
2018/19 Revenue Financial Performance: Quarter Two – Supporting Information

1. Introduction

- 1.1 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 Two forecast is an over spend of £1.3m, which is 1.1% of the net budget. The forecast overspend has increased by £12k from last quarter's forecast overspend.
- 1.2 The forecast overspend of £1.3m includes £2m of mitigating action to be delivered by services during the remainder of the current financial year. Prior to any mitigation, the Council is forecasting an overspend position of £3.3m. The main driver of the overspend is Adult Social Care. 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.
- 1.3 The Communities Directorate is forecasting an overspend of £2.8m (4%) against a net budget of £67.7m. The services forecasting overspend positions are Adult Social Care £2.1m and Children and Family Services £657k. The forecast overspend has increased by £36k from last quarter.
- 1.4 In Adult Social Care, the service 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. Further pressures have arisen due to the financial impact of making improvements to transfers of care from hospital and improving one of our care homes.
- 1.5 In Children & Family Services, £500k of the forecast overspend is due to pressure in Child Care Lawyers. This is in part attributable to an unmet savings target and in part to an increase in complex cases since last quarter. The demand led placement budgets are reporting an overspend of £173k mainly in Independent Fostering Agencies' and Special Guardianship cost centres.
- 1.6 The remainder of the Communities Directorate is on line.
- 1.7 Economy & Environment is forecasting an underspend of £333k, an increase of £336k from last quarter. The Resources Directorate is forecasting an underspend of £667k, largely due to the over achievement of investment property income and as a result of identifying savings to contribute to the corporate target.
- 1.8 Capital Financing and Risk Management is forecasting an underspend of £500k, which has been forecast in response to the Adult Social Care grant that has been announced. The news of this meant it was too early to include in the service

forecast for Quarter Two, but will be included in Adult Social Care from Month Seven.

- 1.9 A decision has been taken corporately to slow expenditure in the remainder of the current financial year as a corporate response to the Adult Social Care overspend. Adult Social Care has been tasked with identifying £500k mitigation strategies. Children & Family Services and the Education Service, have been tasked with identifying mitigation strategies of £200k each. A further £500k mitigation target was allocated to corporate services. £2m has now been identified and reported within the Directorates forecasts. £987k mitigation has been found within services with the remaining £1039k forecast to be achieved by year end.
- 1.10 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 forecast is before any use of this budget provision.
- 1.11 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 have arisen so far in 2018/19 amounting to £1.3m. The risk reserves could be used to support the financial position. The forecast is before any use of the risk reserves.
- 1.12 The forecast position of £1.3m overspend, is after forecasting the impact of a corporate response to stop non-essential spend, but before release of the risk management budget (£768k) and before use of available risk reserves (£1.3m). Deployment of these options would bring the year in under budget.

2. Changes to the 2018/19 Budget

- 2.1 The Council set a revenue budget of £119.4million for 2018/19. During the year budget changes may be approved as per the approval limits 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 F. There are no changes requiring Executive approval at Quarter Two.

