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# Revenue Financial Performance 2017/18

## Provisional Outturn – Supporting Information

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### 1. Introduction

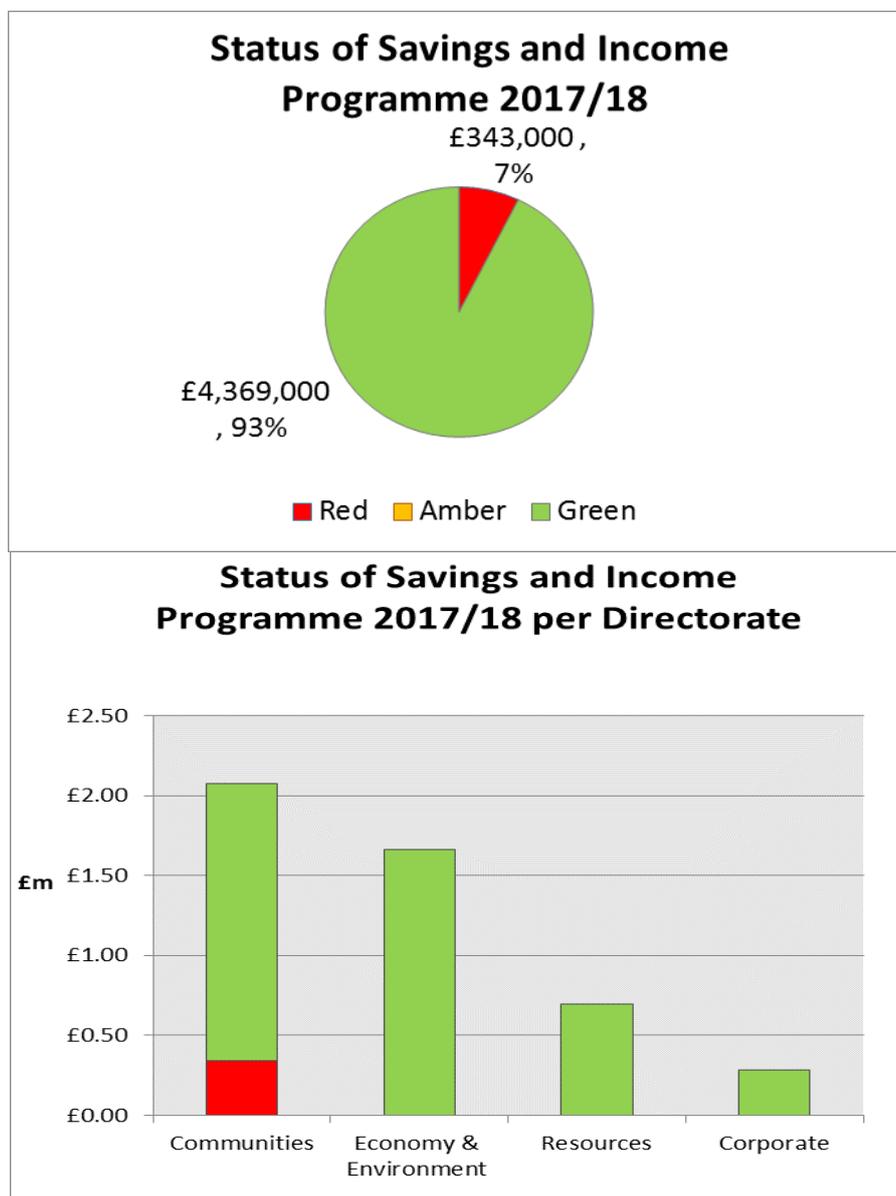
- 1.1 The financial performance reports provided to Members throughout the financial year report the under or over spend against the Council's approved budget. This report presents the provisional revenue outturn for the Council in respect of the 2017/18 financial year. It should be noted that these figures are provisional and may change as a result of closedown or External Audit.
- 1.2 The net revenue expenditure in 2017/18 was £117.7m against a budget of £117.4m resulting in a provisional year end over spend of £276k or 0.23% of net budget. The forecast over spend has decreased by £584k from Quarter Three.
- 1.3 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 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. 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.
- 1.4 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.
- 1.5 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.
- 1.6 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.

## 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 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. Budget changes are summarised at Appendix G. There are no changes requiring Executive approval at Quarter Four.

## 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 has been monitored throughout the year on a monthly basis using the RAG traffic light system. The status of the programme is shown in the following charts:



3.2 Explanations for red saving and mitigation plans:

**Adult Social Care: £266k red.**

Adult Social Care 2017/18 budget was built with £895k of savings, £629k of which were green at the year end. £266k of savings were unachieved / red at the year end.

The Transforming Lives learning disability client review had a £350k target of which £293k was achieved, primarily through the attainment of Continuing Health Care (CHC) contributions for existing client packages. The service was unable to achieve the full target due to time taken to review packages and where required obtain Court of Protection approval to amend packages. As a result £57k of the target was unachieved at the year end. The project is continuing and the service is also looking at options to deliver the savings from increased capacity in Shared Lives. These initiatives should ensure that the target can be met on an ongoing basis into 2018/19.

The £209k savings target against New Ways of Working was unachieved at the year end. The transfer to a new system has meant that quantification of success against the saving target has been problematic. This, paired with difficulty in recruiting skilled social workers and occupational therapists, has resulted in the implementation of the strategy being slower than anticipated. However, positive impacts of the strategy have been identified, with the average age of clients accessing services increasing to roughly 80 years of age. The impact of not achieving this saving in 2017/18 is reflected in the commissioning budget over spend. Work is being undertaken to develop key performance indicators within the service in order to robustly identify and track delivery of identified savings in 2018/19.

**Children & Family Services: £30k red.**

Children & Family Services 2017/18 budget was built with £527k of savings, £497k of which are green at the year end. £30k of savings were unachieved / red at the year end.

There was a target saving of £30k for Childcare Lawyers which was dependent on Court demand. During the last quarter of the financial year the joint arrangement has incurred a financial pressure of £200k relating to a complex case currently processing through court so the saving has not been achievable.

**Prevention and Safeguarding: £47k red.**

Prevention and Safeguarding 2017/18 budget was built with £115k of savings, £68k of which are green at the year end. £47k of savings are unachieved / red at the year end.

