

## Summary Sheet

### Name of Committee and Date of Committee Meeting

Cabinet – 19 November 2018

### Report Title

September Financial Monitoring Report 2018/19

### Is this a Key Decision and has it been included on the Forward Plan?

Yes

### Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

### Report Author(s)

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### Ward(s) Affected

All

## Executive Summary

This report sets out the financial position as at the end of September 2018 and is based on actual costs and income for the first half of the financial year with forecasts for the remaining 6 months of 2018/19. Financial performance is a key element within the assessment of the Council's overall performance framework, and is essential for the achievement of the objectives within the Council's Policy Agenda. For that reason, this report is part of a series of monitoring reports for the current financial year which will continue to be brought forward to Cabinet on a regular basis.

As at September 2018, the Council needs to identify a further £3.1m of cost reduction actions by financial year-end in order to achieve a balanced financial outturn, after taking account of the £10m budget contingency approved within the 2018/19 budget.

The overspending against budget in Children's and Young People's Services Directorate is continuing in the current financial year as a result of demand for services outstripping budget capacity. The number of children in care continues to increase this financial year and has reached 655 at the time of writing this report. The forecast overspend on Children's Services has now increased to £15.7m

The increased number of Looked after Children also places significant pressure on Legal Services within the Finance and Customer Services Directorate. The current forecast overspend for Legal Services is £1.488m. The Finance and Customer Services Directorate overall is forecasting to outturn within budget after putting into place a range of mitigating actions to compensate for the legal service forecast overspend.

The Adult Care Services Directorate are still on track to bring the overspend down to £6.221m. A combination of increased client numbers, the rising cost of care packages, and delays in delivery of savings plans have led to pressure on budgets across all client groups. A recovery plan has been developed to address previously undelivered savings and project plans are currently being finalised with the expectation that further savings will be identified from this activity.

Regeneration and Environment Directorate is forecasting a balanced budget, although it is facing challenges from a combination of declining business from the School Meals service and challenges with delivery of budget savings, including transport and property savings.

Mitigating savings and actions identified to date are set out in Table 1 and described in Paragraph 3.9 of the report.

### **Recommendations**

1. That Cabinet note the forecast General Fund outturn position.
2. That further actions that are identified to reduce the forecast level of expenditure be reported back to Cabinet.
3. That Cabinet note the updated position of the Capital Programme.

### **List of Appendices Included**

None

### **Background Papers**

Revenue Budget and Council Tax Setting Report for 2018/19 to Council – 28 February 2018

Revenue Budget 2018/19 May Financial Monitoring Report to Cabinet and Commissioners' Decision Making Meeting – 9 July 2018

July Financial Monitoring Report 2018/19 to Cabinet and Commissioners' Decision Making Meeting - 17 September 2018

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

Overview and Scrutiny Management Board – 28 November 2018

### **Council Approval Required**

No

### **Exempt from the Press and Public**

No

## **September Financial Monitoring Report 2018/19**

### **1. Recommendations**

- 1.1 That Cabinet note the forecast General Fund outturn position.
- 1.2 That further actions that are identified to reduce the forecast level of expenditure be reported back to Cabinet.
- 1.3 That Cabinet note the updated position of the Capital Programme.

### **2. Background**

- 2.1 As part of its performance and control framework the Council is required to produce regular and timely reports for the Strategic Leadership Team and Cabinet to keep them informed of financial performance so that, where necessary, actions can be agreed and implemented to bring expenditure in line with the approved budget for the financial year.
- 2.2 Delivery of the Council's Revenue Budget, Medium Term Financial Strategy (MTFS) and Capital Programme within the parameters agreed by Council is essential if the Council's objectives are to be achieved. Financial performance is a key element within the assessment of the Council's overall performance framework.
- 2.3 This report is part of a series of financial monitoring reports to Cabinet for 2018/19, setting out the projected year-end revenue budget financial position in light of actual costs and income for the first half of the financial year. This report includes, with revenue forecasts, details of capital spending and the projected capital outturn position.
- 2.4 The current revenue position after six months shows that further actions are required to reduce forecast expenditure by at least £3.1m in order to deliver a balance financial outturn after taking account of the £10m budget contingency approved within the 2018/19 budget.

