

Wiltshire Council

Cabinet

4 February 2020

Subject: **Budget Monitoring, Performance & Risk Management
2019/20 Quarter 3 (31 December 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 3 (as at 31 December 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 £2.758 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 £7.314 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 3 (as at 31 December 2019). The revised capital programme as at Quarter 3 is £148.736 million, which includes £12.418 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 3 (Appendix G) contains 12 significant service and composite corporate risks. Three 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 3 projected year end outturn being an overspend risk of £2.758 million, before management actions are made.
- b) the HRA Quarter 3 projected year end outturn is online.
- c) the 2019/20 capital programme as at quarter 3 (31 December 2019) has been revised to a budget of £149.214 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 £2.459 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 3 (31 December 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.

Alistair Cunningham and Terence Herbert – Chief Executive Officers

Wiltshire Council

Cabinet

4 February 2020

Subject: **Budget Monitoring, Performance & Risk Management
2019/20 Quarter 3 (31 December 2019)**

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

Key Decision: **Non Key**

Purpose of Report

1. To advise Members of the Budget Monitoring, Performance & Risk Management position 2019/20 Quarter 3 (31 December 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 3 (31 December 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 (before mitigation)	Projected Variance	Variance reported at Quarter 2	Movement since Quarter 2
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
General Fund Total	332.377	347.585	311.506	335.135	2.758	2.678	0.080
Dedicated Schools Grant (DSG) *	178.776	119.914	123.054	186.081	7.314	3.000	4.314
Housing Revenue Account	0.000	(11.145)	(11.032)	0.000	0.000	0.000	0.000

*largely driven by High Needs Block overspend – as reported to Schools Forum January 2020

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 2 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 report 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 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.
14. The forecast DSG high needs block budget pressures are leading to a £7.314 deficit for the year. A specific working group comprising heads and local authority officers has been established to implement and monitor the 11 proposed recovery actions. It is anticipated that the recovery will take a number of years.

Budget Movements

15. 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.
16. 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

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

Summary Position	2019/20 Budget £ m	Profiled Budget to date £ m	Actual to date £ m	Projected Position for Year (before mitigation) £ m	Projected Variance £ m	Variance reported at Quarter 2 £ m	Movement since Quarter 2 £ m
Adult Care, Public Health & Digital	156.487	121.134	130.544	157.474	0.987	1.379	(0.392)
Children & Education Service	80.830	165.587	119.040	83.533	2.703	2.956	(0.253)
Growth, Investment & Place Service	99.573	73.773	73.259	103.416	3.843	3.213	0.630
Corporate	(4.513)	(12.909)	(11.337)	(9.288)	(4.775)	(4.870)	0.095
General Fund Total	332.377	347.585	311.506	335.135	2.758	2.678	0.080

18. 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.

19. 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.

20. 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

21. Overall the Quarter 3 report identifies potential net year end forecast overspend of £2.758 million before further mitigating action. Below are the details of the services and comments on the main forecast variances.

22. 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 (before mitigation)	Projected Variance	Variance reported at Quarter 2	Movement since Quarter 2
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Adults 18+	48.871	36.720	42.572	51.084	2.213	2.164	0.049
Mental Health	18.301	14.471	14.703	17.722	(0.579)	(0.443)	(0.136)
Learning Disabilities	51.914	38.946	40.386	51.818	(0.096)	0.113	(0.209)
Adults Commissioning	23.279	18.928	18.441	23.054	(0.225)	0.365	(0.590)
Total Adults	142.365	109.065	116.102	143.678	1.313	2.199	(0.886)
Public Health	1.418	1.272	0.362	1.492	0.074	(0.420)	0.494
Information Services	8.937	8.028	11.000	8.937	0.000	0.000	0.000
Legal & Democratic	3.767	2.769	3.080	3.367	(0.400)	(0.400)	0.000
Adult Care, Public Health & Digital Service Total	156.487	121.134	130.544	157.474	0.987	1.379	(0.392)

Adult Social Care

23. Adult Social Care budgets are projecting a net variance of £1.313 million overspend.

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

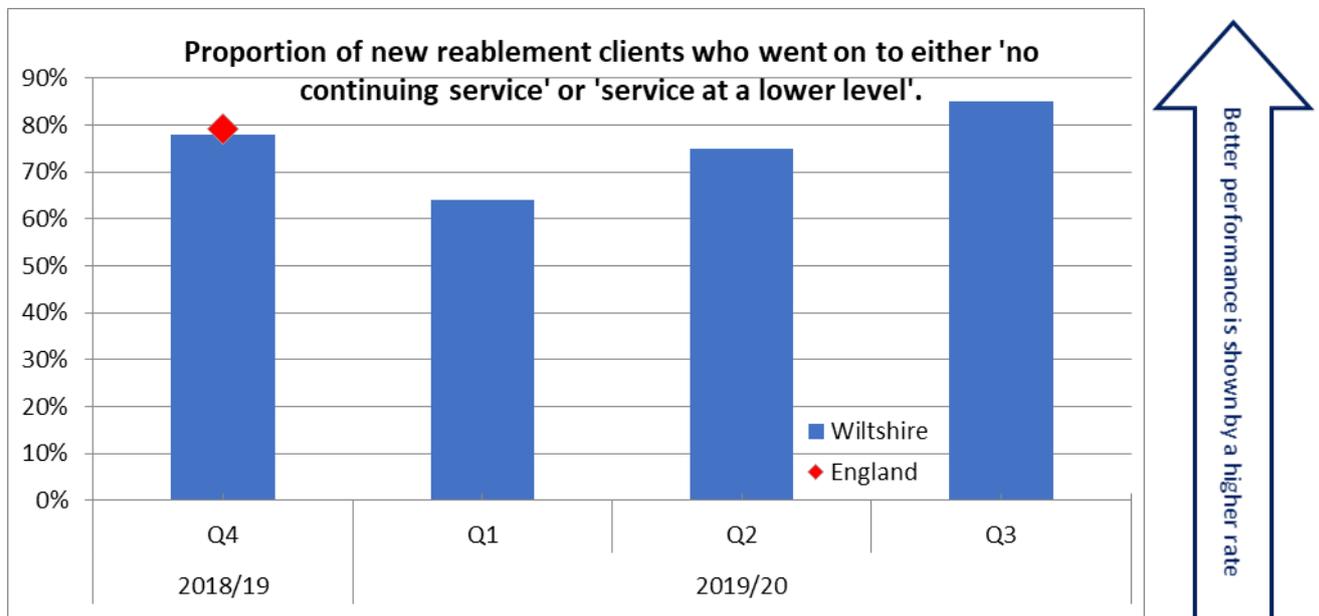
25. The 18+ Service – risk of additional budget pressures of £2.213 million

26. 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%.

