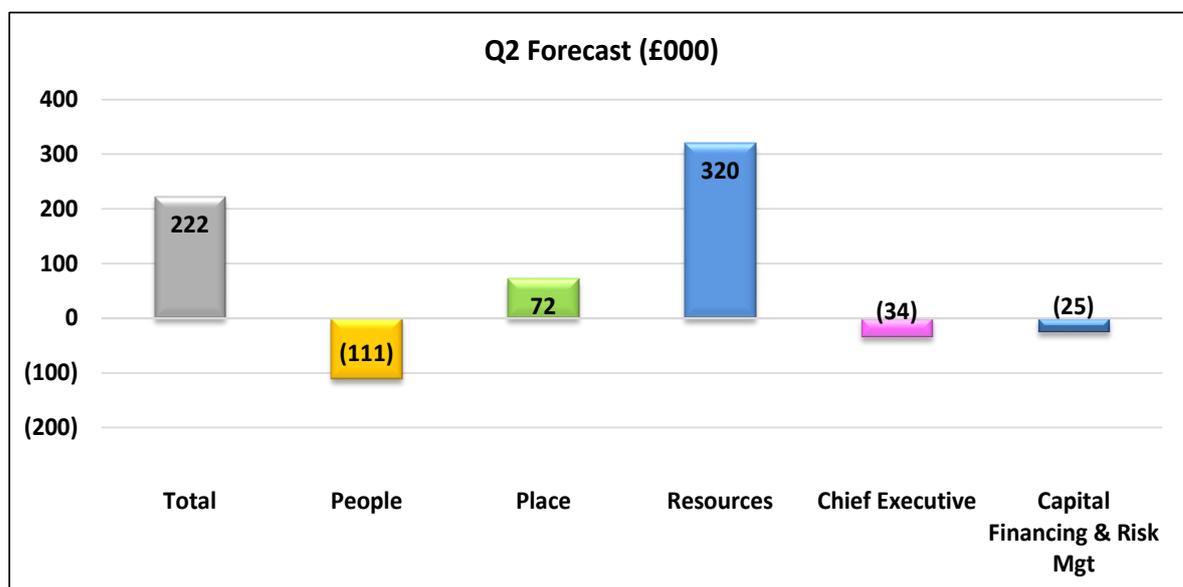


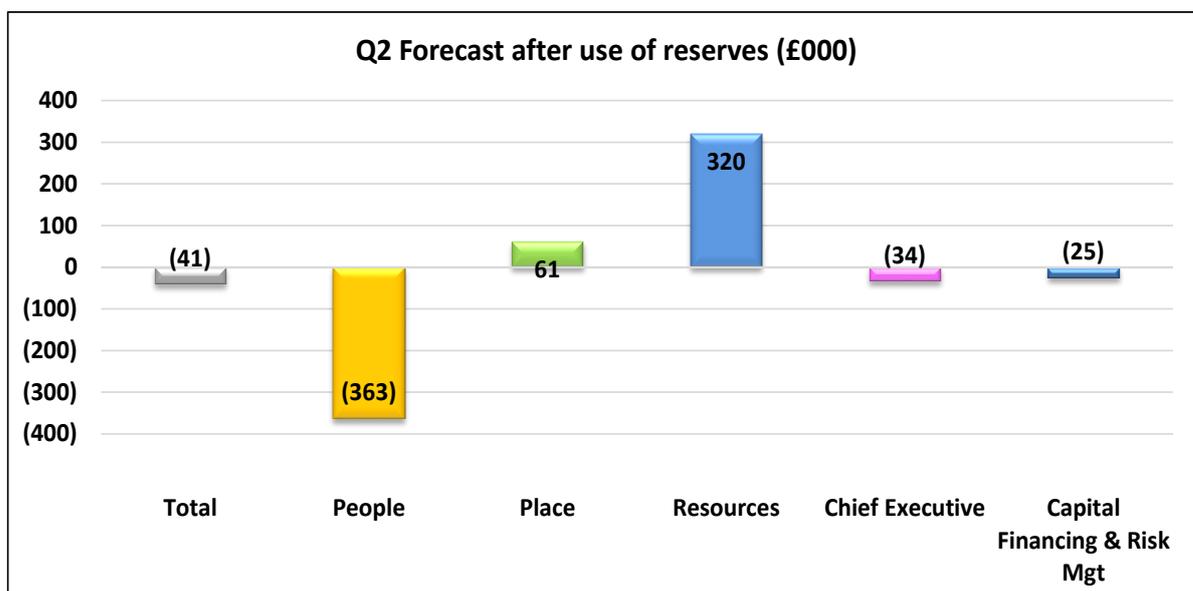
## 2019/20 Revenue Financial Performance: Quarter Two – Supporting Information

