

Appendix A (1)

Financial Performance Report 2016/17 Quarter One Supporting Information

Introduction

- 1.1 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. At Quarter One the forecast revenue position is an over spend of £1.28m against a net budget of £116.8m.
- 1.2 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.

Background to the 2016/17 Revenue Budget

- 1.3 In order to meet the funding available, the 2016/17 revenue budget was built with a £13.9m savings programme. Transitional grant funding totalling £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.

Changes to the Original Revenue Budget

- 1.4 The Council set a revenue budget of £116.8m for 2016/17. During the year budget changes may be approved for a number of reasons and the approval limits are set out in the Council's Financial Regulations. Budget increases will be seen when budgets are brought forwards from 2015/16 as a result of requests that are approved at year end, after the original budget has been set in early March. These budget changes are submitted to the Finance and Governance Group (FAGG) and must meet certain criteria to be approved. Other reasons for in year budget changes include drawing from reserves to support specific projects or to cover risks that have arisen and have previously been provided for.
- 1.5 At Quarter One, one virement requires Executive approval: £657k is to be transferred from Care Commissioning, Housing & safeguarding Service to Adult Social Care, to provide ongoing services for former Supporting People clients transferred into and eligible for Adult Social Care.

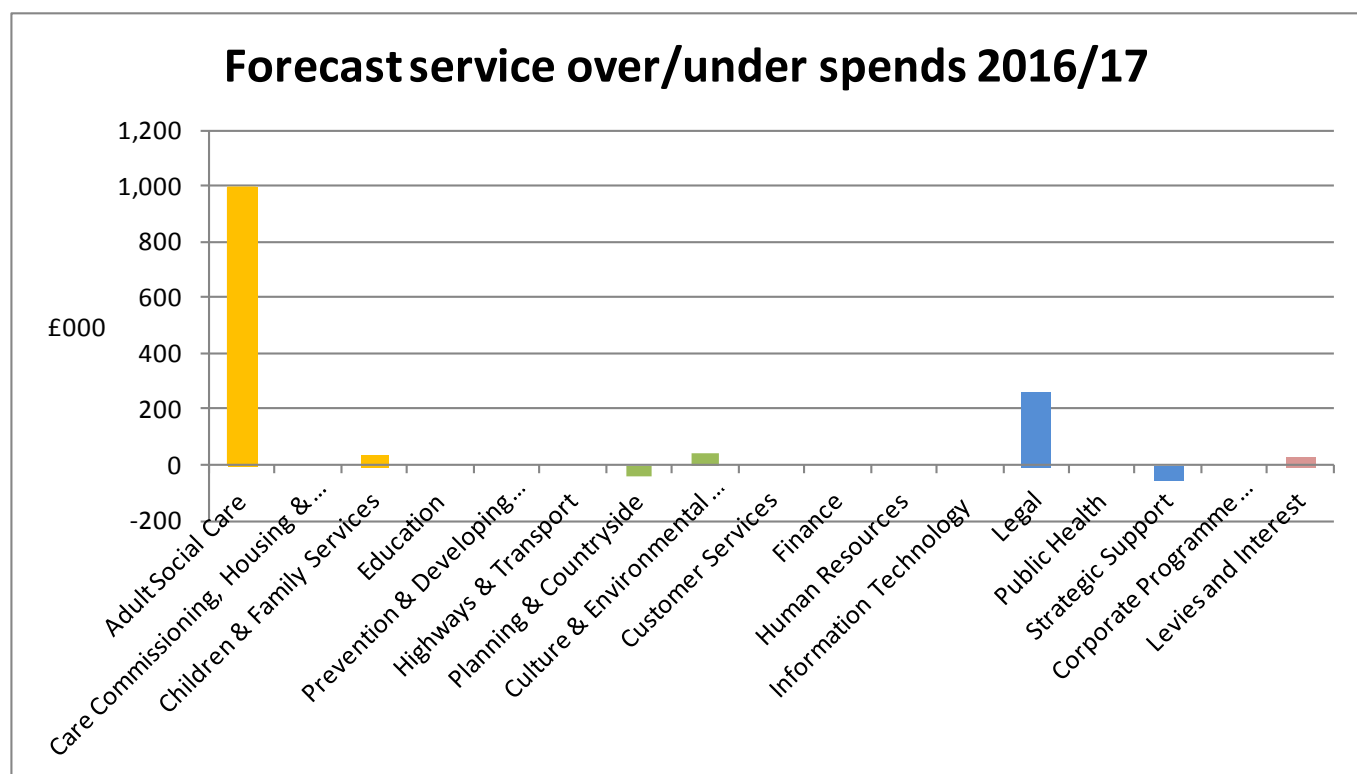
Summary Revenue Forecast

1.6 Directorate forecasts tracked by Quarter:

| Directorate | Current Net Budget | Annual Net Forecast | Forecast (under)/over spend | | | Change from Last Quarter |
|----------------------------|--------------------|---------------------|-----------------------------|-------------|---------------|--------------------------|
| | | | Quarter One | Quarter Two | Quarter Three | |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Communities | 65,713 | 66,746 | 1,033 | 0 | 0 | 0 |
| Environment | 31,240 | 31,240 | 0 | 0 | 0 | 0 |
| Resources | 12,352 | 12,566 | 214 | 0 | 0 | 0 |
| Levies and Interest | 7,511 | 7,541 | 30 | 0 | 0 | 0 |
| Total | 116,816 | 118,093 | 1,277 | 0 | 0 | 0 |

NB. Rounding differences may apply to nearest £k

1.7 Forecast Service over/under spends at Quarter One:



Communities Directorate – Quarter One Review

