

Subject:	Targeted Budget Management (TBM) Provisional Outturn 2017/18		
Date of Meeting:	14 June 2018		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1 SUMMARY AND POLICY CONTEXT:**

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the provisional outturn position (i.e. Month 12 year-end) on the council's revenue and capital budgets for the financial year 2017/18.
- 1.2 The final outturn position is subject to the annual external audit review of the council's accounts. The final position will be shown in the council's financial statements which must be signed by the Chief Finance Officer (CFO) by 31 May 2018 and the audited set approved by the Audit & Standards Committee by 31 July 2018.
- 1.3 In summary, the council has achieved a provisional outturn underspend of £0.008m on its General Fund services, which also enables release of the available risk provision of £1.384m held for 2017/18 but not required. The full release of the risk provision was assumed to be achievable when setting the 2018/19 budget as at month 9. The provisional outturn therefore represents an improved resource position of £0.008m. The improvement relates to a small number of significant movements detailed in the report and appendices.
- 1.4 The position demonstrates that the council continues to plan and manage its resources effectively and remains financially resilient without resorting to the use of reserves. This is in an environment of significant financial challenges, including the achievement of over £17m savings during the year. This is important in the context of growing pressures on demand-led services, the requirement to achieve further substantial savings, and uncertainties over funding in future years, particularly concerning business rates and the longer term funding of health and social care with health partners. An outturn position within budget is also important to satisfy external scrutiny including the opinion of the external auditor on the council's financial resilience and arrangements for effective medium term financial planning.

2 RECOMMENDATIONS:

- 2.1 That the Committee note that the provisional General Fund outturn position is an underspend of £1.392m (including release of the risk provision) and that this

represents an improvement in resources of £0.008m compared to the projected and planned resource position at Month 9 taken into account when setting the 2018/19 budget.

- 2.2 That the Committee note the provisional outturn includes an overspend of £0.219m on the council's share of the NHS managed Section 75 services.
- 2.3 That the Committee note the provisional outturn for the separate Housing Revenue Account (HRA), which is an underspend of £0.644m.
- 2.4 That the Committee note the provisional outturn position for the ring-fenced Dedicated Schools Grant, which is an underspend of £0.201m.
- 2.5 That the Committee approve carry forward requests totalling £1.578m as detailed in Appendix 4 and included in the provisional outturn.
- 2.6 That the Committee approve the Parking Virement detailed in paragraphs 6.2 and 6.3.
- 2.7 That the Committee approve the creation of 3 earmarked reserves as set out in paragraph 6.44.
- 2.8 That the Committee note the provisional outturn position on the capital programme which is an underspend variance of £4.429m.
- 2.9 That the Committee approve the capital budget variations and slippage requested in Appendix 6 and new capital schemes detailed in Appendix 7.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Change in resources since Month 9 (Budget Setting)

- 3.1 The forecast outturn position at Month 9 was an overspend of £0.428m against which there were available risk provisions of £1.384m, giving a net position of £0.956m underspend. When setting the 2018/19 revenue budget, the overspend was assumed to improve to a break-even position meaning that the amount of one-off resources available to support the budget was £1.384m i.e. equivalent to the release of the full risk provision. This assumed resource was fully allocated in the setting of the 2018/19 budget.
- 3.2 In essence therefore, when considering the provisional outturn position, only the movement from the assumed position of a £1.384m underspend is relevant. The table in paragraph 3.7 below shows that, after releasing the risk provision, the provisional outturn on the General Fund is an underspend of £1.392m which is an improvement in available resources of £0.008m since the 2018/19 budget was set at Month 9.
- 3.3 Subject to approval of the carry forward requests in this report, this means that £0.008m additional one-off resources are available compared with Month 9.
- 3.4 The remainder of this report is in the standard TBM format and compares the movement from Month 9 to outturn as normal.

Targeted Budget Management (TBM) Reporting Framework

- 3.5 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy, Resources & Growth Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'demand-led' areas as detailed below.

General Fund Revenue Budget Performance (Appendix 1/2/3)

- 3.6 Appendix 1 provides a high level RAG (Red/Amber/Green) rating of financial performance for each major service heading. The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendices 2 and 3.
- 3.7 The General Fund includes general council services, corporate budgets and central support services. Corporate budgets include centrally held provisions and budgets (e.g. insurance). Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools).

