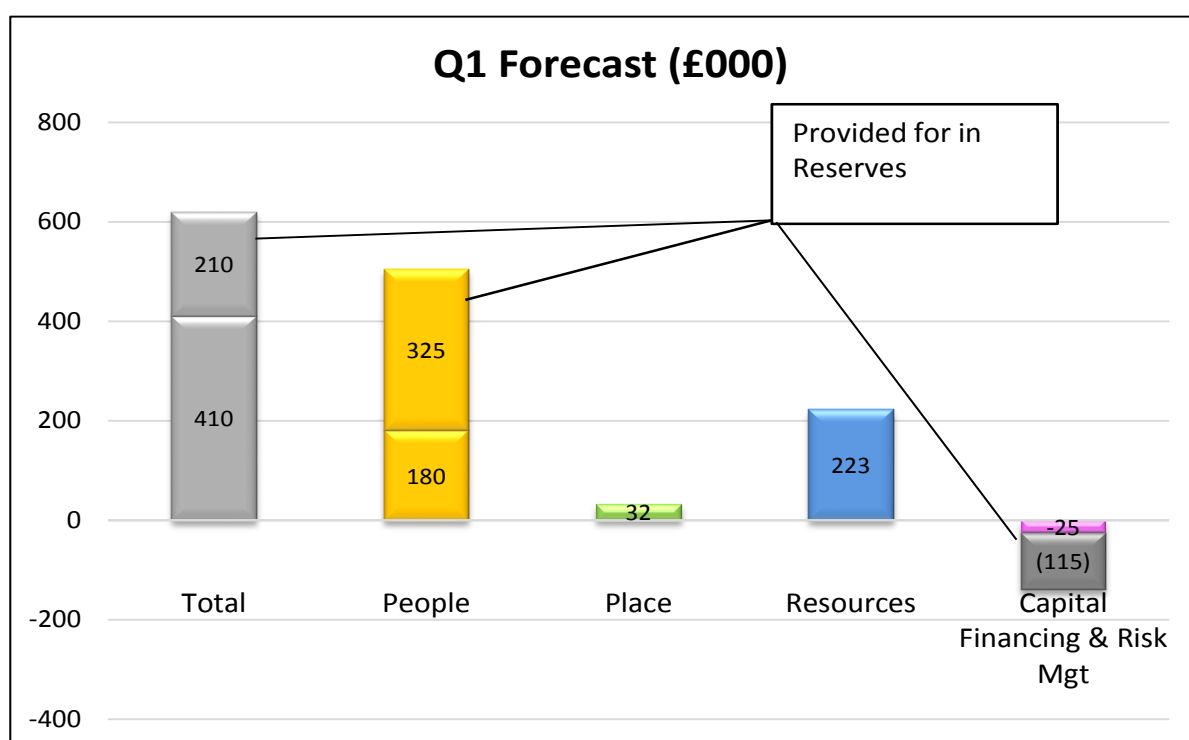


2019/20 Revenue Financial Performance: Quarter One – Supporting Information

1. Introduction

- 1.1 The Quarter One forecast is an over spend of £620k, of which £210k is provided for in reserves and risk management provision, which if used, could result in a year end position of a £410k over spend. This is 0.3% of the Council's 2019/20 net revenue budget of £125m.
- 1.2 The Directorate forecasts are shown in the chart below.



Directorate Summary	Current Net Budget £000	Net Forecast £000	Forecast (under)/over spend		
			Quarter One £000	Provided for in Reserves £000	Year End Forecast £000
People	73,620	74,125	505	(325)	180
Place	29,979	30,011	32	0	32
Resources	11,768	11,991	223	0	223
Capital Financing & Risk Mgt	9,285	9,145	(140)	115	(25)
Total	124,652	125,272	620	(210)	410

2. Quarter One

2.1 The Service forecasts are shown in the following chart:

	Current Net Budget	Net Forecast	Forecast (under)/over spend		
			Quarter One	Use of Reserves	Year End Forecast
	£000	£000	£000	£000	£000
Adult Social Care	48,232	48,384	153	(161)	(8)
Children & Family Services	16,885	17,088	203	(49)	154
Executive Director	226	196	(30)	0	(30)
Education DSG funded	(444)	(444)	0	0	0
Education	8,606	8,786	180	(115)	65
Public Health & Wellbeing	114	114	0	0	0
People	73,620	74,125	505	(325)	180
Executive Director	186	186	0	0	0
Development & Planning	2,935	2,905	(30)	0	(30)
Public Protection & Culture	3,753	3,805	52	0	52
Transport & Countryside	23,105	23,115	10	0	10
Place	29,979	30,011	32	0	32
Executive Director	91	91	0	0	0
Chief Executive	927	927	0	0	0
Commissioning	700	772	72	0	72
Customer Services & ICT	2,983	3,001	18	0	18
Finance & Property	2,284	2,398	114	0	114
Human Resources	1,440	1,447	7	0	7
Legal and Strategic Support	3,343	3,355	12	0	12
Resources	11,768	11,991	223	0	223
Capital Financing	11,005	10,880	(125)	0	(125)
Commercialisation	(100)	0	100	0	100
Movement through Reserves	(2,059)	(2,059)	0	0	0
Risk Management	439	324	(115)	115	0
Capital Financing & Risk Mgt	9,285	9,145	(140)	115	(25)
Total	124,652	125,272	620	(210)	410