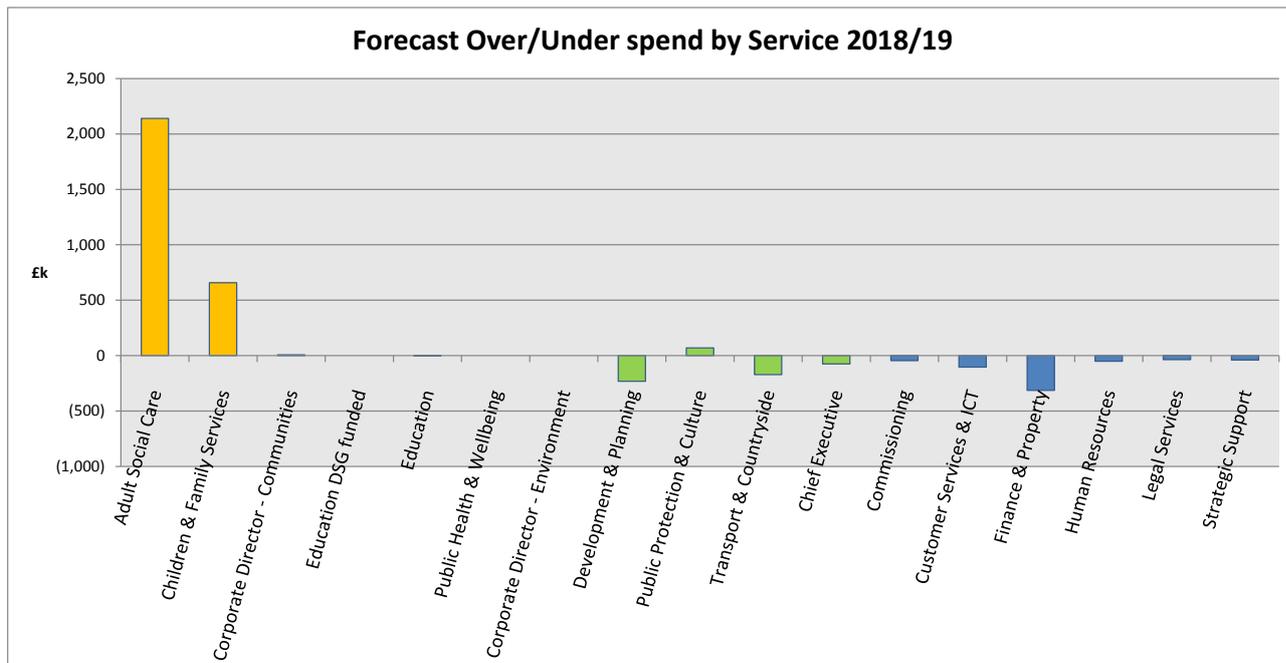
3. Summary Revenue Forecast 2018/19

Directorate Summary	Current Net Budget	Forecast (under)/over spend		Change from Last Quarter
		Quarter One	Quarter Two	
	£000	£000	£000	£000
Communities	67,709	2,768	2,803	36
Economy and Environment	30,909	3	(333)	(336)
Resources	12,827	(280)	(667)	(387)
Capital Financing & Risk Management	7,982	(1,200)	(500)	700
Total	119,427	1,291	1,303	12

NB. Rounding differences may apply to nearest £k.

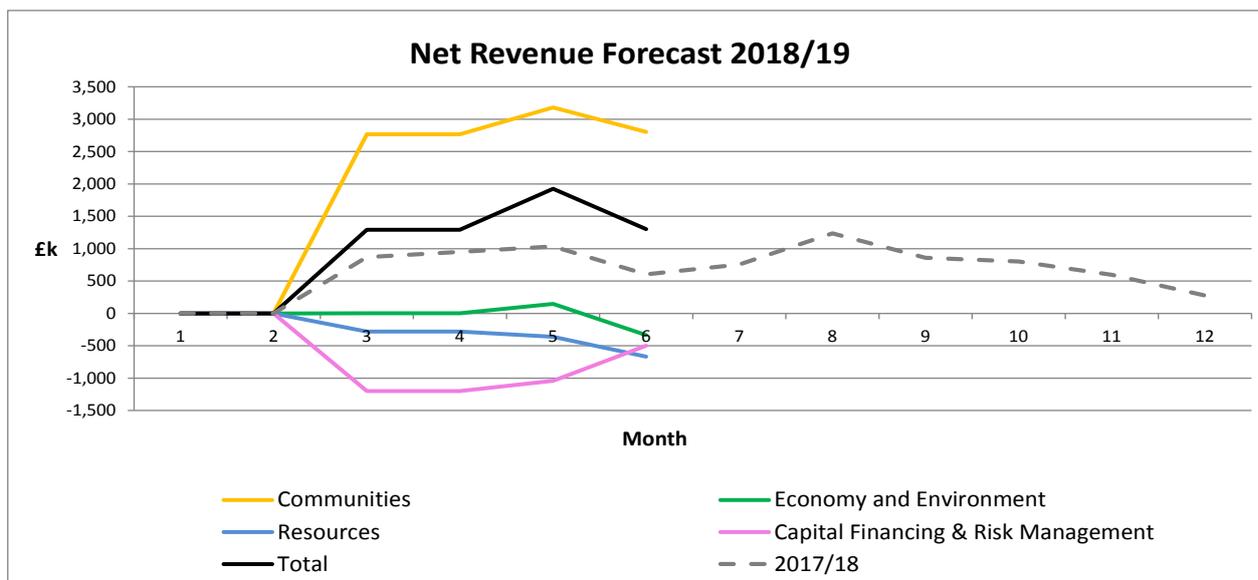
At Quarter Two the Council’s revenue forecast is an over spend of £1.3m against a net revenue budget of £119.4m.