A £7k income generation target within Quality Assurance and Safeguarding Service (QASS) has not been achieved as a result of a long period of sickness and subsequent change of management in year.

£20k of income assigned to the development of the Emotional Health Academy was not achieved. School investment into the academy has been challenging to due to financial pressures.

£20k of consultancy income was not achieved due to capacity issues.

The prevention and Safeguarding Service functions are being reallocated across Adult Social Care, Children & Family Services and Education Services for 2018/19. As part of the reallocation process, the budgets are subject to review and income targets are being rebuilt to reflect achievable targets in light of the departure of key members of staff and growing financial pressures in external parties limiting the capacity of the service to generate income. Unachievable income targets will be replaced with a general in year efficiency target for reallocation by the Corporate Director and Senior Management Team in 2018/19.

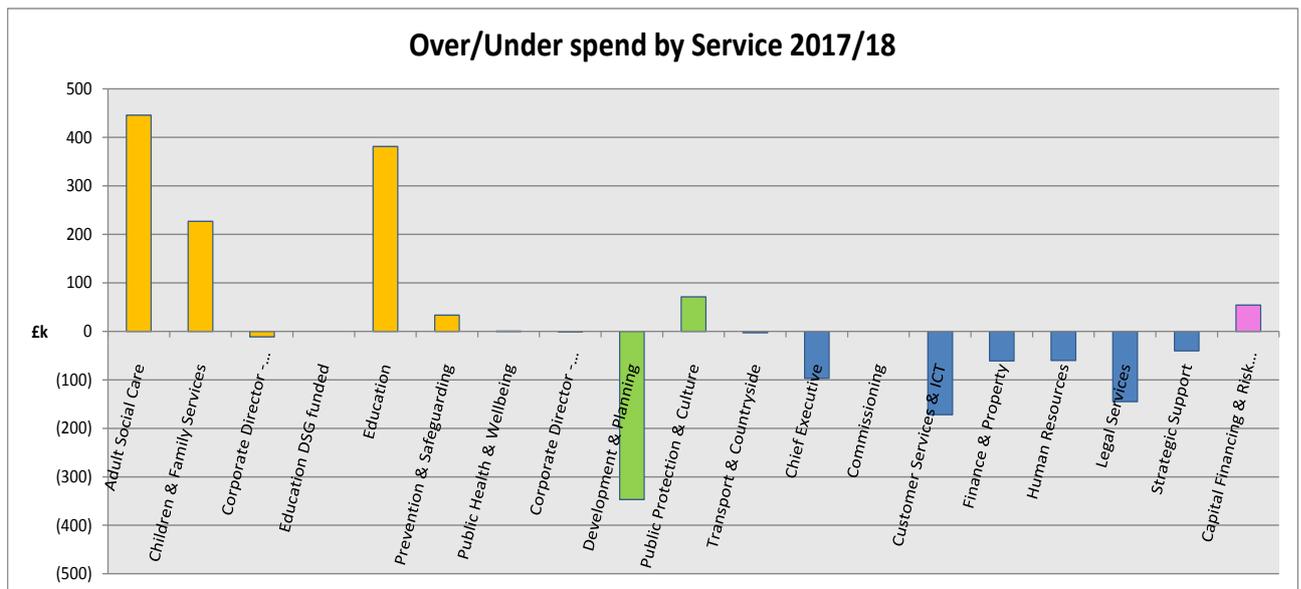
Appendix D provides further detail of the savings and income generations items that were not met.

#### 4. Provisional Revenue Outturn 2017/18

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
<b>Communities</b>	61,095	870	952	966	1,076	110
<b>Economy and Environment</b>	30,501	0	-159	112	-279	-391
<b>Resources</b>	13,079	0	-190	-218	-575	-357
<b>Capital Financing &amp; Risk Management</b>	12,735	0	0	0	54	54
<b>Total</b>	117,410	870	603	860	276	(584)

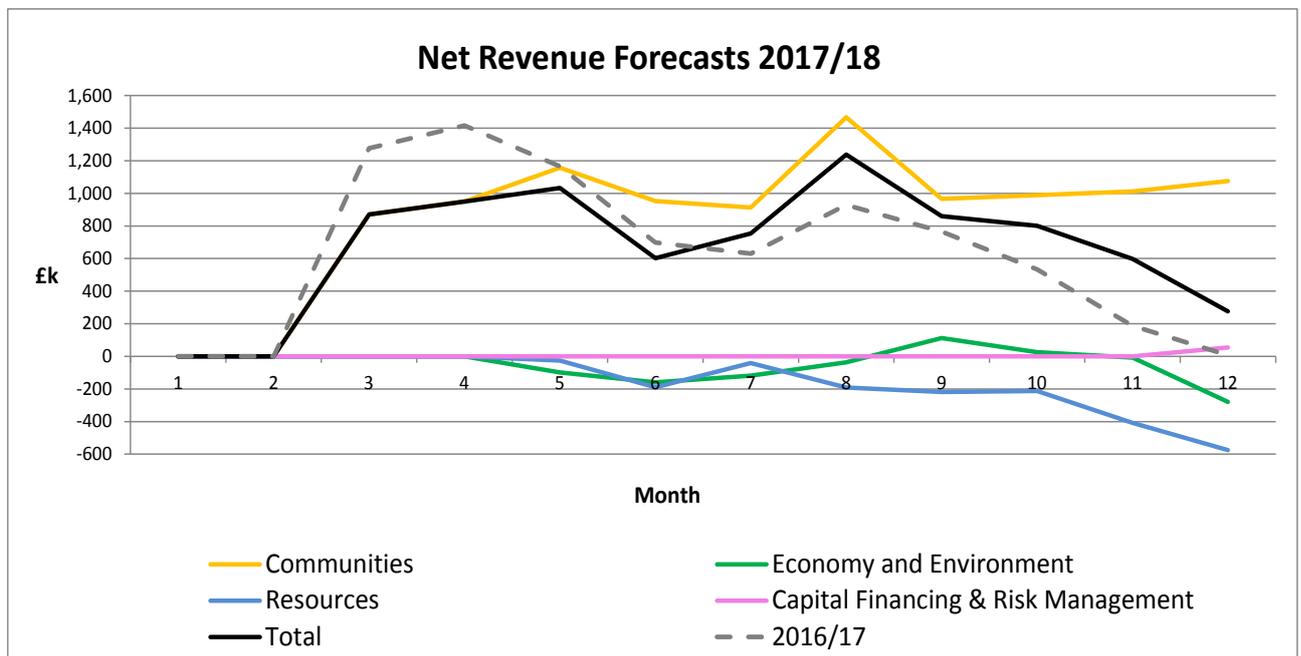
NB. Rounding differences may apply to nearest £k