NB. Rounding differences may apply to nearest £k.

3. People Directorate

3.1 The forecast position is an over spend of £505k, of which £210k is provided for in service risk reserves and £115k from risk management provision, leading to a year end forecast of £180k if reserves are released. The main drivers of this are detailed below, with further explanation in the Directorate Appendix.

- (1) In Adult Social Care there is a forecast over spend of £153k. The provider for Extra Care Housing at two provisions has terminated their contract. This is a risk that has been provided for in the risk reserve. The service over spend is largely being driven by the lack of a

permanent care workforce, leading to additional agency usage in WBC care homes. The main area of concern is Birchwood, where recruiting both nursing staff and dementia specialists remains challenging. Spend on long and short terms services is forecast to be broadly in line with budget.

- (2) In Children & Family Services, there is a forecast over spend of £203k, predominantly from Independent Fostering Agency (IFA) placements demand. There is a £49k risk reserve provision for this. There is a potential under spend in residential placements which could go towards mitigating the IFA over spend, but it is too early in the year to forecast this.
- (3) In Education, there is a forecast over spend of £180k. The removal of the SEND grant is driving a £115k pressure, which Budget Board agreed to report as an over spend during 2019/20. This can be funded from the risk management provision at year end. There is a shortfall of income at Castle Gate; the placement of West Berkshire children here has meant there are insufficient beds to sell to neighbouring authorities. However, this is leading to cost avoidance on the disability support budget.

4. Place Directorate

4.1 The forecast position is an over spend of £32k. The main drivers of this are detailed below, with further explanation in the Directorate Appendix.

- (1) In Public Protection and Culture, there is a £52k pressure overall. This has arisen in libraries due to a cost pressure from the corporate cleaning contract and due to digitisation savings from online bookings looking unlikely to be achieved this year. £30k relates to a red efficiency savings target on the Head of Service cost centre.

5. Resources Directorate

5.1 The forecast position is an over spend of £223k. The main drivers of this are detailed below, with further explanation in the Directorate Appendix.

- (1) In Finance & Property, there is a £290k forecast income shortfall from commercial property. The current year £1.5m investment income target was assumed to be delivered from an average property value totalling £75m in year. However, the current portfolio stands at £62m and there is uncertainty around whether the portfolio will increase any further in year.
- (2) In Commissioning, there is a £72k unbudgeted cost increase in catering costs which has arisen from issues in the tender process for the schools meals service. Action has been taken to address this going forwards, but the pressure will continue for the 2019/20 academic year.

