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# 2018/19 Revenue Financial Performance: Provisional Outturn

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<b>Committee considering report:</b>	Executive on 13 June 2019
<b>Portfolio Member:</b>	Councillor Jeff Cant
<b>Date Portfolio Member agreed report:</b>	5 June 2019
<b>Report Author:</b>	Melanie Ellis
<b>Forward Plan Ref:</b>	EX3564

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## 1. Purpose of the Report

- 1.1 To inform Members of the provisional revenue outturn 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.

## 3. Implications

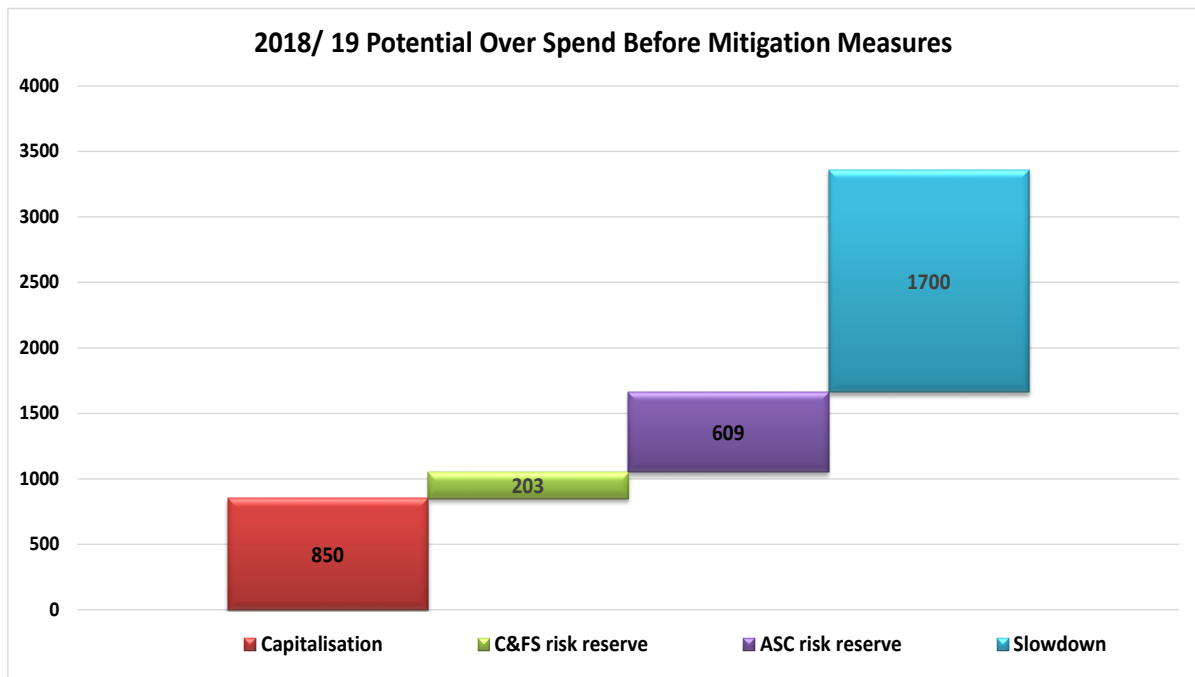
- 3.1 **Financial:** The Council faced a potential overspend of £3.3m in 2018/19 and has responded to this with a Council wide mitigation programme, including the use of service specific risk reserves, to arrive at a balanced outturn. Areas of ongoing overspend and unmet savings have been addressed as part of the 2019/20 budget build.
- 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

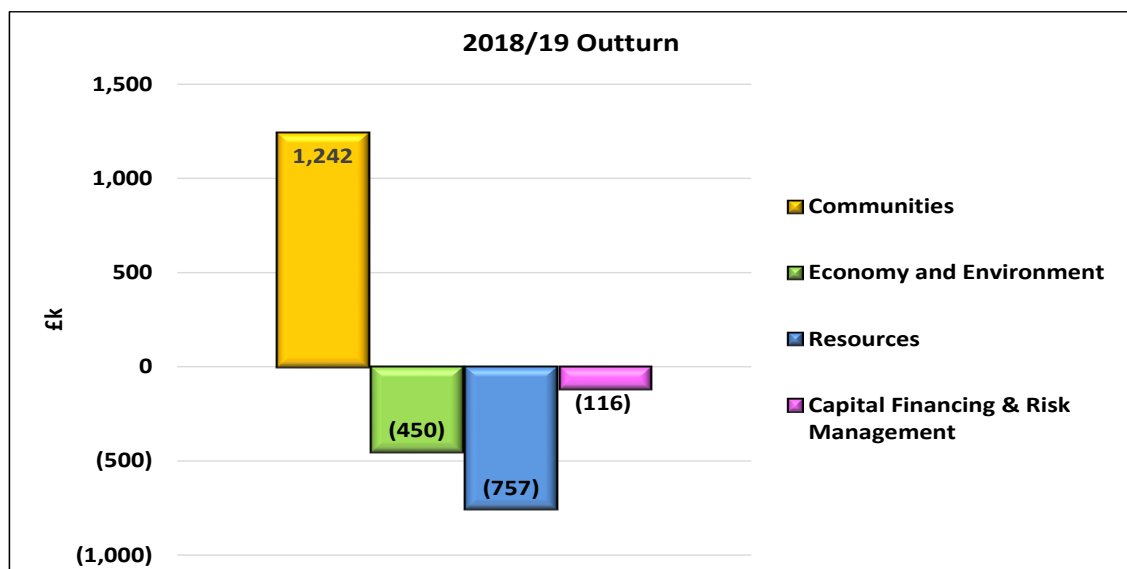
- 4.1 N/a – factual report for information.

