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# Financial Performance Report 2017/18

## Quarter Two – Supporting Information

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### 1. Introduction

- 1.1 The financial performance reports provided to Members throughout the financial 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.
- 1.2 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 increases in commissioning services for both placements and home care. Education is forecasting an over spend of £240k and Children and Family Services are forecasting a pressure of £109k, both as a result of placement pressures. The remainder of the Communities Directorate is on line. Both the Economy & Environment and Resources Directorates are forecasting under spends.
- 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. £392k has been released from the Adult Social Care risk reserve at Quarter Two, to help combat some of the inflationary pressures the service is facing. The remaining forecasts are before any further use of the 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 The release of £392k from the Adult Social Care Risk Reserve requires Executive approval. This is to cover some of the inflationary pressures that the service is facing. There are no further budget changes in Quarter Two that require Executive approval. A table summarising budget movements is included at Appendix E.

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

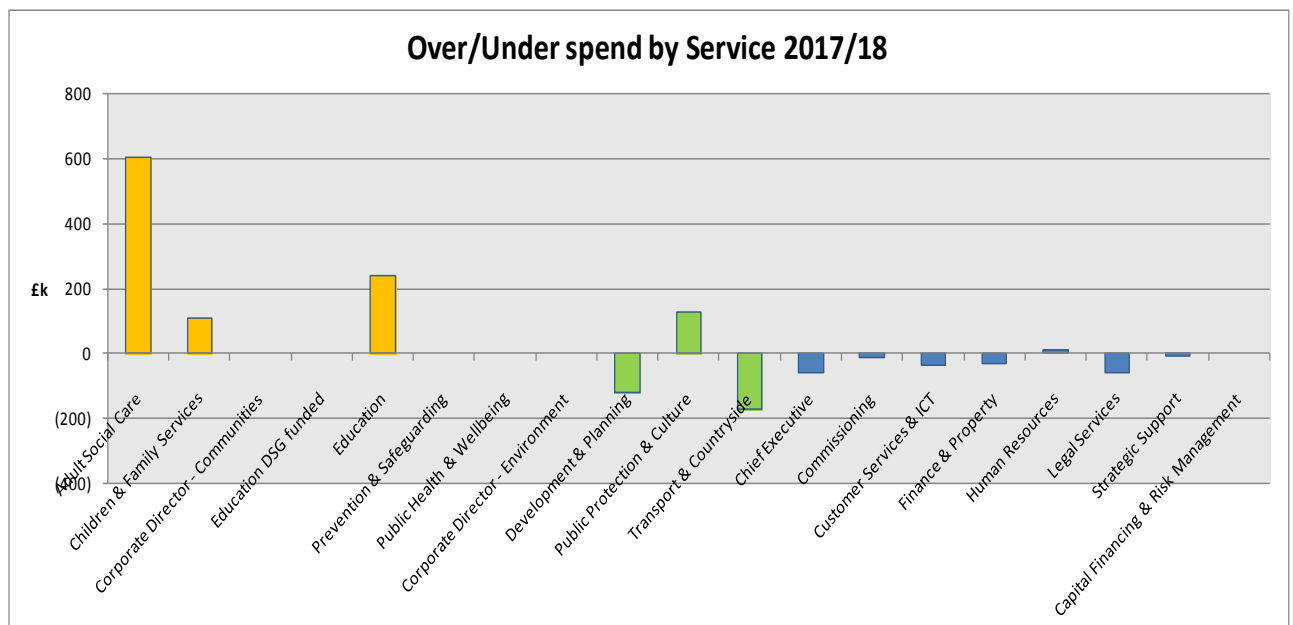
- 3.1 In order to meet the funding available, the 2017/18 revenue budget was built with a £4.712m savings and income generation programme. The programme is monitored on a monthly basis.

