
Financial Performance 2017/18 - Quarter Three

Committee considering report:	Executive on 19 February 2018
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	6 February 2018
Report Author:	Melanie Ellis
Forward Plan Ref:	EX3305

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 £860k against a net revenue budget of £117.4million. This report proposes the release of £509k from the Adult Social Care risk reserve and the figures in this report show the over spend after the release of reserves. If the reserve were not released, the over spend would be £1.37m.

The forecast will have an impact on the level of the Council's reserves at year end if the over spend cannot be brought down by year end.

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 Three revenue forecast is an over spend of £860k against a net revenue budget of £117.4million, which is 0.7% of the net budget. This report proposes the release of £509k from the Adult Social Care risk reserve and the figures in this report show the over spend after the release of reserves. If the reserve were not released, the over spend would be £1.37m.
- 5.2 The main driver of the forecast over spend is a £485k over spend in Adult Social Care after the proposed release of a further £509k from the risk reserve. The over spend is as a result of commissioning rates continuing to increase above the rate of inflation for both homecare and placements in care homes.

Directorate Summary	Current Net Budget	Forecast (under)/over spend							Change from Last Quarter
		Quarter One	Month Four	Month Five	Quarter Two	Month Seven	Month Eight	Quarter Three	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Communities	63,247	870	949	1,158	952	913	1,466	966	14
Economy and Environment	31,963	0	0	-99	-159	-118	-37	126	285
Resources	13,691	0	0	-26	-190	-41	-191	-232	-42
Capital Financing & Risk Management	8,509	0	0	0	0	0	0	0	0
Total	117,410	870	949	1,033	603	754	1,238	860	257

NB. Rounding differences may apply to nearest £k

- 5.3 The Communities Directorate is forecasting an over spend of £966k, a £14k increase from Quarter Two. The main driver is a £485k over spend in Adult Social Care. The over spend is as a result of commissioning rates continuing to increase above the rate of inflation for both homecare and placements in care homes. There has been a small increase in client numbers and an increase in the complexity, with two new clients in the last two months with significant care needs. We are experiencing a challenging market with one homecare provider withdrawing and one care home closing, which is impacting on the rates we are able to commission care packages at. At Quarter Two, £392k was released from the Adult Social Care risk reserve to cover some of the inflationary pressures that the service is facing and this report proposes the release of a further £509k.
- 5.4 Children and Family Services are forecasting a pressure of £389k, an increase of £280k from last quarter. Education is forecasting an over spend of £364k, an increase of £124 from last quarter. The Education and Children's over spends are both predominantly as a result of residential placement pressures. The increase from last quarter is due to additional placement costs together with staffing and agency pressures. Public Health is forecasting an under spend of £300k which will be used to cover the cost of other directorate activity, where this contributes to Public Health outcomes. The remainder of the Communities Directorate is on line.
- 5.5 The Economy and Environment Directorate is forecasting an over spend of £126k which has changed from an under spend of £159k at Quarter Two. Development and Planning are forecasting an under spend of £101k due to an increase in the number of large planning applications together with a general increase in planning

activity together with additional income from CIL which was carried forward from 2016/17. Public Protection and Culture are forecasting an over spend of £236k. £132k of this is as a result of a delay to the potential handover of the Activity Team, with negotiations underway to resolve this. The remainder of the over spend is in libraries and Shaw House budgets. Transport and Countryside are forecasting an under spend of £9k, a reduction of £160k from last quarter. There has been increased car parking income together with a number of savings in Transport Service including the ending of leases for our Handybuses, increased income from public transport operations and savings on short term contracts. However these savings have been offset by additional maintenance requirements in the car parks, pressures on the emergency budgets due to adverse weather and emergency repairs to bridges.

- 5.6 The Resources Directorate is forecasting an under spend of £232k, which is an increase of £420k from last quarter. The under spend is largely due to salary savings across a range of services.
- 5.7 In response to the volatility of some of the Council's budgets, three service specific risk reserves were 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 was released from the Adult Social Care risk reserve at Quarter Two, to help the service to combat some of the inflationary pressures and this report proposes the release of a further £509k. The remaining forecast over spend is before any further use of the risk reserves. After this proposed release, the reserves would stand at £1m for Adult Social Care, £386k for Children and Family Services and £50k for Legal Services.
- 5.8 Capital Financing and Risk Management is forecasting an on line position.
- 5.9 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 reported quarterly and are shown in Appendix E. The release of the risk fund requires Executive approval at Quarter Three.
- 5.10 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 using the RAG system. At Quarter Three £226k of risks are Red (5%), £377k Amber (8%) and £4.1m Green (87%). Plans are in place to enable the achievement of these savings targets on an ongoing basis from 2018/19.
- 5.11 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. Transformation funds so far allocated are £225k for an invest-to-save scheme in corporate commissioning, £74k for an apprenticeship levy coordinator post, £5k for the emotional health academy, £12k for the Legal Services shared service advice and £28k for Family Hub transformation.
- 5.12 Forecast capital spend in the year is now £55million against a revised budget of £68.2 million. 38% of the 2017/18 capital programme is committed as at the end of

Quarter Three. A breakdown of capital spend and commitments to date is shown in Appendix D.

Directorate	Original Budget £000	Revised Budget £000	Amount spent/ committed to 31/12/17 £000	Forecast spend in year £000	Forecast under/over spend in year £000
Communities	8,998	10,741	4,313	5,929	(4,812)
Environment	20,825	25,188	13,737	20,006	(5,182)
Resources	5,671	32,238	7,531	29,107	(3,131)
Total all services	35,494	68,167	25,581	55,042.00	(13,125)

- 5.13 There is a budgeted over spend of £804k in the Dedicated Schools Grant. A budgeted over spend of £844k was approved by the Schools Forum in March 2017, after consideration of the three year position, as it was forecast that the over spend could be paid back over two years. The month nine forecast position against the revised budget of £804k, is a £7k over spend.

6. Proposal

- 6.1 To note the forecast position and to review the budget movements processed in year detailed in Appendix E, and approve the release of £509k from the Adult Social Care risk reserve.

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 £860k 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
- 8.6 Appendix F – Savings and Income Generation Programme Risk Items

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.

What is the proposed decision that you are asking the Executive to make:	No decision
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's key strategy priorities?	
Name of assessor:	Melanie Ellis
Date of assessment:	18.1.18

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

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

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. (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.)		
Group Affected	What might be the effect?	Information to support this
Age		
Disability		
Gender Reassignment		
Marriage and Civil		

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

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

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](#).

4 Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name:

Date:

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