
2019/20 Revenue Financial Performance: Quarter Two

Committee considering report:	Executive on 19 December 2019
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	7 November 2019
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Forward Plan Ref:	EX3796

1. Purpose of the Report

- 1.1 To report on the Quarter Two revenue financial performance.

2. Recommendation

- 2.1 To note the report.

3. Implications

- 3.1 **Financial:** The Quarter Two forecast is an over spend of £222k. This is 0.2% of the Council's 2019/20 net revenue budget of £125m. £263k of costs have reserve provision against them which could be used and would lead to a year end forecast of £41k under spend.
- 3.2 **Policy:** N/A
- 3.3 **Personnel:** N/A
- 3.4 **Legal:** N/A
- 3.5 **Risk Management:** N/A
- 3.6 **Property:** There is a forecast under achievement of commercial investment income.
- 3.7 **Other:** N/A

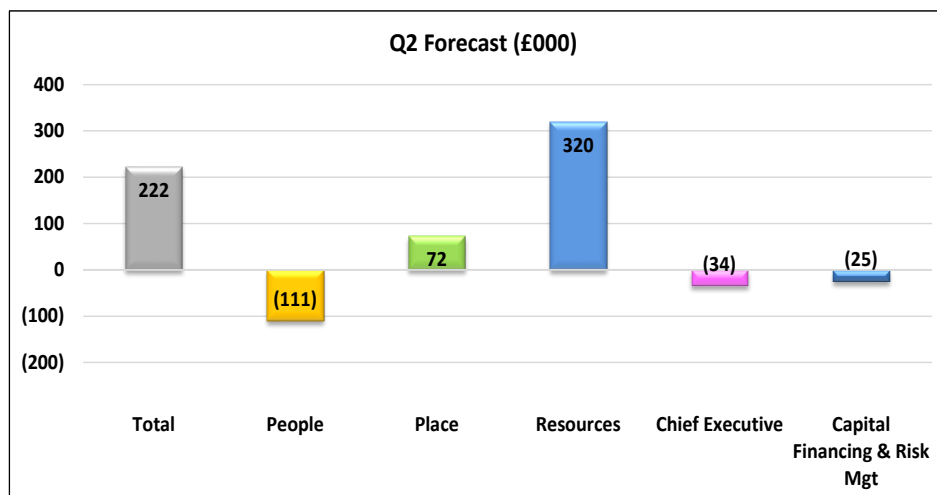
4. Other options considered

- 4.1 None

Executive Summary

5. Introduction

- 5.1 The Quarter Two forecast is an over spend of £222k, which is 0.2% of the Council's 2019/20 net revenue budget of £125m. The net forecast comprises service over spends arising from a combination of in year pressures and unmet savings amounting to £1.1m and service under spends totalling £900k. Directorate forecasts are shown in the chart below.



- 5.2 Some of these overspends have been provided for in reserves and £263k could be released. This would result in a year end position of a £41k under spend.
- 5.3 The People Directorate is forecasting an under spend of £111k.
- (1) Adult Social Care is forecasting an under spend of £653k, with under spends in both long and short term services arising from Health Care awards, above average number of clients exiting services through end of life, sourcing care beds at competitive prices, using our own services upon discharge from hospital and fewer than modelled transition clients moving to further education. Long term client numbers are tracking at 50 fewer than the modelled demand. There are still pressures in Provider Services due to difficulties recruiting a permanent workforce.
 - (2) In Children & Family Services, there is a forecast over spend of £439k. This is predominantly in respect of Independent Fostering Agency placements due to unmet savings targets and increased demand. There is a £49k risk reserve provision against this. The Family Safeguarding Model is under pressure due to lack of partner contributions and there are agency pressures in the service. Childcare lawyer costs are however £100k under spent as a result of no complex cases.
 - (3) In Education, there is a forecast over spend of £103k. The removal of the SEND grant is driving a £115k pressure, which Budget Board agreed to report as an over spend in year and fund from reserves if required at year end. There is a shortfall of income at Castle Gate,

however, the placement of West Berkshire children here is leading to cost avoidance on the disability support budget.

- 5.4 The Place Directorate is forecasting an over spend of £72k, largely arising in Public Protection and Culture from contract pressure, income shortfall in building control and Shaw House and unmet digitalisation savings. Development and Planning are facing a £35k pressure due to the workload required to support the Homelessness Reduction Act. Transport and Countryside are forecasting a £94k under spend from waste and, although car parking income is £200k short against budget, income from streetworks is up by £200k.
- 5.5 The Resources Directorate is forecasting a pressure of £320k from under achievement of income. In Finance & Property there is a £347k income shortfall forecast in from commercial property, as the portfolio is not invested at the level expected. There are pressures on council properties, although vacancies across the service are mitigating the impact of this on the forecast. In Commissioning, there is a £60k contract pressure from the school meals service.
- 5.6 In Capital Financing & Risk Management, there is a £100k income target for commercialisation which is currently forecast not to be met, but £125k saving on levy costs and treasury investments.
- 5.7 The 2019/20 savings and income generation programme of £6.2m, is 85% Green, 5% Amber and 10% Red.

6. Proposal

- 6.1 To note the Quarter One forecast of £222k.
- 6.2 To note that £263k of the forecast over spend has been provided for in reserves, which if used could bring the forecast to an under spend of £41k.

7. Conclusion

- 7.1 The Council is reporting a forecast over spend of £222k, of which £263k is provided for in reserves, leading to a year end forecast under spend of £41k. 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 85% achieved at Quarter Two. Of the unmet savings, commercial property income accounts for 5% of this.

8. Appendices

- 8.1 Appendix A – Data Protection Impact Assessment
- 8.2 Appendix B – Equalities Impact Assessment
- 8.3 Appendix C – Supporting Information
- 8.4 Appendix D – People Directorate
- 8.5 Appendix E – Place Directorate
- 8.6 Appendix F – Resources Directorate

8.7 Appendix G – Quarter One Report