#### 4. Summary Revenue Forecast

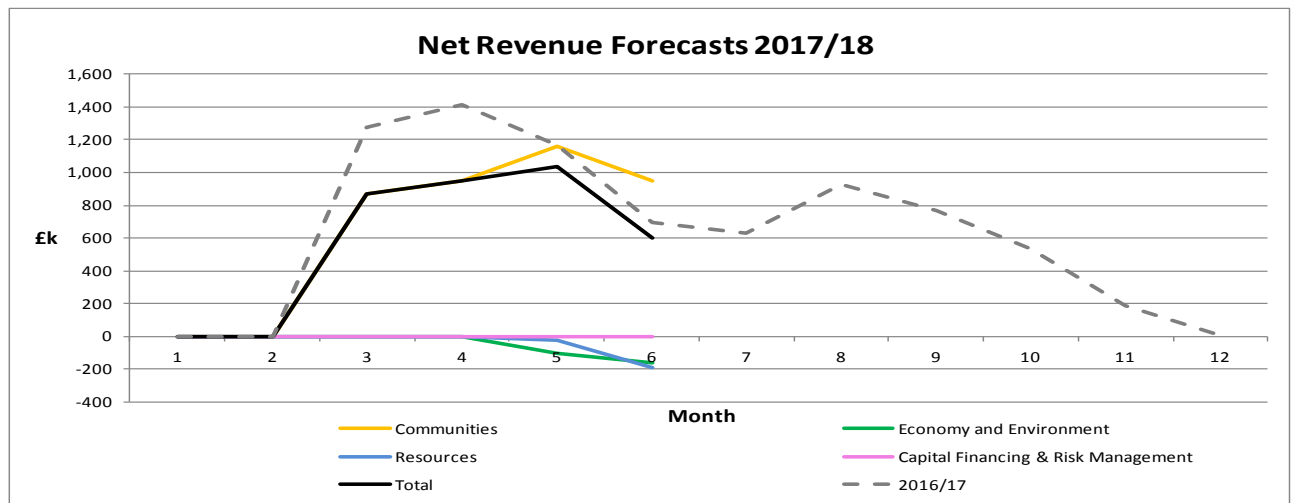
Directorate Summary	Current Net Budget	Forecast (under)/over spend				Change from Last Month	Change from Last Quarter
		Quarter One	Month Four	Month Five	Quarter Two		
	£000	£000	£000	£000	£000	£000	£000
<b>Communities</b>	<b>62,896</b>	<b>870</b>	<b>949</b>	<b>1,158</b>	<b>952</b>	<b>-206</b>	<b>82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

NB. Rounding differences may apply to nearest £k

- 4.1 At Quarter Two the Council's revenue forecast is an over spend of £603k 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 £603k. The following chart shows the monthly forecasts through 2017/18, with a 2016/17 comparison.



## 5. Communities Directorate Quarter Two Review

Communities	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
Adult Social Care	38,736	891	949	992	603	(389)	(288)
Children & Family Services	15,716	0	0	0	109	109	109
Corporate Director - Communities	211	0	0	0		0	0
Education DSG funded	(523)	0	0	0		0	0
Education	7,496	(21)	0	175	240	65	261
Prevention & Safeguarding	1,052	0	0	(9)		9	0
Public Health & Wellbeing	209	0	0	0		0	0
<b>Communities</b>	<b>62,896</b>	<b>870</b>	<b>949</b>	<b>1,158</b>	<b>952</b>	<b>-206</b>	<b>82</b>

- 5.1 The forecast revenue over spend for the Communities Directorate is £952k against a net budget of £62.9million. This is an increase in the forecast over spend of £82k from Quarter One. The increase is the result of additional pressures on demand led budgets across Adult Social Care, Children's placements and Disabled Children's placements in Education Services. £392k has been released from the Adult Social Care Risk Reserve to cover some of the inflationary pressures that the service is facing.
- 5.2 The revenue budget for the Communities Directorate 2017/18 was built with a savings programme of £2.1m.

