

2019/20 Revenue Financial Performance Quarter Three

Committee considering report:	Executive
Date of Committee:	13 February 2020
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	23 January 2020
Report Author:	Melanie Ellis
Forward Plan Ref:	EX3797

1. Purpose of the Report

This report is to report on the in-year financial performance of the Council's revenue budgets.

2. Recommendations

- To note the Quarter Three forecast of £252k over spend.
- To note that £144k of the forecast over spend has been provided for in reserves, which if used would bring the forecast to an over spend of £108k.

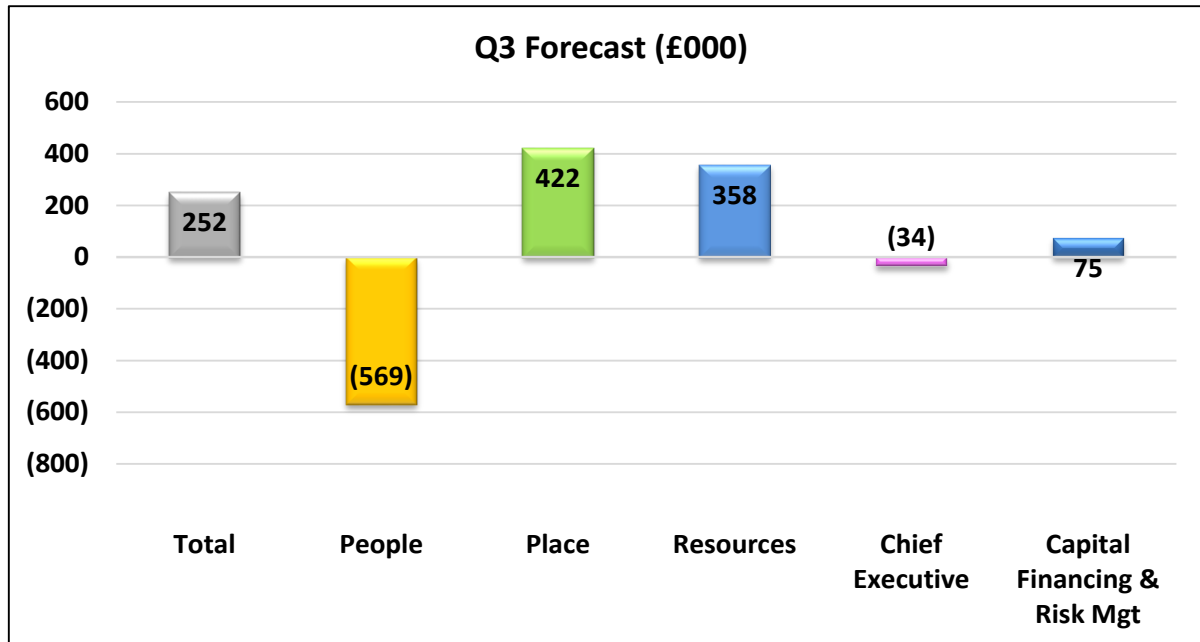
3. Implications and Impact Assessment

Implication	Commentary			
Financial:	The financial implications are included in detail throughout the report. Any over spend remaining at year end would impact on the Council's level of reserves. Melanie Ellis 17.1.20			
Human Resource:	None			
Legal:	None			
Risk Management:	Risks to next years' budget are included where relevant in the report. Where identified these have formed part of the budget build process for 2020/21.			
Property:	Under achievement of commercial property income as detailed in the report, resulting in an in-year pressure and a budget pressure for 2020/21.			
Policy:	No			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				

Implication	Commentary		
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		y	
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		y	
Environmental Impact:		y	
Health Impact:		y	
ICT or Digital Services Impact:		y	
Council Strategy Priorities or Business as Usual:		y	Business as usual
Data Impact:		y	.
Consultation and Engagement:	Budget holders, Heads of Service and Directors.		

