

---

# Financial Performance Report 2017/18 Quarter One

---

## 1. Introduction

- 1.1 The financial performance reports provided to Members throughout the financial year report the under or over spend against the Council's approved budget. The Quarter One revenue forecast is an over spend of £870k against a net revenue budget of £117.4million.
- 1.2 The main driver of the forecast over spend is an £890k over spend in Adult Social Care as a result of increased complexity of client needs and the upward cost pressures in commissioning services for both placements and home care.
- 1.3 In response to the volatility of some of the Council's budgets, three service specific risk reserves have been established in Adult Social Care, Children and Family Services and Legal Services. The levels of these reserves are informed by the level of risks in the service risk registers. The revenue forecasts at Quarter One are before any potential use of one off funding from the service specific risk reserves.

## 2. Changes to the 2017/18 Budget

- 2.1 The Council set a revenue budget of £117.4million for 2017/18. During the year budget changes may be approved for a number of reasons and approval limits are set out in the Council's Financial Regulations. Budget increases occur when budgets are brought forward from the previous year 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.
- 2.2 There are no budget changes in Quarter One that require Executive approval. A table summarising budget movements to date is included at Appendix E.

## 3. 2017/18 Savings and Income Generation Programme

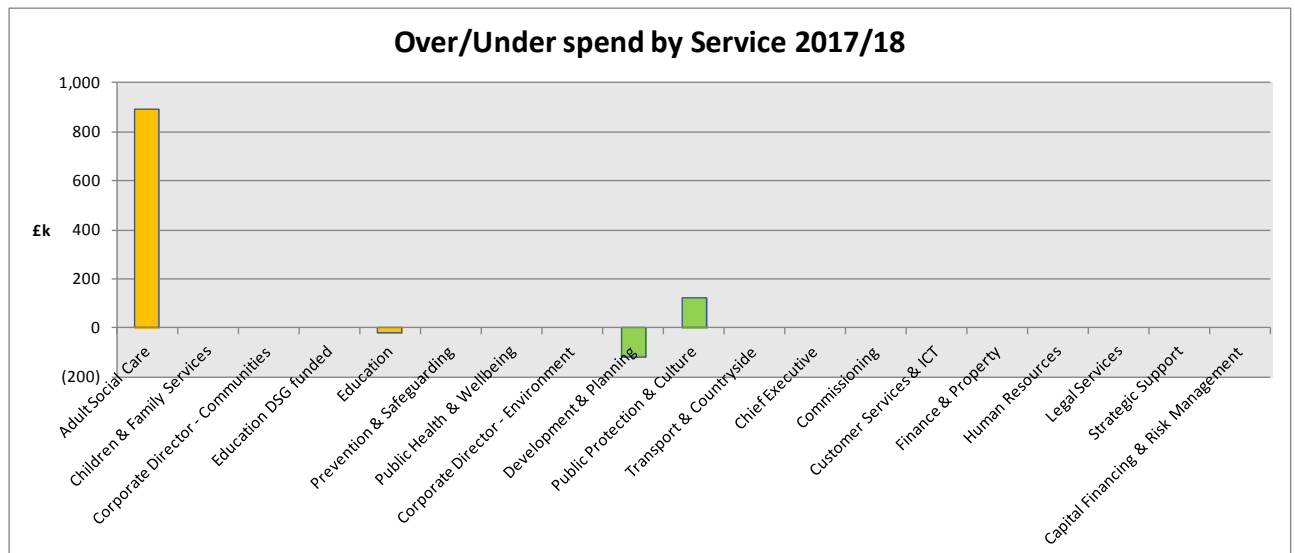
In order to meet the funding available, the 2017/18 revenue budget was built with a £4.712m savings and income generation programme. The programme is monitored on a monthly basis.