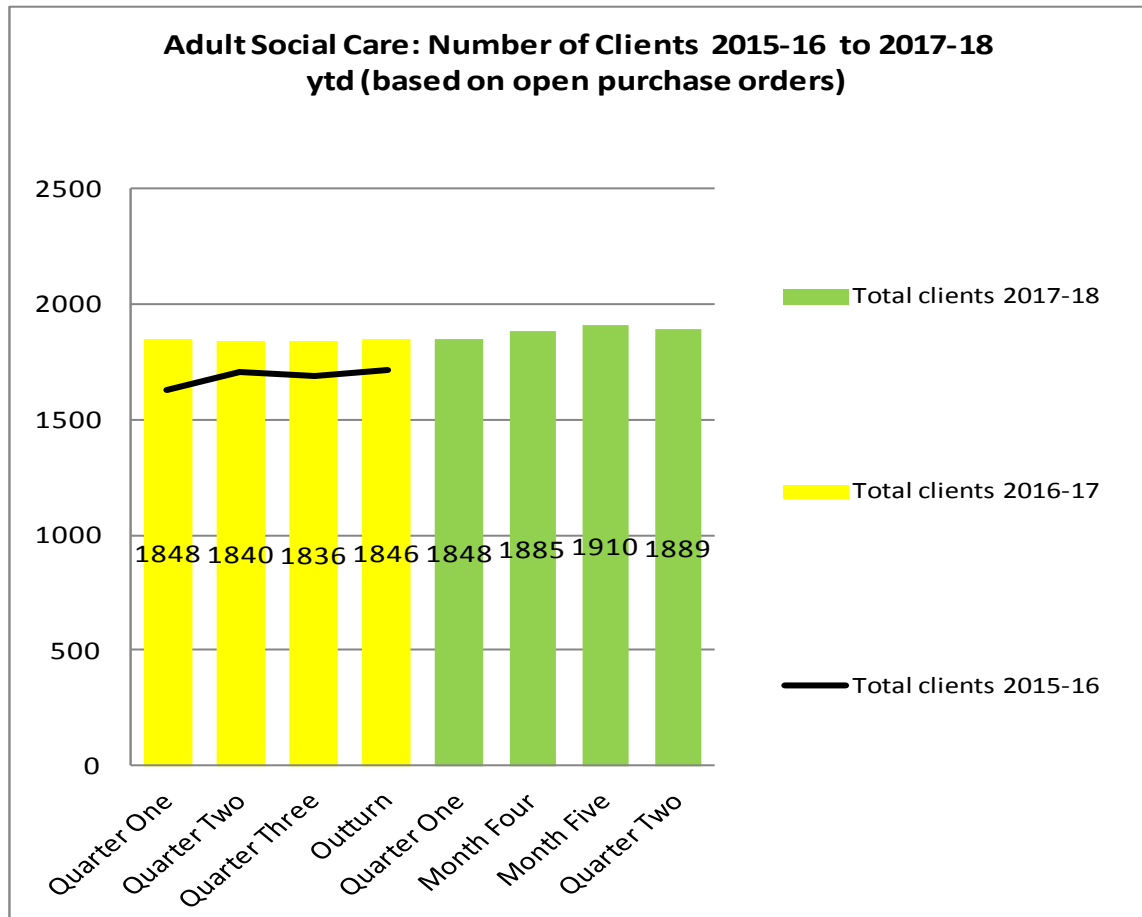
### (1) Adult Social Care

Adult Social Care is forecasting an over spend of £603k as at Quarter Two, which is a £288k decrease from Quarter One. The over spend is a result of increased complexity of client needs and inflationary increases in commissioning services for both placements and home care. The over spend is summarised as follows:

Explanation of ASC Forecast Over Spend	£000
Inflationary increases	169
Provider Services agency cover, due to being a regulated service	74
National Living Wage increases from providers	88
Increase to existing client costs due to loss of family support	132
Delayed Transfers of Care - fines	31
Delayed Transfers of Care - higher rates paid for homecare	15
Increased costs due to complexity of care	27
Deprivation of Liberty Safeguards	67
<b>Total</b>	<b>603</b>

All the items driving the current forecast over spend are provided against in the risk reserve. £392k has been released into the service to help combat some of the inflationary pressures. The remaining forecast over spend is before any further use of the risk reserve.

Client numbers accessing services are monitored weekly; overall client numbers have remained relatively constant during 2016/17 and comparable reporting periods in 2017/18.



The forecast pressure has decreased by £288k since Quarter One as a result of releasing £392k from the risk reserve. Increased pressures in other areas are predominantly due to interim management arrangements at a regulated care home and Great Western Hospital seeking fines for delayed transfers of care. 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 a £109k over spend as at Quarter Two which is a £109k change from the on line position forecast at Quarter One.

The change to the Quarter One position is the result of a high cost residential placement which has resulted in the placement budget generating a forecast pressure of £192k. The forecast over spend is being partially mitigated through salary savings within the Targeted Intervention Service.

The Children & Family Services risk reserve is £386k, the over spend relates to identified risks and therefore the risk reserve could be utilised to offset the over spend, should Members decide to do so.

### (3) Education

The Education Service is forecasting a pressure of £240k at Quarter Two compared to an under spend of £21k at Quarter One. Since Quarter One there have been two new residential placements of children with disabilities and there are significant staffing issues within the Disabled Children's Team, resulting in large agency costs. Overall pressures on the budgets for support for Children with disabilities amount to approximately £330,000.

However £48k additional eligible expenditure has been identified which can be charged to the European Social Fund Elevate project. Also since the start of the new school year, there is a more accurate forecast of the Home to School Transport costs, which shows that income from charging for mainstream transport is now expected to be about £40k higher than budgeted. These two savings help to offset the pressure on support for Children with disabilities.