### **3. Key Issues**

- 3.1 Table 1 below shows, by Directorate, the summary forecast revenue outturn position after management actions which have already been quantified and implemented.

**Table 1: Forecast Revenue Outturn 2018/19 as at September 2018**

<b>Directorate / Service</b>	<b>Budget 2018/19</b>	<b>Forecast Outturn 2018/19</b>	<b>Forecast Variance over / under (-)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children & Young People's Services	58,667	74,390	+15,723
Adult Care & Housing	58,470	64,691	+6,221
Public Health	16,014	16,014	0
Regeneration & Environment Services	40,634	40,634	0
Finance & Customer Services	15,504	15,504	0
Assistant Chief Executive	6,857	6,598	-259
Central Services, Capital Financing and Treasury Management	15,929	12,329	-3,600
<b>SUB TOTAL</b>	<b>212,075</b>	<b>230,160</b>	<b>18,085</b>
Budget Contingency (£4.8m budget, £5.2m reserves)	4,800	(5,200)	-10,000
<b>TOTAL</b>	<b>216,875</b>	<b>224,960</b>	<b>8,085</b>
<b>Additional in-year cost reduction activity :</b>			
Forecast of reduced severance costs frees up Capital Receipts to fund revenue transformation expenditure			-1,000
Use of Directorate balances			-3,980
<b>= Further actions required to reduce total expenditure to within Budget Contingency</b>			<b>3,105</b>
Dedicated Schools Grant			4,536
Housing Revenue Account (HRA)	82,312	82,312	0

The following section (paragraphs 3.2 to 3.7) provide further information regarding the key reasons for forecast under or overspends within Directorates, and the progress of savings delivery and how the Council plans to deliver a balanced budget by the end of the financial year.

### **3.2 Children & Young People's Directorate (£15.723m forecast overspend)**

3.2.1 Children's and Young People's Services are forecast to have an over spend of £15.723m for this financial year. The projected over spend has increased by £2.7m this period due to children in care numbers remaining high (currently 655).

3.2.2 The major pressures are as follows:

- The placement budget is £21.3m with a projected spend of £34.0m, an overspend of £12.7m. The main pressures are linked to high cost placements across external residential, independent foster carers and leaving care supported accommodation. The forecast placement costs have increased by £2.4m as whilst the Right Child Right Care initiative and other demand management strategies are having a positive impact, the initial target levels of reduction of children in care are not being met and the reductions which are being achieved are being offset by new admissions into care.
- The other element of the placement strategy is to reduce the number of children in high cost placements by stepping down into lower cost placements e.g. independent fostering to in-house foster care. The reduction is not being achieved as planned and following consideration of the current estimated impact of demand management strategies the anticipated placements cost savings to the financial year-end have been significantly reduced.
- Staffing and agency costs across CYPS base budgets are forecast to overspend by £1.8m due to the number of agency workers across the service, which is now reducing (35 FTE at the end of September).

3.2.3 It should be noted that the position has been exacerbated by a significant amount of placements that have arisen from the complex child protection work and associated interventions with further cases related to Operation Stovewood. Further, it has to be emphasised that Rotherham is not significantly out of step with many local authorities throughout the country in experiencing a significant increase in the numbers of Looked After Children.

3.2.4 A budget saving of £750k was agreed for a review of Business Support as part of the 2017/18 budget. To date £200k has been achieved from existing staff turnover leaving a balance to address (£550k). There is an ongoing review of business support across Children's Services to implement a long term and sustainable service in the future (Phase 1), consultation on proposals ended 23 October. Phase 2 is planned for next financial year.

3.2.5 The number of young people requiring support from the Leaving Care service has increased significantly in the last two years, the Government's new responsibilities placed on Councils increasing the provision up to the age of 25 has also increased costs, all leading to a current forecast overspend of £1.8m.