#### 4. Summary Revenue Forecast

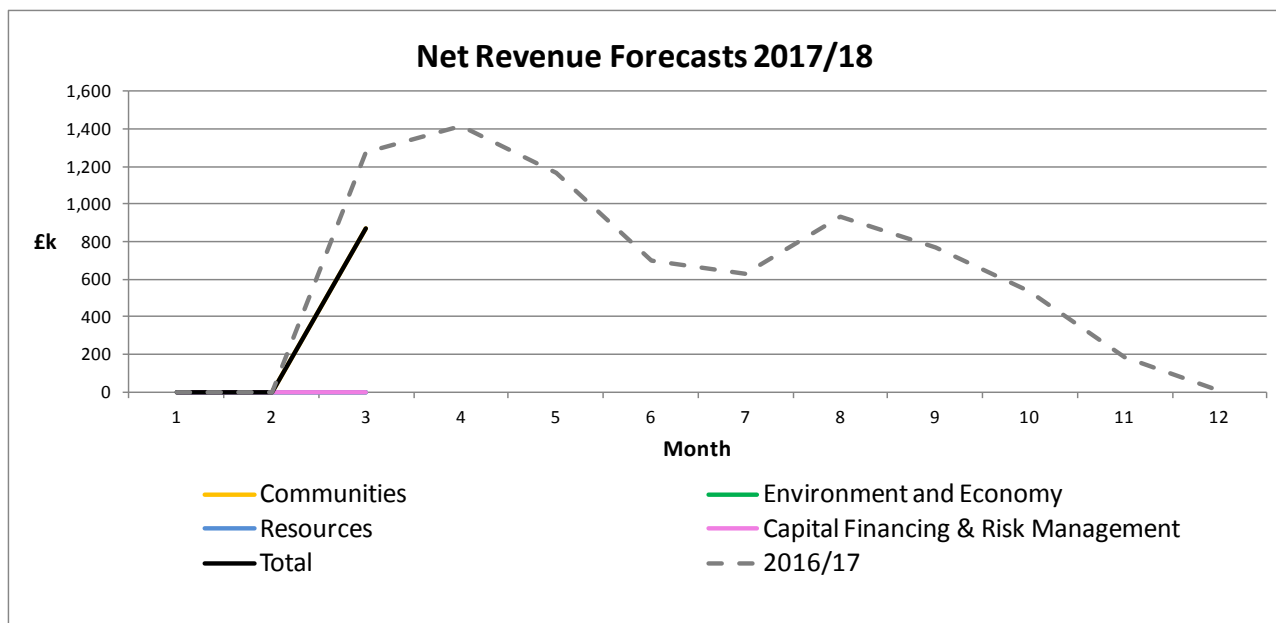
Directorate Summary	Current Net Budget £000	Forecast (under)/over spend			
		Quarter One £000	Quarter Two £000	Quarter Three £000	Year End £000
<b>Communities</b>	<b>62,005</b>	<b>870</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Environment and Economy</b>	<b>30,661</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Resources</b>	<b>14,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Financing &amp; Risk Management</b>	<b>10,634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>117,410</b>	<b>870</b>	<b>0</b>	<b>0</b>	<b>0</b>

NB. Rounding differences may apply to nearest £k

- 4.1 At Quarter One the Council's revenue forecast is an over spend of £870k against a net revenue budget of £117.4million. The forecasts by Service are shown in the following chart.



- 4.2 The main service driving the over spend is Adult Social Care with a forecast over spend of £891k. The following chart shows the monthly forecasts through 2017/18, with a 2016/17 comparison.



- 4.3 In 2016/17 the forecast over spend position steadily reduced month on month between Month Four and Month Seven. At Month Eight there was a significant increase in forecasts driven by the pressure on demand led commissining budgets within Adult Social Care and demand led budgets within Education Services (Home to School Transport and Disabled Children's placement budgets). Post Month Eight there was a renewed drive to push down costs and identify mitigation strategies to address emerging pressures bringing the final over spend down to £7k.

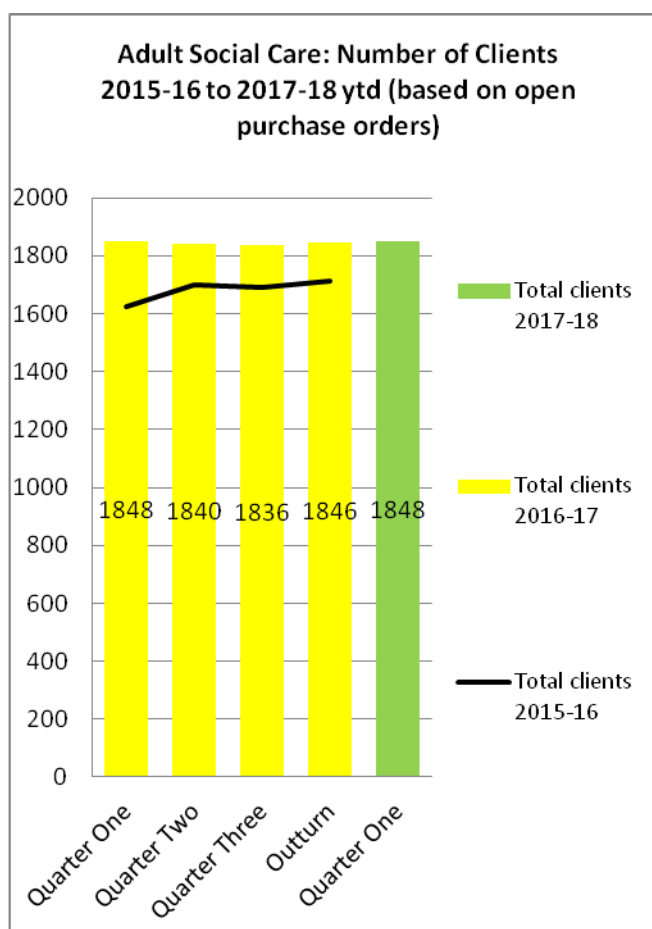
## 5. Communities Directorate Quarter One Review