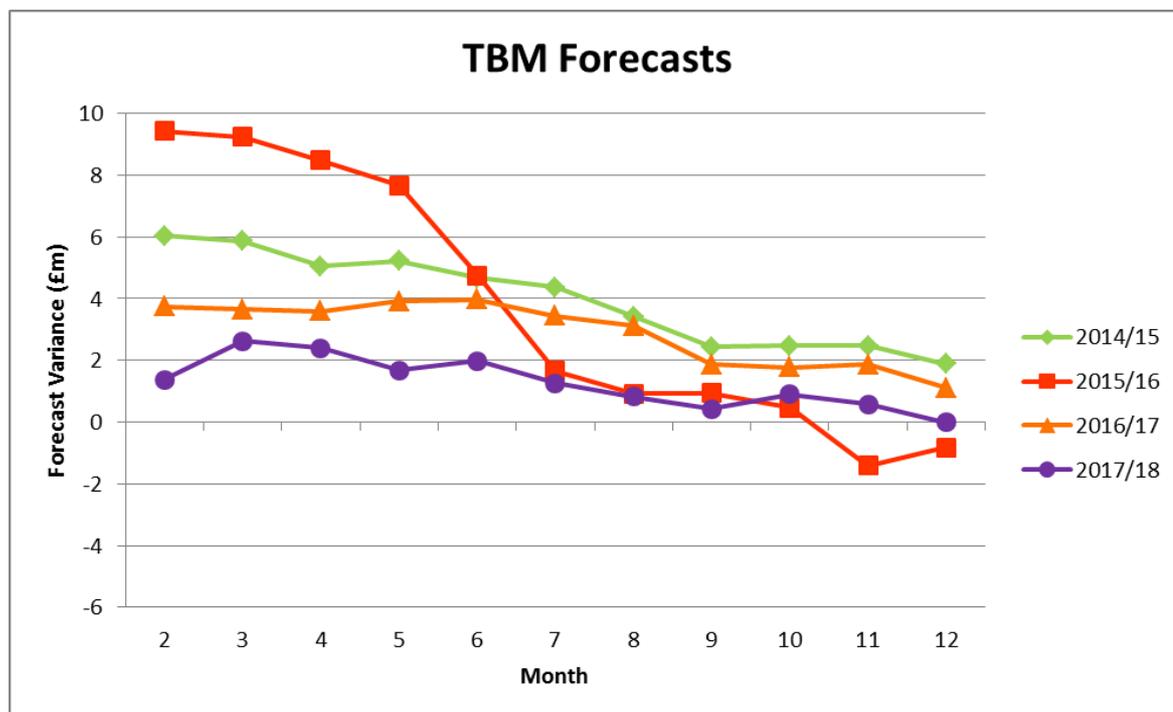
Forecast Variance Month 9 £'000	Directorate	2017/18 Budget Month 12 £'000	Actual Outturn Month 12 £'000	Actual Variance Month 12 £'000	Actual Variance Month 12 %
2,609	Families, Children & Learning	82,020	84,606	2,586	3.2%
304	Health & Adult Social Care	48,331	48,492	161	0.3%
(1,210)	Economy, Environment & Culture	21,043	19,990	(1,053)	-5.0%
(80)	Neighbourhood, Communities & Housing	12,119	11,662	(457)	-3.8%
(301)	Finance & Resources	20,198	19,912	(286)	-1.4%
(150)	Strategy, Governance & Law	5,532	5,288	(244)	-4.4%
1,172	Sub Total	189,243	189,950	707	0.4%
(744)	Corporate Budgets	3,351	1,252	(2,099)	-62.6%
428*	Total General Fund	192,594	191,202	(1,392)	-0.7%

* Position before release of £1.384m available risk provisions.

- 3.8 Note, at Month 9 available risk provisions of £1.384m had not been released. Therefore, as discussed above, the comparable position for Month 9, including

available risk provisions, was a forecast underspend of £0.956m. The provisional outturn underspend of £1.392m therefore represents an improvement of £0.436m on the Month 9 position. The large 'Corporate Budgets' underspend in the table above at Month 12 includes the release of the aforementioned risk provision of £1.384m. Further details of the Corporate Budgets outturn are provided in Appendices 2 and 3.

3.9 The chart below shows the monthly forecast variances for 2017/18 and the previous 3 years for comparative purposes. To ensure a like for like comparison of the underlying position, the data for the three years excludes the allocation of risk provisions.