### 1. Introduction

- 1.1 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. 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. The Directorate forecasts are shown in the chart below.



- 1.2 Some of these overspends have been provided for in reserves and £263k could be released, which would result in a year end position of a £41k under spend.



## Quarter Two – Supporting Information

Directorate Summary	Current Net Budget	Net Forecast	Forecast (under)/over spend				Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Provided for in Reserves	Year End Forecast	
			Service Forecast	Service Forecast			
£000	£000	£000	£000	£000	£000	£000	
People	73,708	73,597	505	(111)	(252)	(363)	(616)
Place	30,006	30,078	32	72	(11)	61	40
Resources	10,951	11,271	223	320	0	320	97
Chief Executive	983	949	0	(34)	0	(34)	(34)
Capital Financing & Risk Mgt	9,004	8,979	(140)	(25)	0	(25)	115
<b>Total</b>	<b>124,652</b>	<b>124,874</b>	<b>620</b>	<b>222</b>	<b>(263)</b>	<b>(41)</b>	<b>(398)</b>

## 2. Quarter Two

2.1 The Service forecasts are shown in the following chart:

	Current Net Budget	Net Forecast	Forecast (under)/over spend				Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Provided for in Reserves	Year End Forecast	
			Service Forecast	Service Forecast			
£000	£000	£000	£000	£000	£000	£000	
Adult Social Care	48,312	47,659	153	(653)	0	(653)	(806)
Children & Family Services	16,892	17,331	203	439	(149)	290	236
Executive Director	226	226	(30)	0	0	0	30
Education DSG funded	(444)	(444)	0	0	0	0	0
Education	8,606	8,710	180	103	(103)	0	(76)
Public Health & Wellbeing	114	114	0	0	0	0	0
<b>People</b>	<b>73,708</b>	<b>73,597</b>	<b>505</b>	<b>(111)</b>	<b>(252)</b>	<b>(363)</b>	<b>(616)</b>
Executive Director	186	179	0	(7)	0	(7)	(7)
Development & Planning	2,910	2,945	(30)	35	0	35	65
Public Protection & Culture	3,833	3,971	52	138	(11)	127	86
Transport & Countryside	23,077	22,983	10	(94)	0	(94)	(104)
<b>Place</b>	<b>30,006</b>	<b>30,078</b>	<b>32</b>	<b>72</b>	<b>(11)</b>	<b>61</b>	<b>40</b>
Executive Director	91	91	0	0	0	0	0
Commissioning	782	842	72	60	0	60	(12)
Customer Services & ICT	3,059	3,050	18	(9)	0	(9)	(27)
Finance & Property	2,250	2,523	114	273	0	273	159
Human Resources	1,488	1,476	7	(12)	0	(12)	(19)
Legal and Strategic Support	3,281	3,289	12	8	0	8	(4)
<b>Resources</b>	<b>10,951</b>	<b>11,271</b>	<b>223</b>	<b>320</b>	<b>0</b>	<b>320</b>	<b>97</b>
<b>Chief Executive</b>	<b>983</b>	<b>949</b>	<b>0</b>	<b>(34)</b>	<b>0</b>	<b>(34)</b>	<b>-34</b>
Capital Financing	11,005	10,880	(125)	(125)	0	(125)	0
Commercialisation	(100)	0	100	100	0	100	0
Movement through Reserves	(2,136)	(2,136)	0	0	0	0	0
Risk Management	235	235	(115)	0	0	0	115
Capital Financing & Risk Mgt	9,004	8,979	(140)	(25)	0	(25)	115
<b>Total</b>	<b>124,652</b>	<b>124,874</b>	<b>620</b>	<b>222</b>	<b>(263)</b>	<b>(41)</b>	<b>(398)</b>

