
2018/19 Revenue Financial Performance:

Quarter One - Summary Report

Committee considering report:	Executive
Date of Committee:	06 September 2018
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	23 August 2018
Report Author:	Andy Walker
Forward Plan Ref:	EX3561

1. Purpose of the Report

- 1.1 To inform Members of the latest revenue financial performance for 2018/19.

2. Recommendation

- 2.1 To note the report, and in particular the continued challenge of managing pressures in Adult Social Care, which are shared nationally, and the mitigation that is proposed in year to reduce the current end of year projection.

3. Implications

3.1 **Financial:**

The current financial forecast is an overspend of £1.3m against a net revenue budget £119.4m. This figure includes a number of mitigation strategies, notably the in year reduction of expenditure, where appropriate, across the Council, and in particular in Adult Social Care. Members will be aware that a risk reserve was agreed for a number of Services, including Adult Social Care, as part of this year's Budget setting. £996k of this risk reserve could be used to mitigate further the £1.3m forecast overspend but this has not yet been deployed and is not included in the forecast. At the same time there is a £768k risk management budget which could be utilised to help mitigate further the current forecast overspend. This has also not been deployed at this time. Taken together both would have a significant mitigating effect.

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

- 4.2 The financial performance reports provided to Members throughout the financial year report the forecast under or over spend against the Council's 2018/19 approved revenue budget of £119.4m. The Quarter One forecast is an over spend of £1.3m, which is 1.1% of the net budget.

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	67,650	2,768	0	0	0	2,768
Economy and Environment	30,848	3	0	0	0	3
Resources	12,755	(280)	0	0	0	(280)
Capital Financing	8,174	(1,200)	0	0	0	(1,200)
Total	119,427	1,291	0	0	0	1,291

NB. Rounding differences may apply to nearest £k

- 4.3 The forecast overspend of £1.3m takes into account £1.2m of mitigating action to be delivered by services during the remainder of the current financial year.
- 4.4 The main driver of the forecast overspend position is the Communities Directorate which is forecasting an overspend, prior to in-year mitigating action, of £2.7m (4.1%) against a net budget of £67.6m
- 4.5 £2.4m of this sum relates to Adult Social Care Service which is facing increasing financial pressures on demand led, externally commissioned, placement budgets, over and above the modelled assumptions that formed the basis of budget setting. In addition, a number of risks, which are provided for in the service specific risk reserve, have materialised. Local Authorities nationally are facing significant financial challenges relating to the funding of Adult Social Care budgets, increasing demand on services and rising costs of commissioning care. Our position, as with other Local Authorities across the country, highlights the urgent need for a national review of funding for Adult Social Care.
- 4.6 The Adult Social Care service is taking a range of in-year mitigation measures and the expectation is that these will deliver an in-year reduction of £500k in the forecast overspend. The mitigation strategies are not factored into the service overspend position of £2.4m, but are reflected in the council's Quarter One forecast of £1.3m.
- 4.7 Over and above the Adult Social Care in-year measures, a decision has been taken corporately to slow expenditure in the remainder of the current financial year to address the overspend position. Children & Family Services and the Education Service which are currently forecasting an overspend position totalling £372k, have been tasked with identifying mitigation strategies of £200k. The £200k of mitigation is not reflected in the service's forecast but are reflected in the Council's Quarter One overspend position of £1.3m. A further £500k of mitigation has been allocated to corporate services.
- 4.8 Taken together it is anticipated that mitigation strategies will be able to deliver a £1.2m reduction to current £2.5m corporate overspend position, reducing the Quarter One forecast to an over spend of £1.3m. The £1.2m anticipated in year savings from mitigation strategies as a corporate response to the Adult Social Care overspend have been forecast against Capital Financing and Risk Management.

Once services have identified and quantified mitigation strategies, this balance will be allocated to services and reflected in the services budget monitoring forecasts.

- 4.9 In response to the volatility of some of the Council's budgets, service specific risk reserves have been established. The levels of these reserves are informed by the level of risks in the service risk registers. Named risks that have arisen so far in 2018/19 amount to £996k and could be used to support the financial position. The Quarter One forecast is before any use of the risk reserves.