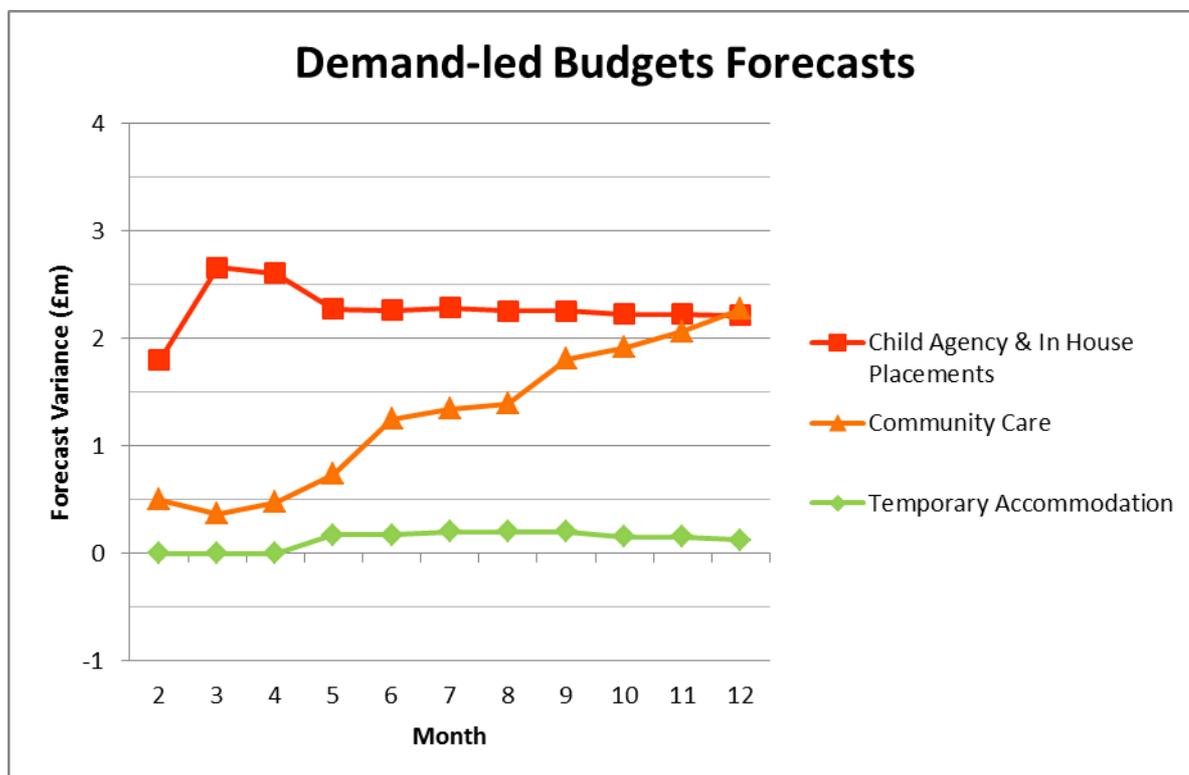


Demand-led Budgets

3.10 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 9 £'000	Demand-led Budget	2017/18 Budget Month 12 £'000	Actual Outturn Month 12 £'000	Actual Variance Month 12 £'000	Actual Variance Month 12 %
2,253	Child Agency & In House Placements	20,886	23,096	2,210	10.6%
1,806	Community Care	55,294	57,567	2,273	4.1%
200	Temporary Accommodation	2,647	2,770	123	4.6%
4,259	Total Demand-led Budget	78,827	83,433	4,606	5.8%

3.11 At this stage of the year it is important to monitor underlying trends in the context of the 2018/19 budget for which £9.268m service pressure funding for demand-led budgets was provided, reflecting the pressures on these budgets indicated above. The chart below shows the monthly forecast variances on the demand-led budgets for 2017/18.



Summary of the position at Outturn

The main pressures reported at outturn continue to be across Children’s and Adults Social Care and Homelessness (Temporary Accommodation) as follows:

3.12 **Children’s Services:** The initial forecast budget risk across Families, Children & Learning was £3.024m primarily resulting from increased demand pressures on services for Children in Care, particularly adolescents with very complex needs and adults with learning disabilities. Some of the social work cost pressures continued through from last year. Subsequently the directorate put together a financial recovery plan to address the financial risks. There still remain significant financial pressures on services for Children in Care and adults with learning disabilities. In addition there are a number of significant financial risks in: supported employment; respite services for children with disabilities; legal fees, supporting families with no recourse to public funds and day services for adults with learning disabilities. These have been closely monitored but have had an adverse impact on the Families, Children and Learning Directorate 2017/18 outturn position.