27. 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

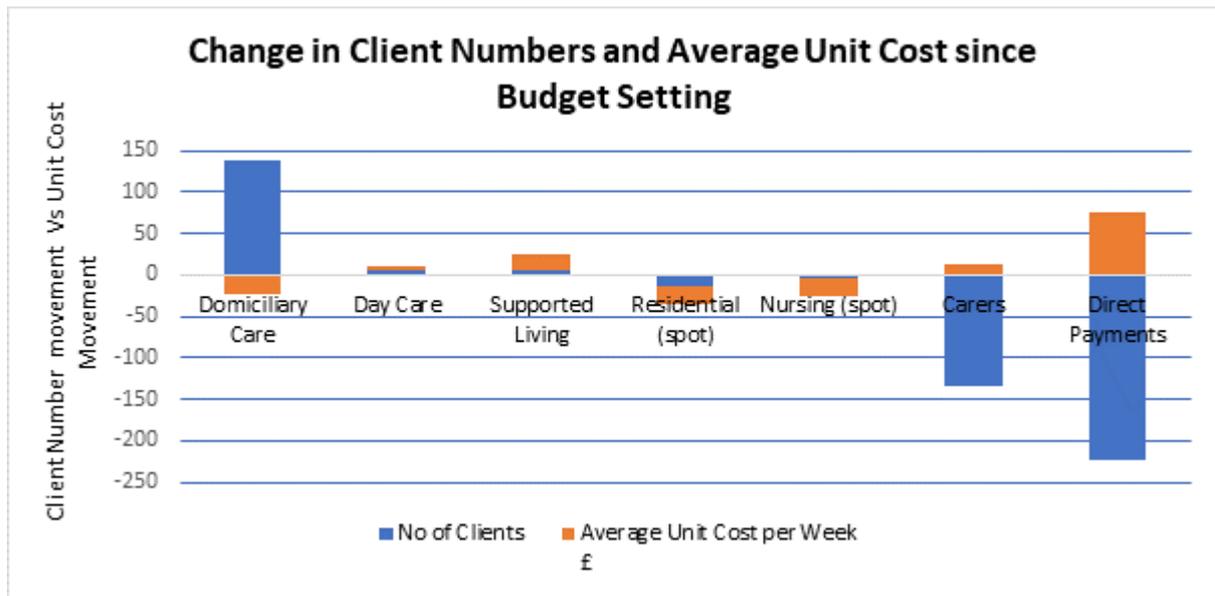
ongoing care. In the second half of the last financial year the Reablement service avoided the need for over 2,000 hours of care; over 3,000 hours have been saved in the first half of the current financial year. The total cumulative savings made by the service are nearly £3 million in the six months to October 2019. The total cumulative savings in the previous six months was just under £0.9 million.

28. 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. The way such services are judged nationally is the longer-term requirements for people accessing a reablement service. At the end of the 2018/19 financial year Wiltshire saw 78% of reablement clients either not requiring a further service or requiring a lower level of service. This was broadly equivalent to the national average. At the end of quarter three in this financial year the success rate for Wiltshire Council's reablement service was 85%.



29. Mental Health, current trends suggest that they will underspend, however this is after taking into account savings targets which are still to be achieved. Work is ongoing to achieve these targets.

30. 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.



31. The corporate critical service risk related to Safeguarding Adults remains at the medium level it has been at for the last few quarters following the introduction of the Adults Multi-Agency Safeguarding Hub (MASH) in May 2019. Mitigating actions are focused on solving issues surrounding the recruitment and retention of staff and reducing the reliance of agency staff. 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

32. Public Health is projecting a net variance of £0.074 million after use of one-off earmarked reserves to fund public health as part of the recovery plan.

33. 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

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

35. The corporate Cyber Resilience risk, which considers the likelihood and impact of potential cyber-attacks on the Council's information technology systems, remains high. A new action plan is being discussed with the Council's senior leadership and there will be new actions being introduced in the coming quarters that should have the eventual impact of reducing both the inherent impact and likelihood scores.

Legal, Electoral & Registration

36. 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. The four yearly cost of the elections have been added to the MTFS, which is elsewhere on the agenda.

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

37. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves
- 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

