

Title of Report:	Financial Performance report (Month 4)
Report to be considered by:	Resource Management Select Committee
Date of Meeting:	13 September 2010

Purpose of Report: To inform RMSC of the latest financial performance of the Council

Recommended Action: To note the report

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

Key background documentation: Papers held in Accountancy

The proposals contained in this report will help to achieve the following Council Plan Priority(ies):

- CPP1 – Support our communities through the economic recession** – to alleviate the impact on different communities and individuals who find themselves out of work and/or disadvantaged
- CPP2 – Raise levels of educational achievement** – improving school performance levels
- CPP3 – Reduce West Berkshire’s carbon footprint** – to reduce CO₂ emissions in West Berkshire and contribute to waste management, green travel, transportation and energy efficiency

The proposals will also help achieve the following Council Plan Theme(s):

- CPT1 - Better Roads and Transport**
- CPT2 - Thriving Town Centres**
- CPT3 - Affordable Housing**
- CPT4 - High Quality Planning**
- CPT5 - Cleaner and Greener**
- CPT6 - Vibrant Villages**
- CPT7 - Safer and Stronger Communities**
- CPT8 - A Healthier Life**
- CPT9 - Successful Schools and Learning**
- CPT10 - Promoting Independence**
- CPT11 - Protecting Vulnerable People**
- CPT12 - Including Everyone**
- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT15 - Putting Customers First**
- CPT16 - Excellent Performance Management**

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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. If there are any financial implications contained within this report this section must be signed off by a West Berkshire Group Accountant. Please note that the report cannot be accepted by Policy and Communication unless this action has been undertaken.
Personnel:	n/a
Legal/Procurement:	n/a
Property:	n/a
Risk Management:	n/a
Equalities Impact Assessment:	n/a For advice please contact Principal Policy Officer (Equalities) on Ext. 2441.
Corporate Board's View:	to be completed after the Corporate Board meeting

Executive Summary

1. Introduction

- 1.1 This is the second report as part of the financial reporting cycle for the 2010-11 financial year.
- 1.2 The predicted revenue over/under spend for the 2010-11 financial year is £1,771k.
- 1.3 The service area that is forecasting the majority of the overspend is adult social care. The current forecast for the year end position is an overspend of £1.9m; this is an increase of £250k on the month 3 forecast. There are a number of drivers behind the projected overspend including the ongoing impact of negotiations with the PCT, managing demand for the service, the removal of the Independent Living Fund and more 'capital depleters' (those individuals who used to be able to fund their care privately but do not have the capital to now).
- 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. There has been small increase in the month on month expenditure forecast from the CYP directorate.

2. Proposals

- 2.1 For RMSC to note this report

3. Conclusion

- 3.1 That RMSC notes the corporate position and considers the actions in place to reduce the overspend during the financial year.

Executive Report

1. Introduction

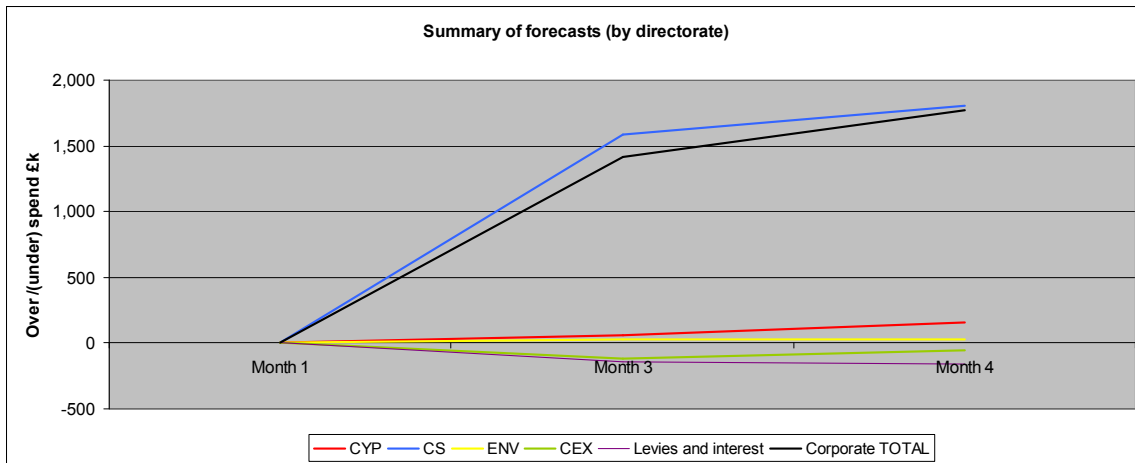
- 1.1 The financial performance report summarises the key financial activity and forecasts for the Council. This report consolidates both revenue and capital activities.

2. Summary position

- 2.1 The current revenue budget forecast is showing an overspend of £1,771k. the main area of forecast overspend is the Adult Social service. All other Council services are forecasting an over or under spend within £150k of the 2010-11 budget.
- 2.2 New pressures have emerged in the 2010-11 Adult Social care budget, including: loss of income due to the cessation of any new grants from the Independent Living Fund and reduced commissioning from the NHS; an urgent safeguarding placement; additional placement costs for young people with a learning disability in transition from Children's Services and people who were previously self funding whose capital has depleted. These pressures are on top of the existing known pressures to the adult social care service, including managing the demand for the service and ongoing negotiations with the PCT.
- 2.3 Together, these pressures have led to a forecast overspend of £1.63m.
- 2.4 There continues to be an unknown figure at present, which has not been reported in monitoring, concerning the redundancy costs of staff funded from specific grants whose costs cannot be met from within the grant. This figure will be monitored in further detail at month 6 onwards once there is further clarity over the government's decision on specific grants.

3. Commentary on the revenue forecasts

- 3.1 The current position shows an overspend of £1,771k. The 2010-11 forecast for month 4 is significantly higher than those forecast made the same point over the past three years.
- 3.2 The variances per directorate are highlighted on the chart below:



3.3 The forecast overspends are largely driven by the Adult Social Care service (£1.9m). Further details are provided in the directorate summary, appendix 2b to this report.

3.4 The Children and young People directorate is forecasting an overspend of £156k, this is an increase of £95k on the month 3 forecast. Further scrutiny of the individual budget lines indicated that this overspend can be reduced to zero by year end.

4. CAPITAL SUMMARY (month 3)

4.1 The capital programme is measured using the amount of budget remaining to be committed by the end of the financial year. At present, the amount of budget left to be committed is 41% (compared to 53% at this point in 2009-10).

4.2 As can be seen the appendix below, the Community Services directorate still has 90% of its budget remaining to be committed. Both the Environment and CYP directorate show just over half of the capital budget remaining to be committed, with only 7% of the Chief Executive's budget remaining to be committed.

4.3 A summary of the capital expenditure by service is included in appendix 1b.

Appendices

Appendix 1a – Revenue summary position (month 4)

Appendix 1b – Capital summary position (month 3)

Appendix 2a to 2d – Directorate summaries