The forecasts by Service are shown in the following chart.



3.1 The main service driving the over spend is Adult Social Care with a forecast over spend of £2.1m (4%) against a budget of £42.8m. The pressure has arisen primarily, although not exclusively, within the demand led commissioning budgets. The cost of commissioning client packages from the external market has risen significantly and has exceeded inflationary forecasts that the budget was built on. The service and the whole Council is putting mitigation strategies in place in order to bring the forecast overspend down by year end.

3.2 The following chart shows the monthly forecasts through 2018/19, with a 2017/18 comparison.



4. In Year Savings Programme

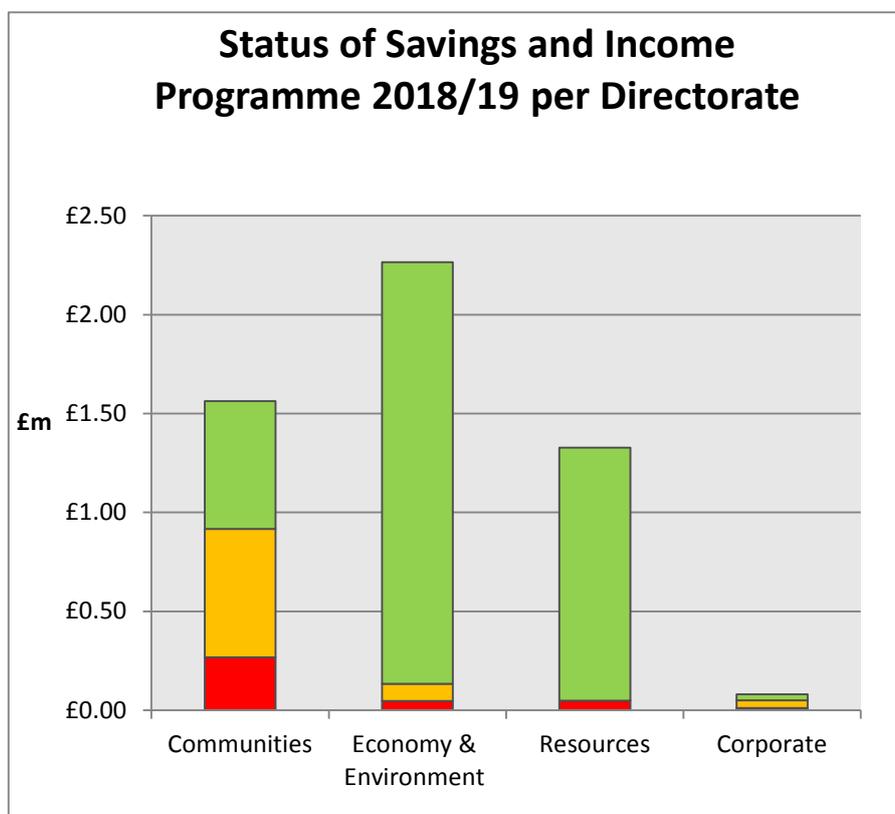
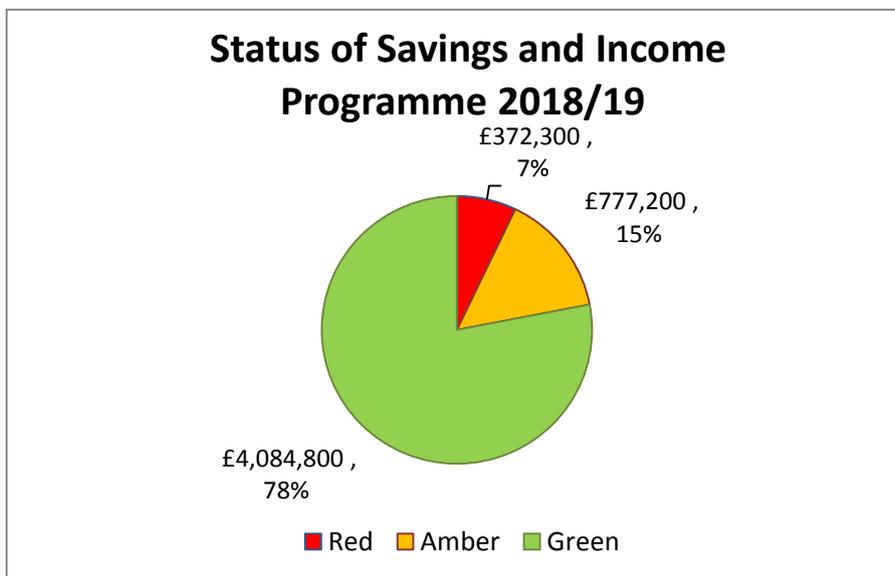
4.1 A decision has been taken corporately to slow expenditure in the remainder of the current financial year as a corporate response to the Adult Social Care overspend. Adult Social Care has been tasked with identifying £500k mitigation strategies. Children & Family Services and the Education Service, have been tasked with identifying mitigation strategies of £200k each. A further £500k mitigation target was allocated to corporate services. £2m has now been identified and reported within the Directorates forecasts. £987k mitigation has been found within services with the remaining £1039k forecast to be achieved by year end.