There have been a substantial number of children being successfully placed with adoptive families. Where children are adopted through a third party (inter-agency adoption) a standard fee of £0.027m is applied. This has resulted in a significant

pressure on this budget. However, it is estimated that in the recent cases the lifetime saving to the Council of these children not being in foster care would amount to £0.163m per child based on current placement costs.

There is also a budget pressure within Learning Disability Provider services. The rate of pay for staff sleep-ins (night duty in care homes) has increased to keep the overall pay for these staff in line with minimum wage legislation. In addition, advice has been received that these payments should be backdated for 6 years, resulting in a significant budget pressure in 2017/18.

The final position shows an overspend of £0.906m on services for adults with learning disabilities, £0.311m on legal fees and £2.303m on placement budgets. Together with other underspending budgets of £0.934m, this results in the final outturn position of £2.586m overspent.

Adults Services: The service faced significant challenges in 2017/18 in mitigating the risks arising from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining the provider market. This was alongside delivering a significant budget savings programme and developing integration plans through the Better Care Fund.

- The outturn position is an overspend of £0.143m at year end after the implementation of a number of initiatives to improve the financial stability of the directorate in previous years, which have helped to contain the risk. The recovery measures focused on attempting to manage demands on and costs of community care placements across Assessment Services and making the most efficient use of available funds.
- There was a focus nationally on improving rates of hospital discharge in preparation for winter leading to increasing financial pressure. There are also continued potential forecast risks concerning increased complexity of need, pressures on the in house older people resource centres and Deprivation of Liberty Safeguards (DoLS) cases. Service pressure funding and improved Better Care funding have partly mitigated the risk for this financial year.
- The outturn includes the fee uplifts agreed at Health & Wellbeing Board on 31st January 2017 across care in the community and residential care. In order to manage the local market and address the significant under-supply of providers in the city who will accept publicly funded residents, fee increases were essential.
- At the end of the financial year, £1.074m of the total approved budget savings of £4.873m were unachievable.
- Service pressure funding of over £3m, including the Adult Social Care precept, has been applied in 2017/18 and used to fund budget pressures resulting from the increased demands and complexity, DoLS, the national living wage and fee rates.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. This forms a key part of the savings implementation

plan. Adult Services are also using benchmarking information to support improved unit costs but are faced with increased complexity and demand (demographic) growth which is also a national picture. Through regional and other social care networks the service has been looking at best practice in delivering cost effective services in order to influence future direction - this includes demand management strategies and identifying opportunities through Housing provision.

Housing Services and Temporary Accommodation: Last year, Temporary Accommodation was overspent by over £1m. This was driven by a combination of external factors including a large decant programme, a shortage of alternative contracted accommodation and high replacement housing costs. In 2017/18, the Temporary Accommodation budget has been supported by additional council funding and government grants to address the budget pressures and transform the service. The Homelessness Service (which includes both Temporary Accommodation and Housing Options) has also delivered £1.152m of savings (cost avoidance).

The outturn position for 2017/18 is an overspend of £0.123m for this service (Month 9 £0.200m overspend). The main reason for this is higher than budgeted repairs and voids costs. This is the result of a greater volume of households moving on into permanent housing which creates more voids and subsequently higher than budgeted associated costs. This overspend is met from underspends elsewhere in the Housing Service.

The service has changed the void management process for temporary accommodation and early indications are that this will also reduce the pressure on void and repairs costs going forward. Following the introduction of the new housing allocation policy and plan, both the costs and volumes of spot purchasing of emergency accommodation have significantly reduced. There has however been a small increase in the number of households in temporary accommodation of 47 during the year from 1,874 at 1/4/17 to 1,921 at 31/3/18. This has remained relatively stable given that the council accepted a full housing duty to 487 households.

Housing Benefit for households in temporary accommodation changed this year so that the £60 per week management element has been replaced by the Flexible Homelessness Support Grant. The number of households in temporary accommodation required £4.420m of this grant in 2017/18 to replace this management fee. The amount of grant used has been reduced as a result of costs being offset by underspends elsewhere in the housing service.

The £1.300m trailblazer project has delivered initial reductions in accommodation volumes by the end of 2017/18 and there is forecast to be a further reduction of households in temporary accommodation by the end of 2018/19 which should deliver the service's target budget savings. However, the whole Housing Service still has an unmet savings target of £0.300m (full year effect) for 2018/19.