	Current Net Budget	Forecast (under)/over spend				Change from Last Month	Change from Last Quarter
		Quarter One	Quarter Two	Quarter Three	Year End		
Communities	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	38,187	891				0	0
Children & Family Services	15,631	0				0	0
Corporate Director - Communities	204	0				0	0
Education DSG funded	(523)	0				0	0
Education	7,535	(21)				0	0
Prevention & Safeguarding	1,051	0				0	0
Public Health & Wellbeing	(80)	0				0	0
<b>Communities</b>	<b>62,005</b>	<b>870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 5.1 The forecast revenue over spend for the Communities Directorate is £870k against a budget of £62million. The revenue budget for the Communities Directorate 2017/18 was built with a savings programme of £2m.

### (1) Adult Social Care

Adult Social Care is forecasting an over spend of £891k. The over spend is a result of increased complexity of client needs and the upward cost pressures in commissioning services for both placements and home care. Overall client numbers are holding steady which is in part attributable to the success of preventative and demand management strategies.



Mitigation strategies are in place to address the pressures the Service is facing and pressures are being reduced through one off under spends against non commissioning budgets.

## (2) Children and Family Services

The Service is forecasting to budget.

We are currently forecasting ongoing pressures in the placements budget of £16k against a budget of £6,437k and in Prevention Services of £31k due to one off exceptional costs; these are being managed within the overall Service budget.

## (3) Education

The Education Service is forecasting an under spend of £21k. The under spend is the result of a saving currently forecast on the Home to School Transport budgets. However, it is likely that the position on Home to School Transport will change as the new school year starts in September.

## (4) Prevention & Safeguarding

The Service is forecasting to budget.

## (5) Public Health & Wellbeing

Public Health is forecasting to budget within the Public Health ring fenced grant. Any under spend will be transferred to the Public Health reserve.

## 6. Environment and Economy Directorate Quarter One Review

Environment and Economy	Current Net Budget	Forecast (under)/over spend				Change from Last Month	Change from Last Quarter
		Quarter One	Quarter Two	Quarter Three	Year End		
	£000	£000	£000	£000	£000	£000	£000
Corporate Director - Environment	174	0				0	0
Development & Planning	2,533	(121)				0	0
Public Protection & Culture	4,028	121				0	0
Transport & Countryside	23,926	0				0	0
<b>Environment and Economy</b>	<b>30,661</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 6.1 The Directorate is currently forecasting an on line position against a budget of £30.1m. The revenue budget for the Environment and Economy Directorate was built with a savings programme of £1.31m.

### (1) Development & Planning

The Service is forecasting an under spend of approx £120k which is due to an increase in the number of large planning applications in Quarter One.

### (2) Public Protection & Culture

The Service is forecasting an over spend of £121k. This is due to the two functions that are expected to cease during the year – Activity Team and Duke of Edinburgh. Anticipated income is likely to fall away during the year as new income opportunities are not sought.

A payment from Kennet School for Kennet Leisure Centre of £43k is still in dispute. This is a pressure that has been carried year on year since Kennet School became an Academy.

### (3) Transport & Countryside

The Service is forecasting an on line position.