4.2 Progress to date is shown in the following table:

In Year Savings 2018/19		Actual at	In	Remaining	Total
Directorate	Service	Q2 £000	Progress £000	Target £000	£000
Communities	Adult Social Care	86	98	316	500
	Childrens and Family Services	167	33		200
	Corporate Director - Communities				0
	Education (DSG Funded)				0
	Education	100	100		200
	Public Health & Wellbeing		25		25
	Total	353	256	316	925
Economy & Environment	Corporate Director - Environment				0
	Development and Planning	86	45		131
	Public Protection and Culture	10	20		30
	Transport and Countryside	105	303		408
	Total	201	368	0	569
Resources	Chief Executive	75			75
	Commissioning	46			46
	Customer Services and ICT	78	31		109
	Finance and Property	59	40		99
	Human Resources	31	19		50
	Legal Services	112	0		112
	Strategic Support	32	9		41
	Total	433	99	0	532
Total	987	723	316	2026	

5. 2018/19 Savings and Income Generation Programme

5.1 In order to meet the funding available, the 2018/19 revenue budget was built with a £5.2m savings and income generation programme. The programme is monitored on a monthly basis using the RAG traffic light system. The status of the programme is shown in the following charts:



5.2 Communities

The revenue budget for the Communities Directorate 2018/19 was built with a savings and income generation programme of £1.6m. The programme is currently £645k Green, £650k Amber and £267k Red.

Corporate Director:

£61k of savings relating to income and efficiency targets assigned to the former Prevention & Safeguarding Service are Red, due to insufficient demand. The target has been reallocated as an efficiency target against the Communities Corporate Director cost centre and the directorate is reviewing alternative options for delivery of the savings target. However it is unlikely that the target will be achieved in 2018/19.

Adult Social Care:

Adult Social care 2018/19 budget was built with a £761k savings and income generation programme.

A £6k saving in respect of the establishment of a framework for S12 specialist GPs for Deprivation of Liberty safeguards for Adult Social Care is forecast as Red and is unlikely to be achieved in the financial year.

The Transforming Lives (delivering care differently strategy), £175k and the New Ways of Working transformation programme, £225k savings are both forecast as Amber at Quarter Two. Transforming Lives, which is now titled Delivering Care Differently, is focused on delivery of savings through the Shared Lives programme and a programme of reviewing client packages, progress is being made against delivery of the saving.

Implementation of the new case management system meant ASC did not receive NWW performance reports. This has been resolved for 2018/19 and the key indicator of people coming to the front door who then go on to long term services is a very positive 7%. The service will continue to maintain a focus on maintaining this conversion rate but this will not mitigate other factors that impact commissioning budgets e.g. delayed transfers of care or private funders who run out of money and become the Council's responsibility.

£355k of income generation is expected to be achieved in full.

Children & Family Services:

Children & Family Services 2018/19 budget was built with a £426k savings & income generation programme.