1.8 2016/17 Savings Programme

The revenue budget for the Communities Directorate 2016/17 has been built with a gross savings programme of £7.5m.

1.9 Forecast Revenue Position at Quarter One

| Communities | Net Budget | Forecast (under)/over spend | | | | Change from last Quarter |
|--|---------------|-----------------------------|-------------|---------------|----------|--------------------------|
| | | Quarter One | Quarter Two | Quarter Three | Year End | |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| DSG | (721) | 0 | | | | 0 |
| Corporate Director | 196 | 0 | | | | 0 |
| Adult Social Care | 37,250 | 996 | | | | 0 |
| Care Commissioning, Housing & Safeguarding | 3,749 | 0 | | | | 0 |
| Children & Family Services | 15,114 | 37 | | | | 0 |
| Education | 9,256 | 0 | | | | 0 |
| Prevention and Developing Community Resilience | 869 | 0 | | | | 0 |
| Total | 65,713 | 1,033 | 0 | 0 | 0 | 0 |

1.10 The forecast revenue over spend for the Communities Directorate is £1.03m against the budget of £65.7m.

- (1) Adult Social Care is forecasting a year end over spend position of £996k. During the first quarter of 2016/17 the service has experienced a combination of increasing numbers of clients presenting with eligible needs, alongside an increase in the complexity of need. There has also been an upward trend in the cost of commissioning services from providers in respect of nursing and residential care.
- (2) Children & Family Services is forecasting a year end over spend of £37k as a result of pressure on the Adoption Panel joint arrangement.
- (3) All other Communities services are forecasting a year end position of online at Quarter One.

Environment Directorate - Quarter One Review

1.11 2016/17 Savings Programme

The Environment Directorate 2016/17 revenue budget was built with a savings programme of £4.47m

1.12 Forecast Revenue Position at Quarter One

| Environment | Net Budget | Forecast (under)/over spend | | | |
|------------------------------------|---------------|-----------------------------|-------------|---------------|----------|
| | | Quarter One | Quarter Two | Quarter Three | Year End |
| | £000 | £000 | £000 | £000 | £000 |
| Corporate Director | 171 | 0 | 0 | 0 | |
| Highways & Transport | 5,970 | 0 | 0 | 0 | |
| Planning & Countryside | 3,893 | (44) | 0 | 0 | |
| Culture & Environmental Protection | 21,206 | 44 | 0 | 0 | |
| Total | 31,240 | 0 | 0 | 0 | 0 |

The Directorate as a whole is forecasting to budget at Quarter One.

