CABINET

20 NOVEMBER 2018

REVENUE BUDGET MONITORING 2018/19 – QUARTER 2

Portfolio Holder:	Councillor Alan Jarrett, Leader
Report from:	Phil Watts, Chief Finance Officer
Author:	Katey Durkin, Head of Finance Strategy

Summary

This report presents the results of the Council's revenue budget monitoring for Quarter 2 of the 2018/19 financial year.

1. Budget and Policy Framework

1.1 Cabinet are responsible for ensuring that income and expenditure remain within the budget approved by Council.

2. Background

2.1 At its meeting on 22 February 2018, the Council set a budget requirement of £290.677million for 2018/19. The budget was based on a total Council Tax increase of 5.994% which comprises 2.994%, just below the referendum limit imposed by Central Government, plus an additional 3% allowable under new arrangements to address adult social care pressures. Since then, the Council has agreed to increase the revenue budget by £422,500 to fund development of a master plan for the Innovation Park Medway and £750,000 to finalise the Housing Infrastructure Fund bid. However, an increase in the proportion of DSG paid directly to providers has meant that the Council's revenue budget has reduced overall to £289.151million.

2.2 This report presents the results of the Quarter 2 revenue budget monitoring, summarising reports that have been considered by Directorate Management Teams based on returns submitted by individual budget managers. This report is the second produced under the revised monitoring process and presents forecasts jointly agreed by service managers and accountants. The report seeks to provide a clear picture of the activity driving the variances and the measures in place and proposed management action to mitigate them. In preparing these forecasts, budget managers have taken account of last year's outturn, items of growth or savings agreed as part of the budget build, actual income and expenditure for the year to date and, most importantly, their knowledge of commitments and service requirements anticipated for the remainder of the financial year.

2.3 Table 1 represents a summary of the forecast position reflecting the individual directorate monitoring summaries attached at Appendices 1 – 4 of the report. The narrative below seeks to explain the pressures being faced and the corrective management action proposed by directorate management teams.

3. Summary Revenue Budget Position 2018/19

3.1 It can be seen from Table 1 that, after proposed management action, the forecast outturn for 2018/19 represents an adverse forecast variance of £3.856million. Management action plans are being formulated by directorate management teams and it is anticipated that this figure will be reduced further as the year progresses.

Table 1: Monitoring Summary

Directorate	Budget 2018/19	Q1 forecast variance	Q2 forecast variance	Q2 proposed action	Q2 adjusted variance
	£000s	£000s	£000s	£000s	£000s
Children and Adult Services:	202,204	2,269	5,204	(2,353)	2,851
Public Health	13,690	0	0	0	0
Regeneration, Culture, Environment and Transformation	55,184	2,158	1,491	(264)	1,227
Business Support Department	7,703	159	72	(520)	(448)
Interest & Financing	9,371	131	0	0	0
Levies	1,260	145	226	0	226
Medway Norse Joint Venture	(263)	0	0	0	0
Budget Requirement	**289,151**	**4,863**	**6,993**	**(3,137)**	**3,856**
Funded by:					
Dedicated Schools Grant	(83,614)	0	0	0	0
Other School Specific Grants	(4,476)	0	0	0	0
Education Services Grant	0	0	0	0	0
Revenue Support Grant	0	0	0	0	0
Business Rate Share	(60,094)	0	0	0	0
New Homes Bonus	(2,512)	0	0	0	0
Council Tax	(114,663)	0	0	0	0
Public Health Grant	(17,217)	0	0	0	0
Specific Grants	(5,775)	0	0	0	0
Use of Reserves	(800)	0	0	0	0
Total Available Funding	**(289,151)**	**0**	**0**	**0**	**0**
Net Forecast Variance	**0**	**4,863**	**6,993**	**(3,137)**	**3,856**

4. Children and Adults Services (Appendix 1)

4.1 The directorate is forecasting an adverse variance of £2.851million.

Table 2: C&A Summary

	Budget 2018/19 £000's	Q1 forecast variance £000's	Q2 forecast variance £000's	Q2 proposed action £000's	Q2 adjusted variance £000's
Adult Social Care	62,314	373	955	(380)	575
Children's Services	64,082	382	3,815	(1,973)	1,842
Director	2,128	483	368	0	368
Directorate Management Team	567	36	1	0	1
Partnership Commissioning	29,140	672	161	0	161
Schools Retained Funding and Grants	43,973	323	(96)	0	(96)
Children and Adult Services Total	**202,204**	**2,269**	**5,204**	**(2,353)**	**2,851**