The saving of £200k for Childcare Lawyers demand management is Red which means it is not on track to deliver. Demand for this service has increased mostly due to particularly complex West Berkshire cases before the Family Court this year.

Placements management (family safeguarding), £200k, is forecast as Amber at Quarter Two. As the Placement budget is overspent in Quarter Two there is a risk the savings target will not be fully achieved in year.

All other savings are expected to be achieved.

Education:

Education 2018/19 budget was built with a £313k of savings & income generation programme.

The saving of £50k for Castlegate is amber as there is a medium risk of the saving not being achieved due to income generation plans not being implemented yet and subsequent increase in demand for WBC children requiring respite care has filled these beds.

All other savings are expected to be achieved.

Public Health & Wellbeing:

Public Health & Wellbeing services 2018/19 budget was built with a £333k of savings & income generation programme.

Income generation of £29k is red due to traded services implementation being delayed. Needle Exchange, £5k, and SRCL Waste, £2k, are flagged as red due to the savings not be feasible to be fulfilled. These savings will be offset by underspends on dual diagnosis nurse.

All other savings are expected to be achieved.

Economy and Environment

The revenue budget for the Economy and Environment Directorate was built with a savings programme of £2.3m. The programme is expected to be £2.13m Green, £88k Amber and £46k Red.

Transport and Countryside:

£46k of car parks income is Red as considerable difficulty in recruiting Civil Enforcement Officers has resulted in reduced income from penalty charges, and there has been no increased income from on street parking charges as this savings proposal was not pursued.

£75k car parks income is Amber due to external power problems, vandalism and thefts from parking machines, and less enforcement resources than anticipated has had an adverse impact on income.

Development and Planning:

£13k for increased rent levels for temporary accommodation is Amber as it is too early in the year to confirm.

5.3 Resources

The 2018/19 budget for Resources was built with a £1.3m savings and income generation programme, including £500k net income from new investment properties. The programme is expected to be £1.28m Green and £48k Red.

Strategic Support:

There is a £68k income target for the graphics team of which £48k is expected to be Red. Reduced internal demand for the services of the imagery and graphics design team has resulted in anticipated income being £48k lower than target for this service. Currently other in year savings identified within the service are expected to mitigate this pressure during 2018/19.

Appendix E provides a list of the savings and income items that are at risk.

6. Communities Directorate Quarter Two Review

Communities	Current Net Budget	Forecast (under)/over spend		Change from Last Quarter
		Quarter One	Quarter Two	
	£000	£000	£000	£000
Adult Social Care	42,804	2,388	2,140	(248)
Children & Family Services	15,983	220	657	437
Corporate Director - Communities	152	8	8	(0)
Education DSG funded	(444)	0	0	0
Education	8,961	152	(1)	(153)
Public Health & Wellbeing	253	0	0	0
Communities	67,709	2,768	2,803	36

6.1 The forecast revenue over spend for the Communities Directorate is £2.8million against a net budget of £67.7million.

6.2 Two services are forecasting year end overspend positions as at Quarter Two, Adult Social Care £2.1million and Children and Family Services £657k. Across these two services increasing financial pressures have been identified on demand led, externally commissioned placement budgets. Agency pressures have been identified across the Child Protection Teams within Children & Family Services and a further financial pressure has been identified relating to the Children and Family Service’s Childcare Lawyers budget.

(1) Adult Social Care

Adult Social Care is forecasting an over spend of £2.1million at Quarter Two, against a £42.8million budget.

The pressure is primarily within the demand led commissioning budgets. The forecast commissioning pressure at Quarter Two is £2.4million against a net commissioning budget of £28.3million, an 8% forecast overspend. The cost of commissioning client packages from the external market has risen significantly. All primary support reasons (PSR), are forecast to overspend against budget. The most significant forecast overspends within the commissioning budget are against physical support over 65s, memory and cognition support services for over 65s learning disability support services for age group 18-64 years.

Client numbers accessing long term services are monitored weekly; the overall number of services clients are in receipt of has remained relatively constant historically. In common with other local authorities the service strategy is to maintain as many people to stay at home avoiding high cost residential placements. These care packages will comprise more than one element e.g. a young adult with a learning disability or older adult with dementia may have respite to give the family a break, day activities and transport.