- 4.1 The Council’s provisional outturn is an over spend of £276k which represents 0.23% against a net revenue budget of £117.4million. At Quarter Three, the Council faced the prospect of an £860k over spend. By year end, the over spend reduced by £584k as a result of the Economy & Environment Directorate and Resources Directorate improving their outturn positions by over £300k each.
- 4.2 The final outturn was a good result in the context of having to manage significant pressures during 2017/18 within its “demand led” services. Service Specific Risk Reserves are in place to help manage the volatility of these demand led services and these have enabled the Council to achieve a year end position with minimal impact on the General Reserve.
- 4.3 The 2018/19 budget has made provision for budgetary pressures totalling over £4m across Communities budgets, funded from the Adult Social Care precept and general Council Tax increases.
- 4.4 The outturn position by Service is shown in the following chart.



4.5 The main services driving the over spend are Adult Social Care (£446k), Children and Family Services (£227k) and Education (£381k). The cumulative pressures across these services total over £1m. The 2017/18 over spend has been brought down through under spends in Development & Planning (£347k), Customer Services & ICT (£172k), Legal Services (£145k), and various other smaller under spends.

4.6 The following chart shows the monthly forecasts through 2017/18.

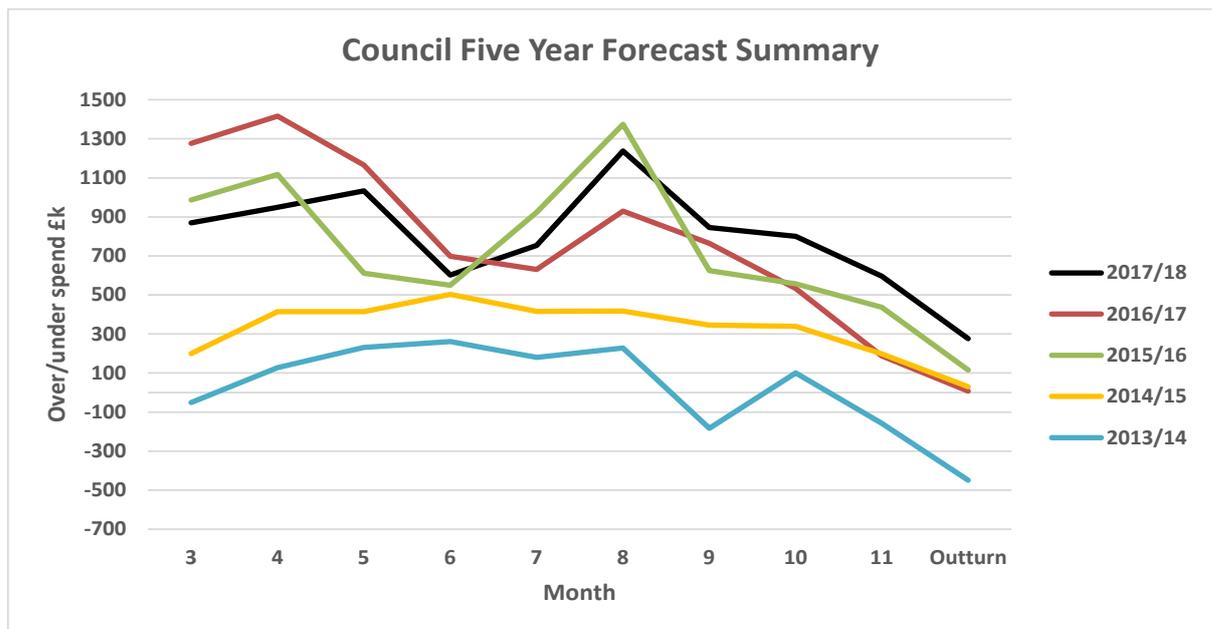
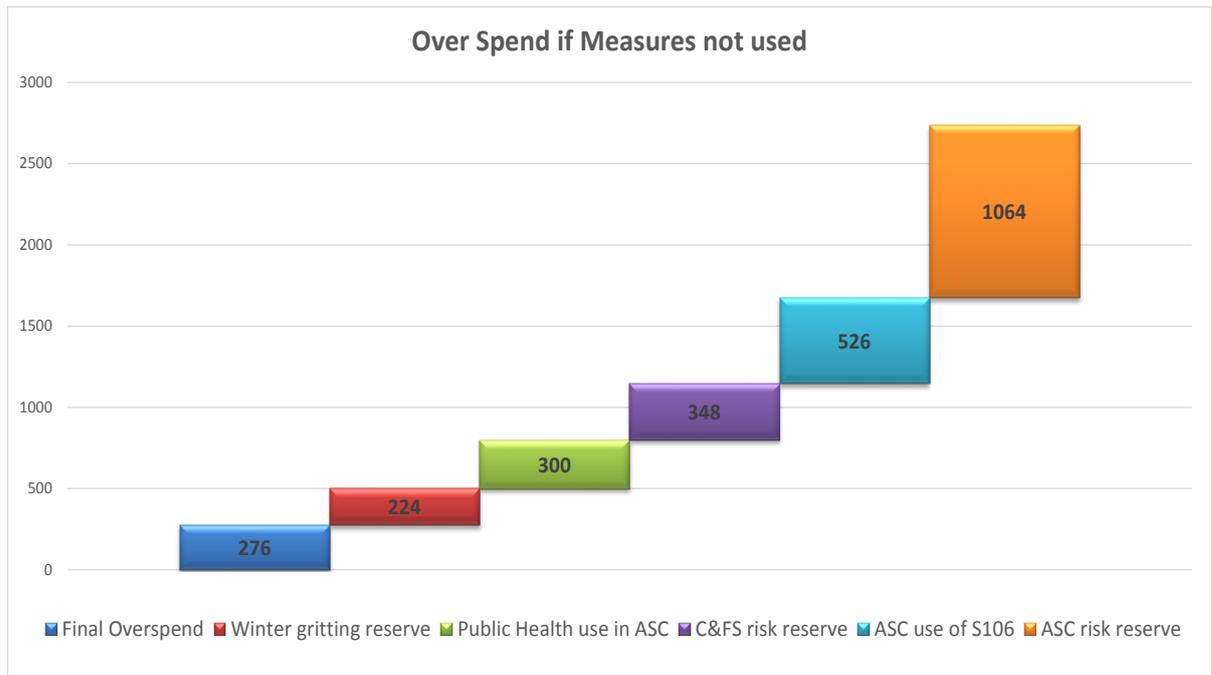


