

Title of Report:	Financial Performance Report 2014 – 15 Q3
Report to be considered by:	Overview and Scrutiny Management Commission
Date of Meeting:	24 February 2015

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

Recommended Action: For Members to note this report.

Overview and Scrutiny Management Commission Chairman	
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Executive Report

Executive Summary

1. Introduction

- 1.1 This report presents the financial performance for Quarter Three of the 2014/15 financial year.
- 1.2 At Quarter Three, the forecast revenue position is an over spend of £346k.

2. Proposals

- 2.1 For Members to note this report.

3. Equalities Impact Assessment Outcomes

- 3.1 This report is not relevant to equality.

4. Conclusion

- 4.1 The Quarter Three position is showing a forecast over spend of £346k. Though the Council remains in a challenging financial environment, and is faced with making savings in excess of £5m, it has taken steps to maintain financial discipline and ensure that savings are deliverable.

Executive Report

5. Introduction

5.1 The financial performance reports provided to Members throughout the financial year are concerned with the under or over spend against the Council's approved budget.

5.2 At Quarter Three the forecast revenue position is an over spend of £346k.

6. Summary

Service	Revenue		Forecast			Change from last quarter
	Current Net Budget	Annual Net Forecast	Forecast (under)/over spend			
			Quarter One	Quarter Two	Quarter Three	
	£000	£000	£000	£000	£000	£000
DSG	(721)	(721)	0	0	0	0
Corporate Director - Communities	282	282	0	0	0	0
Adult Social Care	36,643	36,643	0	0	0	0
Care Commissioning, Housing & Safeguarding	6,481	6,482	0	(59)	1	60
Children's Services	13,607	14,132	220	475	525	50
Education	11,679	11,693	81	81	14	(67)
Adult Social Care Change Programme	1,169	1,169	0	0	0	0
Communities	69,141	69,680	301	497	539	42
Corporate Director	166	166	0	0	0	0
Highways & Transport	7,619	7,606	(84)	(18)	(13)	5
Planning & Countryside	4,184	4,180	29	30	(4)	(34)
Culture & Environmental	21,434	21,431	53	76	(3)	(79)
Environment	33,403	33,383	(2)	88	(20)	(108)
Chief Executive	519	484	0	0	(36)	(36)
Customer Services	1,900	1,842	0	(55)	(58)	(3)
Finance	1,996	1,996	0	0	0	0
Human Resources	1,235	1,235	(14)	(2)	0	2
Information Technology	2,787	2,762	0	6	(25)	(31)
Legal	946	999	0	62	53	(9)
Public Health	96	96	0	0	0	0
Strategic Support	3,519	3,397	(86)	(93)	(122)	(29)
Resources	12,998	12,811	(100)	(82)	(188)	(106)
Levies and Interest	5,616	5,631	0	0	15	15
Total	121,158	121,505	199	503	346	(157)

Nb rounding differences may apply to nearest £k

6.1 Communities:

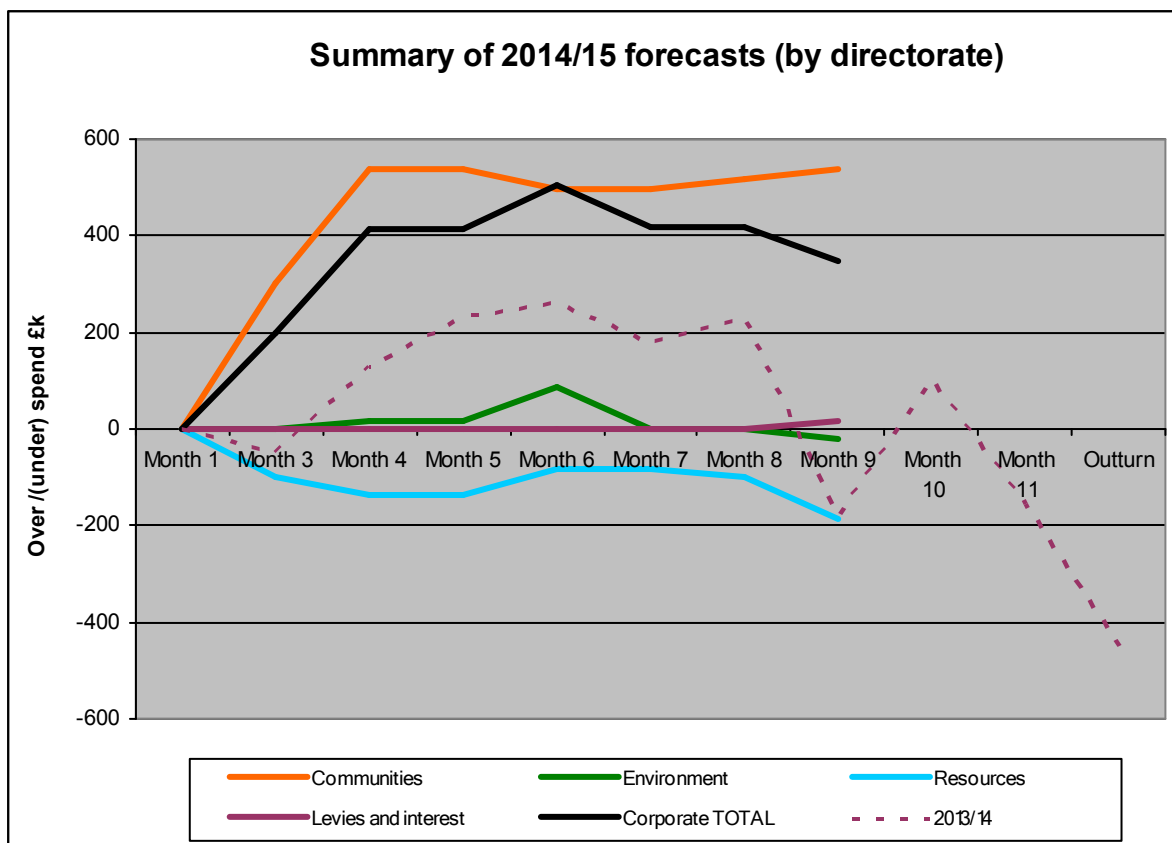
- (1) Children's Services are forecasting a net over spend of £525k, which is a slight increase on Quarter Two. The over spend is predominately the result of nine additional children being funded from the placement budget since last quarter. The overall placement budget is forecasting a £872k pressure which has increased by £72k since Quarter Two. In order to manage down the over spend in the current year, Children's Services is deliberately slowing expenditure on non child protection services.
- (2) Education is forecasting an over spend of £14k, which is a decrease of £67k from last quarter. The over spend is a result of pressure on the SEN Home to School Transports budgets plus increasing demand for support packages for disabled children designed to keep children out of high cost residential care placements and with their families. The over spend has decreased as a result of small in year savings in other budget areas.