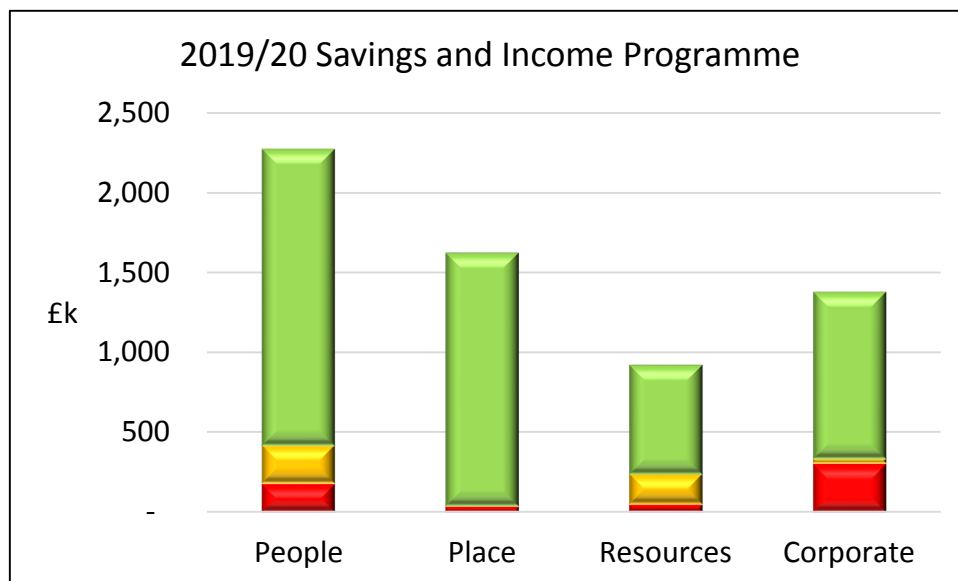
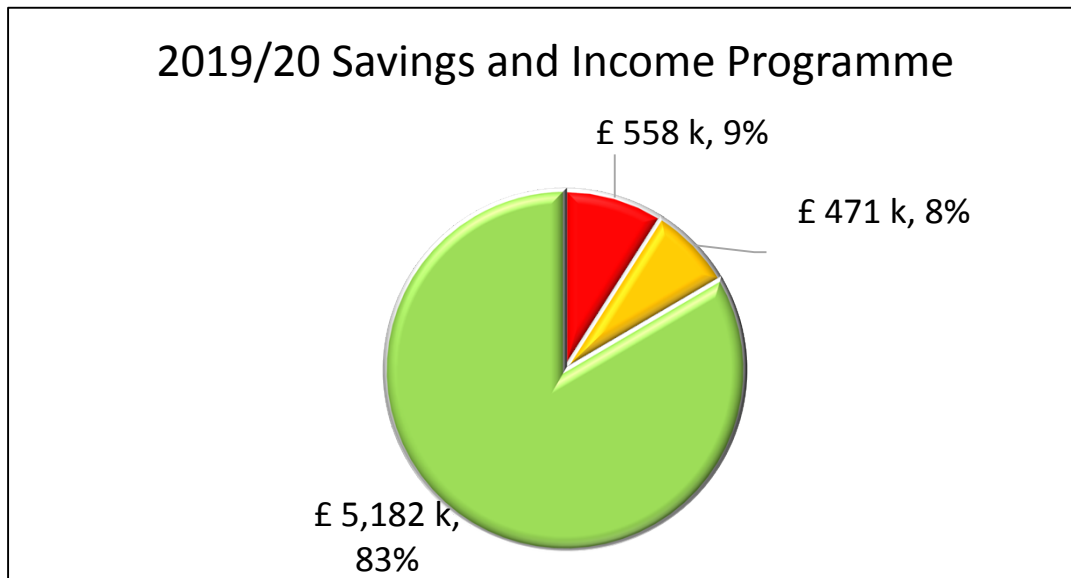
6. Capital Financing and Risk Management

6.1 The forecast position is an under spend of £140k. This comprises:

- (1) £100k income target from commercialisation that is currently forecast not to be met.
- (2) £125k saving on levy costs and forecast additional investment income from treasury management
- (3) £115k under spend on the risk management budget (offsetting the SEND pressure in Education)

7. 2019/20 Savings and Income Generation Programme

- 7.1 In order to meet the funding available, the 2019/20 revenue budget was built with a £6.2m savings and income generation programme. The programme is monitored using the RAG traffic light system. The status of the programme is shown in the following charts with detailed explanations for unmet savings shown in the Directorate Appendices:



7.2 The relatively high level of red savings of £558k (9%) is a factor in the overall over spend position.

7.3 The corporate savings and income generation programme is summarised below:

Corporate	Red	Amber	Green	Total	Achieved
	£k	£k	£k	£k	
Total	300	34	1,048	1,382	76%

Service	Description of Saving/Income	Category	£k	£k	£k	Total £k	Comments
Corporate (F&P)	Commercial Property Investment	Income	300		700	1,000	Target set on a forecast investment level of £75m. Currently £62m invested.
Corporate (F&P)	Introduce digital technology to make existing Council Tax and Housing Benefit/Council Tax Subsidy processes more efficient.	Efficiency			56	56	
Corporate (SSU)	Boundary Review - reduction in Member allowances	Efficiency			80	80	
Corporate (F&P)	E-Payment Card Solution	Efficiency		11		11	
Corporate (SSU)	Corporate Digitisation Enablers	Efficiency		23		23	
Corporate (F&P)	Essential car user savings	Efficiency		-	112	112	
Corporate	Commercialisation	income			100	100	
Corporate			300	34	1,048	1,382	

8. Proposals

8.1 To note the Quarter One forecast of £620k.

8.2 To note that £210k of the forecast over spend has been provided for in reserves, which if used could reduce the over spend to £410k.

9. Conclusion

9.1 The Council is reporting a forecast over spend of £620k, of which £210k is provided for in reserves, leading to a year end forecast of £410k. The report highlights what each directorate is putting in place to mitigate their forecast over spends, and any implications for budget setting. There is a £6.2m savings and income generation programme which is forecasting 83% achieved at Quarter One.

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 ☐

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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