As part of the Autumn 2017 Budget, the government has announced that from 1 April 2018 the housing costs element of Universal Credit for people in temporary accommodation will continue to be paid separately and direct to the local authority. However this does still represent a risk for the service due to the

potential negative impact on households in private sector rented accommodation who may become homeless as a result.

Carry Forward Requests (Appendix 4)

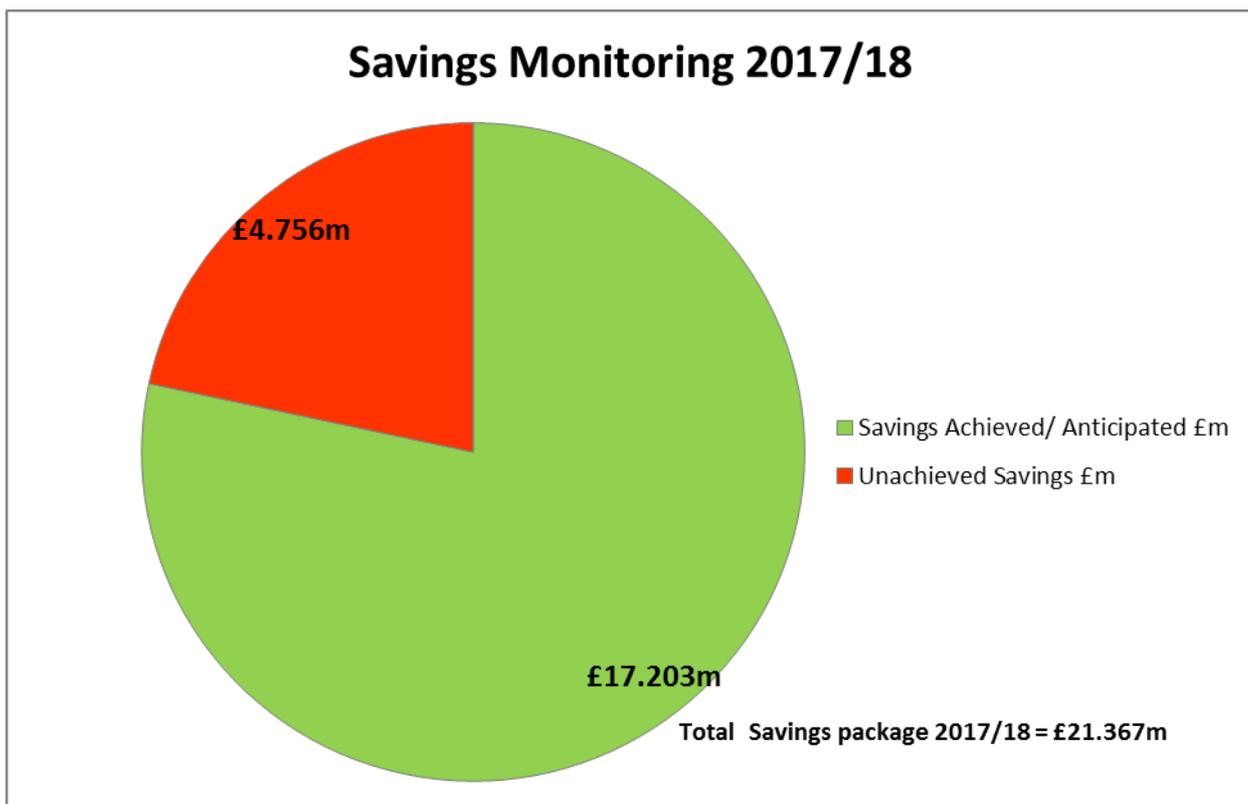
- 3.13 Under the council's Financial Regulations, the Director of Finance¹ may agree carry forwards of up to £0.050m per member of the Corporate Management Team (up to a maximum of £1m in total) if it is considered that this incentivises good financial management. Given the council's challenging financial position, carry forwards are only allowed where there is clear evidence of a prior commitment that was not able to be completed or undertaken by the end of the financial year. Fortuitous underspends have not been allowed as carry forwards. Under this Financial Regulation, a total of £0.371m has been agreed for 13 service areas to ensure planned commitments can be met in 2018/19.
- 3.14 Policy, Resources & Growth Committee approval is required for carry forward requests in excess of £0.050m. These include grant funded and non-grant funded carry forwards totalling £1.578m and have been assumed in the outturn figures above. The principles outlined in paragraph 3.13 above also apply. An analysis of these is provided in Appendix 4 split into two categories as follows.
- i) The non-grant funded element of carry forwards totals £0.723m. These items have been proposed where funding is in place for existing projects or partnership working that crosses over financial years and it is therefore a timing issue that this money has not been spent in full before the year-end.
 - ii) The grant funded element of carry forwards totals £0.855m. Under current financial reporting standards, grants received by the council that are unringfenced or do not have any conditions attached are now recognised as income in the financial year in which they are received rather than in the year in which they are used to support services. Carry forward is therefore required to ensure the grants are available to fund the commitments against them next year. Within the total of £0.855, a sum of £0.201m relates to the Dedicated Schools Grant. Under the Schools Finance Regulations, the unspent part of the DSG must be carried forward to support the schools budget in future years.

