise additional grants from Central Government, such as the £7.358 million Local transport capital funding, Section 106 contributions and other contributions used to finance capital spend within the capital programme. Further information on the budget movements at an individual scheme level is shown in Appendix E and in further detail in Appendix G.
58. The budgets that have been reprogrammed into 2019/20 are shown in further detail in Appendices F and G.

Summary of Capital Position as at 31 October 2018

59. The current budget for the year 2018/19 is £138.059 million. Actual spend on schemes as at 31 October 2018 was £49.062 million. A full breakdown of these figures is attached in Appendix F.

RESERVES

60. The table below provides the projected position for the year as at period 7 on the general fund balance held by the Council.

General Fund Balance	£ million	£ million
Balance as at 1 April 2018		(12.943)
Support for budget agreed in February 2018	0.900	
Projected underspend at period 7	2.064	
Total Forecast movement		2.964
Forecast Balance 31 March 2019		(9.979)

61. Without further mitigating actions the general fund reserve will be below the minimum level of £12 million set by the Council in February 2018. The Corporate Leadership Team will continue to identify measures to keep expenditure within budget for the year

Overall Conclusions

62. 2018/19 is proving to be a challenging year on the financial front. A combination of: an ambitious savings target; senior officers having to focus on the incidents at Salisbury and Amesbury and; complications with the waste contract have led to budgets not expected to be achieved. This is despite additional income of £7.200 million from business rates grant.
63. It is vital that focussed attention is given to keep expenditure within budget 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. Further monitoring reports will be brought to Cabinet throughout 2018/19.

Implications

64. This report informs Members' decision making.

Overview & Scrutiny Engagement

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

Safeguarding Implications

66. 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

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

Procurement Implications

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

Equalities and diversity impact of the proposals

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

Environmental and Climate Change Considerations

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

Risks Assessment

71. 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

72. This is the subject of the report.

Legal Implications

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

Proposals

74. Cabinet is asked to note the outcome of the period 7 (end of October) budget monitoring and to approve all revenue budget amendments outlined in the report in appendix B.
75. Cabinet is asked to reinforce the need for expenditure to be contained within the budget agreed in February 2018. Individual recovery plans will be produced for areas showing overspends, and these will be reported to Members in the next monitoring report at period 9.
76. To note the budget movements undertaken to the capital programme shown in appendices E and F and to also note the reprogramming of £37.980 million capital budget between 2018/19 and 2019/20.

Reasons for Proposals

77. 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 Movements 2018/19

Appendix B: Major Virements between Service Areas from Original budget

Appendix C: Revenue Budget Monitoring Statements

Appendix D: Forecast Variance Movements

Appendix E: 2018/19 Budget Setting Savings

Appendix F: 2018/19 Capital Programme Budget Movements and spend to 31 July 2018

Appendix G: Delegated authority for budget movements