NB. Rounding differences may apply to nearest £k.

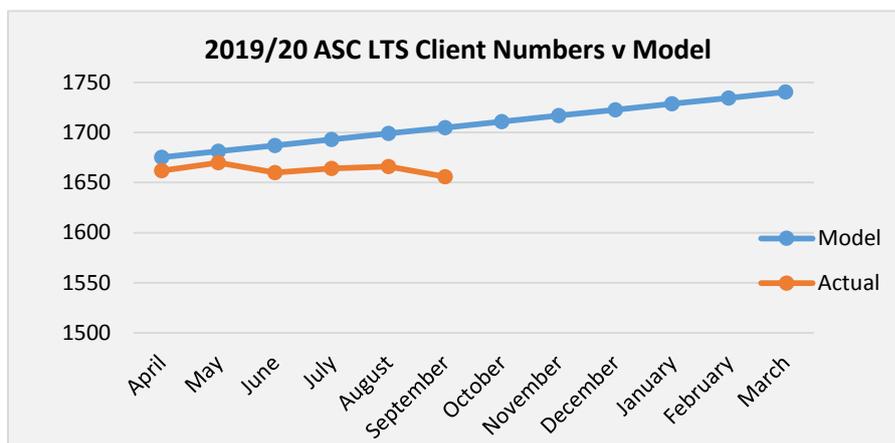
### 3. People Directorate

3.1 The Directorate forecast is an under spend of £111k at Quarter Two, which is 0.2% against a net budget of £74million. In Children and Family Services (CFS) and Education, provision has been made in reserves for £252k against over spends that have arisen. If used, this would decrease the service overspends but increase the Directorate under spend to £363k.

3.2 The main budget variances are detailed below, with further explanation in the Directorate Appendix.

(1) In Adult Social Care there is a forecast under spend of £653k.

(a) In long term services, a £420k under spend is forecast (1% of budget), arising from successful Continuing Health Care (CHC) awards, above average numbers of clients exiting services through end of life and ability to source care beds at competitive pricing. Long term client numbers are tracking at 50 fewer than the modelled demand as shown in the graph:



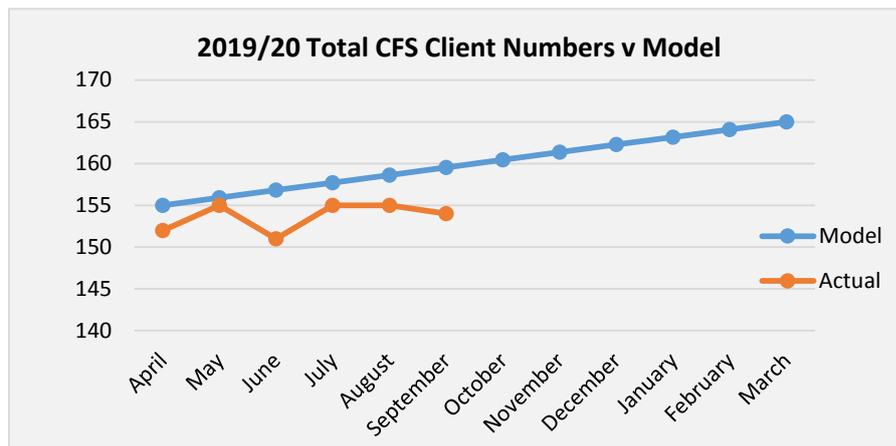
The number of clients receiving community services was sixty lower than the model whereas the higher cost nursing clients were tracking ten above the model with residential clients almost on line.