4.7 The 2017/18 forecast over spend started at Quarter One with Adult Social Care forecasting a £900k over spend. In Quarter Two, £392k was released from the ASC risk reserve, but other demand led budgets in Children’s and Education started to report pressures. Both Economy & Environment and Resources started to report under spends overall.

4.8 In Quarter Three, a further £509k was released from the ASC risk reserve and the pressures in Children’s and Education continued to rise. Despite the total release of

£901k from risk reserves, the Communities over spend was still at nearly £1m, and Economy & Environment was experiencing an overall pressure.

4.9 The outturn position, reflects the further release of £163k from the ASC risk reserve and £348k from the Children & Family Services risk reserve. All directorates continued the drive to push down costs and identify mitigation strategies to address emerging pressures and both Economy & Environment and Resources increased their under spends in the final quarter. Overall use of service specific risk reserves has been £1.4m. The chart below shows that the overspend would have been £2.7m before the use of one off funding.



4.10 The five year summary shows a similar profile since 2015/16 with forecast over spends peaking around Month Eight. For 2017/18 the release of risk reserves through the year are the key reason for the fall in over spend during the final four

months of the year, in conjunction with a council wide effort to reduce costs wherever possible in order to bring the outturn position closer to break even. Graphs for each Directorate are shown in the following sections of the report.

## 5. Employee Costs

5.1 The following chart shows an analysis of employee costs by Directorate at Year End.

Year End Employee Costs	Last Years' Outturn £	Original Budget for 2017 £	Total Changes to Budget during 2017 £	Current Budget for 2017 £	Year End	
					Exp/Inc to 31/Mar/2018 £	Actual Variance £
<b>Communities</b>						
Salary costs	23,799,523	24,023,700	683,475	24,707,175	23,318,693	-1,388,482
Agency & Temporary Staff	3,859,374	1,685,430	78,080	1,763,510	3,346,024	1,582,514
Other Costs	1,449,300	1,994,710	25,730	2,020,440	2,018,775	-1,665
<b>Total</b>	<b>29,108,197</b>	<b>27,703,840</b>	<b>787,285</b>	<b>28,491,125</b>	<b>28,683,492</b>	<b>192,367</b>
<b>Economy &amp; Environment</b>						
Salary costs	12,893,826	14,013,060	-314,870	13,698,190	13,268,065	-430,125
Agency & Temporary Staff	297,935	67,090	-22,290	44,800	366,836	322,036
Other Costs	532,011	574,160	-2,260	571,900	517,850	-54,050
<b>Total</b>	<b>13,723,772</b>	<b>14,654,310</b>	<b>-339,420</b>	<b>14,314,890</b>	<b>14,152,751</b>	<b>-162,139</b>
<b>Resources</b>						
Salary costs	12,347,559	12,898,760	-388,350	12,510,410	11,686,960	-823,450
Agency & Temporary Staff	310,750	117,820	2,880	120,700	262,997	142,297
Other Costs	390,449	5,680	92,220	97,900	-58,494	-156,394
<b>Total</b>	<b>13,048,758</b>	<b>13,022,260</b>	<b>-293,250</b>	<b>12,729,010</b>	<b>11,891,463</b>	<b>-837,547</b>
<b>Total</b>						
Salary costs	49,040,908	50,935,520	-19,745	50,915,775	48,273,718	-2,642,057
Agency & Temporary Staff	4,468,059	1,870,340	58,670	1,929,010	3,975,857	2,046,847
Other Costs	2,371,760	2,574,550	115,690	2,690,240	2,478,131	-212,109
<b>Total</b>	<b>55,880,727</b>	<b>55,380,410</b>	<b>154,615</b>	<b>55,535,025</b>	<b>54,727,706</b>	<b>-807,319</b>

Note that this table excludes staffing expenditure that is directly offset by grant funding.

5.2 The chart shows the outturn for 2017/18 across employee costs. The overall position is an under spend on staffing budgets of £807k, with a £192k over spend in Communities offset by under spends across Environment and Resources. The Communities pressure is being driven by difficulties in recruiting and retaining social workers within Children & Family Services and Adult Social Care and use of agency to cover posts.

5.3 Agency budgeting has been reviewed and the 2018/19 budgets have been built to be more reflective of actual spend levels in both salary costs and agency costs, whilst recognising the need to continue to push down on agency costs Council wide.

5.4 The overspend in Communities has been analysed further for the main service areas as shown in the following charts.

## Provisional Outturn – Supporting Information

Year End Employee Costs	Last Years' Outturn £	Original Budget for 2017 £	Total Changes to Budget during 2017 £	Current Budget for 2017 £	Exp/Inc to 31/Mar/2018 £	Actual Variance £
<b>Adult Social Care</b>						
Salary costs	9,900,581	10,537,810	659,085	11,196,895	10,160,794	-1,036,101
Agency & Temporary Staff	2,314,223	968,210	191,300	1,159,510	2,052,208	892,698
Other Costs	507,941	546,360	-57,490	488,870	497,305	8,435
<b>Total</b>	<b>12,722,745</b>	<b>12,052,380</b>	<b>792,895</b>	<b>12,845,275</b>	<b>12,710,307</b>	<b>-134,968</b>
<b>Children &amp; Family Services</b>						
Salary costs	5,450,890	5,642,250	510	5,642,760	5,349,034	-293,726
Agency & Temporary Staff	1,196,801	607,670	-113,220	494,450	776,094	281,644
Other Costs	482,974	418,560	64,040	482,600	356,421	-126,179
<b>Total</b>	<b>7,130,665</b>	<b>6,668,480</b>	<b>-48,670</b>	<b>6,619,810</b>	<b>6,481,549</b>	<b>-138,261</b>
<b>Education</b>						
Salary costs	5,247,726	3,939,020	130,940	4,069,960	4,137,191	67,231
Agency & Temporary Staff	285,925	99,550	0	99,550	409,095	309,545
Other Costs	105,874	128,090	28,140	156,230	188,135	31,905
<b>Total</b>	<b>5,639,525</b>	<b>4,166,660</b>	<b>159,080</b>	<b>4,325,740</b>	<b>4,734,421</b>	<b>408,681</b>
<b>Prevention and Safeguarding</b>						
Salary costs	1,125,683	1,436,930	-36,130	1,400,800	1,323,713	-77,087
Agency & Temporary Staff	53,731	10,000	0	10,000	108,496	98,496
Other Costs	-12,052	-12,110	-17,150	-29,260	-10,457	18,803
<b>Total</b>	<b>1,167,362</b>	<b>1,434,820</b>	<b>-53,280</b>	<b>1,381,540</b>	<b>1,421,752</b>	<b>40,212</b>