Mitigation strategies are currently under review to address the pressures identified in the commissioning budget.

(2) Children and Family Services

Children & Family Services is forecasting a £657k overspend against budget at Quarter Two, an increase of £437k from last quarter.

The increase in overspend is attributable to Child Care Lawyers, which is in part attributable to unmet savings target and in part due to updated information which shows an increase in complex high cost cases that are being dealt with. Childcare lawyer costs are incurred when applying for Court Orders to safeguard a child. The complexity of the case and the extent to which it is contested can add considerably to the costs. Furthermore, there is increasing expectation that children in care should be safeguarded by Court Orders rather than informal (voluntary) arrangements. 80% of West Berkshire children in care have a Court Order protecting their status. It is difficult to predict future demand accurately, however there is an opportunity to better forecast costs particularly high cost cases by having the latest data on legal costs which we are working with Reading council on. Longer term there may also be the opportunity to procure legal services from a different provider.

The demand led placement budgets are overspent by £173k mainly in Independent Fostering Agencies and Special Guardianship cost centres. The increase in cost is driven by demand which fluctuates during the year. Mitigation strategies are currently under review to address the pressures identified in the commissioning budget.

There is a £20k forecast overspend for the Emergency Duty Team and £20k in Child protection teams due to agency covering vacancies and sabbaticals.

The Children & Family Services risk reserve is £415k. Any over spends which relate to identified risks could be mitigated through the risk reserve should Members decide to do so. Identified risks currently total £377k.

(3) Education

The Education Service is forecasting on line at Quarter Two. There are overspends in residential placements, £130k and adjustments in community care packages, £77k. SEN services are overspent owing to a reduction in SEN reform grant of £54k, and a shortfall on staffing budgets of £11k.

The overspend has been partially offset by underspends on transport and other disabled children services. In-Year savings of £100k have been identified through capitalisation of revenue costs £30k, a vacant Educational Psychology post £15k,

transport savings in reduction in pupil numbers and usage of Taxi's £28k and an adoption grant not budgeted for £30k. An additional £100k in year is forecast to be achieved by year end.

The Education risk reserve is £279k for 2018/19. The residential placement 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. However, if the service is not overspent at year end, the reserve will not be required.

(4) Public Health & Wellbeing

Public Health is forecast to be on line by year end.

7. Economy & Environment Directorate Quarter Two Review

Economy and Environment	Current Net Budget	Forecast (under)/over spend		Change from Last Quarter
		Quarter One	Quarter Two	
	£000	£000	£000	£000
Corporate Director - Environment	179	0	0	0
Development & Planning	2,831	(114)	(232)	(118)
Public Protection & Culture	4,022	47	70	23
Transport & Countryside	23,877	70	(171)	(241)
Economy and Environment	30,909	3	(333)	(336)

The Directorate is currently forecasting a £333k under spend against a budget of £30.9m.

(1) Development and Planning

The service is forecasting an under spend of £232k. This is largely due to salary and associated savings in Development Control and savings of £25k in Housing as a result of project delays.

(2) Public Protection & Culture

The Service is forecasting an over spend of £70k. This is mainly due to:

- Mop up costs associated with two functions that have now ceased - Activity Team and the Duke of Edinburgh scheme £32k.
- Salary costs associated with libraries are expected to be in excess of target by £12k. There is a risk reserve associated with this service of £90k.
- The overall leisure net budget is expected to be exceeded by £44k, this is mainly due to the level of third party contributions. There is a risk reserve associated with this service of £50k.

(3) Transport and Countryside

The service is forecasting an under spend of £171k. In year savings are forecast to achieve £408k, largely as a result of the capitalisation programme. The service is also experiencing pressures as follows:

- Winter maintenance budgets are expected to be overspent by £73k as a result of under estimating the budget requirement. There is a risk reserve of £75k associated with this service.
- Car parking income is expected to be lower than target due in part to ticket sales in Q2 being 7% down on the same period last year.