Monitoring Savings

- 3.15 The savings package approved by full Council to support the revenue budget position in 2017/18 was £21.367m following directly on from a similar-sized savings package in 2016/17. This is very significant and follows 6 years of substantial packages totalling nearly £119m that have been essential to enable unavoidable cost and demand increases to be funded.
- 3.16 Appendix 3 provides a summary of savings in each directorate and indicates in total what was achieved or underachieved. Appendix 5 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position at outturn. This shows that approximately £17.203m (78%) savings were achieved with £4.756m (22%) unachieved. The areas where savings were most at risk were Children's and

¹ Director of Finance is a generic term used in Financial Regulations meaning the Chief Financial Officer or S151 Officer, which in this council is the Executive Director Finance & Resources

Adults social care and Learning Disability services. Service pressure funding in the 2018/19 budget recognises the underlying issues on these services.



Note: Savings achieved/unachieved includes an overachievement of savings of £0.592m.

Housing Revenue Account Performance (Appendix 3)

- 3.17 The Housing Revenue Account (HRA) is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is primarily funded by Housing Benefits (Rent Rebates) and Council Tenants' rents. The provisional outturn is an underspend of £0.644m and more details are provided in Appendix 3.

Dedicated Schools Grant Performance (Appendix 3)

- 3.18 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The provisional outturn is an underspend of £0.201m and more details are provided in Appendix 3. Under the Schools Finance Regulations any underspend must be carried forward to support the schools budget in future years.

NHS Managed S75 Partnership Performance (Appendix 2)

- 3.19 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.
- 3.20 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. The council's contribution to the risk share for 2017/18 is £0.219m and more details are provided in Appendix 3.

Capital Programme Performance and Changes

- 3.21 The Capital programme spans more than one financial year and therefore monitoring is different to that of the revenue budget. Performance needs to be looked at from five different viewpoints at the end of the year as follows:
- i) Variance: The 'variance' for a scheme or project indicates whether it has broken-even, underspent or overspent. Information on how forecast overspends will be mitigated is given in Appendix 6. If the project is completed, any underspend or overspend will be an outturn variance. Generally, only explanations of significant forecast variances of £0.100m or greater are given.
 - ii) Budget Variations: These are changes to the project budget within year, requiring members' approval, and do not change future year projections. The main reason for budget variations is where capital grant or external income changes in year.
 - iii) Slippage: This indicates whether or not a scheme or project is on schedule. Slippage of expenditure from one year into another will generally indicate overall delays to a project although some projects can 'catch up' at a later date. Some slippage is normal due to a wide variety of factors affecting capital projects, however substantial amounts of slippage across a number of projects could result in the council losing capital resources (e.g. capital grants) or being unable to manage the cashflow or timing impact of later payments or related borrowing. Wherever possible, the council aims to keep slippage below 5% of the total capital programme.
 - iv) Reprofiling: Reprofiling of budget from one year into another is requested by project managers when they become aware of changes or delays to implementation timetables due to unforeseeable reasons outside the council's control. Reprofiling requests are checked in advance by Finance to ensure there is no impact on the council's capital resources before they are recommended to Policy, Resources & Growth Committee.
 - v) IFRS changes: These accounting changes are necessary for the council to comply with International Financial Reporting Standards (IFRS) for the Statement of Accounts. This concerns the determination of items of expenditure as either capital or revenue expenditure. Only items meeting

the IFRS definition of capital expenditure can be capitalised; expenditure not meeting this definition must be charged to the revenue account. This accounting exercise is undertaken as part of the closure of accounts process and therefore IFRS changes only appear in the outturn TBM report. Where significant changes have occurred an explanation is contained in Appendix 6.