- 5.5 The service analysis shows that in Adults and Children services, agency spend is far greater than budget but has been contained within the overall employee budgets and is offset against salary costs. In Education, there has been an overspend in salary costs due to redundancy costs, maternity cover and use of casual staff. Education over spent against agency budgets, largely in the Children with Disability Team, which used agency for maternity cover, sickness, vacancies and sabbaticals.

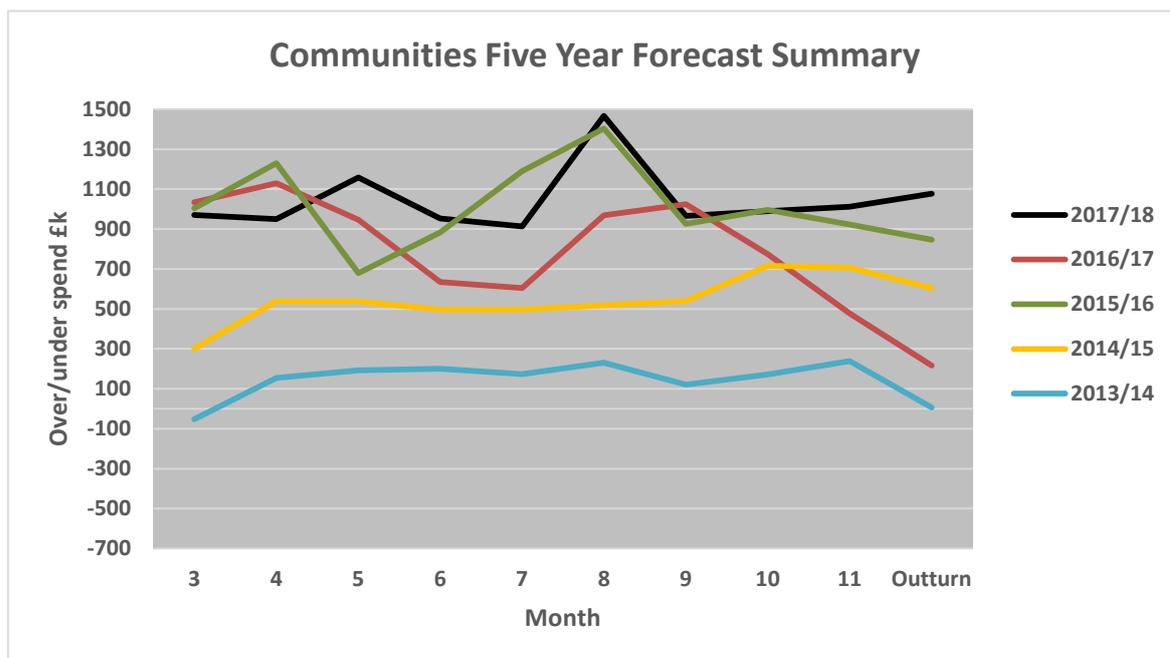
## 6. Communities Directorate 2017/18 Review

Communities	Current Net Budget £000	Forecast (under)/over spend				Change from Last Quarter £000
		Quarter One £000	Quarter Two £000	Quarter Three £000	Year End £000	
Adult Social Care	38,162	891	603	485	446	(39)
Children & Family Services	14,538	0	109	389	227	(162)
Corporate Director - Communities	205	0	0	0	(11)	(11)
Education DSG funded	(523)	0	0	0	0	0
Education	7,983	(21)	240	364	381	18
Prevention & Safeguarding	852	0	0	28	33	5
Public Health & Wellbeing	(123)	0	0	(300)	0	300
<b>Communities</b>	<b>61,095</b>	<b>870</b>	<b>952</b>	<b>966</b>	<b>1,076</b>	<b>110</b>

- 6.1 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. The 2018/19 budget has made provision for budgetary pressures totalling over £4m across Communities budgets, funded from the Adult Social Care precept and general Council Tax increases.

6.2 The following graph shows the past five years forecasting trends and outturn for the Communities Directorate.



6.3 2017/18 shows a peak at Month Eight which reduces by year end due to release of risk reserves to support the service pressures in both Adult Social Care and Children and Family Services.