3.2.6 Budget review meetings continue and have identified a number of further budget savings options and considerations for this financial year. A challenging examination of potential efficiencies is continuing to take place, recognising the need for these to be thoroughly reviewed, discussed and considered so that the Directorate can bring forward options for immediate implementation. Proposals are being actively pursued to identify savings in the current financial year, having due regard for the continued safeguarding of vulnerable children.

### **3.3 Dedicated Schools Grant**

3.3.1 The Directorate is currently forecasting an over spend on its Dedicated Schools Grant (DSG) High Needs Block of £4.536m, this is an increase from the previously reported figure of £3.489m, the main reasons for the over spend are the number of external residential placements and an increase in the number of high needs learner places.

3.3.2 Both the Early Years and the Schools' block are expected to be broadly in line with allocations in 2018/19.

3.3.3 The overall deficit on the non-delegated DSG at the end of the financial year 2017/18 was £9.687m, and comprised as follows:

- Early Years Block: £0.032m Underspend
- Schools Block: £0.328m Underspend
- High Needs Block: £10.047m Overspend

3.3.4 The service has developed a recovery plan which aims to try and reduce the in-year pressures on the High Needs Block. The key areas of focus to reduce the over spend are:

- A revised Special School funding model;
- A review of high cost out of authority education provision to reduce cost and move children back into Rotherham educational provision
- Work with schools and academies to maintain pupils in mainstream settings wherever possible
- A review of inclusion services provided by the Council.
- To redirect funding from the schools block into the high needs block in 2019/20

To enable a redirection of funding from the Schools block, all schools and academies need to be consulted on the proposal and agreement to the transfer is needed from the Schools Forum. If agreement is reached a disapplication request will then be made to the Secretary of State to approve the transfer.

### **3.4 Regeneration and Environment Directorate (Forecast balanced budget)**

3.4.1 The Regeneration and Environment Directorate has approved savings of £3.827m to deliver in 2018/19 as well as savings requirements from previous years. This is a challenging position for the Directorate, and in order to meet this challenge, the Directorate will continue the tight financial discipline that enabled it to outturn within budget in 2017/18. Budget monitoring has, however, highlighted some significant pressures, many of which arise from delays in delivery of savings.

3.4.2 The major pressures are as follows:

- Facilities Management (£1.307m). The 2018/19 budget includes a £1m saving on property arising from service reviews within other Council services. A pressure of £863k is being reported in respect of this saving, as a result of delays in concluding the service reviews. The savings are expected to be achieved in the long term, but their delivery has been delayed. In addition, a pressure of £140k is being reported in respect of a saving to let office space at Riverside House, as a result of the proposed tenant withdrawing.
- Catering service (£273k). This mainly arises from a continuing impact of the loss of contracts resulting from academy conversions, where academy chains have alternative provider arrangements in place.
- Street Scene Services (£787k). This is mainly in respect of continuing additional demand pressures on Home to School transport, which was also a pressure in 2017/18.
- Regulation and Environment (£139k), principally the Licensing service, arising from a forecast under recovery of income against the budget and additional vehicle testing costs.

3.4.3 In order to try to mitigate these pressures the Directorate Management team will continue to keep a tight control on budgets, limit officers to essential spending and have identified some non-recurring underspends including:

- Holding vacant posts where this can be done without significantly impacting on service delivery;
- Additional income in Building Consultancy;
- Other windfall income;
- Maximisation of capital resources;
- Review of provisions and maximisation of grant funding

It is envisaged that these actions will enable the Directorate to deliver a balanced budget by year end.

3.4.4 The following alternative savings are proposed to replace savings which are not being delivered as originally planned and approved.

- Charge for street naming (property addressing) £20k – the additional income is not being met due to reduced applications. This will be mitigated by the delivery of additional income following the Government's decision to increase planning fees for 2018/19.
- Increase in Local Land Charge (search) fees £50k – the additional income is not being delivered due to a reduction in volumes. This will be offset by the delivery of additional planning income following the Government's decision to increase planning fees for 2018/19.