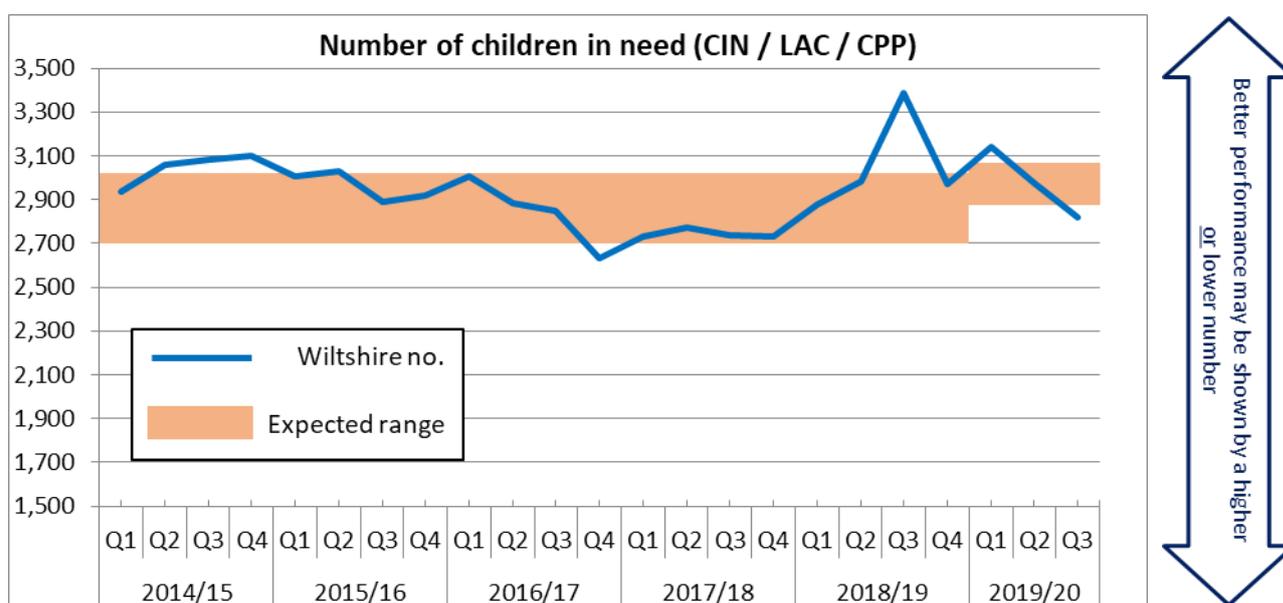
Summary Position	2019/20 Budget	Profiled Budget to date	Actual to date	Projected Position for Year (before mitigation)	Projected Variance	Variance reported at Quarter 2	Movement since quarter 2
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Childrens Commissioning	5.168	24.108	23.089	5.074	(0.094)	0.000	(0.094)
Childrens Social Care	42.622	32.325	34.000	43.862	1.240	1.860	(0.620)
0-25 Service: Disabled Children & Adults	19.234	41.483	47.992	22.102	2.868	1.228	1.640
School Effectiveness	4.579	5.847	5.657	3.849	(0.730)	(0.025)	(0.705)
Funding Schools	0.000	54.528	0.759	0.000	0.000	0.000	0.000
Children & Education Totals	71.603	158.291	111.497	74.887	3.284	3.063	0.221
Corporate Services	4.958	3.838	3.812	4.422	(0.536)	0.000	(0.536)
Communications	1.075	0.799	0.937	1.180	0.105	0.043	0.062
Human Resources & Org Development	3.194	2.659	2.794	3.044	(0.150)	(0.150)	0.000
Children & Education Service Totals	80.830	165.587	119.040	83.533	2.703	2.956	(0.253)

Childrens Commissioning & School Effectiveness

Both childrens commissioning and school effectiveness have put mitigation plans in place to delay expenditure and hold vacant posts where safe and practicable to do so. The combined underspend is £0.320 million

Children & Young People with Social Care Needs

38. 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. 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.
39. 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 has fallen to its lowest level in the last 18 months. The expected range for this indicator is set nationally at between 272 and 290 per 10,000 for 2019/20. The current level falls just outside that range. The figure provided for quarter three is provisional at the time of writing and subject to change in the coming weeks.



40. 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

41. 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 impacted by the Council's ability to recruit and retain permanent members of staff. A full Families and Children recruitment strategy is in place and regularly reviewed.

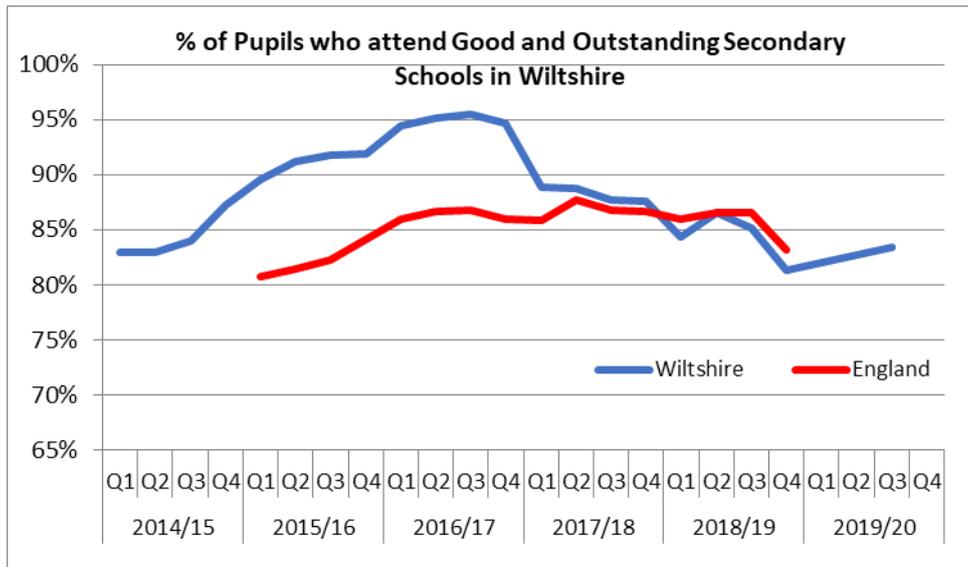
0-25 Service: Disabled Children & Adults

42. 0-25 Service: Disabled Children & Adults is forecasting a net variance of £2.868 million after use of one-off earmarked reserves in relation to prior year unspent revenue grants as part of the recovery plan.
43. 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 £1.252 million. 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%)