## 7. Resources Directorate Quarter One Review

Resources	Current Net Budget	Forecast (under)/over spend				Change from Last Month	Change from Last Quarter
		Quarter One	Quarter Two	Quarter Three	Year End		
	£000	£000	£000	£000	£000	£000	£000
Chief Executive	890	0				0	0
Commissioning	1,347	0				0	0
Customer Services & ICT	3,199	0				0	0
Finance & Property	3,730	0				0	0
Human Resources	1,526	0				0	0
Legal Services	1,059	0				0	0
Strategic Support	2,359	0				0	0
<b>Resources</b>	<b>14,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 7.1 The Directorate is currently forecasting a zero variance on a budget of £14,110k. The 2017/18 budget for Resources was built with a £1,140k saving.
- 7.2 All services are reporting on line positions.

## 8. Risks

- 8.1 In response to the volatility of some of the Council's demand led budgets, a number of service specific risk reserves have been established. There are three service specific risk reserves, the levels of which are informed by the risks in the service risk registers. The reserve levels are reviewed at budget board. The forecast position is before any use of these risk reserves.

## 9. Transition Funding and Transformation Reserve

The Council was awarded £1.37m in transition funding for 2017/18, which was allocated as:

Directorate	Service	Project Description	Transition Funding £	Agreed by	When
Communities	C&FS	Short Breaks	140,000	Council	4.3.2017
Environment	PPC	Libraries	200,000	Council	4.3.2017
Resources	SSU	Citizens Advice Bureau	30,000	Council	4.3.2017
		Transformation Reserve	1,000,000	Council	4.3.2017
		<b>Total</b>	<b>1,370,000</b>		

The Transformation Reserve was established in order to ensure that the Council has the resources to pursue transformation plans outlined in the MTFs and to invest in strategies that will bring future benefits to the organisation. To date, £299k has been allocated from this reserve.

## 10. Capital Financing and Risk Management Quarter One Review

- 10.1 Income on interest on investments is currently forecast to be on line.

## 11. Capital – Quarter One Review

Capital Position as at Quarter One:

Directorate Summary	Original Budget £000	Revised Budget £000	Amount spent/ committed to 30/6/17 £000	Forecast spend in year £000	Forecast under/over spend in year £000
Communities	9,180	10,225	2,572	9,482	- 743
Environment & Economy	18,652	25,115	7,102	23,605	- 1,510
Resources	5,671	7,205	2,214	7,201	- 4
<b>Total</b>	<b>33,503</b>	<b>42,545</b>	<b>11,888</b>	<b>40,288</b>	<b>- 2,257</b>

- 11.1 Forecast capital spend in the year is currently £40.3million against a revised budget of £42.5 million. 27.9% of the 2017/18 capital programme is committed as at the end of Quarter One. A breakdown of capital spend and commitments to date is

shown in Appendix D. The appendix explains the changes from the original capital programme which was approved by the Council in March 2017. At this point in the year, all the changes consist of budgets which were unspent at the end of 2016/17 which have been brought forward to 2017/18 to enable the continuation/completion of schemes already underway.

## 11.2 Communities Directorate Capital Review

Service	Original Budget	Revised Budget	Amount spent/ committed to 30/6/17	Forecast spend in year	Forecast under/over spend in year
	£000	£000	£000	£000	£000
Adult Social Care	1,185	1,607	231	1,607	-
Children and Family Services	20	32	0	32	-
Education Services	7,975	8,586	2,341	7,843	- 743
<b>Total</b>	<b>9,180</b>	<b>10,225</b>	<b>2,572</b>	<b>9,482</b>	<b>(743)</b>

25.2% of the Communities programme is committed as at the 30th June 2017. The main forecast variance is in Education services where some of the schemes to provide additional primary places in Newbury have been put on hold, as pupil numbers for September 2017 are slightly lower than previously forecast. The project to provide new PRU accommodation in the east of the District has also been delayed while alternative options for the scheme are evaluated. A number of projects have also come in under budget, including the expansion of the Little Heath Sixth form and the Willows School. These savings will be needed to offset pressures in future years' programmes, notably on the new Highwood Copse Primary School.

## 11.3 Environment and Economy Directorate Capital Review

28.3% of the Environment programme is either spent or committed as at the 30th June 2017. In Development and Planning, the vacating of the Four Houses Corner Gypsy and Traveller site has progressed more slowly than planned, which may result in a delay to the re development programme.

The majority of Transport and Countryside schemes are progressing well. However the Environment agency has now postponed the £1m Dunston Park Flood alleviation scheme to 2018 and it is also proposed to re-profile £510k S106 funding for improvements to the Robin Hood roundabout to tie in with the North Newbury development which has recently been granted planning permission.