**(1) Adult Social Care**

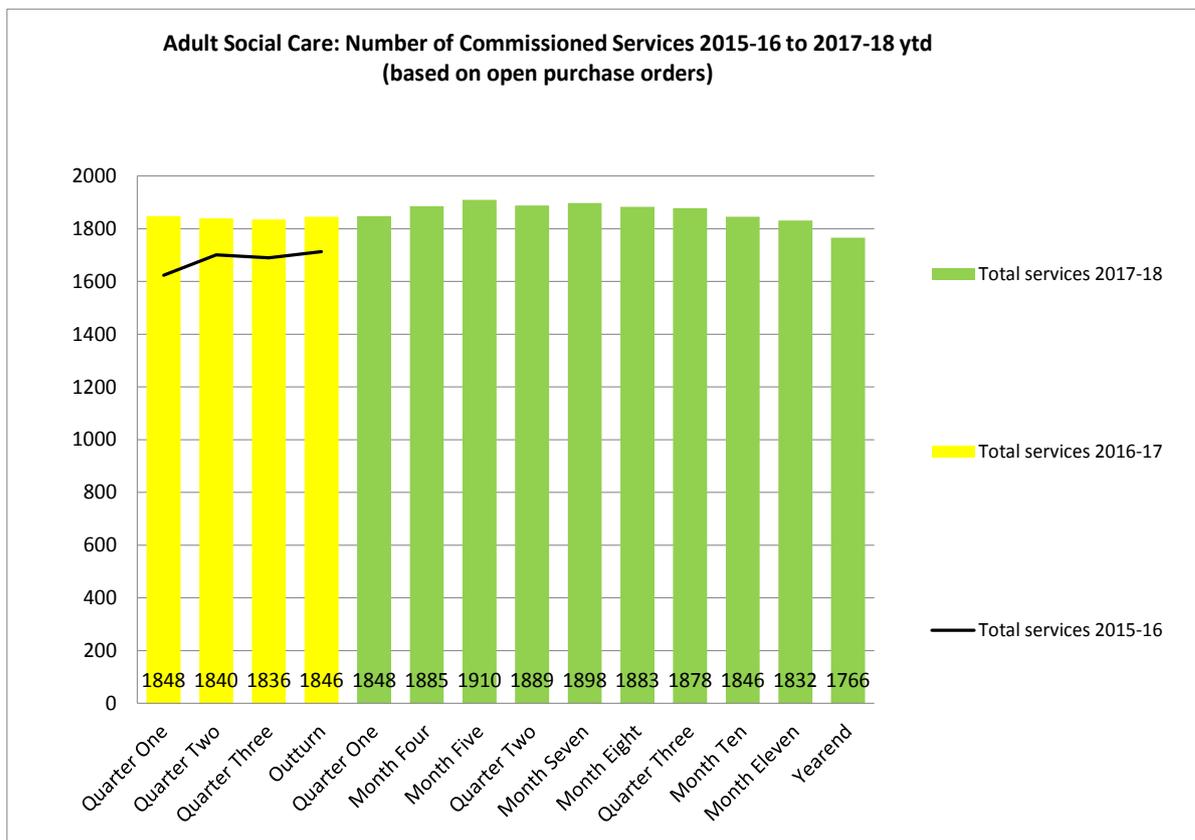
The Adult Social Care outturn position is an overspend of £446k, which is a £39k reduction from the forecast position at Quarter Three. During the financial year £1.89million of one off in year funding was utilised to support the budget. This comprises £901k of one off funding previously released from the Adult Social Care risk reserve (with member approval), £163k further release from the risk reserve at year end, £526k of s106 monies and £300k of one off Public Health funding.

The financial pressures in the service are the result of commissioning rates continuing to increase above the rate of inflation for both homecare and placements in care homes. The market has seen one homecare provider withdraw, meaning 25 clients required alternative care provision and one care home closing with nine residents being moved. The rates paid for both suppliers was considerably lower than current market rates. The market remains challenging and there is a risk that further providers will withdraw from the market.

The implementation of the New Ways of Working Strategy which crosses all commissioning budgets, has been slower than anticipated due to recruitment

difficulties and as a result the saving target attached to it was not achieved in 2017/18. £21k of the yearend position is due to pressure created by automatic enrolment into the West Berkshire employee pension scheme in November 2017.

Client numbers accessing services are monitored weekly; overall client numbers remained relatively constant during 2016/17 and although fluctuating in 2017/18 are currently at a similar level to last year.



**(2) Children and Family Services**

The Children & Family Services outturn position is an over spend of £226k, which is a £163k decrease on Quarter Three. 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. Financial pressures in year were partially offset through salary savings within the Targeted Intervention Service and lower placement costs in respect of Independent Fostering as a result of fewer children being placed in independent arrangements.

**(3) Education**

The Education Service outturn position is an over spend of £381k, which is a £17k increase on the forecast as at Quarter Three. The financial pressure in the service is the result of demand on the budgets for supporting children with disabilities, in particular, increasing costs for residential and community care packages, together

with higher than expected costs of agency staff and social worker recruitment and retention payments.

Financial pressures in year were partially offset through additional eligible expenditure charged to the European Social Fund Elevate project, additional income from charging for Home to School Transport, and savings on pension costs of former Berkshire County Council employees. In order to help address the overall overspend position, Education Services put in place, with effect from 1st December 2017, a freeze on recruitment to council funded posts and on any other non-essential expenditure until the end of the financial year.

**(4) Prevention & Safeguarding**

The Prevention & Safeguarding Service outturn position is an over spend of £33k, which is £5k increase in the overspend forecast at Quarter Three. The financial pressure in the service is the result of agency costs to cover a manager’s maternity leave together with costs incurred for a Serious Case Review.

**(5) Public Health & Wellbeing**

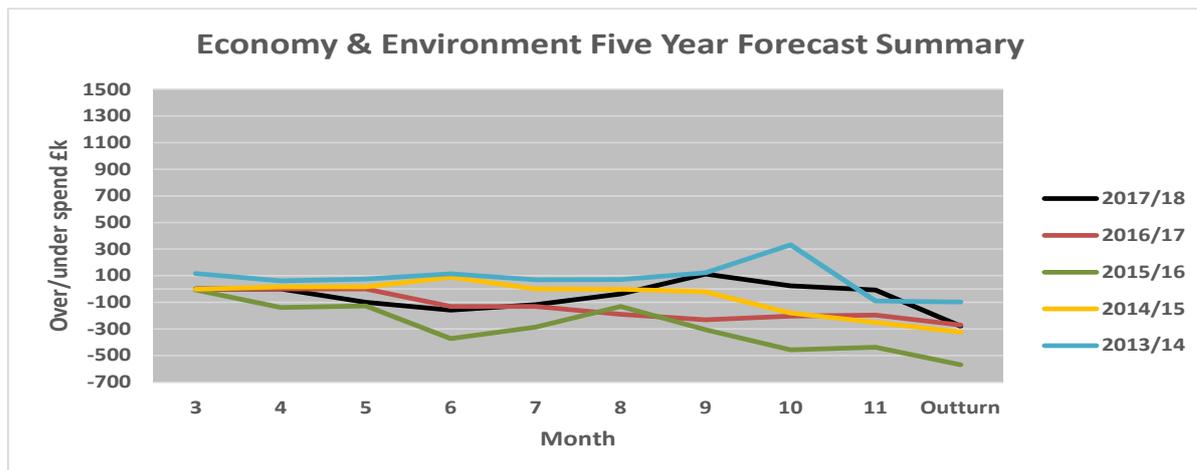
The Public Health ring-fenced grant is online at the year end. At Quarter Three the grant was forecast to generate a £300k underspend. The funding identified as underspent was approved for reprioritisation in year and utilised within the directorate against expenditure identified as contributing to Public Health outcomes.