8. Resources Directorate Quarter Two Review

Resources	Current Net Budget	Forecast (under)/over spend		Change from Last Quarter
		Quarter One	Quarter Two	
	£000	£000	£000	£000
Chief Executive	791	0	(75)	(75)
Commissioning	932	0	(46)	(46)
Customer Services & ICT	3,036	(3)	(104)	(101)
Finance & Property	3,199	(260)	(314)	(54)
Human Resources	1,472	0	(52)	(52)
Legal Services	1,054	0	(36)	(36)
Strategic Support	2,343	(17)	(40)	(23)
Resources	12,827	(280)	(667)	(387)

8.1 The Directorate is forecasting a £667k underspend against a budget of £12.8m. This underspend has increased by £387k from Quarter One. The Directorate is forecasting to achieve £0.5m in year savings in response to the corporate slow down.

(1) Finance & Property

The council has invested £38m in commercial property out of a total budget of £100m. This investment has primarily been made to generate income to support the provision of council services. The forecast for this year is that the target of £500k net income will be exceeded by £250k.

A summary is shown below:

2018/19	£
Total Rent in 2018/19	2,649,594
Total Management Costs	1,899,595
Surplus Income 2018/19	750,000
Gross Yield 2018/19	3.7%
Net Yield 2018/19	1.1%

New pressures of £30k have been highlighted in Quarter Two being: additional £20k contract cleaning costs as a result of mid-year change of contractor and; costs of £10k arising as a result of the member decision to continue pay-by phone services. The need for this service, for groups without access to on-line facilities was highlighted by the recent introduction of charging for Garden Waste collections.

(2) Legal

Legal are reporting a pressure on the disbursements budget of £76k, largely due to the LRIE Court of Appeal case and the cost of two planning inquiries which are scheduled to take place in November 2018 and January 2019. This budget is primarily used to fund the cost of external lawyers who are instructed to represent the Council in matters that are before the higher courts. There is a £50k reserve that could be used against this.

9. Risks

9.1 In response to the volatility of some of the Council’s demand led budgets, a number of service specific risk reserves have been established. The risk reserves are based on service risk registers. The reserves can be released if the named risks arise, subject to member approval. The current level of service specific risk reserves and the risks that have arisen in 2018/19 are shown in the table below.

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	-377	38
Education	0	279	279	-130	149
Leisure	0	50	50	0	50
Libraries	0	90	90	0	90
Transport & Countryside	0	75	75	-73	2
Legal Services	50	0	50	-50	0
Total	969	1,590	2,559	-1,346	1,213

9.2 The forecasts are before any use of these reserves, but £1.3m could be released to support the forecast position, subject to member approval.

9.3 Adult Social Care has a dedicated risk reserve of £1.6million. The current position and risks that have arisen are shown in the following table.

Adult Social Care	Value	Reserve Balance
	£000	£000
Risk Reserve closing balance 31.3.2018	881	
Adult Social Care Support Grant	313	
Increase in reserve agreed via bid	406	
Risk Reserve balance 01.04.2018	1,600	
Risk Reserve balance 30.06.2018		1,600
Risks arising as at Quarter One 2018-19:		
Individual transition package higher than expected	-87	
Delayed transfers of care	-41	
Loss of a Continuing Health Care Award (CHC)	-83	
Additional one off resource due to Birchwood Embargo	-229	
Additional care management resource	-22	
Contracts retendered higher than inflation	-254	
Total risks arising in 2018/19		-716
Risk Reserve potential closing balance 31.03.2019		884

9.4 Children and Family Services have a dedicated risk reserve of £415k as shown below.

Children & Family Services	Value	Reserve Balance
	£000	£000
Risk Reserve closing balance 31.3.2018		38
Increase in reserve agreed by Budget Board	377	
Risk Reserve balance 1.4.2018		415
Risks arising 2018/19:		
Requirement to cover key posts (social workers) above base budget provision	-130	
Childcare lawyers	-200	
Potential Risk Reserve balance 31.03.2019		85

9.5 Education Services have a dedicated risk reserve of £279k as shown in the table below.

Education	Value	Reserve Balance
	£000	£000
Risk Reserve closing balance 31.3.2018		0
Increase in reserve agreed by Budget Board	279	
Risk Reserve balance 1.4.2018		279
Risks arising 2018/19:		
Residential placements - Requirement to fund additional residential placements to ensure the safety and wellbeing of young people on our caseload.	-130	
Potential Risk Reserve balance 31.03.2019		149

9.6 A risk reserve of £90k (Libraries) and £50k (Leisure) is available this year to mitigate financial risks. No use of these is currently anticipated.

