
Revenue Financial Performance 2017/18 - Provisional Outturn

Committee considering report:	Executive on 14 June 2018
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	5 June 2018
Report Author:	Melanie Ellis
Forward Plan Ref:	EX3306

1. Purpose of the Report

1.1 To inform Members of the provisional revenue outturn for 2017/18.

2. Recommendations

2.1 To ensure that Members are fully aware of the financial performance of the Council and approve the provisional outturn report.

2.2 To refer the paper to Budget Scrutiny Group for further review.

3. Implications

3.1 Financial:

The provisional outturn is an over spend of £276k against a net revenue budget of £117.4million. The forecast will mean a reduction in the level of the Council's General Reserves.

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 provisional revenue outturn for the Council in respect of the 2017/18 financial year, subject to the final result of the closedown and External Audit. The provisional revenue outturn is an over spend of £276k against a net revenue budget of £117.4million, which is 0.23% of net budget. This will lead to a reduction in the General Fund. The final outturn is a decrease of £584k from Quarter Three, predominantly due to further under spends in Economy & Environment and Resources Directorates.

Directorate Summary	Current Net Budget	Forecast (under)/over spend				Change from Last Quarter
		Quarter One	Quarter Two	Quarter Three	Year End	
	£000	£000	£000	£000	£000	£000
Communities	61,095	870	952	966	1,076	110
Economy and Environment	30,501	0	-159	112	-279	-391
Resources	13,079	0	-190	-218	-575	-357
Capital Financing & Risk Management	12,735	0	0	0	54	54
Total	117,410	870	603	860	276	(584)

NB. Rounding differences may apply to nearest £k

- 5.2 The revenue over spend for the Communities Directorate is £1.07million against a net budget of £61.1million. This is a £110k increase from the forecast over spend at Quarter Three. Pressures were incurred during the financial year on demand led budgets across Adult Social Care, children's placements and support for children with disabilities in Education Services. The directorate has taken measures to mitigate the over spend, including utilising one off funding from reserves and approval for the use of Public Health funding to cover the cost of activity which supports Public Health outcomes.

- (1) The Adult Social Care outturn is an over spend of £446k, largely attributable to commissioning rates continuing to increase above the rate of inflation. The service had a savings target of £895k of which £266k were not achieved, largely due to implementation of the New Ways of Working strategy being slower than anticipated. During the financial year £1.89million of one off in year funding has been utilised to support the budget. This comprises £901k of one off funding previously released from the Adult Social Care risk reserve, £163k further release from the risk reserve at year end, £526k of s106 monies and £300k of one off Public Health funding.
- (2) Children and Family Services outturn position is an over spend of £226k. The outturn position reflects the release of £348k of one off funding from the Children & Families risk reserve. The financial pressure in the service is the result of demand on the residential placements budget and Childcare Lawyers joint arrangement, together with additional staffing and agency costs required to deliver the social worker recruitment and retention programme.
- (3) The Education outturn position is an over spend of £381k, as a result of demand on the budgets for supporting children with disabilities,

increasing costs for residential and community care packages, and higher than expected costs of agency staff and social worker recruitment and retention payments.

(4) The remainder of the Communities Directorate is on line.

- 5.3 The Economy & Environment Directorate has a revenue under spend of £279k against a net budget of £32million. This is a £391k change from the £112k over spend forecast at Quarter Three. Development & Planning under spent by £347k, Transport & Countryside closed in a break even position and Public Protection & Culture had a small over spend.
- 5.4 The Resources Directorate outturn is a £575k under spend against a budget of £13.08 million net. This is an increase of £357k from the Quarter Three forecast of £218k underspend. All services are reporting under spends.
- 5.5 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. During the year, £901k was released from the Adult Social Care risk reserve to help combat some of the inflationary pressures the service is facing. The outturn position reflects the release of a further £163k from the Adult Social Care risk reserve and the release of £348k from the Children & Family Services risk reserve.
- 5.6 Net income on interest earned from investments was £34k below target because market interest rates remained very low throughout the financial year 2017/18 and there was a shortfall against the target for cheques written back. This shortfall was offset by lower than expected interest paid on long term loans to fund capital expenditure.
- 5.7 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. Details of budget movements during 2017/18 are reported quarterly and budget changes that require Executive approval are included at Appendix G.
- 5.8 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 has been monitored throughout the year on a monthly basis using the RAG traffic light system. At outturn, £343k of risks were Red (7%) and £4.4m Green (93%). Plans are in place to enable the achievement of these savings targets on an ongoing basis from 2018/19.
- 5.9 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, £28k for Family Hub transformation, £216k for the New Ways of Working Project and £5k for Adult Social Care transport review.

- 5.10 The Dedicated Schools Grant (DSG) is the main source of funding for schools and the outturn position was an over spend of £14k. This is an excellent result in the context that the budget was set with a planned over spend of £844k. The Schools Block had an under spend of £413k, the Early Years Block an over spend of £118k and the High Needs Block an over spend of £309k.

6. Proposal

- 6.1 To note the provisional outturn position.
- 6.2 To refer the paper to Budget Scrutiny Group for review.

7. Conclusion

- 7.1 The Council was faced with delivering a savings programme of £4.712m in 2017/18, which it has successfully done, achieving 93% of savings plans. The Council has addressed in year over spends and has brought the over spend down from £1m at Quarter Three to a provisional over spend of £276k. This has been achieved against a net revenue budget of £117.4 million.
- 7.2 The Council invested in identified pressure points as part of the 2018/19 budget setting process and will continue to maintain financial discipline, to ensure that the agreed savings programme is monitored throughout 2018/19. The Council has an excellent track record of managing the savings programme and minimising budget over spends, and the overall impact of the 2017/18 outturn is a reduction in our General Reserve of £276k.

8. Appendices

- 8.1 Appendix A – Equalities Impact Assessment
- 8.2 Appendix B – Supporting Information
- 8.3 Appendix C – Summary Revenue Outturn 2017/18
- 8.4 Appendix D – Savings and Income Generation Programme Risk Items
- 8.5 Appendix E – Summary of Revenue Budget Movements
- 8.6 Appendix F - Service Specific Risk Reserves
- 8.7 Appendix G - Transition and Transformation Funding

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:	8.5.18

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.