- Increasing number of applications and incidental fees, and review fees and charges £20k – this is not being met due to reduced volumes. This will be mitigated by deleting a vacant post.
- Software savings by migrating information to an App £14k – to be mitigated by a reduction in equipment budgets in licensing.

### **3.5 Adult Care & Housing (£6.221m overspend)**

3.5.1 Adult Care Services are still on track to reduce the overspend to £6.221m in 2018/19 (after allocation of £5.9m of the additional Better Care Funding).

3.5.2 Whilst there were no new budget savings for Adult Care agreed within 2018/19 budget setting, there are £3.224m of savings agreed in previous years to take effect in 2018/19 in addition to the £7.346m agreed in 2017/18. The forecast overspend for 2018/19 includes an anticipated shortfall of £7.393m in the delivery of these accumulated budget savings within the current financial year.

3.5.3 The main reasons for the delayed delivery of savings are the complexity, rather than the volume of new cases (including transition) – as the overall customer base has been relatively static. Also, contributing to the delay is historical assessment practice across all cohorts; in terms of over reliance on residential care, poor application of self-directed support and over provision of care hours.

3.5.4 Neighbourhood services' (Housing General Fund) latest forecast is a favourable variance against budget, which is included in the overall Directorate position. This is as a result of additional income from the increase in take up of the furnished homes scheme and from one off savings generated from the housing repairs contracts.

3.5.5 Adult Care recognises that the primary pressures on its budget centre on previously undelivered savings. As a result, a suite of high level project plans have been developed to address the savings challenge which includes reviewing Learning Disability Services (My Front Door), right sizing care packages and resource/operating models. Digital Transformation, Work Force Development and the Intermediate Care and Re-ablement Pathways will be enablers to these. This will be in line with the Rotherham Integrated Health and Social Care Place plan priorities. In addition, new savings options will be identified and fall out of this activity to meet the 2019/20 and 2020/21 requirements.

### **Public Health (Forecast Balanced budget)**

3.5.6 The Public Health ring fenced specific grant was reduced by a further £430k to £16.304m for 2018/19.

3.5.7 The latest forecast is an overall balanced budget, which includes a planned transfer from the Public Health Grant reserve of £441k in order to achieve a balanced budget. There are some forecast pressures within Drugs and Alcohol and Tobacco control but these are being offset by underspends within Children's obesity and sexual health contracts, together with staff vacancies with the Public Health team.

3.5.8 Budget savings agreed as part of the budget setting process for 2018/19 totalling £0.653m are forecast to be fully achieved in year.

### **3.6 Finance & Customer Services (Forecast Balanced Budget)**

3.6.1 Although, as at the September monitoring, F&CS Directorate is forecasting a balanced outturn position, the Directorate currently has an underlying overspend of £1.488m as a result of the ongoing pressures on Legal Services from Children's Services. Significant challenges exist within this department from the continued demand for legal support with child protection hearings and court case costs relating to Looked After Children. Ongoing recruitment to vacancies is progressing, but in the interim, there is heavy reliance on locum solicitors alongside a temporary arrangement with Sheffield City Council, which comes at a premium cost.

3.6.2 It is envisaged that these financial pressures will not diminish until the current resourcing problems are resolved, and the volume of social care proceedings begins to reduce. The number of court proceedings in 2018/19 is reducing slightly compared to previous years (92 cases to the end of September, compared to 107 as at September 2017), and should this continue, it is hoped that the financial position will improve accordingly. Work is ongoing to identify ways of reducing demand for legal advice, coupled with a management restructure within the department, with the aim of better controlled use of resources.

3.6.3 Legal Services also have pressures in respect of Statutory Costs, where the forecast overspend is currently projected at £85k as a result of the volume of statutory and planning notices. A review into the demand drivers for this area is ongoing, with analysis showing that approximately half of the cost is driven by activity in Regeneration & Environment. A way forward is required to better align costs and responsibility, and thus control spend.

