
Financial Performance Report 2016/17

Quarter One

Committee considering report:	Executive
Date of Committee:	08 September 2016
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	18 August 2016
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Forward Plan Ref:	EX3135

1. Purpose of the Report

- 1.1 To inform Members of the latest financial performance of the Council

2. Recommendation(s)

- 2.1 That the Executive approve the transfer of £657k budget from Care Commissioning, Housing and Safeguarding to Adult Social Care, as detailed in paragraph 5.8 below and in line with Financial Regulations.

3. Implications

3.1 **Financial:**

A revenue over spend of £1.28m is forecast at Quarter 1. If additional savings cannot be found to offset the forecast over spend, it may be necessary to draw down a large proportion of the risk reserves of £1.65m, which were set aside at the start of the financial year, to allow for any emerging pressures in Adult Social Care, Children & Family Services and Legal Services.

3.2 **Policy:** n/a

3.3 **Personnel:** n/a

3.4 **Legal:** n/a

3.5 **Risk Management:** n/a

3.6 **Property:** n/a

3.7 **Other:** n/a

4. Other options considered

- 4.1 Not applicable – factual report for information

5. Executive Summary

- 5.1 At Quarter One, the forecast revenue position is an over spend of £1.28mk against a net budget of £116.8m.
- 5.2 The Communities Directorate is forecasting an over spend of £1,033k. £996k of this relates to Adult Social Care as a result of an increase in client numbers and the complexity of their needs, together with an upward trend in the cost of commissioning nursing and residential care services. However a risk reserve of £1.1m was set aside at the start of the financial year to allow for unforeseen pressures such as these on the Adult Social Care budget. It may therefore be necessary to draw down a large proportion of this reserve to cover this overspend.
- 5.3 Children and Family Services are also forecasting an over spend of £37k due to pressure on the Adoption Panel joint arrangement. It may also be necessary to draw down £37k of the £500k risk reserve which was set aside for unforeseen costs in Children and Family Services. All other Communities services are forecasting to budget.
- 5.4 The Environment Directorate is forecasting to budget overall, although there is a £44k pressure in Culture and Environmental Protection which is offset by increased income from development control in the Planning and Countryside Service.
- 5.5 The Resources Directorate is forecasting an over spend of £214k. This includes an over spend of £259k in Legal Services, where there are cost pressures as a result of the London Road Industrial Estate procurement challenge and also pressure on fee income. A risk reserve of £50k has been set aside for unforeseen costs in Legal Services, and it may now be necessary to utilise this reserve in full. However, this may not be required if the Council is successful in reclaiming its costs on the procurement challenge through the judicial review. Strategic Support is forecasting an under spend of £45k and all other Resources services are forecasting to budget.
- 5.6 There is a £30k pressure on Levies and Interest because of the current low level of interest rates affecting the interest earned on the Council's investments.
- 5.7 In order to meet the funding available, the 2016/17 revenue budget was built with a £13.9m savings programme. Transitional grant funding of £1.4m and part year funding of £576k has been allocated to the 2016/17 budget, resulting in a net savings programme of £11.9m.
- 5.8 During the course of the year changes may be made to the approved Council budget, mainly by moving funds from one service to another. Corporate Directors and/or Portfolio holders may approve budget transfers up to certain limits, which are set out in the Council's Financial Regulations. At Quarter One, one revenue budget transfer requires Executive approval: £657k is to be transferred from Care Commissioning, Housing & Safeguarding to Adult Social Care, to provide ongoing services for former Supporting People clients who are now eligible for Adult Social Care.

- 5.9 The 2016/17 capital programme is 55.2% committed as at the end of Quarter One. Forecast capital spend is currently £37.5m against a revised budget of £44.1m, with £6.6m expected to be re-profiled into 2017/18. This is mainly due to delays to two school schemes, because of land acquisition issues. Two highways schemes are also to be postponed because of bad weather and delays caused by a private developer.
- 5.10 No variance is forecast on expenditure funded from the ring-fenced Dedicated Schools Grant (DSG).

6. Conclusion

- 6.1 The Council remains in a challenging financial environment, and is faced with delivering savings of £13.9m as well as addressing in year pressures as they arise. The Council is taking steps to maintain financial discipline, ensure that the agreed savings programme is deliverable and to find additional savings to offset the revenue over spend currently forecast.

7. Appendices

Appendix A (1) – Supporting Information

Appendix A (2) – Summary of Revenue Budget Monitoring Returns Quarter One 2016/17

Appendix A (3) – Capital Summary Quarter One 2016/17

Appendix B – Equalities Impact Assessment