4. Executive Summary

- 4.1 The Quarter Three forecast is an over spend of £252k, 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 and income targets amounting to £900k and service under spends totalling £775k.



- 4.2 Some of the over spends have been provided for in reserves and £144k could be released if required. This would result in a year end position of a £108k over spend. Any over spend remaining at year end would have a negative impact on reserves.
- 4.3 The 2019/20 savings and income generation programme of £6.2m, is 88% Green, 4% Amber and 8% Red. Unachieved commercial property income accounts for 5% of the unmet savings.

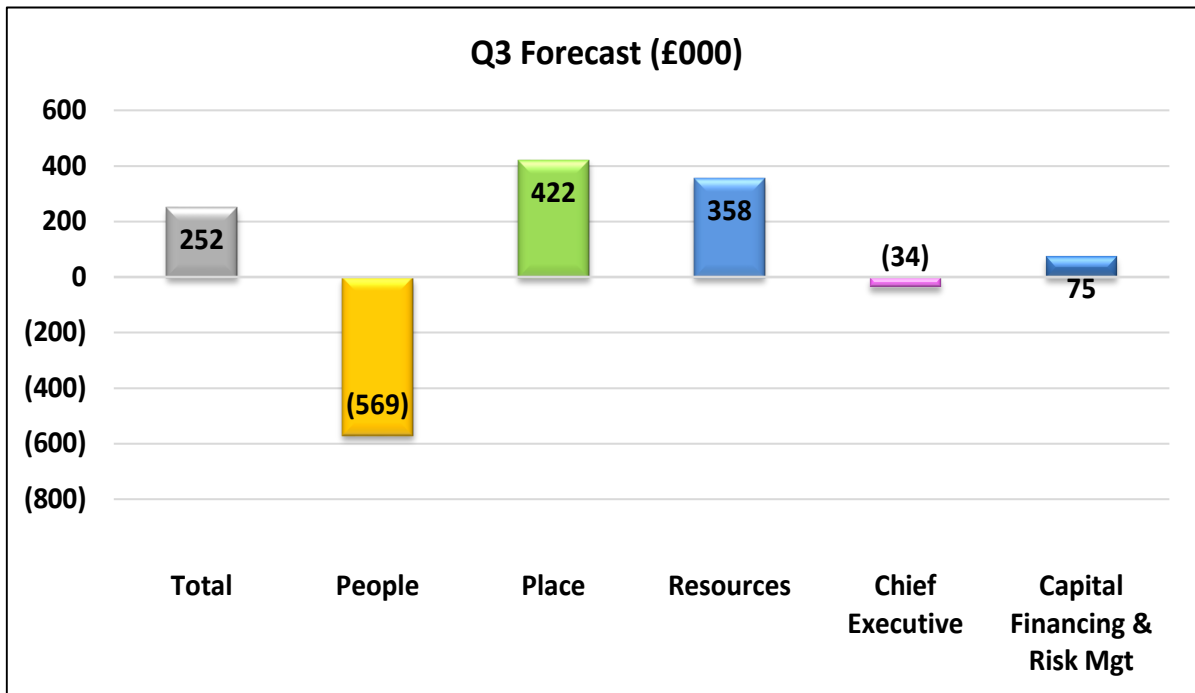
Conclusion

- 4.4 The Council is reporting a forecast over spend of £252k, of which £144k is provided for in reserves, leading to a year end forecast over spend of £108k. The report highlights what each directorate is putting in place to mitigate their forecast over spends, and any implications for budget setting in 2020/21. There is a £6.2m savings and income generation programme which is forecasting 88% achieved at Quarter Three. Unachieved commercial property income accounts for 5% of the unmet savings.