- (1) Highways & Transport is forecasting to budget.
- (2) The Planning and Countryside Service is forecasting a £44k under spend. There is a pressure of £50k in the Local Development Framework due to the additional costs of carrying out the Housing Site Allocation Development Planned Document examination. Income in Developmental Control, which remains buoyant, has mitigated this pressure.
- (3) Currently Culture and Environmental Protection is forecasting an over spend of £44k. This is due to a payment from Kennet School which has not yet been agreed.

Resources Directorate – Quarter One Review

1.13 2016/17 Savings Programme

The Resources Directorate 2016/17 revenue budget was built with a savings programme of £1.96m.

1.14 Forecast Revenue Position at Quarter One

| Resources | Net Budget | Forecast (under)/over spend | | | | Change from last Quarter |
|--------------------------------|---------------|-----------------------------|-------------|---------------|----------|--------------------------|
| | | Quarter One | Quarter Two | Quarter Three | Year End | |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Chief Executive | 521 | 0 | | | | 0 |
| Customer Services | 1,942 | 0 | | | | 0 |
| Finance | 2,062 | 0 | | | | 0 |
| Human Resources | 977 | 0 | | | | 0 |
| ICT and Corporate Support | 2,597 | 0 | | | | 0 |
| Legal | 946 | 259 | | | | 0 |
| Public Health | 192 | 0 | | | | 0 |
| Strategic Support | 2,984 | (45) | | | | 0 |
| Corporate Programme Management | 131 | 0 | | | | 0 |
| | 12,352 | 214 | 0 | 0 | 0 | 0 |

The forecast Revenue position for the Resources Directorate is an over spend of £214k.

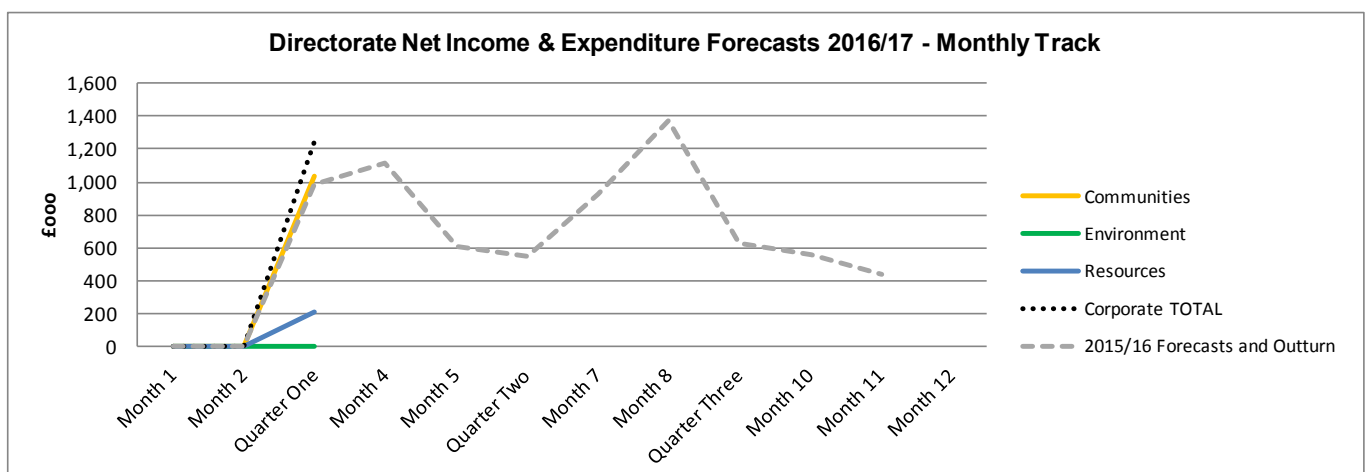
- (1) Legal Services is reporting a forecast of £259k over spend at Quarter One. This is primarily due to the following:
 - The cost of the London Road Industrial Estate procurement challenge is estimated to be in the region of £190k in 2016. This additional cost is expected to result in an over spend of £163k on the budget for disbursements. Some or all of this pressure may be offset if the Council is successful in reclaiming these costs through the judicial review process, but even if successful the full recovery of costs may be delayed beyond the end of this financial year.
 - Fee income is currently down against the same period in 2015 and the forecast is therefore a £60k pressure against budget.
- (2) Public Health is forecasting to the budget funded by the Public Health ring fenced grant, any under spend will be transferred to the Public Health Reserve in accordance with the grant conditions.
- (3) Strategic Support is forecasting an under spend of £45k at Quarter One. This is mainly due to ICT maintenance savings within the Performance Team as a result of cancellation of modules which are either no longer required together with a one off saving due to a contribution from Education Services.
- (4) All other Resources services are forecasting to budget.