3.6.4 Within Customer Information and Digital Services, vacancies are deliberately being held across the service whilst a complete review of Digital Services management and staffing structures is completed, alongside consideration of current commitments and service demand. The legacy savings decisions that have been causing pressure within CIDS have now been resolved, with just one saving due to be completed in 2019/20.

3.6.5 Loss of income from Schools Traded Services following conversion of schools to academies and their withdrawal from purchased Council finance support services is creating a pressure of £226k within Financial Services. This pressure comprises staff absence claims paid out to the value of £77k more than budget, combined with a legacy income budget of £149k that is now unachievable. Consideration is to be given as to the future viability of the School Staff Absence Fund. The pressure in year is being offset by vacancy control across the finance function, along with restrictions on overtime within Revenues and Benefits.

3.6.6 The recovery of Housing Benefit overpayments is projected to deliver income in excess of budget of £400k as a result of robust recovery processes.

3.6.7 As a result of robust and rigorous management actions the Directorate had identified and implemented mitigating actions to reduce the underlying overspend to £666k as at the end of September. Further work has identified additional savings/cost reductions of £342k, leaving £324k to address. Work continues on a range of options to mitigate the remaining £324k and ensure that the Directorate delivers a balanced budget by the end of the financial year.

### **3.7 Assistant Chief Executive (£0.259m Forecast Underspend)**

3.7.1 The Assistant Chief Executive's Directorate are forecasting a budget underspend of £0.259m, which is a slight increase of £44k since the last report. This is attributable to underspends within HR from a considerable number of staff vacancies, and the decision to delay recruitment for as long as possible. It is worthy of note that, given the amount of staff turnover within this department, the forecast underspend could increase if recruitment is deferred further.

3.7.2 Vacancies within Business and Innovation Team are, however offset by planned expenditure to support the delivery of service transformation across the Council, whilst a delay in delivery of savings within the Management Support Team has been mitigated from underspends elsewhere across the Directorate.

3.7.3 It should also be noted that a restructure within HR consultancy has delivered an in-year saving that will be removed from the budget in 2019/20 to contribute to future funding pressures

### **3.8 Central Services (£3.6m Forecast Underspend )**

3.8.1 As highlighted in previous financial reports to Cabinet and Council over the past year a thorough review has been undertaken of all the Council's Central Services Budgets and Provisions, Corporate Funding and Accounting and Apportionments, including classification of expenditure between revenue and capital and between HRA and General Fund. Savings from these reviews fed into the updated Medium Term Financial Strategy reported to Cabinet in July. Capital financing decisions made as part of the 2017/18 financial outturn, along with further savings from treasury management activity, reviews of PFI funding and payment profiles and finalisation of inflation funding requirements results in a further saving of £3.6m in 2018/19.

### **3.9 Achieving a Balanced Budget in 2018/19**

3.9.1 A range of actions as reported in December 2017 and in the Budget Report 2018/19 to Cabinet and Council in February 2018 have been implemented

3.9.2 Strategic measures have been put into place as part of mitigating budget pressures. These include :

- Further controls on recruitment and a reduction in the use of agency staff
- Reductions on general spend across all Council services
- Review of financing options, including PFI schemes and staff severance payments
- Use of Directorate balances with re-provision for any liabilities to be funded by those balances being reprovided in future years.

Additional actions are being developed to address the need to reduce spend still further by an estimated £3.1m in order to achieve a balance financial outturn after taking account of the £10m Budget Contingency.

### **3.10 Housing Revenue Account (HRA) – (Forecast Balanced Budget)**

3.10.1 The Housing Revenue Account is a statutory ring-fenced account that the Council has to maintain in respect of the income and expenditure incurred in relation to its council dwellings and associated assets. The Housing Revenue Account is forecast to outturn in budget. There are some potential minor pressures but there are plans in place to mitigate against these should they arise.