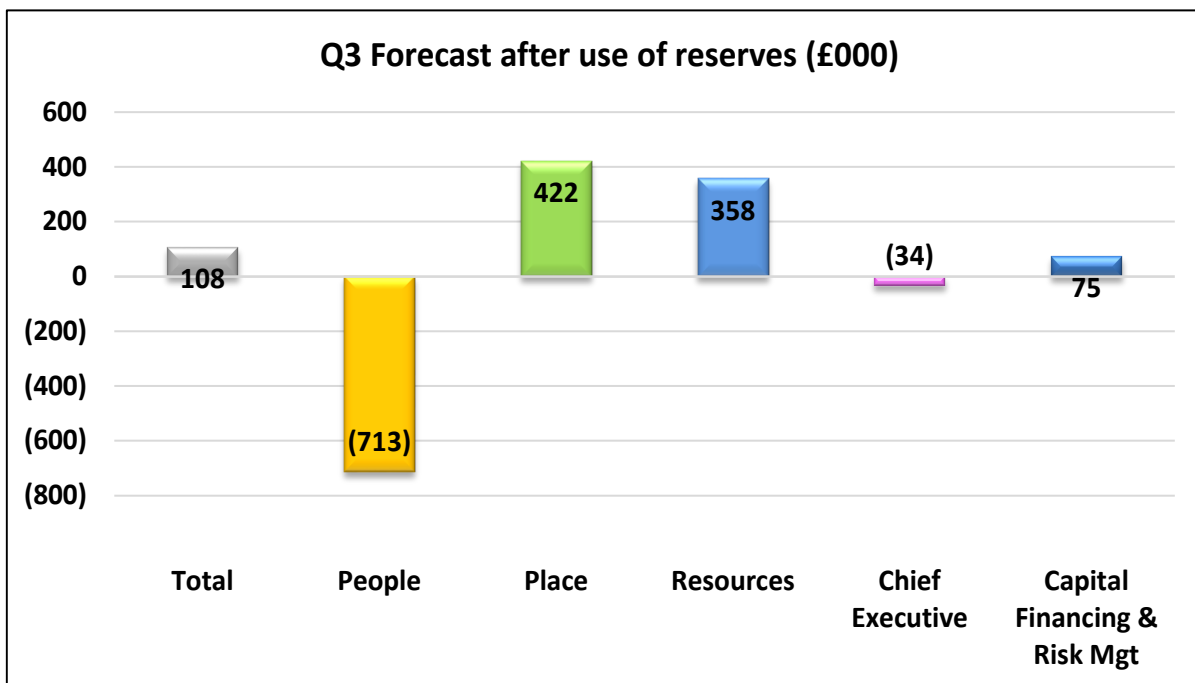
5. Supporting Information

Introduction

- 5.1 The Quarter Three forecast is an over spend of £252k. This is 0.2% of the Council's 2019/20 net revenue budget of £125m. The Directorate forecasts are shown in the chart below:



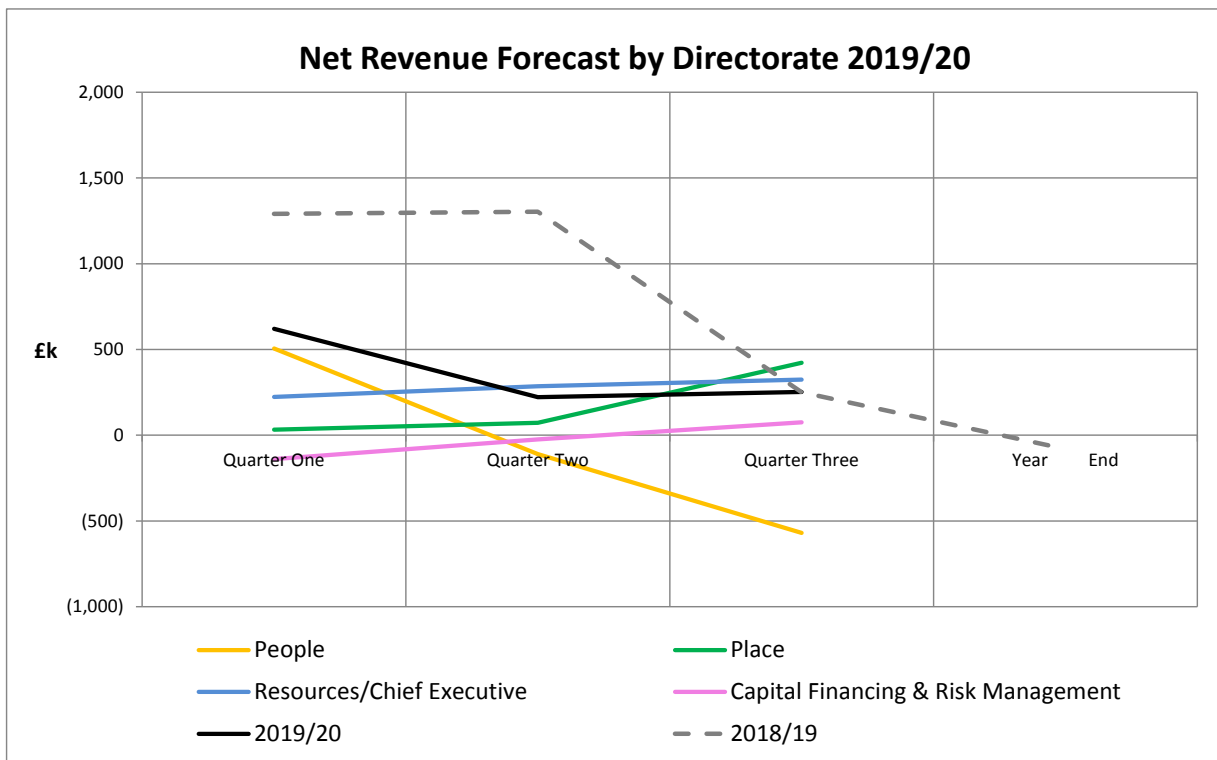
- 5.2 Some of these over spends have been provided for in reserves and £144k could be released, which would result in a year end position of a £108k over spend.



- 5.3 The Service forecasts are shown in the following charts:

	Current Net Budget	Net Forecast	Forecast (under)/over spend					Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Quarter Three	Provided for in Reserves	Year End Forecast	
			Service Forecast	Service Forecast	Service Forecast			
£000	£000	£000	£000	£000	£000	£000	£000	
Adult Social Care	48,324	47,565	153	(653)	(759)	0	(759)	(106)
Children & Family Services	16,913	17,146	203	439	233	(144)	89	(206)
Executive Director	226	226	(30)	0	0	0	0	0
Education DSG funded	(444)	(444)	0	0	0	0	0	0
Education	8,606	8,563	180	103	(43)	0	(43)	(146)
Public Health & Wellbeing	114	114	0	0	0	0	0	0
People	73,740	73,171	505	(111)	(569)	(144)	(713)	(459)
Executive Director	186	186	0	(7)	0	0	0	7
Development & Planning	2,910	3,197	(30)	35	287	0	287	252
Public Protection & Culture	3,876	4,000	52	138	124	0	124	(14)
Transport & Countryside	23,132	23,143	10	(94)	11	0	11	105
Place	30,104	30,526	32	72	422	0	422	350
Executive Director	91	86	0	0	(5)	0	(5)	(5)
Commissioning	782	822	72	60	40	0	40	(20)
Customer Services & ICT	3,082	3,030	18	(9)	(52)	0	(52)	(43)
Finance & Property	2,251	2,691	114	273	440	0	440	167
Human Resources	1,488	1,454	7	(12)	(34)	0	(34)	(22)
Legal and Strategic Support	3,281	3,250	12	8	(31)	0	(31)	(39)
Resources	10,975	11,333	223	320	358	0	358	38
Chief Executive	983	949	0	(34)	(34)	0	(34)	0
Capital Financing	11,011	10,986	(125)	(125)	(25)	0	(25)	100
Commercialisation	(100)	0	100	100	100	0	100	0
Movement through Reserves	(2,411)	(2,411)	0	0	0	0	0	0
Risk Management	350	350	(115)	0	0	0	0	0
Capital Financing & Risk Mgt	8,850	8,925	(140)	(25)	75	0	75	100
Total	124,652	124,904	620	222	252	(144)	108	29

NB: Rounding differences may apply to the nearest £k.