Levies and Interest – Quarter One Review

1.15 Income on interest on investments is currently forecast to be £30k below target because of the low level of interest rates currently available in the market and a lower cash fund balance in the current year, because of use of balances in 2015/16.

Analysis of Directorate Forecasts

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



Capital – Quarter One Review

| Directorate | 2016/17 Original Capital Programme | 2016/17 Revised Capital Programme | Amount spent/ committed to 30/6/15 | Forecast spend in year | Forecast (under) over spend in year |
|---------------------------|---|--|---|------------------------------|--|
| | £000 | £000 | £000 | £000 | £000 |
| Communities | 18,325 | 20,158 | 5,549 | 14,368 | (5,790) |
| Environment | 17,555 | 20,959 | 13,275 | 20,109 | (850) |
| Resources | 2,485 | 3,014 | 965 | 3,014 | 0 |
| Total all services | 38,365 | 44,131 | 19,789 | 37,491 | (6,640) |

- 1.17 Forecast capital spend in the year is currently £37.5m against a revised budget of £44.1m with £6.6m expected to be re-profiled into 2017/18. 55.2% of the 2016/17 capital programme is committed as at the end of Quarter One.
- 1.18 A breakdown of capital spend and commitments to date is shown in Appendix A (3). The appendix also explains the changes from the original capital programme which was approved by the Council in March. The changes mainly consist of:
- budgets which were unspent at the end of 2015/16 which have been brought forward to 2016/17 to enable the continuation/completion of schemes already underway
 - additional external funding (mainly government grants and S106 contributions) which have been allocated since March 2016
 - budgets which have been reprofiled to 2016/17.
- 1.19 Communities Directorate –27.5% of the programme is committed at the end of Quarter One.
- (1) In Adult Social Care work is underway to provide the locality teams with the means to deliver the New Ways of Working, and to improve co-working with our NHS colleagues. Priorities for improvements to facilities at two of our Care Homes are also being reviewed, and funds may be transferred from other projects to enable these improvements to be implemented.
 - (2) In Care Commissioning, Housing and Safeguarding (CCHS), improvements are being made to the way Disabled facilities grants are delivered, including employing additional occupational therapists funded from the grant budget, to help speed up the processing of claims. Hardware for the new CareDirector system (the replacement for RAISE) is in place and the software is now being installed. The project is expected to be completed on time and on budget.

- (3) In Children and Family Services construction of the Multi Agency Service Hub (MASH) is underway at West Street House and expected to be completed on budget. The TriX system to provide complete, up to date and centralised information policies and procedures to all staff is now fully implemented.
- (4) In Education Services there have been delays to two of the major schools schemes in the 2016/17 programme:
 - Theale Green Primary school – Theale Parish Council have not agreed to surrender their lease on the site earmarked for the new school, so it may now be necessary to pursue a compulsory purchase order which could delay the project by 12-18 months.
 - Highwood Copse – negotiations with Newbury College over the purchase of land for access to the site have been protracted and the College is now expecting to obtain “best value” for the land rather than a notional sum as previously indicated. This is likely to affect the affordability of the project and cause considerable delay.

These issues together with smaller forecast variances on a number of other schemes are likely to mean that £5.8m spend of the total Education programme of £15.1m will be delayed until 2017/18.