### (4) Prevention & Safeguarding

The Service is forecasting an on line position at Quarter Two, the position is unchanged from the forecast at Quarter One.

### (5) Public Health & Wellbeing

Public Health is forecasting to budget within the Public Health ring fenced grant. The Service has identified an under spend within the salaries budget, this will be transferred to the Public Health reserve at outturn.

## 6. Economy and Environment Directorate Quarter Two Review

Economy and Environment	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
Corporate Director - Environment	174	0	0	0	0	0	0
Development & Planning	2,549	(121)	(95)	(113)	(118)	(5)	3
Public Protection & Culture	4,028	121	95	114	128	14	7
Transport & Countryside	23,975	0	0	(100)	(169)	(69)	(169)
<b>Economy and Environment</b>	<b>30,726</b>	<b>0</b>	<b>0</b>	<b>(99)</b>	<b>(159)</b>	<b>(60)</b>	<b>(159)</b>

6.1 The Directorate is currently forecasting a £159k under spend against a budget of £30.7m. The revenue budget for the Economy and Environment Directorate was built with a savings programme of £1.66m.

### (1) Development & Planning

The Service is forecasting an under spend of £118k which is due to an increase in the number of large planning applications together with a general increase in

planning activity. Pressures due to emergency repairs to our homeless accommodation have been managed within the Service.

## (2) Public Protection & Culture

The Service is forecasting an over spend of £128k. The majority of this is 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 of £80k. Salary savings and an early saving of the grant payment to the Watermill Theatre have helped reduce the pressure within the Service.

## (3) Transport & Countryside

Transport and Countryside is forecasting an under spend of £169k. This is mainly due to additional income from car parking of £220k together with early savings within Transport Services including the ending of leases for our Handybuses, increased income from public transport operations and savings on short terms contracts.

Pressures arising from increased repairs to the highway, emergency repairs to the Aldermaston Wharf Bridge and an increase to the forecast street lighting electricity cost have been managed within the Service.

The change in the forecast from Quarter One is mainly due to the forecast of additional income from Car Parking.

## 7. Resources Directorate Quarter Two Review

Resources	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
Chief Executive	880	0	0	0	(57)	(57)	(57)
Commissioning	1,275	0	0	0	(12)	(12)	(12)
Customer Services & ICT	3,200	0	0	(5)	(36)	(31)	(36)
Finance & Property	3,717	0	0	(21)	(31)	(10)	(31)
Human Resources	1,536	0	0	0	12	12	12
Legal Services	1,059	0	0	0	(58)	(58)	(58)
Strategic Support	2,361	0	0	0	(8)	(8)	(8)
<b>Resources</b>	<b>14,028</b>	<b>0</b>	<b>0</b>	<b>(26)</b>	<b>(190)</b>	<b>(164)</b>	<b>(190)</b>

7.1 The Directorate is currently forecasting £190k under spend on a budget of £14m. The 2017/18 budget for Resources was built with a £694k saving.

### (1) Chief Executive

The Chief Executive is reporting an under spend of £57k which is mainly due to salary savings whilst a team member is on secondment and savings against training and corporate management budgets.

**(2) Commissioning**

Commissioning is reporting an under spend of £12k from salary savings and small savings against supplies and services budgets.

**(3) Customer Services and ICT**

The Service is reporting a £36k under spend due to salary savings from vacant posts and a wide area network saving.

**(4) Finance and Property**

The Finance and Property Service is forecasting an overall under spend of £31k. There are small pressures in rental income and card charges. There are under spends in salaries due to some vacant hours and as a result of capitalising part of a post, and there is lower than forecast spend on energy costs in the corporate buildings.

**(5) Human Resources**

Human Resources is reporting an over spend of £12k due to an under achieving income target on lease car scheme admin fees as lease cars have been handed back or terminated.

**(6) Legal Services**

Legal Services is reporting an under spend of £58k due to salary savings and lower use of locums than anticipated.

**(7) Strategic Support**

Strategic Support is reporting an overall under spend of £8k. There are pressures against the land charges income target and minor pressures arising against a number of supplies and services budgets. Offsetting this there are a number of salary savings due to vacant posts and reduced hours.