9.7 Transport & Countryside had a risk reserve of £224k that was created last year for winter gritting costs. This was fully utilised. The reserve was established at £75k this year to cover unbudgeted costs that may arise this coming winter. It is expected that this will be required as the budget was set below the level of anticipated costs.

Other potential and ongoing budget risks in Transport & Countryside include:

- Draw downs on the Emergencies budget – the nature of this area means that outturn is difficult to predict and pressures unavoidable.
- The hand patching budgets of £178k has been identified as having the potential to be capitalised. This is included in the in-year savings targets above but is still subject to capitalisation approval. If capitalisation is rejected and budgets are overspent, there is a risk that the current outturn overspend will be understated.
- Grants available to fund hand patching roads are ad hoc and not guaranteed.

9.8 The legal disbursements budget is currently forecasting an overspend of £76k for 2018/19, largely due to the LRIE Court of Appeal case and the cost of two planning inquiries which are scheduled to take place in November 2018 and January 2019. A risk reserve of £50k which was not utilised in 2017/18 is available to support the disbursements budget. Other potential and ongoing budget risks in legal services include ongoing and future legal challenges/ Judicial Reviews and an increase in the number of planning inquiries.

9.9 Other risks:

- (1) Building Control has experienced some fluctuations in market share which impacts on the re-charge made by Wokingham BC (as hosts of the shared service). This may result in a small pressure.
- (2) Strategic Support: Reduced demand for Local Land Charges Services, reflecting reduced volumes of property transactions, is forecast to have an adverse impact on the council's income in 2018/19 of £22k. This demand led service is vulnerable to economic conditions that are outside the control of the council.

10. Transformation Funding

10.1 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 in the table:

Directorate	Service	Project Description	Transformation Funding Awarded
			£000
		Opening Balance	1,000
Communities	Education	Emotional Health Academy	-6
Resources	Commissioning	Invest to save posts in commissioning	-225
Resources	HR	Invest to save post - Apprenticeship Coordinator	-74
Resources	Legal	Shared service advice	-12
Communities	Education	Invest to save - Family Hub transformation	-28
Resources	F&P, HR, SSU	Invest to save - New Ways of Working project	-216
Communities	ASC	Transport	-5
		Total awarded 2017/18	-566
		Closing Balance 31.3.18	434
		Capital Receipts allocated to transformation	561
		Opening Balance 1.4.2018	995
Resources/Env	SSU/PPC	Commercial Group 2 sales & marketing officers(2yrs)	-169
Communities	ASC	Transport data reviewing officer extension	-3
Resources	Commissioning	Extend fixed term post 1 yr re ASC	-41
Resources	F&P	Digital transformation Revs and Bens	-147
Resources	Legal	Shared service advice	-16
Resources	Commissioning	Invest to save posts in commissioning	-42
Communities	ASC	Review of care packages	-150
		Total awarded 2018/19	-567
		Closing Balance 31.3.19	428

10.2 Council approval was given to increase the Transformation Reserve in 2018/19 by £561k, as part of the Strategy for use of Capital Receipts.

11. Dedicated Schools Grant – Quarter Two Review

11.1 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.

11.2 The 2018/19 DSG allocation is £129m. This includes £35.5m which funds Academies and post 16 high needs places and is paid direct by the Education and Skills Funding Agency (ESFA). The remaining grant, after any actual brought forward over spend, is £92.8m.

11.3 The DSG budget for 2018/19 was built with a planned over spend of £464k. At Quarter Two there is a forecast overspend of £798k, which is £334k greater than planned. The overspend is all within the High Needs Block.

12. Proposals

12.1 To note the forecast position.

13. Conclusion

13.1 The Council is facing an in year overspend of £1.3m against a net revenue budget of £119.4 million, which is 1.1% of the net budget. The main driver of this is a £2.1m 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.

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"/> |

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aims:

MEC – Become an even more effective Council

The proposals contained in this report will help to achieve the following Council Strategy priorities:

MEC1 – Become an even more effective Council