### **3.11 Capital Programme**

#### **Updated Capital Programme 2018/19 to 2021/22**

3.11.1 The Capital Programme 2018/19 totals £107.054m split between the general fund £63.102m and HRA £43.952m, this has reduced overall by £6.105m from the position reported to Cabinet on 17 September 2018. The movement is based on the latest profiles of expenditure against schemes, factoring in slippage of £6.179m, and the addition of grant funded schemes totalling £0.074m.

3.11.2 The main items of slippage are within the Regeneration and Environment programme, £5.936m in total, includes

- £4.313m on the Growth Fund allocation for Brighton Link which has been re-profiled into 2019/20 following delays in gaining final confirmation of the Sheffield City Region approval of funding.
- The Holmes Tail Goit Pumping Station has slipped £0.800m into 2019/20 to align with the latest scheme profile, and
- £0.200m of the Bridges Local Transport Plan funding has slipped to support the development of Crinoline bridge in 2019/20.

3.11.3 Additional grant funded schemes are added to the Capital Programme on an ongoing basis in accordance with the Financial and Procurement Procedure Rules. Schemes added since the report to Cabinet in September are listed below.

**Table 2: New Grant Funded Schemes**

Directorate/Scheme	2018/19 £M	Post 2018/19 £m
<b>Regeneration &amp; Environment</b>		
Chantry Bridge Pumping Station Phase 2 (EA Funding), a contribution of £60k has been awarded to the Council for the delivery of works.	0.060	0.000
<b>Assistant Chief Executive</b>		
Thurcroft Creatives: Inclusion of ring fenced Sawn Moor Section 106 monies in Thurcroft to fund a community environmental/public Arts project.	0.014	0.000
<b>Total Additions</b>	<b>0.074</b>	<b>0.000</b>

The updated Capital Programme to 2021/22 is shown by Directorate in Table 3 below.

**Table 3: Updated Capital Programme 2018/19 to 2021/22**

Directorate	2018/19 Budget £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m	Total Budget £m
<b>General Fund Capital</b>					
Children and Young People's Services	9.767	10.490	11.297	2.406	33.961
Assistant Chief Executive	1.338	0.210	0.210	0.210	1.968
Adult Care & Housing	4.154	5.976	11.976	6.116	28.222
Finance and Customer Services	3.832	1.969	1.775	1.775	9.351
Regeneration and Environment	42.012	39.025	20.432	25.698	127.166
Capitalisation Direction	2.000	2.000	2.000	0.000	6.000
<b>Total General Fund Capital</b>	<b>63.102</b>	<b>59.670</b>	<b>47.690</b>	<b>36.205</b>	<b>206.667</b>
<b>Total HRA Capital</b>					
	<b>43.952</b>	<b>39.881</b>	<b>28.113</b>	<b>22.275</b>	<b>134.220</b>
<b>Total RMBC Capital Programme</b>					
	<b>107.054</b>	<b>99.550</b>	<b>75.803</b>	<b>58.480</b>	<b>340.887</b>

The £107.054m of capital expenditure is funded as shown in the table below;

**Table 4: Funding of the approved Capital Programme**

<b>Funding Stream</b>	<b>2018/19 Budget    £m</b>
Grants and Contributions	23.966
Unsupported Borrowing	29.328
Revenue Contributions	2.014
Capital Receipts	7.794
<b>Total Funding - General Fund</b>	<b>63.102</b>
Grants and Contributions	4.025
Housing Major Repairs Allowance	12.759
Useable Capital Receipts	2.434
Revenue Contributions	24.734
<b>Total Funding - HRA</b>	<b>43.952</b>
<b>Total</b>	<b>107.054</b>

**Capital Receipts**

3.11.4 The Council is continuing to undertake a comprehensive review of its assets and buildings portfolio with the aim of rationalising both its operational and non-operational asset holdings. This may contribute future capital receipts which are earmarked to support the revenue budget, using the new capital receipts flexibilities introduced from the 1st April 2016 to fund expenditure relating to transforming Council service to generate future revenue efficiency savings

