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# Financial Performance 2017/18 - Quarter Two

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**Committee considering report:** Executive on 23 November 2017

**Portfolio Member:** Councillor Anthony Chadley

**Date Portfolio Member agreed report:** 9 November 2017

**Report Author:** Melanie Ellis

**Forward Plan Ref:** EX3304

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## 1. Purpose of the Report

1.1 To inform Members of the latest financial performance for 2017/18.

## 2. Recommendation

2.1 To ensure that Members are fully aware of the financial performance of the Council.

## 3. Implications

### 3.1 Financial:

The current financial forecast is an over spend of £603k against a net revenue budget of £117.4million. The forecast will have an impact on the level of the Council's reserves at year end if savings cannot be made to offset the over spend.

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 N/a – factual report for information.

## Executive Summary

### 5. Introduction / Background

- 5.1 This report presents the latest financial performance for the Council in respect of the 2017/18 financial year. The Quarter Two revenue forecast is an over spend of £603k against a net revenue budget of £117.4million, which is 0.5% of the net budget.

Directorate Summary	Current Net Budget	Forecast (under)/over spend				Change from Last Month	Change from Last Quarter
		Quarter One	Month Four	Month Five	Quarter Two		
	£000	£000	£000	£000	£000	£000	£000
Communities	62,896	870	949	1,158	952	-206	82
Economy and Environment	30,726	0	0	-99	-159	-60	-159
Resources	14,028	0	0	-26	-190	-164	-190
Capital Financing & Risk Management	9,760	0	0	0	0	0	0
Total	117,410	870	949	1,033	603	(430)	(267)

NB. Rounding differences may apply to nearest £k

- 5.2 The main driver of the forecast over spend is a £603k over spend in Adult Social Care. The over spend is as a result of increased complexity of client needs and inflationary pressures.
- 5.3 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. £392k has been released from the Adult Social Care risk reserve at Quarter Two, to help the service to combat some of the inflationary pressures. The remaining forecast over spend is before any further use of the risk reserves.
- 5.4 The Communities Directorate is forecasting an over spend of £952k against a budget of £62.9m. Adult Social Care is forecasting an over spend of £603k due to increased complexity of client needs and inflationary increases in commissioning services for both placements and homecare. At Quarter Two, £392k has been released from the Adult Social Care risk reserve to cover some of the inflationary pressures that the service is facing. The remaining items that are driving the Adult Social Care forecast over spend are provided against in the risk reserve. Children and Family Services is forecasting a £109k over spend as a result of a high cost residential placement, which is an identified risk in the service risk reserve. Education is forecasting an over spend of £240k due to pressures on disabled residential placements and staffing issues in the Disabled Children's Team. All other services are forecasting on line.
- 5.5 The Economy and Environment Directorate is forecasting an under spend of £159k against a budget of £30.7m. Development and Planning are forecasting an under spend of £118k due to an increase in the number of large planning applications and a general increase in planning activity. Public Protection and Culture are forecasting an over spend of £128k due to a payment from Kennet School for Kennet Leisure Centre of £43k which is still in dispute and the Activity Team experiencing reduced income. Transport and Countryside are forecasting an under spend of £169k due to additional car parking income together with early savings in Transport Services

including ending of leases for our Handybuses, increased income and savings on short term contracts.

- 5.6 The Resources Directorate is forecasting an under spend of £190k which is largely due to salary savings across a range of services.
- 5.7 Capital Financing and Risk Management is forecasting an on line position.
- 5.8 The Council set a revenue budget of £117.4million for 2017/18. In-year budget changes may be approved and the approval limits are set out in the Council's Financial Regulations. Details of budget movements during 2017/18 are included in Appendix E. The release of £392k from the Adult Social Care risk reserve requires Executive approval.
- 5.9 The budget for 2017/18 was set with a savings and income generation programme of £4.712m. The programme is monitored on a monthly basis.
- 5.10 The Council was awarded £1.37m in transition funding for 2017/18, which was allocated as £140k short breaks, £200k libraries and £30k Citizens Advice Bureau. The remaining £1m was used to create a Transformation Reserve 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.
- 5.11 Forecast capital spend in the year is currently £61.3million against a revised budget of £69.8 million, with 26.4% of the programme committed at Quarter Two. The revised budget includes budgets that were unspent at the end of 2016/17 which have been brought forward to 2017/18 to enable the completion of schemes already underway, additional S106 contributions to the programme and an additional £25 million budget approved for property investment in the current year.

Directorate	Original Budget £000	Revised Budget £000	Amount spent/ committed to 30/9/17 £000	Forecast spend in year £000	Forecast under/over spend in year £000
Communities	8,998	10,206	3,466	6,461	(3,745)
Environment	20,825	27,373	11,698	22,718	(4,655)
Resources	5,671	32,205	3,240	32,205	-
<b>Total all services</b>	<b>35,494</b>	<b>69,784</b>	<b>18,404</b>	<b>61,384</b>	<b>(8,400)</b>

- 5.12 The Dedicated Schools Grant (DSG) has a budgeted over spend which was approved by the Schools Forum in March 2017, after consideration of the three year position. The budgeted over spend currently stands at £804k. The Quarter Two forecast position is to be £11k over this budgeted over spend.

## 6. Proposal

- 6.1 To note the forecast position and to review the budget movements processed in year detailed in Appendix E.
- 6.2 To approve the release of £392k from the Adult Social Care risk reserve to help the service combat some of the inflationary pressures it is facing.

## 7. Conclusion

- 7.1 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 £603k 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 remains at year end, it will impact on our reserves.

## 8. Appendices

- 8.1 Appendix A – Equalities Impact Assessment
- 8.2 Appendix B – Supporting Information
- 8.3 Appendix C – Summary Revenue Forecast 2017/18
- 8.4 Appendix D – Summary Capital Forecast 2017/18
- 8.5 Appendix E – Summary of Revenue Budget Movements

## Appendix A

### 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>	6.10.17

<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>	No
<b>Owner of Stage Two assessment:</b>	
<b>Timescale for Stage Two assessment:</b>	

Name: Melanie Ellis

Date: 6 October 2017

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.