## Executive Summary

- 4.2 At Quarter One it became evident that a significant overspend was emerging in the Communities Directorate, most notably in Adult Social Care. The whole Council was tasked with putting mitigation strategies in place in order to address the forecast overspend. Without this action the Council could have faced an overspend of £3.3million.
- 4.3 Cost reduction measures achieved £1.7m of savings, a further £850k was capitalised, and £812k was released from risk reserves at Quarter Three. The impact of the mitigation measures is shown in the chart below.



- 4.4 £81k was returned to reserves at the end of the year, resulting in a net use of £731k reserves.
- 4.5 Directorate over and under spends (after all mitigation measures) are shown in the following chart (the net position being the £81k returned to reserves):



- 4.6 At Quarter One Adult Social Care was showing a significant overspend. An in depth review was undertaken of the modelling used to set the budget concluding that the modelled budget should have been £1.4m higher, with the remainder of the overspend arising from demand, unmet savings, transfers of care and the embargo of Birchwood care home.
- 4.7 The Adult Social Care outturn position is overspent by £838k. There were overspends of £2m in commissioning and £1.1m in Birchwood care home offset by underspends of £800k in the rest of the service. The overspend was reduced using £600k risk reserves, £500k Winter funding and £290k Transformation funding. The underlying overspend has been addressed in the 2019/20 budget build with improved modelling used to forecast future budget requirements in commissioning. Birchwood care home has received additional funding to address staffing levels for 2019/20, but our care home provision will remain an area of focus.
- 4.8 Children & Family Services outturn position is £632k overspent. Childcare lawyers overspent by £565k. This is in part attributable to a £200k unmet savings target and in part to four complex high court cases. The demand led placement budgets are overspent by £396k mainly in Independent Fostering Agencies' and Special Guardianship. The 2018/19 savings programme has only delivered £26k against a target of £426k, and £400k of savings have not been met, however, in-year savings of £200k were delivered.
- 4.9 The remainder of the Communities Directorate is underspent. The Economy and Environment Directorate was underspent by £450k, reflecting in-year savings and capitalisation of relevant costs. Resources was £757k underspent, reflecting in-year savings and additional income from commercial property investment.
- 4.10 The 2018/19 budget was set with a £5.2m savings and income generation programme. Progress is monitored using the RAG system. At outturn, £881k of risks are Red (17%) and £4.4 Green (83%). Whilst some savings have over achieved, the savings programme as a whole has significantly under achieved in 2018/19. The Communities Directorate has only achieved 56% of savings targets. (ASC 76% achieved, CFS 6% achieved, Education 84% achieved). This will be addressed in 2019/20 as part of the ongoing savings and income generation programme.
- 4.11 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. £566k was allocated in 2017/18 and £864k in 2018/19. Budget Board allocated a further £869k in April 2019 from existing reserves to increase the Transformation Reserve back to £1m.

## 5. Proposal

- 5.1 To note the outturn position.

## 6. Conclusion

- 6.1 The Council faced a potential overspend of £3.3m in 2018/19 and has responded to this with a Council wide mitigation programme, and has had to make use of service specific risk reserves. After these actions the final position will result in £81k being

returned to reserves. Areas of ongoing overspend and unmet savings have been addressed as part of the 2019/20 budget build.

## 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 – Communities Directorate Report
- 7.5 Appendix E – Economy & Environment Directorate Report
- 7.6 Appendix F – Resources Directorate Report
- 7.7 Appendix G – Summary Revenue Forecast 2018/19
- 7.8 Appendix H – Summary of Budget Changes