3.11.5 To date General Fund Capital receipts of £0.743m have been generated as shown in the table below.

**Table 5 – General Fund Capital Receipts Received in 2018/19**

<b>Description</b>	<b>Total as at 30th September 2018 £m</b>
Land at White Hill Lane, Brinsworth	0.025
Bighton Link, Chesterfield Road	0.100
Other De-minimus	0.005
<b>Sub Total – Usable In-Year Capital Receipts</b>	<b>0.130</b>
Repayment of Loans	0.613
<b>Total Capital Receipts</b>	<b>0.743</b>

The disposal programme includes a number of General Fund receipts with forecasts for these, estimated between £1.215m to £1.723m.

#### **4. Options considered and recommended proposal**

- 4.1 The Council is currently forecasting a need to identify a further £3.1m of savings to enable a balanced financial outturn for 2018/19. To any extent that further savings are not identified and a balanced budget is not achieved for 2018/19, there will be an impact on the Council's reserves. Within the current financial climate, effective and careful use of reserves is ever more critical to the Council's ability to maintain a robust balanced budget.

#### **5. Consultation**

- 5.1 The Council consulted extensively on budget proposals for 2018/19. Details of the consultation are set out within the Budget and Council Tax 2018/19 report approved by Council on 28<sup>th</sup> February 2018

#### **6. Timetable and Accountability for Implementing this Decision**

- 6.1 Strategic Directors, Managers and Budget Holders will ensure ongoing tight management and close scrutiny of spend this financial year.
- 6.2 Financial Monitoring reports are taken to Cabinet meetings during the year. The next Financial Monitoring Report with the position as at the end of November 2018 will be considered by Cabinet on 17<sup>th</sup> December 2018.

#### **7. Financial and Procurement Implications**

- 7.1 The current forecast identifies a need for additional actions and savings required to reduce expenditure by a further £3.1m in order to deliver a balanced financial outturn for 2018/19, after taking account of the £10m Budget Contingency.
- 7.2 If budget and planned savings and spend reductions are not delivered as intended, there will be an impact on the Council's reserves, as any expenditure in excess of budget impacts reserves levels. Control over spending is therefore critical to a robust Medium Term Financial Strategy. All savings are being closely monitored and tracked, with all areas at risk of shortfall subject to review to identify alternative options.
- 7.3 Failure to achieve planned savings and to contain revenue expenditure within the agreed budget for this financial year will have further implications for financial years 2019/20 and 2020/21, where the MTFs identifies a further £30m of savings as being required to balance the budget.
- 7.4 The approved Capital Programme was updated in the July report to September Cabinet to reflect the 2017/18 Outturn position and new grant funded schemes. The further additions in this report are all grant funded schemes.

#### **8. Legal Implications**

- 8.1 No direct implications.

## **9. Human Resources Implications**

9.1 No direct implications.

## **10. Implications for Children and Young People and Vulnerable Adults**

10.1 This report includes reference to the cost pressures on both Children's and Adult' Social care budgets.

## **11. Equalities and Human Rights Implications**

11.1 No direct implications.

## **12. Implications for Partners and Other Directorates**

12.1 No direct implications. As management actions are developed some of these may impact upon Partners. Timely and effective communication will therefore be essential in these circumstances.

## **13. Risks and Mitigation**

13.1 At a time of economic difficulty and tight financial constraints, managing spend in line with the Council's Budget is paramount. Careful scrutiny of expenditure and income across all services and close budget monitoring therefore remain a top priority if the Council is to deliver both its annual and medium term financial plans while sustaining its overall financial resilience.

## **14. Accountable Officer(s)**

Graham Saxton, Assistant Director – Financial Services  
Nikki Kelly, Finance Manager

Approvals obtained on behalf of:-

	<b>Named Officer</b>	<b>Date</b>
Strategic Director of Finance & Customer Services	Judith Badger	05.11.2018
Director of Legal Services	Dermot Pearson	05.11.2018
Head of Procurement (if appropriate)	N/A	
Head of Human Resources (if appropriate)	N/A	

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