3.22 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall underspend of £4.429 m which is detailed in Appendix 6.

Forecast Variance Month 9 £'000	Capital Budgets	2017/18 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Families Children & Learning	5,658	5,653	(5)	-0.1%
0	Health & Adult Social Care	700	700	0	0.0%
0	Economy Environment & Culture	29,840	28,561	(1,279)	-4.3%
0	Neighbourhood Comm's & Housing	3,985	3,839	(146)	-3.7%
(2,410)	Housing Revenue Account	39,047	36,048	(2,999)	-7.7%
0	Finance & Resources	571	571	0	0.0%
0	Strategy Governance & Law	5	5	0	0.0%
0	Corporate Services	0	0	0	0.0%
(2,410)	Total Capital	79,806	75,377	(4,429)	-5.5%

3.23 Appendix 6 shows the changes to the budget and Appendix 7 provides details of new schemes added to the Capital Programme after TBM Month 9 still to be approved and new schemes for 2018/19. Policy, Resources & Growth Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval in the Month 9 report.

Capital Budget Movement	2017/18 Budget £'000
Summary	
Budget Approved at TBM Month 9	95,451
Reported at other Policy, Resources & Growth Committee meetings since Month 9	0
IFRS Changes (to be noted)	(896)
Variations (to be approved - see Appendix 6)	1,257
Reprofiles (to be approved - see Appendix 6)	(14,019)
Slippage (to be approved - see Appendix 6)	(1,987)
Total Capital Budget at Outturn	79,806

- 3.24 Appendix 6 also details any slippage into next year. In total, project managers have forecast that £1.987m of the capital budget may slip into the next financial year and this equates to 2.49% of the capital budget.

Implications for the Medium Term Financial Strategy (MTFS)

- 3.25 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy, Resources & Growth Committee and full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.

Capital Receipts Performance

- 3.26 Capital receipts are used to support the capital investment programme. For 2017/18 a total of £35.871m capital receipts (excluding 'right to buy' sales) have been received. Disposals during the year include the sale of Kings House, 2 and 3 Greenways Cottages at Ovingdean Grange, and 54 London Road. Receipts were received in connection with the land disposals at Circus Street and Preston Barracks associated with the regeneration projects on those sites. Other receipts included some small disposals of land plots and lease extensions at the Marina and Rowan Avenue
- 3.27 The Government receives a proportion of the proceeds from 'right to buy' sales with a proportion required by the council to repay debt; the remainder is retained by the council and used to fund the capital investment programme. The total net usable receipts for 'right to buy' sales in 2017/18 is £6.870m including £5.631m available for replacement homes.

Collection Fund Performance

- 3.28 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.

- 3.29 The collection fund for council tax at 31st March 2018 has a surplus of £2.836m which is an improvement of £0.399m (council share = £0.342m) from the forecast surplus of £2.437m in January. The improved surplus arose from lower than anticipated exemption costs for students.
- 3.30 The collection fund for business rates at 31st March 2018 has an overall deficit of £3.770m compared to the forecast deficit of £3.448m in January. The increased deficit was mainly from higher than anticipated empty relief. The council share of the deficit after allowing for Section 31 grant funding and a tariff adjustment is £0.599m which is higher than the January forecast by £0.136m.
- 3.31 The council's share of the combined net surplus across both collection funds that has not been factored into the 2018/19 budget is £0.206m and this will therefore be included in the budget forecast for 2019/20.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The provisional outturn position on council controlled budgets is an underspend of £1.392m including release of the risk provision and the council's risk-share of the provisional overspend on NHS managed Section 75 services of £0.219m. The overall underspend position will not therefore require the use of reserves and will enable the council to maintain its recommended working balance of £9.000m. The improved resource position since the February Budget Council releases one off resources of £0.008m that can be used to aid budget management and planning for 2018/19.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 No specific consultation has been undertaken in relation to this report.

6 CONCLUSION AND COMMENTS OF THE DIRECTOR OF FINANCE (S151 OFFICER)

- 6.1 The resource position at outturn has improved by £0.436m compared with the position at month 9 and is £0.008m better than the position assumed in the 2018/19 Revenue Budget report to Policy, Resources & Growth Committee and Budget Council in February 2018. This indicates a favourable position for the financial year and demonstrates effective financial management and resilience in order to satisfy external scrutiny by partners, external auditors and other stakeholders. The position indicates underlying pressures on Children's and Adults social care and Learning Disability Services that have been addressed in the 2018/19 budget through further service pressure funding. However, the position on these budgets will need close monitoring during 2018/19 to avoid further growth in cost pressures beyond the additional funding provided.