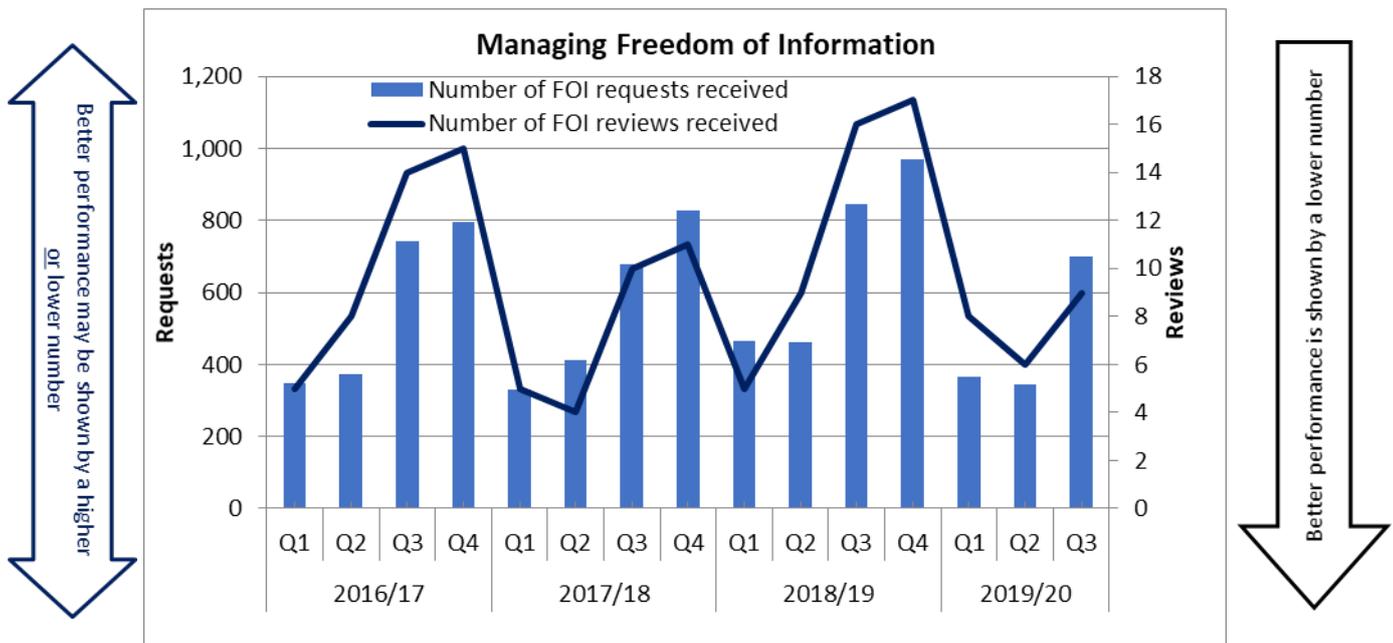
Education & Skills

44. In order to create the workforce needed to match the demands of a future economy Wiltshire Council is keen to promote high educational standards for all children in the county. The proportion of children in good or outstanding schools is subject to the Ofsted inspection timetable and changes to the demands of inspections from quarter to quarter. Despite being 2.1% points down on where it was at the end of quarter three 2018/19 recent school inspections mean that 83.4% of pupils attend good or outstanding secondary schools in Wiltshire; a significant improvement on the last three quarters, putting Wiltshire up with the national average.



Corporate Services

45. Corporate Services & Communications have put mitigation plans in place to delay expenditure and hold vacant posts where safe and practicable to do so. The forecast underspend is £0.536 million.
46. Managing and responding to requests under Freedom of Information (Fol) legislation is one of the key tasks undertaken by the Council's Corporate Services teams. Each request has to be reviewed individually and the appropriate information researched. If an individual is unhappy with the response they receive they can request Wiltshire Council to review the decision. The more information Wiltshire Council is able to publish and make accessible before it is requested the easier it is for the team to respond to requests and the fewer requests there should be. At just under 700 the number of requests in quarter three was 17% lower than the same period in the previous year and the number of reviews requested was 44% lower.



47. 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

48. 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

49. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves
- 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 (before mitigation)	Projected Variance	Variance reported at Quarter 2	Movement since Quarter 2
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Economic Development & Planning	2.282	1.655	1.724	2.732	0.450	0.450	0.000
Highways	19.356	14.657	14.059	19.646	0.290	0.000	0.290
Car Parking	(6.812)	(5.224)	(4.591)	(6.632)	0.180	0.000	0.180
Waste & Environment	38.481	23.313	19.510	41.181	2.700	2.400	0.300
Housing Services	4.286	3.911	4.301	3.649	(0.637)	(0.637)	0.000
Strategic Asset & Facilities Management	12.051	9.874	7.536	12.051	0.000	0.000	0.000
Libraries, Heritage & Arts	5.494	4.118	4.405	5.934	0.440	0.500	(0.060)
Leisure	(0.033)	0.401	0.456	0.357	0.390	0.300	0.090
Transport	17.580	11.998	11.712	17.501	(0.079)	0.000	(0.079)
Public Protection	0.547	0.307	0.603	0.796	0.249	0.200	0.049
Finance & Procurement	7.041	8.417	8.979	6.981	(0.060)	0.000	(0.060)
Revenues & Benefits - Subsidy	(0.700)	0.346	4.565	(0.780)	(0.080)	0.000	(0.080)
Growth, Investment & Place Service Totals	99.573	73.773	73.259	103.416	3.843	3.213	0.630