4.2 **Adult Social Care – adverse variance of £575,000.**

4.2.1 The service is reporting a worsening of the forecast position since Q1 principally as a result of increased demographic pressures, and a shortfall in the delivery of service savings targets. The demographic pressures are being driven primarily as a result of increased spend on disability services, and also as a result of the ongoing work to maintain our strong performance in relation to Delayed Transfers of Care (DTOC). The Council has continued to support the hospital with timely discharges, and as a result we have delivered better than target level performance each month in 2019/19 to date; with performance ranging from 1.3–1.8 cases per 100,000 population Delayed Transfers of Care attributable to social care, compared to a target of 4 cases per 100,000. This work to support quicker discharges from hospital has created additional spending pressures, and is expected to continue to represent a pressure for the Council over the winter period.

4.2.2 The level of savings forecast to be delivered through the Adults Improvement Programme has reduced since Q1, largely as a result of a reduction in the savings that will be delivered in year through the targeted review work. Whilst the full year effect of targeted review savings is forecast to be in the region of £1.7m, the in-year benefit at this point in the year has reduced. There have also been reductions in the level of savings to be achieved in the current financial year around respite provision following decisions made at Adult Social Care Improvement Board and also around Extra Care Housing due to delays in provision becoming available as a result of decisions by the provider to retrofit sprinkler systems.

4.2.3 Unbudgeted payments to WALT and wHoo Cares (£133,000) included within the forecast may well be mitigated, as the expected benefits of the preventative work these organisations undertake are realised; an evaluation of the impact is planned for later in 2018/19.

4.2.4 There was £214,000 of uncommitted iBCF funding to offset additional and continued placement expenditure that was identified as management action in Q1; this continues to show as an underspend and has been increased by £5,000 in Q2 due to a refund relating to beds which were out of use following a flood in a care home.

4.2.5 The overall increase in Disability Services spend is driving an adverse variance of £708,000; management action of £115,000 has been identified resulting in a forecast adverse variance of £593,000, an increase of £166,000 from Q1:

- A reduction in the number of Residential/Nursing packages and management action to step down placements into less expensive shared lives or supported living placements has reduced the forecasted spend by £651,000 since Q1, resulting in a forecast underspend of £289,000.
- In addition to new supported living packages resulting from the step down activity above, a general increase in the number of Supported living packages combined result in a forecast overspend of £302,000, an increase of £224,000 from Q1.
- While the number of Homecare packages has reduced, an increase in the average weekly cost results in a worsening of the forecast by £152,000 since Q1, with the forecast position now an underspend of £183,000.
- An increase in the number of daycare packages since Q1 results in a forecast overspend of £215,000, an increase of £43,000 from Q1.
- As numbers of clients receiving Direct Payments increases, the spend on Direct Payments has increased by £293,000 since Q1 resulting in an adverse variance compared to budget of £552,000.

4.2.6 Mental Health Services are forecasting an adverse variance of £132,000, an increase of £97,000 from Q1. While the number of residential placements has remained static, the average weekly cost has increased resulting in a forecast increase in spend of £61,000 since Q1, reducing the underspend position reported then. A forecast overspend on supported living placements of £170,000 has been driven by an increase in numbers of packages and an increase in the average weekly cost, an increase of £57,000 from Q1.

4.2.7 The Older Persons Service is currently forecasting an adverse variance of £266,000, which is an improvement of £55,000 from Q1. The forecasts suggest the strategy to support more clients in the home environment wherever possible, rather than in residential settings is impacting on these forecasts.

- The Residential and Nursing forecasts combined have moved favourably by £456,000 resulting in an underspend of £663,000. A reduction in the number of placements has reduced spend, despite increases in the average weekly unit costs. In addition, income projections have increased by £278,000 as the number of clients where the full cost of the package is met by the CCG has increased. Finally, £148,000 of management action has also been taken since Q1; £107,000 in relation to decommissioning 6 block beds at Rochester Care Home and a further £41,000 due to the recovery of expenditure in relation to beds that were out of use due to a flood at another care home.
- An increase in the number of home care packages being provided has increased spend, combined with £99,000 of invoices received relating to

2017/18 which were not known at year end, and a reduction in the income forecast results in a forecast adverse variance of £469,000.