**8. Risks**

In response to the volatility of some of the Council's demand led budgets, a number of service specific risk reserves have been established. During 2016/17 a number of these risks occurred and led to budgetary pressures. However, the final outturn position enabled the Council to cover the budgetary pressures without calling on the reserves. The Quarter Two forecasts are before any further use of the 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 Two Review

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

## 11. Capital – Quarter Two Review

Capital Position as at Quarter Two:

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>

11.1 Forecast capital spend in the year is now £61.3million against a revised budget of £69.8 million. 26.4% of the 2017/18 capital programme is committed as at the end of Quarter Two. 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. The changes include 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, additional S106 contributions allocated to the programme and the additional £25 million budget approved for property investment in the current year. As no significant spend had been incurred on the property investment project by the end of September, this makes the level of commitment against the current budget look very low, but if this budget were excluded, the overall level of commitment would be 41%.



## 11.2 Communities Directorate Capital Review

Service	Original Budget	Revised Budget	Amount spent/ committed to 30/9/17	Forecast spend in year	Forecast under/over spend in year
	£000	£000	£000	£000	£000
Adult Social Care	1,185	1,607	380	1,607	-
Children and Family Services	20	32	0	32	-
Education Services	7,793	8,567	3,086	4,822	- 3,745
<b>Total</b>	<b>8,998</b>	<b>10,206</b>	<b>3,466</b>	<b>6,461</b>	<b>(3,745)</b>

34% of the Communities programme is committed as at the 30th September 2017.

There is a significant increase to the forecast under spend on the Education Programme. This is mainly due to the decision to retender the contract for the new Highwood Copse primary school and to delay the opening of the school until September 2019 in order to achieve better value for money. The majority of the current year budget for this scheme (£2.5m) is now expected to be reprofiled to 2018/19.

The current year capital budget for Children and Family Services is now expected to be used for adaptations to West Point to accommodate staff moves, rather than on building works to foster carers' homes, but the cost of the planned works has not yet been fully estimated.

In Adult Social Care there has been some pressure on the cost of equipment and maintenance for care homes, but it is currently expected that this can be met from the existing budget.

## 11.3 Economy and Environment Directorate Capital Review

Service	Original Budget	Revised Budget	Amount spent/ committed to 30/9/17	Forecast spend in year	Forecast under/over spend in year
	£000	£000	£000	£000	£000
Development and Planning	4,748	7,295	2,832	7,295	-
Public Protection & Culture	804	1,588	415	1,588	-
Transport & Countryside	15,273	18,490	8,451	13,835	- 4,655
<b>Total</b>	<b>20,825</b>	<b>27,373</b>	<b>11,698</b>	<b>22,718</b>	<b>- 4,655</b>

42.7% of the Economy and Environment programme is either spent or committed as at the 30th September 2017.

In Development and Planning there are delays and a likely cost increase to the redevelopment of the Four Houses Corner gypsy and travellers site because of continuing problems with relocating some of the residents. The impact of the delay on spend in the current year and on the overall cost of the project has not yet been fully assessed but is expected to be reported at the end of quarter 3.

In Transport and Countryside, a total of £4.7m is expected to be reprofiled, mainly to 2018/19, in respect of the Dunston Park Flood Alleviation scheme, improvements to the Robin Hood Roundabout, the Sandleford access road, the Kings Road Link and the Wharf Interchange.

The Public Protection and Culture programme is progressing well.

#### 11.4 Resources Directorate Capital Review

Service	Original Budget	Revised Budget	Amount spent/ committed to 30/9/17	Forecast spend in year	Forecast under/over spend in year
	£000	£000	£000	£000	£000
Customer Services and ICT	4,083	5,067	1,701	5,067	-
Chief Executive	15	66	3	66	-
Finance and Property	1,409	26,738	1,469	26,738	-
Human Resources	48	69	33	69	-
Strategic Support	116	265	34	265	-
<b>Total</b>	<b>5,671</b>	<b>32,205</b>	<b>3,240</b>	<b>32,205</b>	<b>-</b>

10.1% of the Resources programme is committed as at the 30th September 2017. This is based on the total budget including the additional £25m budget for purchase of investment property. If this budget were excluded then 45% of the remaining budget would be committed.

No variance is currently forecast for the Resources capital programme. However, it is likely that part of the budget for the Superfast Broadband project will need to be reprofiled at the end of quarter 3. Progress with the property investment programme will also be reviewed over the next quarter which may have a significant effect on the outturn for the service grouping.

## 12. Dedicated Schools Grant – Quarter Two Review

- 12.1 The Month Six Report on the Dedicated Schools Grant (DSG) was taken to the Schools Forum on 30<sup>th</sup> October 2017. The 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.

## 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.
- 14.2 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.

## 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 £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.

## 16. Consultation and Engagement

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

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### Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input checked="" type="checkbox"/>

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### 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**

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