1.20 Environment Directorate – 63.3% of the programme is committed at the end of Quarter One.

- (1) In Highways & Transport, the majority of schemes are progressing well, but the start of works on the Tull Way Attenuation Pond has been delayed due to the recent wet weather, and work on the Kings Road Link is dependent on the redevelopment of the Sterling Cables site, which has yet to commence. Total spend of £850k on these two schemes is therefore expected to be delayed until 2017/18.
- (2) In Planning and Countryside the main focus of the programme for this year is the management of the Ridgeway trail. The open spaces team are also working to spend S106 funds on improvements to open spaces.
- (3) In Culture and Environmental Protection, maintenance of culture and leisure buildings (including leisure centres and Shaw House) is progressing as planned.

1.21 Resources Directorate – 32% of the programme is committed at the end of Quarter One.

- (1) Progress of the London Road Industrial Estate redevelopment has been delayed because of a legal challenge to the scheme, but work is expected to restart later in the year.
- (2) In ICT, progress with phase 2 of the superfast broadband project was slow initially but has now speeded up.
- (3) The new IKEN system has been successfully implemented in Legal Services.

Dedicated Schools Grant (DSG)

1.22 No variance is forecast on expenditure funded from the ring-fenced Dedicated Schools Grant (DSG). After considering the DSG forecast for the next two years, the School's Forum decided in March 2016 to allocate £697k more grant to schools and Education Services than has been received in 2016/17, in order to continue to support some key high needs services. However the over allocation of grant in the current year is expected to be met from the 2017/18 DSG grant, assuming that overall costs do not increase significantly and that the grant remains at a similar level. This does not affect the corporate financial position.

Options for Consideration

1.23 N/a – factual report for information

Proposals

1.24 To inform Members of the latest financial performance of the Council.

1.25 To obtain Executive approval, as per the Financial Regulations, for the budget movement of £657k from Care Commissioning, Housing and Safeguarding to Adult Social Care.

Conclusion

1.26 The Council remains in a challenging financial environment, and is faced with delivering savings of £13.9m. The Council is taking steps to maintain financial discipline and ensure that savings are deliverable.

Consultation and Engagement

N/A

Background Papers:

None

NOTE: The section below does not need to be completed if your report will not progress beyond Corporate or Operations Board.

Subject to Call-In:

Yes: No:

If not subject to call-in please put a cross in the appropriate box by double-clicking on the box and selecting 'Checked':

The item is due to be referred to Council for final approval

Delays in implementation could have serious financial implications for the Council

Delays in implementation could compromise the Council's position

Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months

Item is Urgent Key Decision

Report is to note only

Wards affected:

*(add text)

Please put a cross in the appropriate box(es) by double-clicking on the box and selecting 'Checked':

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aim(s):

- BEC – Better educated communities**
- SLE – A stronger local economy**
- P&S – Protect and support those who need it**
- HQL – Maintain a high quality of life within our communities**
- MEC – Become an even more effective Council**

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

- BEC1 – Improve educational attainment**
- BEC2 – Close the educational attainment gap**
- SLE1 – Enable the completion of more affordable housing**
- SLE2 – Deliver or enable key infrastructure improvements in relation to roads, rail, flood prevention, regeneration and the digital economy**
- P&S1 – Good at safeguarding children and vulnerable adults**
- HQL1 – Support communities to do more to help themselves**
- MEC1 – Become an even more effective Council**

The proposals contained in this report will help to achieve the above Council Strategy aims and priorities by *(add text)

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Appendix B

Equality Impact Assessment

NOTE: Strategic Support is not able to accept your report without the following section being completed and an Equality Impact Assessment (EIA) being attached where required. For advice please visit <http://intranet/EqIA> or contact the Principal Policy Officer (Equality & Diversity) on Ext. 2441 or Team Leader/Solicitor - Corporate Team on Ext. 2626.

| Is this item relevant to equality? | Please tick relevant boxes | Yes | No |
|--|----------------------------|--------------------------|-------------------------------------|
| Does the policy affect service users, employees or the wider community and: | | | |
| • Is it likely to affect people with particular protected characteristics differently? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Is it a major policy, significantly affecting how functions are delivered? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Will the policy have a significant impact on how other organisations operate in terms of equality? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Does the policy relate to an area with known inequalities? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality) | | | |
| Relevant to equality - Complete an EIA available at http://intranet/EqIA | | | <input type="checkbox"/> |
| Not relevant to equality | | | <input checked="" type="checkbox"/> |