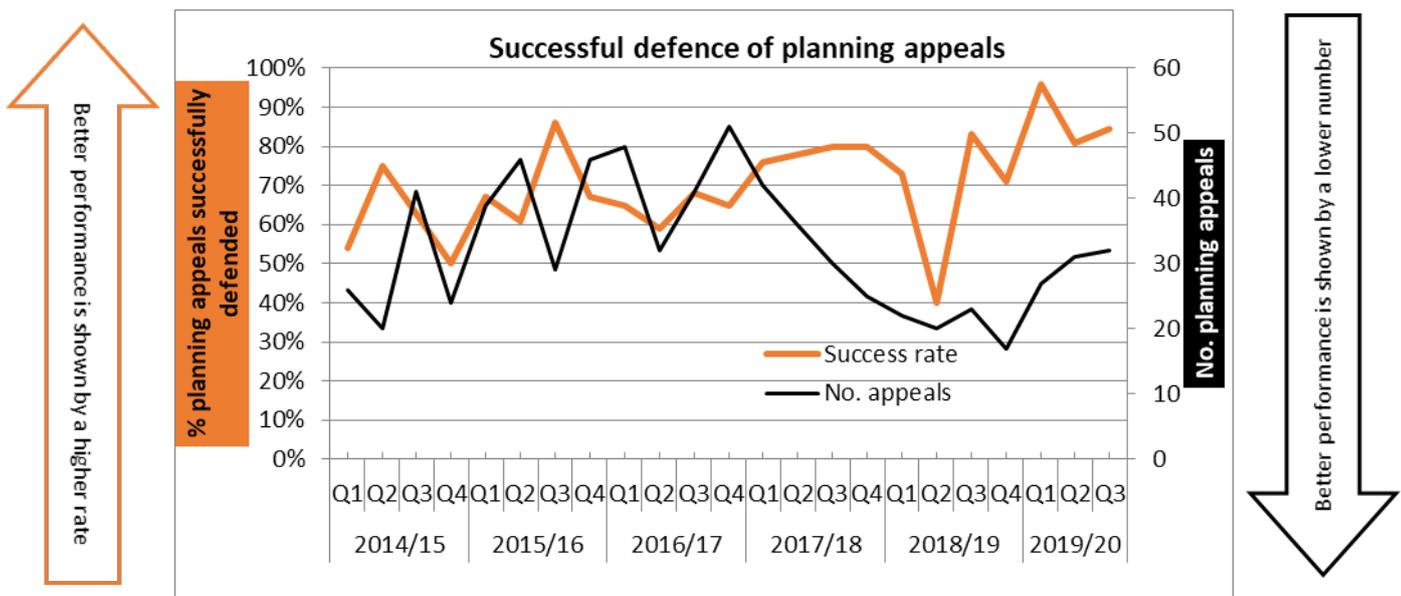
Economic Development & Planning

50. Economic Development & Planning is forecasting a £0.450 million overspend, this is the net position after implementing a recovery plan which has included programme reprofiling, holding vacancies and use of one-off earmarked reserves

in relation to prior year unspent revenue grants and Development of the Local Plan. The overspend is due to underachievement against income targets forecast to be circa £1.0 million across Development Management, Building Control and Land Charges.

51. Income budgets totals £7.186 million across Development Management, Building Control and Land Charges. Income budgets were underachieved by £0.871 million in 2018/19 with major planning applications down by 22% in 2018/19. As previously reported it is thought that this reduction is in part down to the uncertainties of Brexit with Developers delaying and shying away from major applications.

52. 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. The 'right' decision is, of course, a subjective conclusion so in order to determine the success of Wiltshire Council's planning process we look at the appeals against planning decisions and how successful those appeals are. In quarter three 84% of planning appeals were successfully defended, well above the target rate of 70%. Just 3.4% of planning decisions made attracted an appeal meaning that over 900 decisions were not challenged.



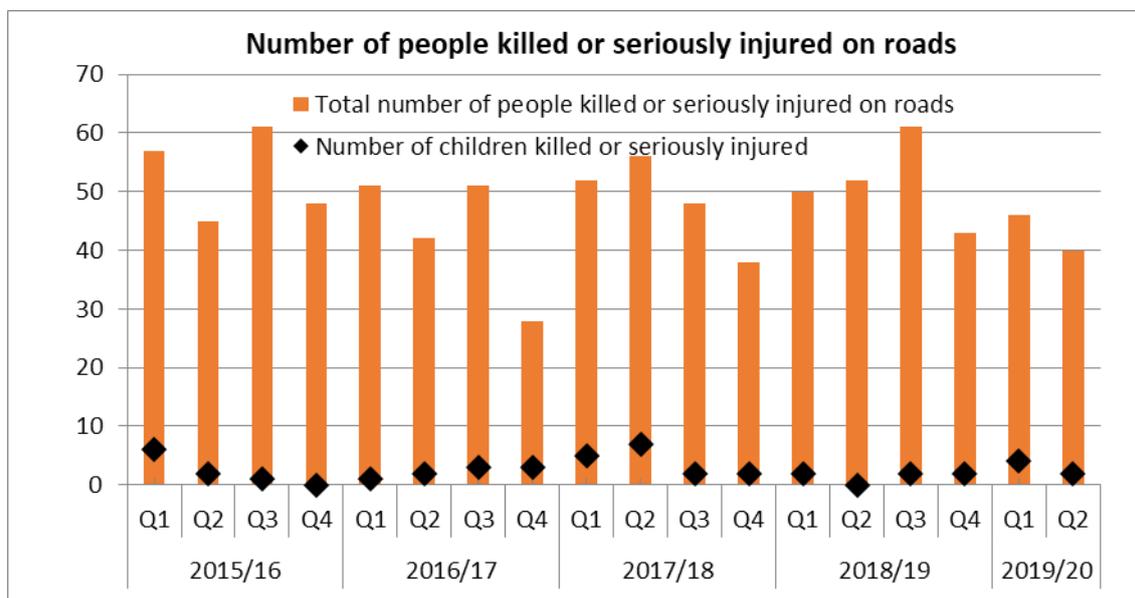
Highways

53. Highways and Environment are reporting £3.170 million overspend.

54. Highways are forecasting £0.290 million overspend due to the delay with Chippenham Service Devolution and Asset Transfer which has moved from 1 June 2019 to 31 January 2020.

55. Car Parking is forecasting £0.180 million overspend from underachievement of income. There have been several thefts and damage to ticket machines which have lost income with the major implication being that machines have been out of action while being repaired/replaced.