- Day Care forecast has decreased by £63,000 resulting in an underspend of £103,000.

4.2.8 There is a combined forecast overspend on staffing of £79,000; it is planned that this will be mitigated by management action to reduce the number of agency staff covering vacant posts. This will be a combination of recruiting to vacant posts and reviewing ways of working to free up staff time to reduce the need for current levels of agency cover.

4.2.9 On 17 October the Department of Health and Social Care announced the allocation of Adult Social Care Winter Funding for 2018/19. The £997,871 funding is aimed at supporting the NHS to cope with the effect of winter pressures. The Council has already invested significant resource in reducing delayed transfers of care, ensuring excellent performance in this area, but resulting in demographic pressures against the social care budget. Consequently the additional funding will be used to meet the cost pressures already being forecast and experienced by the Council and the grant is already reflected in the forecast position in Table 1.

4.3 **Children's Services – adverse variance of £1.842million**

4.3.1 There is a £1.5million overspend forecast on placements including the Independent Fostering Agency (IFA), special guardianship, residential, internal and external placements; this is an increase of £947,000 when compared to the Q1 monitoring. This primarily results from 12 additional placements being approved costing £734,000 and the increase or extension to 6 existing packages costing £325,000. This is partially mitigated by management action to step down packages resulting in a £412,000 saving and the transfer of one placement costing £100,000 to Adult Social Care.

4.3.2 There is a £497,000 overspend forecast on preventative measures to avoid children being brought into care. £339,000 is forecast to be spent on no recourse to public funds and £114,000 on section 17 payments, broadly in line with the Q1 forecast. Analysis shows one child on one of these preventive schemes is approximately half the cost Medway would pay if the child had to be taken into care.

4.3.3 Earlier in 2018/19 at a meeting of the Children and Adults Delivery Board, it was agreed by the Portfolio Holder for Children Services (Lead Member), the Leader of the Council and the Chief Executive that the directorate could recruit to 10 additional permanent social worker posts above the existing staffing structure; as no additional funding was identified this decision effectively endorsed an overspend to fund those posts – estimated at £700,000. The Q2 forecast therefore now reflects the creation of a project team consisting of six agency social workers employed until December and the recruitment to the 10 permanent posts from January 2019, and a further three social workers employed from October; combined these staffing cost increase the staffing forecast by £407,000 compared to Q1. As such, there is a £445,000 adverse variance on staffing compared to budget, however this is within the 'anticipated' cost of the 10 additional posts. The staffing forecast also includes £520,000 of staffing resources to ensure the directorate is ready for Ofsted. This has been funded by the use of the draw down of the adults social care grant

(£624,000) in its entirety which is also included in the forecast.

4.3.4 Special Educational Needs (SEN) is forecasting expenditure on packages in excess of budget by £1.319million, an increase of £1.234million compared to Q1. However, management action included within the forecast assumes that the SEN overspend will be charged to the High Needs Dedicated Schools Grant (DSG) Reserve and is therefore not shown as a cost to the General Fund. New packages of support have been agreed, forecast to cost £1.193million, and in addition 158 pupils are now forecast to either stay on in education or have had their package of support increased, forecasted to cost £865,000. These are partially mitigated by 79 pupils either having their package of support reduce or stop, forecasted to save £498,000. In addition to SEN placements, the High Needs DSG budget also funds Alterative Provision, the SEN and Psychology teams including the 0-25 team and the forecast continues to assume a reserve drawdown of £200,000. New arrangements have been implemented to strengthen controls around SEND assessments, including a review by panel of all parent requests for Educational Health and Care Plans prior to being passed for assessments; it is anticipated this may reduce the level of EHC Plans being agreed which may in turn reduce spend in this area.

