

Title of Report:	Financial Performance report (Month 4)
Report to be considered by:	Resource Management Working Group
Date of Meeting:	27 September 2011

Purpose of Report: To inform members of the latest financial performance of the Council.

Recommended Action: To note the report

Reason for decision to be taken: To ensure that members are fully aware of the latest financial position for the Council

Other options considered:

Key background documentation: Papers held in Accountancy

The proposals will also help achieve the following Council Plan Theme: <input checked="" type="checkbox"/> CPT13 - Value for Money The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:
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Portfolio Member Details	
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Date Portfolio Member agreed report:	01 September 2011

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Implications

Policy: n/a

Financial: The financial implications of the report have been detailed throughout the summary report and directorate appendices.

Personnel: n/a

Legal/Procurement: n/a

Property: n/a

Risk Management: n/a

Equalities Impact Assessment: n/a

Corporate Board's View:

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	

Executive Summary

1. Introduction

- 1.1 This is the second report as part of the financial reporting cycle for the 2011-12 financial year.
- 1.2 The predicted revenue overspend for the 2011-12 financial year is £1,280k.
- 1.3 There are three service areas predicting significant overspends against their budget. These are the Children's service (£492k), Adult Social Care (£968k), and Planning and Countryside (£267k).
- 1.4 The other Council services, and respective directorates, are all forecasting close to, or slightly below, a breakeven position for the end of the financial year.

2. Proposals

- 2.1 For the Resource Management Working Group to note this report. Further details are provided in appendices 2a to 2e.

3. Conclusion

- 3.1 That the Resource Management Working Group notes the corporate position

Executive Report

1. Introduction

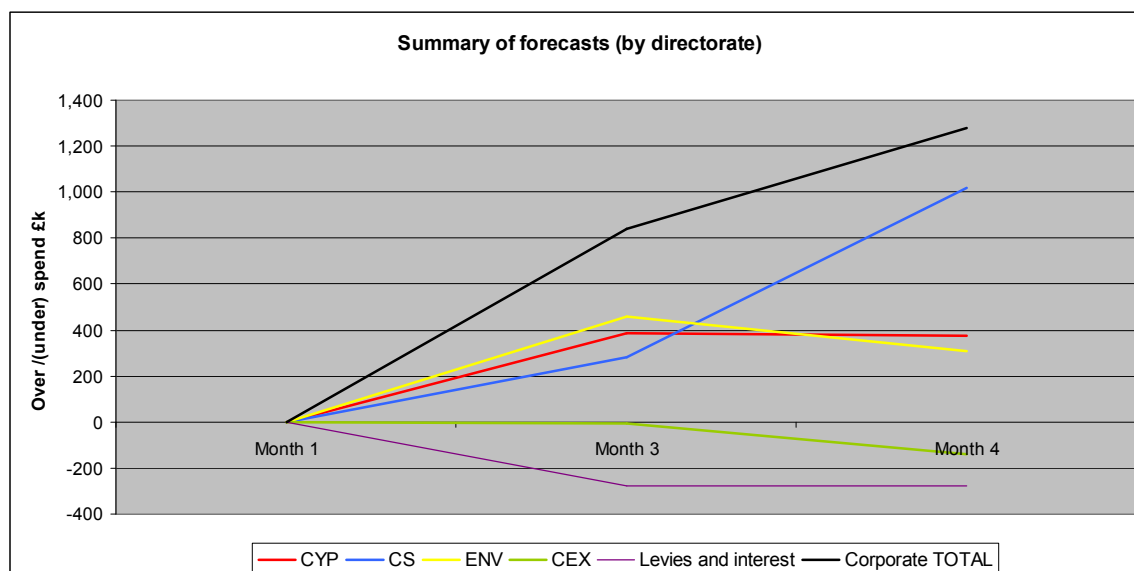
- 1.1 The financial performance report summarises the key financial activity and forecasts for the Council.
- 1.2 The revenue overspend position summarised in this report is a result of forecasts submitted by directorates. These forecasts are based on the projected net expenditure for the rest of the financial year and are adjusted for any management action which occurs to reduce a potential overspend position at the end of the financial year.

2. Summary revenue position

- 2.1 The current revenue budget forecast is showing an overspend of £1,280k. This figure would be nearly £300k higher were it not for additional investment income being received in the levies and interest line. The overspends are being driven by three services; Children's service, Adult social Care, and Planning & Countryside.
- 2.2 There has been a rise of £866k in the forecast outturn when compared to month 3. This is almost entirely driven by an increase in the forecast overspend in Adult Social Care of £727k month on month. The most significant pressure emerging in Adult Social Care relates to the costs of clients with Learning Disabilities.
- 2.3 The Children's service is forecasting an overspend due to pressures on residential care placements as well fostering budgets. The Adult Social Care service has seen further pressures, with management action reducing these forecasts wherever possible. The Planning & countryside service is forecasting a shortfall on income due to delayed legislation allowing local authorities to set planning fees for themselves which is prime reason for this service overspend.

3. Commentary on the revenue forecasts

- 3.1 The current position shows an overspend of £1,280k.
- 3.2 The variances per directorate are highlighted on the chart below:



3.3 There is a cumulative contribution from the Children & Young People, Community Services and Environment directorate to a £1.6m overspend position. This is reduced by a £280k in levies and interest. This is due to a greater return on investment by paying employer pension scheme amounts to the Berkshire Pension Fund earlier; appendix 2e provides further detail. There is also an underspend forecast of £139k in the Chief Executive's directorate.

4. Redundancy costs for the 2012-13 financial year

4.1 As reported previously, the Council has been given a capitalisation directive from central Government which will allow the Council to capitalise statutory redundancy costs. This will therefore reduce the pressure on revenue to fund exit costs, but will put pressure on the capital programme.

Appendices

Appendix 1 – Revenue summary position
Appendix 2a to 2e – Directorate summaries

Consultees

Local Stakeholders: n/a
Officers Consulted: Corporate Board
Trade Union: n/a