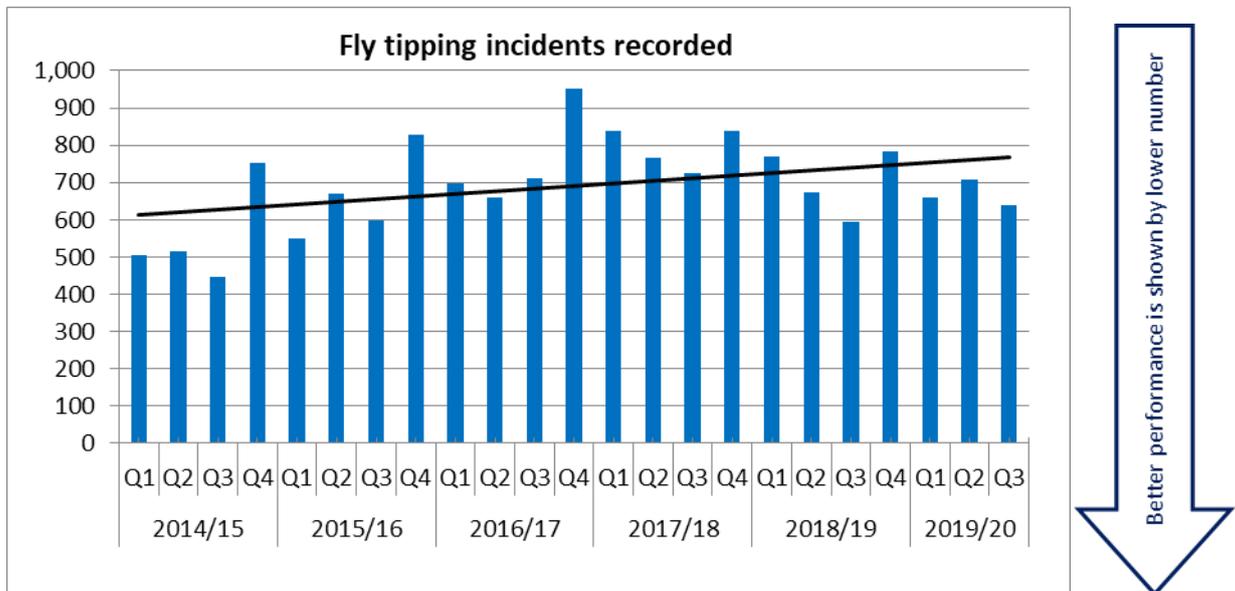
56. Cross-cutting aims in Wiltshire Councils Business Plan focus on improving road infrastructure as part of helping to grow the county’s economy and protecting residents by keeping them safe on the roads. The latest figures for the total number of people killed or seriously injured on Wiltshire’s roads is for the end of quarter two (September 2019). These figures show that the number of people killed or seriously injured in the first six months of the financial year is the lowest it has been in at least five years.



Waste & Environment

57. Waste forecast has increased by £0.300 million to £2.700 million. This is due to forecast changes to rollout of new collection rounds

58. Wiltshire Council aims to strengthen communities by providing the right level of opportunity to recycle business and household waste and prevent the illegal disposal of all waste. The trend in reported fly tipping incidents over the last six years is up. It may well be that this reflects an increase in reporting rather than an increase in the overall amount of waste being illegally disposed of. Despite this there has been a 1.7% reduction in reported incidents in the first nine months of this financial year compared to the same period in the previous year.



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.

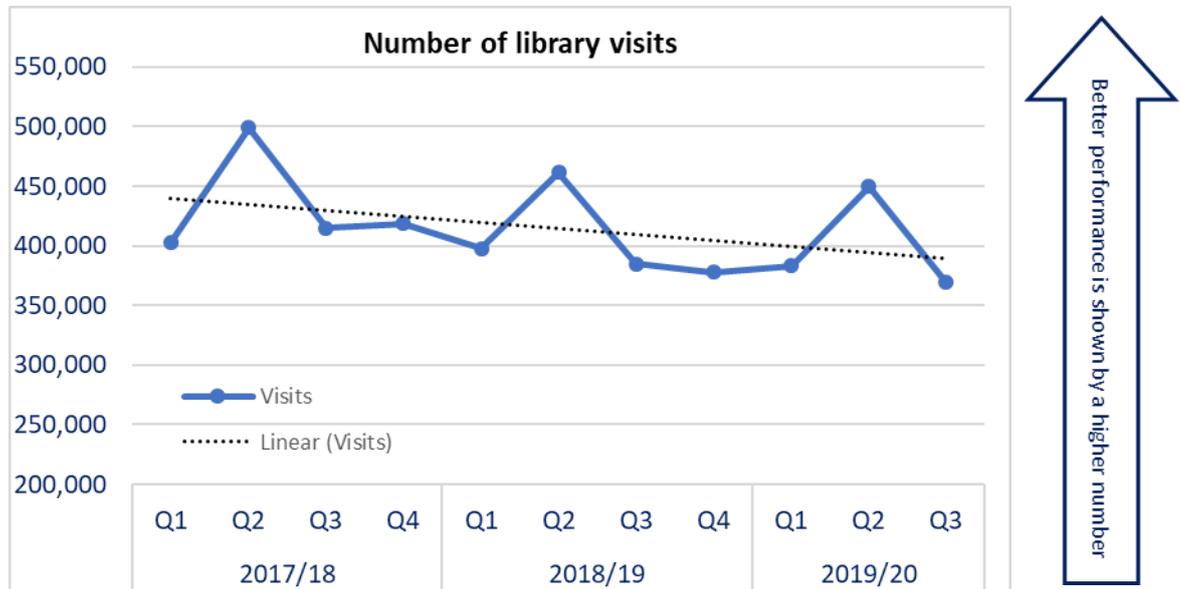
Communities and Neighbourhood

60. The overall position for Communities & Neighbourhood remains the same as reported in the P6 position at £1 million overspent.

Libraries, Heritage & Arts

61. Libraries Heritage and Arts are forecasting £0.440 million overspend, this is a £0.060 million improvement to the quarter 2 reported position. This has been achieved by increased income in City Hall. The pressure remains in Library Services, a proposal has been included as part of budget setting to re-profile the savings target across the next two financial years to enable a programme to be developed and consulted on but there is limited scope to improve the 2019/20 position.