**7. Economy and Environment and Directorate 2017/18 Review**

Economy and Environment	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
Corporate Director - Environment	158	0	0	0	(0)	(0)
Development & Planning	2,379	(121)	(118)	(101)	(347)	(246)
Public Protection & Culture	4,104	121	128	222	71	(151)
Transport & Countryside	23,860	0	(169)	(9)	(3)	6
<b>Economy and Environment</b>	<b>30,501</b>	<b>0</b>	<b>(159)</b>	<b>112</b>	<b>(279)</b>	<b>(391)</b>

7.1 The Service outturn position is a £279k under spend which is 0.9% of the net budget of £32m and is a variance of £391k to the Quarter Three forecast position. The Directorate budget was built with a savings programme of £1.3m.

7.1 The following graph shows the past five years forecasting trends and outturn for the Economy & Environment Directorate.



**(1) Development & Planning**

The Service outturn position was a £347k under spend. The under spend is mainly due to the following areas:

- An increase in income from planning applications
- Balancing the income and expenditure of the Community Infrastructure Levy (CIL) administration charge which has produced an additional under spend of £177k. For years one to three of the CIL, the legislation states that CIL administration income applied to administrative expenses shall be no more than 5% of the CIL collected over the period of the three years. The increased under spend has resulted from additional CIL invoicing in year three, mainly in the last quarter of the year and being able to apply this retrospectively over the past three years to balance the account.
- Various salary and staff related cost savings from employee vacancies.
- Two grants of £65k which were received in March and had not previously been forecast.

Pressures within the Housing Service due to repairs to properties following a water leak which were not claimable through an insurance claim were managed within the Service.

**(2) Public Protection & Culture**

The Service finished the year with an over spend of £71k which is mainly due to the following:

- The Activity Team over spend of £124k due to reduced income;
- An over spend in the Libraries' Service of £25k relating to an insurance excess of £10k for a claim together with increased staffing costs to cover long term sickness and reduced income.
- Shaw House over spend of £34k due to reduced room booking from Council Services. Council use has decreased in year by 31% and catering by 40%.

Salary savings due to vacancies and restructuring together with an early saving of the grant payment to the Watermill Theatre, an unexpected grant from Greenham Common Trust and a deliberate slowing down of non-essential expenditure within areas of low risk such as the museum and leisure centres have helped reduce the pressure within the Service.

### (3) Transport & Countryside

The outturn position is an under spend of £3k against a net budget of £24.6m. Areas of under spend include:

- Increased income from Car Parking of £118k;
- £160k saving within Transport Services due to vacancies, the ending of leases for our Handybus fleet, increased income from public transport operations, delayed procurement of new IT for concessionary fares and savings on short term contracts;
- Reduction in the forecast for insurance claims due to the successful defence of third party claims together with a deliberate slowing down of all non-essential expenditure.

Pressures have been managed within the Service and include the following:

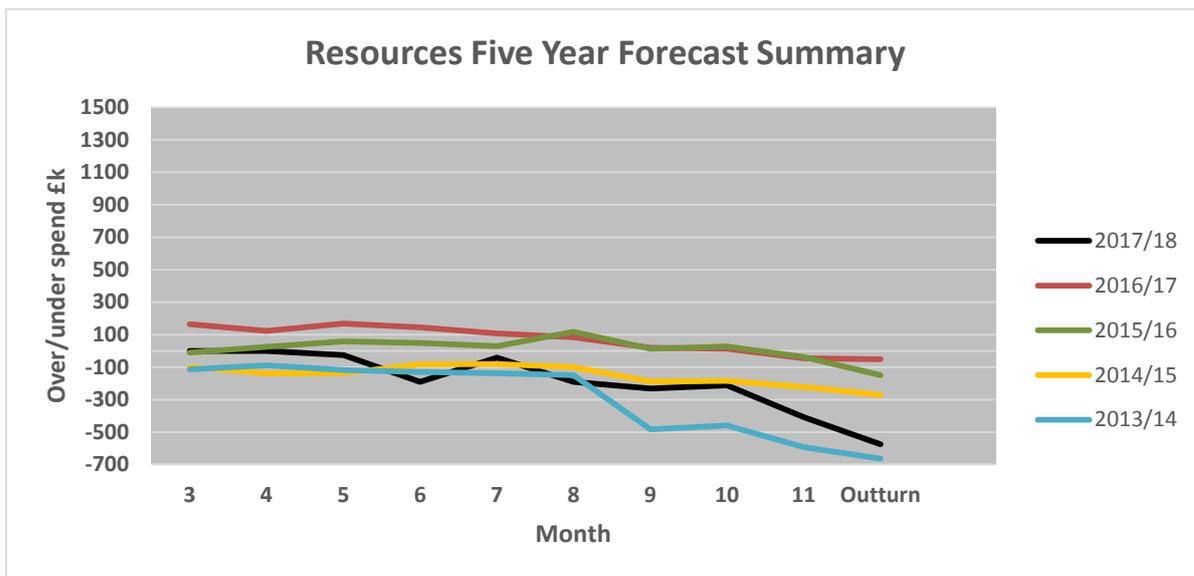
- Increased highways maintenance and gritting costs of £275k due to adverse weather conditions. The additional winter service costs were drawn down from the winter service reserve which was set up this year.
- There have also been a number of unforeseen emergency repairs to bridges which has caused a pressure of £70k.