(b) In short term services, a £409k under spend has been generated by using our own services when users are discharged from hospital and fewer than modelled transition clients moving to further education.

(c) Provider Services is a continuing area of pressure due to the lack of a permanent care workforce.

(2) In Children & Family Services, there is a forecast over spend of £439k.

(a) Independent Fostering Agency (IFA) placement demand and unachieved savings accounts for £334k. There is a £49k risk reserve provision against this demand.



IFA client numbers are currently at 27 compared to a modelled number of 23. However, residence orders are currently at 32 compared to a modelled number of 39.

- (b) The Family Safeguarding Model (FSM) is forecasting an over spend of £108k due to lack of partner contributions. There are agency pressures of £100k over and above vacancy savings. In the childcare lawyers budget, there is a forecast under spend of £100k, due to no complex cases so far this year.
- (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 during 2019/20. This can be funded from the reserves 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) Education Dedicated Support Grant (DSG), shows an on-line position, as any over or under spends against the grant, go to the DSG reserves. The DSG budget for 2019/20 was set with a deficit recovery target of £1.9m. At Quarter Two, the DSG is forecasting a saving of £376k against the efficiency target, leaving a deficit balance of £1.5m.
- (5) Public Health is currently reported as on line. Currently there are pressures in the service which the Head of Service has been able to mitigate through in year one off savings

#### 4. Place Directorate

4.1 The forecast position is an over spend of £72k. The main drivers of this are detailed below, with further explanation in the Directorate Appendix.

- (1) Development & Planning are forecasting a £35k over spend arising from workload from the Homelessness Reduction Act.
- (2) In Public Protection and Culture, there is a £138k pressure overall. There are unmet savings targets of £40k from online bookings, digitisation, and an efficiency savings target. There is a £28k pressure

in libraries due to the corporate cleaning contract, a £25k pressure in building control and £28k against Shaw House income targets.

- (3) Transport & Countryside are forecasting a £94k under spend. There are savings in waste from lower landfill and increased green waste income. Car parking is seeing a £200k income pressure, but streetworks income is up by £200k.

## 5. Resources Directorate

5.1 The forecast position is a £320k pressure arising from under achievement of income. The main drivers of this are detailed below, with further explanation in the Directorate Appendix.

- (1) In Finance & Property, there is a forecast over spend of £273k. 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 resulting in a forecast shortfall of £347k. Pressures on council properties amount to £146k. However there are a number of staff vacancies across the service helping to mitigate the pressures.
- (2) In Commissioning, there is a £60k 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. Chief Executive