4.3.5 If these budgets under/overspend at the end of the financial year as forecast, the overspend will be moved into the High Needs DSG reserve, putting it into a deficit of £1.650million. The Education and Skills Funding Agency (ESFA) have indicated that from 2019/20 they will be restricting Local Authority use of this reserve, with technical consultation due by the end of the current calendar year. What has already been announced is that from March 2019, the ESFA will require authorities with an overall reserve deficit of more than 1% to produce a report that sets out plans to bring the reserve into balance and these plans must be discussed with the Schools Forum. Whilst written confirmation has not yet been received, it is understood that this 1% will be calculated before academy recoupment deductions, allowing the reserve to carry a maximum £2.289million. It will now be necessary for the recovery plan to be prepared to bring the reserve out of the deficit position.

4.3.6 Lower than anticipated premises costs relating to the Early Help Children and Family Hubs result in an underspend of £430,000.

4.4 **Director – adverse variance of £368,000 –** This is an improvement of £100,000 compared to Q1, as management action was taken to reduce the number of safeguarding and QA agency workers and to resolve the long term staffing absences. Of this, £275,000 relates to the safeguarding and QA service operating with staffing levels above the agreed establishment and £100,000 relates to the non-collection of traded income on the schools challenge and improvement team.

4.5 **Partnership Commissioning – adverse variance of £161,000**

4.5.1 SEN Transport is forecast to overspend by £287,000, however this is a favourable reduction of £411,000 compared to Q1, primarily due to the work with Category Management to repackage the transport routes. The contracts are let in line with the academic year, and if calculated on that basis this exercise would yield savings of £611,000 which would have brought the service close to a breakeven level. Medway are transporting 1,124 pupils and a further 137 pupils are receiving personal travel budgets. There are 20 applications for transport still being assessed or going through the appeal process.

4.5.2 The mainstream transport team have successfully negotiated a reduction of £60 per school pass and along with further work on reducing the number of bus passes allocated, this results in a forecasted saving of £178,000 compared to Q1.

4.5.3 The Children and Adults Directorate Management Team have instigated bi-weekly meetings focused on developing and delivering action plans across the service to reduce the adverse variance.

5. Public Health (Appendix 2)

5.1 Total grant received as advised by the Department of Health is £17.217million; this is broken down as follows:

Table 3: Public Health Grant

Children and Adults	£1,871,000
Regeneration, Culture, Environment and Transformation	£910,300
Business Support Directorate	£745,400
Public Health	£13,690,200
	£17,216,900

5.2 Public Health are forecasting to overspend by £44,000 for commissioning costs of general practitioner health tests, but this is offset by staff vacancies. As the grant is ring-fenced, any under/over spend is offset by contributions to / from the Public Health Reserve.

6. Regeneration, Culture, Environment and Transformation (Appendix 3)

6.1 The directorate are forecasting an adverse variance of £1.277million.

Table 4: RCET Summary

	Budget 2018/19 £000's	Q1 forecast variance £000's	Q2 forecast variance £000's	Q2 proposed action £000's	Q2 adjusted variance £000's
Director's Office	694	(42)	(64)	0	(64)
Front Line Services	35,786	635	514	(100)	414
Physical & Cultural Regeneration	14,903	884	797	(130)	667
Transformation	4,200	570	123	(34)	89
Corn Exchange	10	109	105	0	105
Deangate Golf	49	0	0	0	0
MCG Services	(456)	0	16	0	16
Regeneration, Culture, Environment & Transformation Total	**55,185**	**2,157**	**1,491**	**(264)**	**1,227**

6.2 **Front Line Services – adverse variance of £414,000**

6.2.1 The income budget from the Full Council approved new on-street controlled parking zones of £500,000 will not be achieved as implementation has been postponed indefinitely by Members. Penalty charge notices are forecast to underachieve their income budget by £391,000 and pay and display a further £94,000. Off-street pay and display income is forecast to underachieve by £270,000 and there is also a pressure of £108,000 for security costs and a pressure of £90,000 in respect of Business Rates. Parking Administration is forecasting a favourable variance of £39,000 due to reduced use of agency staff.

6.2.2 Highways Services are forecasting an underspend of £662,000 as Q1 management action to draw down £328,000 of commuted sums and £312,500 of highways reserve are reflected in the forecast for Q2.

6.2.3 Environmental Services are reporting a favourable variance of £181,000. Waste Services are currently forecasting a less significant increase in waste disposal (2.58%) than reported at Q1. A budget for the procurement of a new contract is reported as a saving as this is unlikely to be used in 2018/19.