Risk Reserve Summary	Reserve Balance 1.4.2018	Change to level of Reserve	Current Reserve Balance	Risks arising 2018/19	Potential Risk Reserve balance 31.03.2019
Service	£000	£000	£000	£000	£000
Adult Social Care	881	719	1,600	-716	884
Children & Family Services	38	377	415	-130	285
Education	0	279	279	-150	129
Leisure	0	50	50	0	50
Libraries	0	90	90	0	90
Transport & Countryside	0	75	75	0	75
Legal Services	50	0	50	0	50
Total	969	1,590	2,559	-996	1,563

- 4.10 The 2018/19 budget was set with a risk management budget of £768k. As per the Medium Term Financial Strategy and Revenue Budget approved by Council, this budget was built because the Council was facing a number of risks that could arise in 2018/19 but could not be quantified at the time of budget setting. These included increase in demand for services over and above budget assumptions, inflationary pressures, income risks and risk to delivery of savings plans. This budget could be released to support the financial position. The Quarter One forecast is before any use of this budget provision.
- 4.11 The Council's Quarter One forecast position of £1.3m overspend, is after forecasting the impact of a corporate mitigation measures to stop non-essential spend, but before release of the risk management budget (£768k) and before use of available risk reserves (£996k).
- 4.12 The budget for 2018/19 was set with a savings and income generation programme of £5.2m. The programme is monitored on a monthly basis using the RAG system. The Council set a revenue budget of £119.4m for 2018/19. At Quarter One £126k of risks are Red (2%), £1.6m Amber (31%) and £3.5m Green (67%).
- 4.13 In-year budget changes may be approved and the approval limits are set out in the Council's Financial Regulations. There are no budget movements requiring Executive approval at Quarter One. Details are shown in Appendix E.
- 4.14 The Council created a Transformation Reserve of £1m 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. £566k was allocated in 2017/18 and £212k in 2018/19. Council approval was given to increase the Transformation Reserve in 2018/19 by £561k, as part of the Strategy for use of Capital Receipts. The reserve currently stands at £783k.
- 4.15 The Dedicated Schools Grant (DSG) is a ring fenced specific grant which can only be spent on school/pupil activity as set out in The School and Early Years Finance

(England) Regulations 2018. The budget for 2018/19 of £128m was set with a planned overspend of £655k. At Quarter One there are no variances to budget.

5. Proposal

- 5.1 To note the forecast position.

6. Conclusion

- 6.1 The Council is facing an in year overspend of £1.3m against a net revenue budget of £119.4 m, which is 1.1% of the net budget. The main driver of this is a £2.4m overspend in Adult Social Care. The Council has responded to the financial position and has put in place measures to mitigate the overspend, and identified budgets that could be released to bring the forecast overspend down further. These measures will be monitored through the remainder of the year. 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.

7. Appendices

- 7.1 Appendix A – Data Protection Impact Assessment
- 7.2 Appendix B – Equalities Impact Assessment
- 7.3 Appendix C – Supporting Information
- 7.4 Appendix D – Summary Revenue Forecast 2018/19
- 7.5 Appendix E – Summary of Revenue Budget Movements
- 7.6 Appendix F – Savings and Income Generation Programme Risk Items
- 7.7 Appendix G – Service Specific Risk Reserves

Appendix A

Data Protection Impact Assessment – Stage One

The General Data Protection Regulations require a Data Protection Impact Assessment (DPIA) for certain projects that have a significant impact on the rights of data subjects.

Should you require additional guidance in completing this assessment, please refer to the Information Management Officer via dp@westberks.gov.uk

Directorate:	Resources
Service:	Finance and Property
Team:	Accountancy
Lead Officer:	Melanie Ellis
Title of Project/System:	Q1 Financial Performance
Date of Assessment:	23/8/18

Do you need to do a Data Protection Impact Assessment (DPIA)?

	Yes	No
Will you be processing SENSITIVE or “special category” personal data? Note – sensitive personal data is described as “data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation”	<input type="checkbox"/>	x
Will you be processing data on a large scale? Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both	<input type="checkbox"/>	x
Will your project or system have a “social media” dimension? Note – will it have an interactive element which allows users to communicate directly with one another?	<input type="checkbox"/>	x
Will any decisions be automated? Note – does your system or process involve circumstances where an individual’s input is “scored” or assessed without intervention/review/checking by a human being? Will there be any “profiling” of data subjects?	<input type="checkbox"/>	x
Will your project/system involve CCTV or monitoring of an area accessible to the public?	<input type="checkbox"/>	x
Will you be using the data you collect to match or cross-reference against another existing set of data?	<input type="checkbox"/>	x
Will you be using any novel, or technologically advanced systems or processes? Note – this could include biometrics, “internet of things” connectivity or anything that is currently not widely utilised	<input type="checkbox"/>	x

If you answer “Yes” to any of the above, you will probably need to complete [Data Protection Impact Assessment - Stage Two](#). If you are unsure, please consult with the Information Management Officer before proceeding.

Appendix B

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:	23/8/18

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?	Yes/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?	Yes/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.