People Directorate

5.4 The Directorate is forecasting an under spend of £569k, an increase of £459k from last quarter. Provision of £144k has been made in reserves against the over spends in Children & Family Services that have arisen. If used, this would decrease the service over spend but increase the Directorate under spend to £713k.

5.5 The main budget variances are detailed below.

- Adult Social Care (ASC) are forecasting an under spend of £759k, an increase of £106k from last quarter.

The under spend in long term services (LTS) is £759k arising from Continuing Health Care funding, higher than anticipated levels of deceased clients, ability to find care home beds at competitive prices and over achievement of income. The under spend is reflected in the LTS model for 2020/21.

The under spend in short term services is £546k largely due to utilising own services when users are discharged from hospital.

The service is seeing significant pressures in our own provider services, being driven by the lack of a permanent care workforce and associated agency costs. A number of options are being explored for recruitment in conjunction with Human Resources.

- Children & Family Services are forecasting an over spend of £233k, a decrease of £206k from last quarter.

There is a forecast over spend of £417k in the Independent Fostering Agencies (IFA) budgets due to an increase in the number of placements being commissioned and a challenging savings target. IFA placements are able to meet complex care and cultural requirements which are a challenge to adequately

meet from our own fostering provision. The service is also using IFA placements to prevent children entering residential placements where possible.

Other pressures include a shortfall of funding for the Family Safeguarding Model, unforeseen child custody costs, and agency costs covering vacancies, ill health and sabbatical leave. The service pressures have been partially mitigated by £200k savings currently forecast in Child Care Lawyers, due to fewer complex cases and an overall reduction in cases.

- Education are forecasting a £43k under spend, an improvement of £146k from the over spend reported last quarter. There are under spends in residential placements and community support packages for children with disability.
- Education Dedicated Support Grant (DSG) shows an on-line position, as any over or under spends against the DSG grant, go to the DSG reserves. The DSG budget for 2019/20 was set with a deficit recovery target of £1.9m, mostly in High Needs. At Quarter Three, the DSG is forecasting a pressure of £272k increasing the deficit balance to £2.2m. The majority of the in-year pressure relates to the High Needs Block Top Up Funding.
- Public Health is reporting on-line. There are a number of small pressures which the Head of Service has been able to mitigate through in-year one off savings due to staffing vacancies and reduction of activities offered.

Place Directorate

5.6 The Directorate is forecasting an over spend of £422k, an increase of £350k from last quarter. The main drivers of this are detailed below.

- Development & Planning are forecasting a £287k over spend, an increase of £252k from last quarter. Development control income is below target due to a drop in the number of planning applications. In Housing, additional temporary resource has been deployed to manage the implications of the Homelessness Reduction Act. Additional budget has been requested for housing as part of the budget build process for 2020/21.
- Public Protection & Culture are forecasting a £124k over spend arising from Shaw House savings targets not being achieved, cleaning costs in libraries and reduced building control contributions. Unmet savings will be incorporated into projects coming online in 2020/21, and additional budget has been requested for some of the other service pressures.
- Transport & Countryside are forecasting an £11k over spend. Although the overall variance is not significant, within this there is a £300k pressure from reduced car parking income and penalty charges, arising from difficulty recruiting enforcement officers and loss of income from the Market Street closure. This is the second year running that the income target has not been achieved and a car park strategy will be undertaken this year. In year mitigation has reduced the overall over spend in the service from streetworks income and waste savings.