6.2.4 Integrated Transport is forecasting an adverse variance of £257,000 due mainly to a shortfall of income in Traffic Management of £296,000. Subsided bus services are forecasting to cost £181,000 in excess of the budget. In prior years, underutilised evening bus services have been funded by S.106 funding; this funding is not available this year. These pressures are partly offset by £125,000 staff savings.

6.2.5 Greenspaces are reporting a pressure of £60,000 as costs for which the budget transferred to Medway Norse are instead being met by RCET, however Q1 management action to draw down £200,000 of commuted sums is reflected in the forecast resulting in a favourable variance of £119,000.

6.2.6 Frontline Services Support is forecasting to underspend by £118,000 mainly due to Q1 management action to capitalise salary costs.

6.3 **Physical and Cultural Regeneration – adverse variance of £667,000**

6.3.1 Sports, Leisure, Tourism and Heritage are forecasting an adverse variance of £506,000. Medway Leisure are forecasting a pressure of £503,000 resulting from a shortfall in income of £583,000. Forecast income for 2018/19 is £131,000 higher than actual income received in 2017/18 of £3,606,000. Additional staff and supplies and services savings have helped to offset the Medway Leisure pressure by £50,000 since Q1. However, there is an additional pressure of £67,000 due to loss of income from Rochester Castle, as the site was closed for urgent repair works.

6.3.2 Festivals, Arts, Theatres and Events are forecasting an adverse variance of £344,000 which is consistent with the position reported at Q1.

6.3.3 These are partially mitigated by favourable variances forecast in Planning Services of £141,000 and in Strategic Housing of £68,000.

6.4 **Transformation – adverse variance of £89,000**

6.4.1 Communications and Marketing are currently forecasting an adverse variance of £57,000 due to historic pressures relating to staffing above establishment and an overspend on Medway Matters.

6.4.2 Customer Contact is forecasting an adverse variance of £105,000 and Business and Administrative Support are forecasting an adverse variance of £201,000, as Transformation savings have been achieved but with a part year effect.

6.4.3 The Assistant Director's support budget is forecasting a favourable variance of £57,000, as a savings target of £100,000 is held here which reflects the savings to be made from a Division-wide restructure.

6.4.4 ICT Development is forecasting a favourable variance of £152,000 as a £200,000 savings target held is here, to be met from a restructure within ICT. Medway Grid for Learning is forecasting an adverse variance of £38,000.

6.4.5 Organisational Services are forecasting to budget. Income from schools traded services is forecast to underachieve by £343,000, due to the declining number of schools deciding to buy back services. A more accurate forecast will be provided in Q3 as schools tend to buy back services during September and October. This is offset by savings from the centralised training budget and from vacant posts.

6.5 **Regeneration, Culture, Environmental & Transformation Directorate Support**

6.5.1 There is a forecast favourable variance of £64,000 due to a vacant post.

6.6 **Deangate Golf Course**

6.6.1 Following the closure of Deangate Golf Course in April 2018, a range of costs are arising relating to the preparation of the site for future use including site security, demolition of buildings, Business Rates and the buyout of the golf buggy lease. While there is no budgetary provision, these costs will be met from the future capital receipt.

6.7 **Corn Exchange**

6.7.1 Corn Exchange is forecasting a shortfall in income of £105,000; a report will be presented to Cabinet in November.

6.8 **MCG Ltd**

6.8.1 The Temp Agency was transferred to MCG Ltd (trading as Ocelot People Solutions) during 2017/18. However, during the transfer process, many of the agency staff were offered permanent contracts and this reduced the levels of income accordingly, leaving a pressure of £270,000. The Managing Director has also reported a shortfall against the CCTV Centre business plan projections, but proposes to cover these costs with a one-off receipt from the development and disposal of Aburound House.

6.9 **Housing Revenue Account**

6.9.1 The Housing Revenue Account (HRA) forecasts a surplus of £391,000 for Q2, which is £200,000 above the approved budgeted surplus of £191,000. The anticipated bad debt provision requirement at the end of the current financial year will be £532,000.

6.9.2 A review of the recharges between the General Fund and the HRA have resulted in an additional £59,000 income from the HRA reflected within General Fund forecasts across the Council.