## 8. Resources Directorate 2017/18 Review

Resources	Current Net Budget	Forecast (under)/ov				Change from Last Quarter
		Quarter One	Quarter Two	Quarter Three	Year End	
	£000	£000	£000	£000	£000	£000
Chief Executive	726	0	(57)	(77)	(97)	(20)
Commissioning	824	0	(12)	8	0	(8)
Customer Services & ICT	3,109	0	(36)	(97)	(172)	(75)
Finance & Property	3,560	0	(31)	(57)	(61)	(4)
Human Resources	1,468	0	12	(1)	(60)	(59)
Legal Services	1,051	0	(58)	(2)	(145)	(143)
Strategic Support	2,341	0	(8)	8	(40)	(48)
<b>Resources</b>	<b>13,079</b>	<b>0</b>	<b>(190)</b>	<b>(218)</b>	<b>(575)</b>	<b>(357)</b>

- 8.1 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. The under spends have arisen largely due to salary savings across the Directorate together with reduced legal costs. In the last quarter there has also been a deliberate slowing down of non-essential expenditure to assist with the corporate position.

8.2 The following graph shows the past five years forecasting trends and outturn for the Resources Directorate.



**(1) Chief Executive**

The Chief Executive Service budget had a £97k underspend mainly from salary savings, training costs and planned projects not being undertaken.

**(2) Commissioning**

The Commissioning Service was on line at year end.

**(3) Customer Services and ICT**

Customer Services and ICT completed the year with an under spend of £171k. This has mainly arisen from salary savings of £95k throughout the Service, a reduction in the volume of printing and postage and a move to cheaper circuits for the network.

**(4) Finance and Property**

Finance & Property completed the year with a £62k underspend. Savings were made in the following areas:

- Salary savings due to a reduction in hours and salaries attributed to Capital projects;
- Lower payment for the apprenticeship levy than originally budgeted;
- Earlier than expected rental from new properties;
- Increased debt cost recovery;
- Lower maintenance and energy costs within the corporate properties;
- Unexpected additional new burdens funding.

Pressures due to bank and credit card charges, additional IT costs to make our payment systems Payment Card Industry compliant and an increase to our bad debt provision for Council Tax costs have been managed within the Service.

**(5) Human Resources**

The HR service finished the year with an under spend of £60k. The main areas of under spend were:

- £15k salary and overtime savings;
- £33k increased income from training and counselling;
- £16k savings against superannuation costs.

**(6) Legal Services**

Legal Services was £144k under spent at year end. Employee costs accounted for £92k of the under spend due to vacancies and a transfer of salaries attributable to Capital projects and other Services; Income was £51k above budget.

**(7) Strategic Support**

Strategic Support ended the year with a £40k under spend. Salary savings of £70k of which £40k was from the Corporate Programme, lower IT costs of £24k and reduced Members’ expenses of £13k have helped offset pressures within the Land Charges budget from reduced income and the cost of digitising the service.

**9. Service Specific Risk Reserves**

9.1 In order to manage the volatility of some of the Council’s demand led budgets, a number of service specific risk reserves have been established. Detailed risk registers are maintained to support these reserves. The year end level of service specific risk reserves are shown in the following table:

	Reserve Balance 1.4.2017	Change to level of Reserve 2017/18	Current Reserve Balance	Risks arising 2017/18	Reserve Balance 31.3.2018
Service	£000	£000	£000	£000	£000
Adult Social Care	2,090	-1,046	1,044	-163	881
Children & Family Services	500	-114	386	-348	38
Legal Services	50	0	50	0	50
<b>Total</b>	<b>2,640</b>	<b>-1,160</b>	<b>1,480</b>	<b>-511</b>	<b>969</b>

9.2 **Adult Social Care:** During the year, the reserve was reduced by £145k to reflect the level of risk and £901k was released against named risks identified on the risk register in order to cover some of the inflationary pressures that the service has faced. The outturn position reflects the release of a further £163k from the Adult Social Care risk reserve at year end.

- 9.3 **Children and Family Services:** During the year, the reserve was reduced by £114k to reflect the level of risk. The service outturn position reflects the release of £348k from the reserve in response to realisation of identified risks.
- 9.4 **Transport and Countryside:** A risk reserve of £224k was created this year for winter gritting costs. This has now been fully utilised.
- 9.5 **Legal Services:** The service has a risk reserve of £50k which was not required in 2017/18.
- 9.6 Further detail is provided in Appendix F.

## 10. Transition Funding and Transformation Reserve

- 10.1 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>		

- 10.2 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. Funds have so far been allocated as shown below. Further detail is provided in Appendix G.

Directorate	Service	Project Description	Transformation Funding Awarded	Agreed by	When	2017/18 Saving Target	2018/19 Saving Target	2019/20 Saving Target
			£000			£000	£000	£000
		<b>Opening Balance</b>	<b>1,000</b>					
Resources	Commissioning	Invest to save posts in commissioning	-225	Ops Board	13.4.17			277
Resources	HR	Invest to save post - Apprenticeship Coordinator	-74	Ops Board	6.7.17			100
Communities	P&S	Emotional Health Academy	-5	Budget Board	6.4.17	20	20	
Resources	Legal	Shared service advice	-12	AW/NC	4.12.17			
Communities	Education	Invest to save - Family Hub transformation	-28	AW	8.12.17		30	
Resources	F&P, HR, SSU	Invest to save - New Ways of Working project	-216	Corp Prog Board	15.2.18			tbc
Communities	ASC	Transport	-5	Budget Board	22.3.18			
		<b>Total awarded</b>	<b>-565</b>					
		<b>Closing Balance</b>	<b>435</b>					

## 11. Levies and Interest 2017/18 Review

- 11.1 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.
- 11.2 The net amount of interest earned in 2017/18 was £100k higher than in 2016/17 because of the 0.25% increase in the Bank of England base rate in November 2017 and because the Council's average cash balances were higher in 2017/18 than 2016/17.

## 12. Dedicated Schools Grant 2017/18 Review

12.1 The main source of funding for schools is the Dedicated Schools Grant (DSG). It is a ring fenced specific grant and can only be used on school/pupil activity. The DSG is split between three funding blocks:

- (1) Schools Block
- (2) Early Years Block
- (3) High Needs Block

12.2 The DSG outturn position is 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.

## 13. Options for Consideration

13.1 Not applicable – factual report for information

## 14. Proposals

14.1 To note the provisional outturn position.

14.2 To refer the paper to Budget Scrutiny Group for review.

## 15. Conclusion

15.1 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 pressures 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.

15.2 The Council has 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.

## 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

Delays in implementation could have serious financial implications for the Council

Delays in implementation could compromise the Council's position

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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

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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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