62. Despite growth in overall lending (including electronic lending - eBooks, eAudio and eMagazines which now make up 4.9% of all items loaned from Wiltshire's libraries) visits to the physical libraries are down. Quarter two contains the school summer holidays during which the popular summer reading challenge is held in libraries. In quarter three there were nearly 370,000 visits to Wiltshire's libraries which was 3.9% fewer than in the same quarter in 2018/19.



Countryside and Public Rights of Way

63. Countryside and Public Rights of Way are forecasting a £0.600 million underspend due to re-programming works in 2020/21.

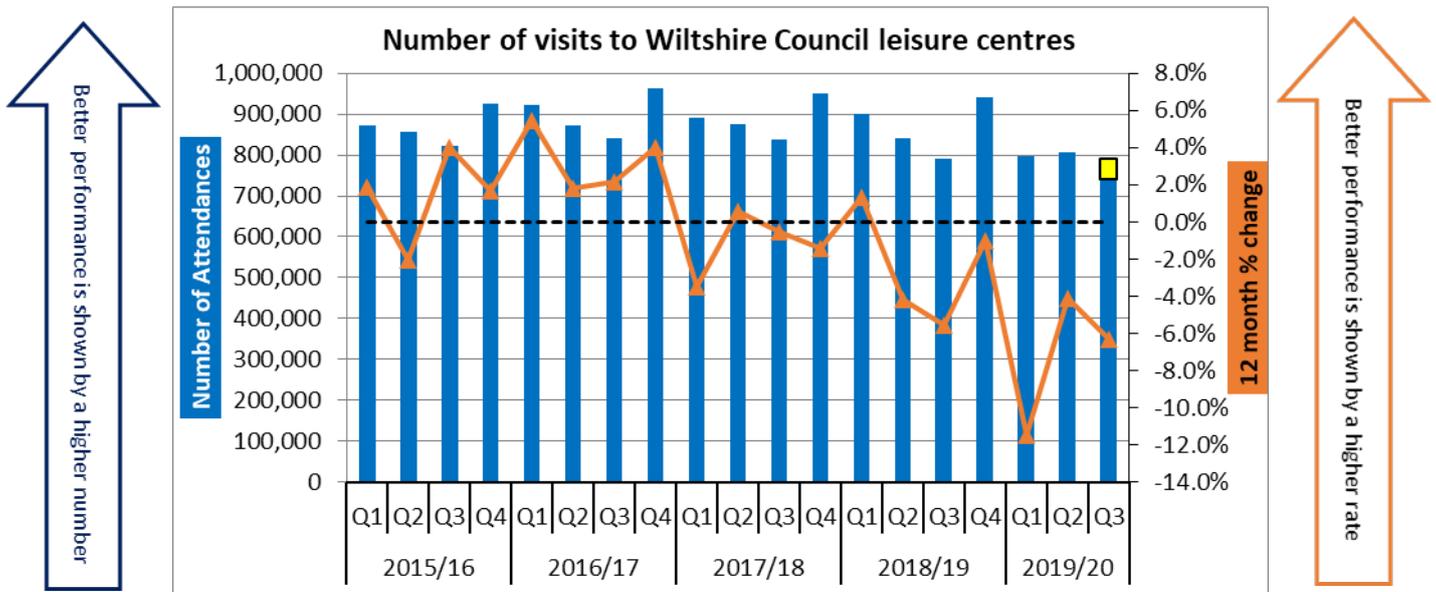
Leisure

64. Leisure is forecasting £0.390 million overspend (against a net income budget), this has increased by £0.090 million from the quarter 2 reported position. The change is due to increased expenditure from increased activity. We are now looking in detail at the income expenditure balance.

65. Following a series of surveys and investigations, the swimming pool section of Clarendon Leisure Centre was certified as a dangerous structure by Building Control and immediately closed on 23 December. An immediate review of the position has been undertaken and further information and guidance sought from structural engineers.

66. Clarendon Leisure Centre is managed by Places Leisure, the Council are working with Places Leisure to establish options and re-provisions. The council are responsible for capital works on the building and there may be revenue implications for loss of income under the contract, this is still being reviewed and negotiated.

67. 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. Because of the timing of this report visits to some leisure centres have had to be estimated (hence there is a predicted segment, shown in yellow, on the quarter three bar). The predicted level will put the number of visits at the same level as it was in at the same period in 2018/19. The longer-term trend in the last two years is down. Using the predicted level for quarter three the first three quarters of this year has 5.5% fewer visits than the same period in 2018/19.



Transport

68. Transport is forecasting £0.079 million underspend, this is being achieved by legitimately applying S106 income in order to help improve the overall position.

Public Protection

69. Public Protection is forecasting £0.249 million overspend, this has increased by £0.049 million from the quarter 2 reported position and is due to underachievement against income targets.

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

70. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves
- 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 (before mitigation)	Projected Variance	Variance reported at Quarter 2	Movement since Quarter 2
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Corporate Directors	0.899	0.785	1.101	1.139	0.240	0.000	0.240
Members	2.231	1.653	1.631	2.166	(0.065)	0.000	(0.065)
Movement on Reserves	(2.894)	(3.243)	(3.243)	(2.894)	0.000	0.000	0.000
Capital Financing	20.334	5.809	6.613	17.806	(2.528)	(2.528)	0.000
Restructure & Contingency	1.558	1.132	1.896	1.256	(0.302)	(0.292)	(0.010)
General Government Grants	(33.166)	(24.975)	(24.655)	(35.116)	(1.950)	(1.900)	(0.050)
Corporate Levies	6.525	5.930	5.320	6.355	(0.170)	(0.150)	(0.020)
Corporate Totals	(4.513)	(12.909)	(11.337)	(9.288)	(4.775)	(4.870)	0.095

Executive Directors

71. This service was previously reporting an online position as cross cutting savings were being mitigated by underspends on staffing costs. However, this underspend is no longer being achieved as it is required to fund an additional previously unbudgeted role and senior director recruitment costs. Therefore this area is now showing as over spent.