6.10 **Other RCET Pressures**

6.10.1 There are a number of other pressures which are currently not directly shown within RCET monitoring which total £287,000:

- A debtor's invoice was raised to Land Securities Ltd in 2015/16 for £147,000 for officer and consultancy work undertaken at Lodge Hill covering the period 2011/12 to 2014/15. There is no evidence that an agreement was made with Land Securities Ltd to repay this and as such it is suggested this be written off. As such, a report has been prepared by Finance for Cabinet requesting that this be written off and funded from reserves;
- The Final Claim of £115,000 which was submitted in respect of the EU funded Artlands project has not been paid and Finance have been informed that this was withheld to offset unpaid invoices relating to the scheme which were due to be paid by Medway. Therefore, the allowance previously made in the balance sheet for receipt of this income needs to be reversed and written off. As such, a report is being prepared by Finance for Cabinet requesting that this be written off and funded from reserves;

7. Business Support (Appendix 4)

7.1 The directorate is forecasting a favourable variance of £448,000.

Table 5: BSD Summary

	Budget 2018/19 £000's	Q1 forecast variance £000's	Q2 forecast variance £000's	Q2 proposed action £000's	Q2 adjusted variance £000's
Central Finance	2,571	(140)	(131)	(460)	(591)
Corporate Management	1,811	13	12	0	12
Democracy and Governance	2,136	(73)	(57)	0	(57)
Legal, Contracts and Property	1,187	359	248	(60)	188
Business Support Total	**7,704**	**159**	**72**	**(520)**	**(448)**

7.2 **Central Finance** – the service is forecasting a favourable variance of £591,000. One strand of the Corporate Debt Project – Direct Earnings Attachments in respect of the collection of Housing Benefit overpayment debt has allowed a review of the provision for bad debt. This has resulted in a forecasted increase in revenue of £460,000. In addition, a number of staff vacancies within Finance Strategy and

Revenues and Benefits contributed to this favourable variance.

7.2.1 **Democracy and Governance** – the service is forecasting a favourable variance of £57,000 due to staff vacancies. This represents a slight reduction since Q1 as Member Allowances are now showing a pressure of £14,000, primarily due to the impact of an unbudgeted uplift in the allowances.

7.2.2 **Legal, Contracts & Property** – the service is currently forecasting an adverse variance of £188,000. The principal drivers are:

7.2.3 Category Management is forecasting a favourable variance of £24,000, reflecting additional income from the HRA identified since Q1 for the support that Category Management provided on the renewal of the Mears contract.

7.2.4 Legal Services, Land Charging & Licensing are forecasting an adverse variance of £149,000. There is a £113,000 Legal (non-shared) Service pressure due to the costs of agency staff and the cost of staff above establishment employed to deal with complex SEN cases and other C&A Counsel fees.

7.2.5 An uplift in the contract payment to Medway Norse results in £112,000 pressure.

7.2.6 Strategic Property and Capital Projects are forecasting to budget. Valuation and Asset Management are reporting a favourable variance of £51,000; while there are pressures relating to agency staff agency staff costs and a reduction on the income expected from Gillingham Business Park due to management agent charges, these are offset by the one off receipt of £150,000 from the Tesco Market Hall and the purchase of the Bobby's distribution centres, anticipated to generate net rental income of £94,000.