6.2 The Environment Directorate is forecasting an under spend of £20k, which is a change of £108k from the over spend reported last quarter, with savings arising from staff turnover and tree safety works costs.

6.3 The Resources Directorate is forecasting an under spend of £188k which is an increase of £106k from last quarter. The under spend is largely from additional income and salary savings in Strategic Support, a one off IT saving in Customer Services and reduced maintenance costs in information technology. The two main pressures currently forecast in Legal Services have arisen as a result of new information provided by Reading BC regarding the cost of the Coroner's Court joint arrangement and also a shortfall in fee income. The under spend has increased as a result of releasing contingency budgets, reduced costs on IT infrastructure and licences and increased income from land charges in Strategic Support.

6.4 Levies and Interest is forecasting a small over spend of £15k.

6.5 The following chart shows the forecasts per Directorate together with a corporate total and a comparison to last year.



7. Summary Capital Forecast

7.1 75.7% of the 2014/15 capital programme was committed as at the end of Quarter Three. Forecast capital spend in the year is currently £33.8 million against a revised budget of £37.7 million with a further £3.4 million now expected to be re-profiled into 2015/16 (in addition to £2.4 million already re-profiled at the end of Quarter One). The summary capital forecast is shown in Appendix 1b.

7.2 Communities

73.9% of the revised budget has been committed at the end of Quarter Three. In Care Commissioning, Housing and Safeguarding, there is a forecast under spend of £30k in Home Repair Assistance grants due to performance issues in the Housing Improvement Agency. An action plan has been put in place to address these issues. In Education an under spend of £1.9 million is forecast mainly because of rescheduling and cost reductions on a number of primary school schemes. In addition, the relocation of the Reintegration Service has been postponed because of a lack of suitable premises. These in-year savings are being used to enable contracts to be let in advance for a number of new schemes for permanent provision of universal infant free school meals. No significant variances are forecast for Adult Social Care or Children's Services.

7.3 Environment

78.1% of the Environment capital programme has been committed as at the end of Quarter Three. The Newbury Museum Project is now complete and good progress is being made with the maintenance and refurbishment of Leisure Centres and other cultural services buildings. The majority of Highways and Transport schemes

are well underway but £1.36 million is now expected to be re-profiled due to delays on the Boundary Road bridge widening, Tull Way retention pond, A340 rail bridge footway, upgrading parking equipment, St John's assessment and LRIE schemes. In addition, expenditure on Environment Agency flood defence schemes will be £500,000 lower than budgeted, because phase 1 of the Cold Ash Retention Pond scheme has been more successful than expected, which means that it is no longer necessary to proceed with phase 2 as planned. For Planning and Countryside, it has now been confirmed that the additional work being undertaken to repair storm damaged rights of way can largely be funded from the Severe Weather Recovery Grant.

7.4 Resources

67.2% of the programme is spent or committed at the end of Quarter Three. Approximately £27,000 consultancy and design costs in respect of the Newbury town centre developments will now need to be spent in advance from next year's budget. In Finance, it is therefore anticipated that approximately £30,000 of the members' bids budget will be carried forward to 2015/16. Most major ICT schemes are completed or on schedule for completion in year. However an under spend of £110,000 is expected on corporate ICT replacement and the replacement backup system. Strategic Support capital budgets are expected to be fully spent by year end.

8. Conclusion

- 8.1 The Quarter Three position is showing a forecast over spend of £346k. Though the Council remains in a challenging financial environment, and is faced with making savings in excess of £5m, it has taken steps to maintain financial discipline and ensure that savings are deliverable.

Appendices

Appendix 1- Budget Monitoring Consolidation Report
Appendix 2- Directorate summaries