Capital Financing

72. 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

73. Restructure & Contingency is projecting a net variance of (£0.302) 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

74. General Government Grants are forecasting to be £1.950 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

75. The recovery plan for this service includes:

- Review and release of one-off earmarked reserves totalling £2.520 million:

DEDICATED SCHOOLS GRANT

76. 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.

77. The latest forecast for DSG is a £7.314 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 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 2020/21 high needs block of £680million with £100 million DfE contingency budget will come some way to alleviating the pressure for future years it will not however, assist with current or previous years overspends.

HOUSING REVENUE ACCOUNT SUMMARY

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

CAPITAL SUMMARY

79. In November 2019, Cabinet approved a revised capital programme totalling £158.696 million.
80. 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 £2.458 million for Quarter 3 (per Appendix D and Appendix E – Section 1).
81. Reprogramming of approved capital budgets into future years totals £11.940 million during Quarter 3 (Appendix D and Appendix E – Section 2).
82. A number of budget transfers have been requested since Quarter 2. These transfers between schemes are shown in Appendix D and Cabinet is asked to approve these transfers in this report.
83. 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 3, the Council is forecasting to receive £12.057 million of capital receipts and to fund £4.351 million of transformational schemes. There is therefore sufficient headroom to fund these additional schemes from capital receipts
84. The changes to the budget since it was last reported to Cabinet for Quarter 2) in Nov 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 Quarter 2 Budget to Quarter 3 Budget
(as at 31 December 2019)**

Summary of Movements in Capital Programme	£m	Further information
Capital Programme Budget as at Quarter 2 (reported to Cabinet November 2019)	158.696	Appendix D
Amendments to Capital Programme 2019/20 Since Quarter 2:		
Additional Budgets added to Programme – Funded by Grants & Contributions	2.458	Appendix D & E
Budgets Reprogrammed from 2019/20 to 2020/21	(11.940)	Appendix D & E
Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing (rounding)	0.001	Appendix D & E
Grant Amendments	(0.000)	Appendix D
Reduced Budgets	(0.001)	Appendix D
Quarter 3 Budget 2019/20	149.214	

Summary of Capital Position as at 31 December 2019

85. The current budget for the year 2019/20 is £149.214 million. The profiled budget to 31 December 2019 is £111.800 million. Actual spend on schemes as at 31 December 2019 was £74.306 million. A full breakdown of these figures is attached in Appendix D.

GROWTH, INVESTMENT & PLACE SERVICE

86. The current budget is £101.468 million; profiled budget is £79.469 million and actual spend recorded on SAP on these schemes as at 31 December 2019 was £48.472 million. It is currently anticipated that all schemes will deliver online by year end.

CHILDREN & EDUCATION SERVICE

87. The current budget is £46.506 million; profiled budget is £31.514 million and actual spend recorded on SAP on these schemes as at 31 December 2019 was £25.476 million. It is currently anticipated that all schemes will deliver online by year end. Significant amendments to budgets in Quarter 3 are outlined below.

88. £3.000 million of budget has been added into the capital programme in 2020/2021 on Health and Wellbeing Centres – Live Schemes following Cabinet approval on the 26th November 2019. The increased budget relates to the latest design requirement for Melksham Community Campus.

89. The Army Rebasing budget has been increased by £1.883 million this quarter following section 106 additions received from the Ministry of Defence. The increased budget now stands at £13.623 million for 2019/200.
90. £3.190 million of budget has been reprogrammed from 2019/2020 into 2020/2021 in this quarter on Basic Need schemes. This reflects the expected build progress on various schemes across the county.
91. The Schools Maintenance and Modernisation schemes budget has been increased by £1.000 million this quarter following a transfer of budget from Basic Need schemes. This reflects the need to address the backlog in maintenance works across the Wiltshire Schools Estate. £1.150 million has also been reprogrammed from 2019/2020 into 2020/2021 on Modernisation schemes to reflect the expected completion dates on schemes.

ADULT CARE & PUBLIC HEALTH SERVICE

92. The current budget is £1.240 million; profiled budget is £0.817 million and actual spend recorded on SAP on these schemes as at 31 December 2019 was £0.358 million. It is currently anticipated that all schemes will deliver online by year end. There are no significant budget amendments in Quarter 3 to report.

RESERVES

93. The table below provides the projected position for the year of the general fund balance held by the Council, as at Quarter 3

General Fund Balance	£m
Balance as at 1 April 2019	(15.100)
Projected overspend at Quarter 3	2.758
Compensating Recovery Plans currently being formulated	(2.758)
Projected impact on General Fund Balance	0.000
Potential General Fund Balance 31 March 2020	(15.100)

94. 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.
95. The recovery plans included in the Quarter 3 projections detailed above assume the use of £4.503 million of earmarked reserves which have been identified as releasable as part of service recovery plans for 2019/20.

	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)

Overall Conclusions

96. The Council continues to rigorously monitor the budget. The quarter 3 overall net forecast position is a £2.758 million overspend, if no further managerial action is taken.
97. 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.
98. 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.
99. 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 3 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

100. This report informs Members' decision making.

Overview & Scrutiny Engagement

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

Safeguarding Implications

102. 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

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

Procurement Implications

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

Equalities and diversity impact of the proposals

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

Environmental and Climate Change Considerations

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

Risks Assessment

107. 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

108. This is the subject of the report.

Legal Implications

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

Proposals

110. 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 3 projected year end outturn being an overspend risk of £2.758 million, before management actions are made.
- b) the HRA Quarter 3 projected year end outturn is online.

- c) the 2019/20 capital programme as at quarter 3 (31 December 2019) has been revised to a budget of £149.214 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 £2.459 million.

Reasons for Proposals

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

Background Papers and Consultation

None

Contact Name:

Deborah Hindson, Interim Director – Finance and Procurement,

deborah.hindson@wiltshire.gov.uk

Robin Townsend, Director – Corporate Services

robin.townsend@wiltshire.gov.uk

Report Authors: Matthew Tiller, Chief Accountant
Toby Eliot, Corporate Support Manager

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 December 2019

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

Appendix F: Strategic Risk Register for Q3 (October – December) 2019/20