8. Centralised budgets

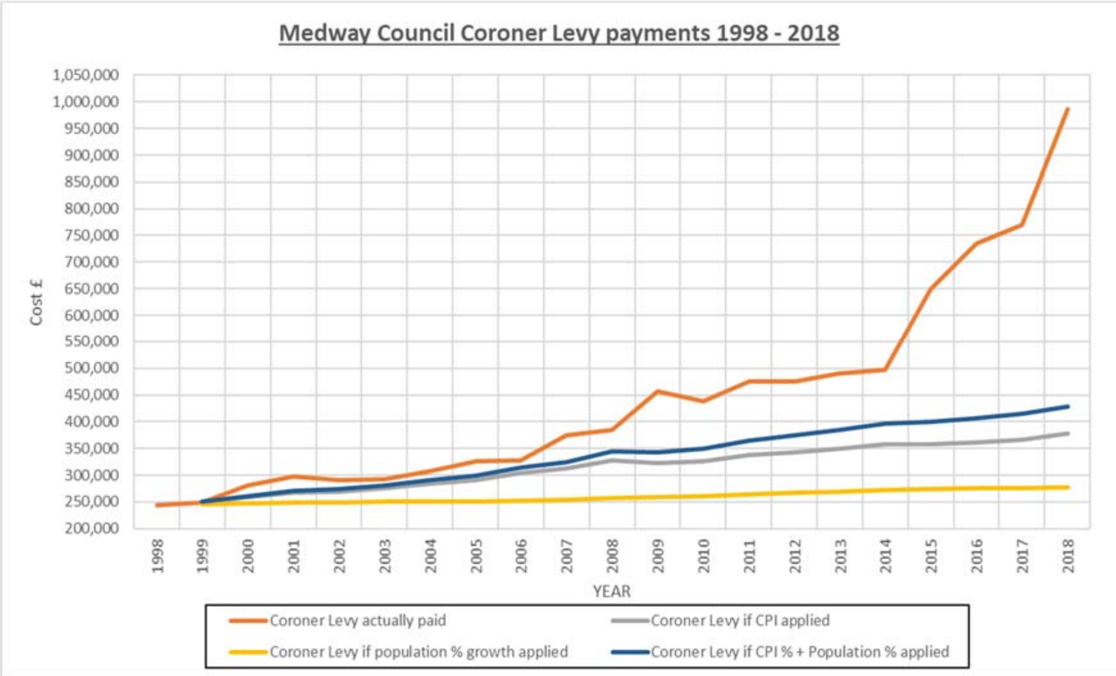
Table 4: Centralised Costs Summary

	Budget 2018/19 £000's	Q1 forecast variance £000's	Q2 forecast variance £000's	Q2 proposed action £000's	Q2 adjusted variance £000's
Interest and Financing	9,371	131	0		0
Levies	1,260	145	226		226
Medway Norse Profit Share	(263)	0	0		0
Centralised Budgets Total	**10,368**	**276**	**226**	**0**	**226**

8.1 **Interest and Financing –** Interest and Finance is forecasting to budget. While there is a £549,000 overspend on interest paid with a further £54,000 overspend for the cost of brokers fees, these pressures are offset by a review of the life of infrastructure assets as part of the MRP calculation and thereby resulting in a saving of £439,000. There is an additional £100,000 saving from interest earned and a £59,000 saving from fees payable for internal debt charges.

8.2 **Levies –** The forecast for the Coroner's levy is an adverse variance of £223,000, due to a range of factors including the increasing costs of post mortem contracts with the NHS, body removal contracts and increased pathologist fees. An analysis of the cost of the Coroner's Service over the past twenty years compared to CPI and population increases (Table 5) shows that costs have risen disproportionately. Discussions with other local authorities suggests that this is a national issue and it is suggested this be a focus for lobbying of government to introduce New Burden funding to meet this pressure.

Table 5: Coroner's Costs Summary



8.3 **Medway Norse Profit Share** – Norse is expecting to deliver the budgeted profit share in the current financial year.

9. Planned Use of Reserves

9.1 The agreed budget uses £800,000 to fund various revenue and capital projects.

10. Conclusions

10.1 The second quarter's monitoring forecasts an overspend position **of £3.856million** after management action.

11. Financial, risk management and legal implications

11.1. The financial implications are set out in the body of the report. There are no legal implications within this report. The Council's revenue monitoring process is designed to help mitigate the risk of overspending against the agreed budget at year-end; this report sets out the areas of potential overspend forecast and the actions identified by management and Members to mitigate these

12. Recommendations

12.1 Members are requested to note the result of the second quarter of revenue monitoring for 2018/19 and instruct officers to identify further management action to ensure a breakdown position is achieved by year end.

13. Suggested reason for decision

13.1 Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by Council.

Lead officer contact
Katey Durkin, Head of Finance Strategy, Gun Wharf
Katey.Durkin@medway.gov.uk

Appendices
Appendix 1 – Children and Adults Services
Appendix 2 – Regeneration, Culture, Environment and Transformation
Appendix 3 – Business Support
Appendix 4 – Public Health

Background Papers
Revenue budget approved by Council 22 February 2018
https://democracy.medway.gov.uk/mgAi.aspx?ID=18048#mgDocuments