Resources Directorate

5.7 The Directorate is forecasting a £358k over spend. The main driver of the service over spend is in Finance & Property, reporting a £440k over spend. 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. In addition, staff vacancy savings identified last quarter have subsequently been revised downwards as extra resources have been required in Accountancy to cover key absences in producing the 2018/19 Statement of Accounts.

Chief Executive

5.8 An under spend of £34k has arisen largely from corporate management staff retirement and restructuring.

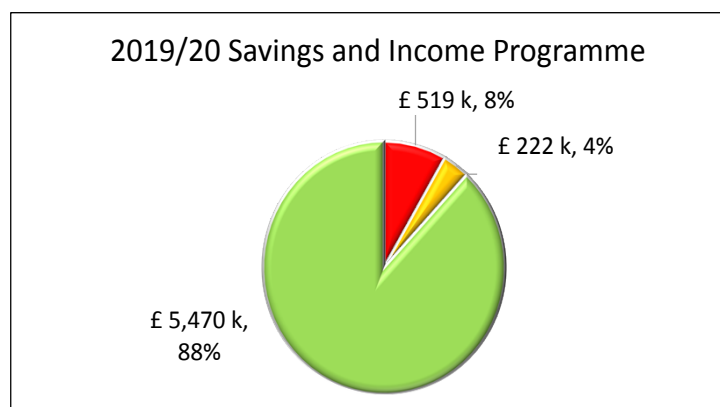
Capital Financing and Risk Management

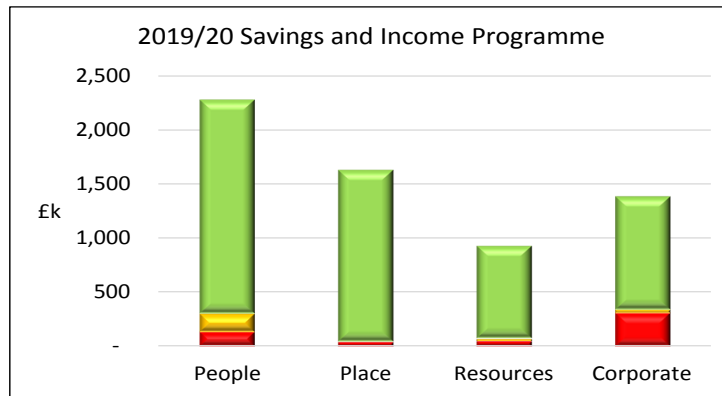
5.9 The forecast position is a £75k over spend. This comprises:

- £25k under spend on levy costs.
- £100k income target from commercialisation that is currently forecast not to be met.
- There is a £300k surplus on investment income which has been used to increase our Minimum Revenue Provision (MRP) to cover off our maturity loan liabilities.

2019/20 Savings and income generation programme

5.10 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.





5.11 The relatively high level of red savings of £519k (8%) is a factor in the overall over spend position.

6. Proposals

- To note the Quarter Three forecast of £252k over spend.
- To note that £144k of the forecast over spend has been provided for in reserves, which if used would bring the forecast to an over spend of £108k.

7. Other options considered

None.

8. Conclusion

The Council is reporting a forecast over spend of £252k, of which £144k is provided for in reserves, leading to a year end forecast over spend of £108k. The report highlights what each directorate is putting in place to mitigate their forecast over spends, and any implications for budget setting in 2020/21. There is a £6.2m savings and income generation programme which is forecasting 88% achieved at Quarter Three. Unachieved commercial property income accounts for 5% of the unmet savings.

9. Appendices

Appendix A – Quarter Three Forecast
Appendix B – Budget Changes

Subject to Call-In:

Yes: No:

Report is to note only

Officer details:

Name: Melanie Ellis
Job Title: Chief Management Accountant
Tel No: 2142
E-mail Address: melanie.ellis@westberks.gov.uk