Repairs to the lift and air conditioning at the Corn Exchange are progressing well. The completion of these works will facilitate the transfer of the freehold of the building to the Corn Exchange Trust. It is also now proposed to fund the replacement of boilers at the Newbury Library from S106, thus relieving pressure on the cultural services planned maintenance programme.

## 11.4 Resources Directorate Capital Review

30.7% of the Resources programme is committed as at the 30th June 2017. ICT, property and community based projects are currently making good progress and are expected to be on schedule and on budget. Delays to the redevelopment London

Road Industrial Estate (LRIE) will continue until the potential appeal against last year's legal judgement on the scheme has been resolved. However the project is expected to restart later in the year.

## 12. Dedicated Schools Grant – Quarter One Review

- 12.1 There is a budgeted over spend on DSG as per the decision made by the Schools' Forum when the budget was set in March 2017, now adjusted by £80k for the better than expected carry forward of grant from 2016/17. This decision was taken after consideration of the three year position whereby it was forecast that the over spend can be paid back over two years assuming costs overall do not significantly increase and our DSG allocation remains at a similar level.
- 12.2 There are currently no significant variances to budget, though it is not usually until the Autumn term when changes to high risk budgets such as high needs top ups and early years payments become apparent.

## 13. Options for Consideration

- 13.1 Not applicable – factual report for information

## 14. Proposals

- 14.1 To note the forecast position and to review the budget movements processed in year detailed in Appendix E.

## 15. Conclusion

- 15.1 The Council is faced with delivering a savings programme of £4.712m in 2017/18 as well as addressing in year pressures as they arise, which are currently forecast to be £870k against a net revenue budget of £117.4 million. The Council has invested in identified pressure points as part of the 2017/18 budget process and will continue to maintain financial discipline, to ensure that the agreed savings programme is monitored and to find ways to offset the revenue over spend currently forecast. The Council has an excellent track record of managing the savings programme and minimising budget over spends, but if the forecast over spend of £870k remains at year end, it will impact on our reserves.

## 16. Consultation and Engagement

- 16.1 Nick Carter – Chief Executive, John Ashworth – Director, Rachael Wardell - Director

---

### Background Papers:

#### Subject to Call-In:

Yes: ☐ No: ☒

- 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



---

**Strategic Aims and Priorities Supported:**

The proposals will help achieve the following Council Strategy aim:

☒ **MEC – Become an even more effective Council**

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

☒ **MEC1 – Become an even more effective Council**

---

**Officer details:**

Name: Andy Walker  
Job Title: Head of Finance  
Tel No: 01635 519433  
E-mail Address: andy.walker@westberks.gov.uk

---

## Appendix B

### Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:**
    - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
    - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

<b>What is the proposed decision that you are asking the Executive to make:</b>	No decision
<b>Summary of relevant legislation:</b>	
<b>Does the proposed decision conflict with any of the Council's key strategy priorities?</b>	
<b>Name of assessor:</b>	Melanie Ellis
<b>Date of assessment:</b>	27.7.17

<b>Is this a:</b>		<b>Is this:</b>	
<b>Policy</b>	<b>No</b>	<b>New or proposed</b>	<b>No</b>
<b>Strategy</b>	<b>No</b>	<b>Already exists and is being reviewed</b>	<b>No</b>
<b>Function</b>	<b>No</b>	<b>Is changing</b>	<b>No</b>
<b>Service</b>	<b>No</b>		

<b>1. What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?</b>	
<b>Aims:</b>	
<b>Objectives:</b>	
<b>Outcomes:</b>	
<b>Benefits:</b>	

<b>2. Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.</b> (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
<b>Group Affected</b>	<b>What might be the effect?</b>	<b>Information to support this</b>
Age		
Disability		
Gender Reassignment		
Marriage and Civil		

Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
<b>Further Comments relating to the item:</b>		

<b>3. Result</b>	
<b>Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?</b>	<b>No</b>
<b>Please provide an explanation for your answer:</b>	
<b>Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?</b>	<b>No</b>
<b>Please provide an explanation for your answer:</b>	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

<b>4. Identify next steps as appropriate:</b>	
<b>Stage Two required</b>	
<b>Owner of Stage Two assessment:</b>	
<b>Timescale for Stage Two assessment:</b>	

Name:

Date:

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) ([rachel.craggs@westberks.gov.uk](mailto:rachel.craggs@westberks.gov.uk)), for publication on the WBC website.