6.1 Reporting an under spend of £34k arising largely from corporate management staff retirement and restructuring.

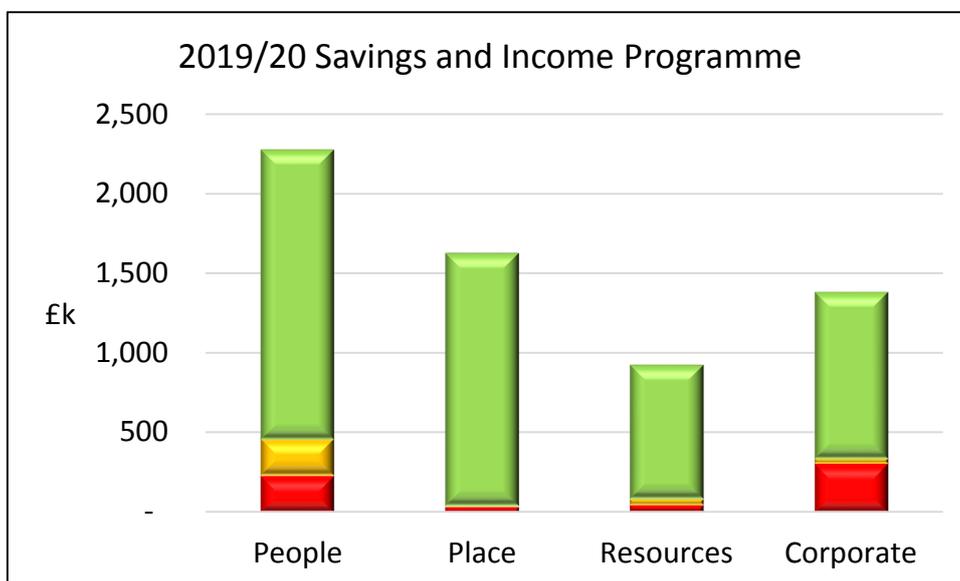
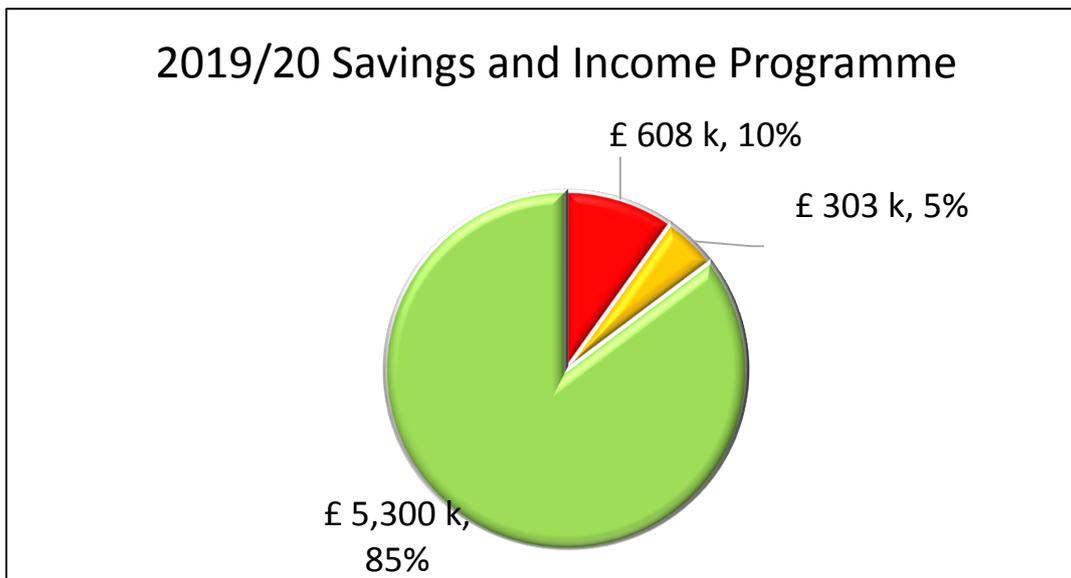
## 7. Capital Financing and Risk Management

7.1 The forecast position is an under spend of £25k. 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

## 8. 2019/20 Savings and Income Generation Programme

8.1 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:



8.2 The relatively high level of red savings of £608k (10%) is a factor in the overall over spend position.

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

Service	Description of Saving/Income	£k	£k	£k	Total £k	Comments
Corporate (F&P)	Commercial Property Investment	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.			56	56	
Corporate (SSU)	Boundary Review - reduction in Member allowances			80	80	
Corporate (F&P)	E-Payment Card Solution		11		11	
Corporate (SSU)	Corporate Digitisation Enablers		23		23	
Corporate (F&P)	Essential car user savings		-	112	112	
Corporate	Commercialisation			100	100	
<b>Corporate</b>		<b>300</b>	<b>34</b>	<b>1,048</b>	<b>1,382</b>	

## 9. Proposals

- 9.1 To note the Quarter One forecast of £222k.
- 9.2 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.

## 10. Conclusion

- 10.1 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.

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### 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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