Other Approvals under Financial Regulations

- 6.2 A business case for the future structure of Parking Services within City Transport has been developed to enable the service to address increased workloads and activity, modernise the service to optimise business opportunities, and ensure that new schemes introduced last year are adequately resourced on an ongoing basis. It will enable the priority parking scheme timetable up to 2020/21 to be delivered, improve the response to resident permit fraud, Blue Badge fraud and concessionary travel fraud, as recommended by an audit of the service, as well

as safeguard suspension payments from developments in the City. The key elements will ensure that the Traffic Control Centre is resourced to enable full 24x7 operation following the increase in CCTV cameras in the City from 3 to 24. It will also enable handling of the significant increase in Penalty Charge Notices (PCN's) arising from this, and new and future parking schemes. The resource within the Customer Facing Service Teams will also be increased to manage increased workloads and responsibilities (including increased PCN appeals) and management of fraud which will in turn ensure we are safeguarding income. A small Parking Projects Team is also being established to ensure we meet the digital needs of the service and investigate future technology options.

6.3 These changes will modernise and stabilise the Parking Service and enable it to increase its focus on tackling fraud. A virement (budget transfer) is required to realign budgets within the service to accommodate these changes. The net cost of the restructure is £550,000 which will be funded from the increase in income generated in 2017/18 (including the full-year ongoing effect). This restructuring does not impact on the overall budget for the service which will be able to meet its 2018/19 budget target, including approved savings targets. The gross value of the virement, including realignment of existing staffing budgets is £867,000. Approval of this virement by Policy, Resources & Growth Committee is required in accordance with Section A.2.1.3 of the council's Standard Financial Procedures as this is above the delegation level provided to the Chief Finance Officer.

6.4 On a separate matter, in accordance with sections B.3.1 and B.3.5 of Standard Financial Procedures, the committee is required to approve the creation of new earmarked reserves. The table below details proposed earmarked reserves, which will support ongoing projects that span financial years and which have already been accounted for in the outturn position:

Directorate	Description	Reason for Reserve	£'000
Health & Adult Social Care	Better Care Fund Risk Reserve	Carried forward ASC Better Care funding to be transferred to a Better Care risk provision for disability adaptations and community equipment.	470
Economy, Environment & Culture	Environmental Enforcement Reserve	Enforcement income is raised through fixed penalties to address anti-social and illegal behaviour to improve the environment and minimise waste clean-up and disposal costs. Any surplus which is generated for the council is re-invested in bins, education and communication as required by legislation.	26
Neighbourhood, Communities & Housing	Additional Private Sector Housing Licensing Scheme	Licence fees cover a 5 year period and the proposed reserve is to earmark resources to fund the council's annual inspection and administration costs over the period.	339
Total			835

7 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

- 7.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Executive Leadership Team and cross-party Budget Review Group and the management and treatment of strategic financial risks is considered by the Audit & Standards Committee.

Finance Officer Consulted: Jeff Coates Date: 18/05/2018

Legal Implications:

Decisions taken in relation to the budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts. The use of any surplus income from civil parking enforcement is governed by Section 55 of the Road Traffic Regulation Act 1984 as amended. This allows any surplus to be used for specified transport and highways related purposes, including meeting the cost of provision of parking operations and relevant improvement projects.

Lawyer Consulted: Elizabeth Culbert Date: 18th May 2018

Equalities Implications:

- 7.2 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 7.3 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet Corporate Plan and Medium Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the context of ensuring that there are no adverse impacts on future financial years from performance in 2017/18.

Risk and Opportunity Management Implications:

- 7.4 In 2017/18 the council's revenue budget and Medium Term Financial Strategy contained risk provisions to accommodate emergency spending, even out cash flow movements and/or meet unexpected changes in demands. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

SUPPORTING DOCUMENTATION

Appendices:

1. Revenue Budget Performance RAG rating
2. Revenue Budget Movements since Month 9
3. Revenue Budget Performance by Service Directorate
4. Carry Forward Requests
5. Summary of 2017/18 Savings Progress
6. Capital Programme Performance
7. New Capital Schemes

Documents in Members' Rooms:

None.

Background Documents

None.