

2019/20 Revenue Financial Performance: Provisional Outturn

Committee considering report:	Executive
Date of Committee:	16 July 2020
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	25 June 2020
Report Author:	Melanie Ellis
Forward Plan Ref:	EX3798

1 Purpose of the Report

To report on the financial performance of the Council's revenue budgets. This report is the provisional outturn position for 2019/20.

2 Recommendation

2.1 To note the provisional outturn position of £1.46m under spend.

3 Implications and Impact Assessment

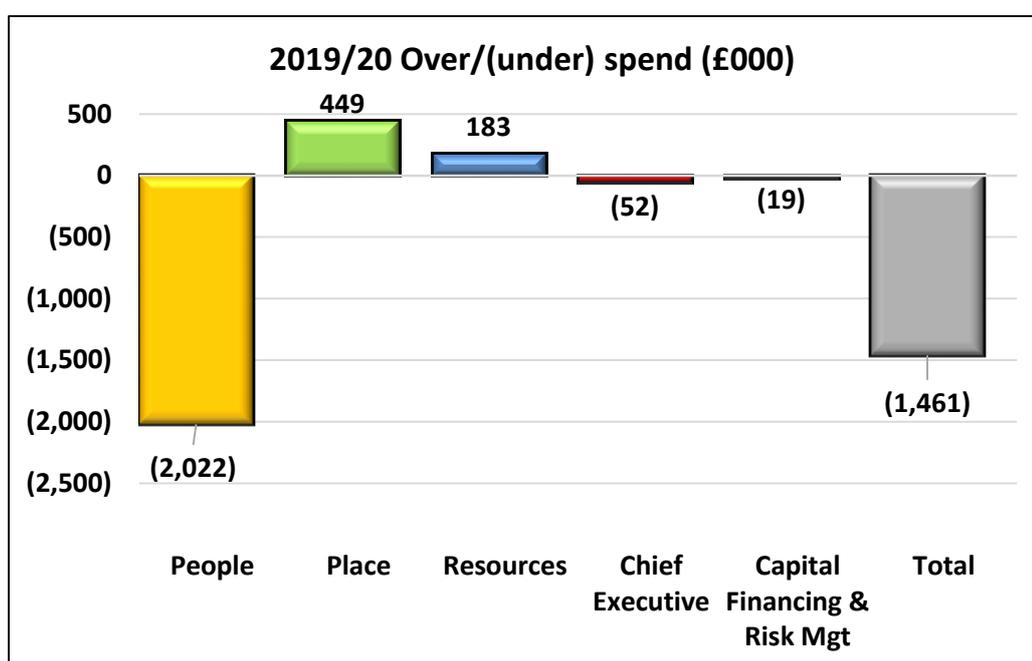
Implication	Commentary
Financial:	The provisional outturn is an under spend of £1.46m against a net revenue budget of £125m. The under spend equates to 1.2% of net budget.
Human Resource:	None
Legal:	None
Risk Management:	None
Property:	None

Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
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 Impact:		y		
Digital Services Impact:		y		
Council Strategy Priorities:		y		BAU
Core Business:		y		BAU
Data Impact:		y		

Consultation and Engagement:	Budget holders, Heads of Service and Directors, Corporate Board.
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4 Executive Summary

- 4.1 This report is to inform members of the financial performance of the Council’s revenue budgets. This report is the provisional outturn position for 2019/20.
- 4.2 The provisional revenue outturn position is an under spend of £1.46m, which is 1.2% of the Council’s 2019/20 approved net revenue budget of £125m. The under spend will have a positive impact on General Fund reserve. The Directorate position is shown below.



- 4.3 The People Directorate under spend comprises £1.3m in Adult Social Care (ASC), £435k in Children & Family Services (CFS) and £245k in Education.
- 4.4 In ASC, long term services under spent by £932k arising from Continuing Health Care funding, higher than modelled levels of deceased clients, competitive pricing, over achievement of income and the introduction of the new Approved Provider Listing from October 2019 held prices of domiciliary care, particularly in Quarter Four when fully implemented. The under spend is reflected in the model for 2020/21. Short term services under spent by £735k due to utilising own services when users are discharged from hospital leading to lower than expected pressures in the last quarter, care packages not fully utilised due to clients being re-abled over a shorter time period or requiring fewer hours care, and fewer than modelled clients transitioning to further education settings.

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- 4.5 In CFS, Child Care Lawyers achieved a saving of £331k, due to fewer complex cases and an overall reduction in cases. This saving increased by £67k in the final quarter when the financial information was received by the Joint Arrangement host authority. Throughout the service there have been a number of vacant posts, particularly in the last quarter, generating a £179k under spend after required agency costs.
- 4.6 Education saw under spends in residential placements and community support packages for children with disability and Castle Gate.
- 4.7 The Place Directorate had income pressures in development control and car parking, and cost pressures due to the Homelessness Reduction Act and emergencies during three storms.
- 4.8 The Resources Directorate over spend was largely related to under achievement of investment income.
- 4.9 The 2019/20 savings and income programme of £6.2m is 88% Green and 12% Red. Unachieved commercial property income accounts for 5% of the unmet savings.
- 4.10 There has been some impact due to Covid-19 on the 2019/20 financial position. There have been income pressures in the Place Directorate, for example due to the Council not charging for car parking, though as the pandemic started right at the end of the financial year, the overall impact has not been significant.
- 4.11 Conclusion

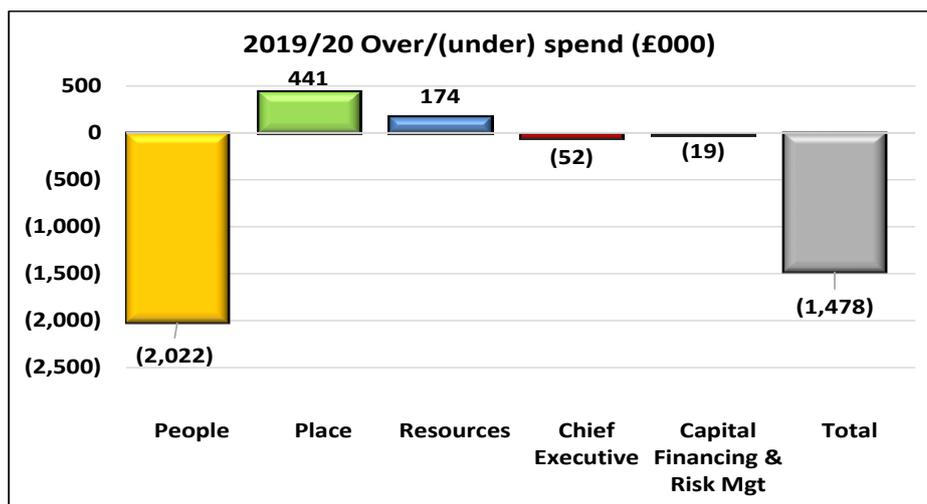
The Council is reporting a provisional under spend of £1.46m which will increase the Council's General Fund reserve. The report highlights the directorate outturns and any implications for the 2020/21 budget setting. The £6.2m savings and income generation programme has achieved 88%, with provision for unmet savings being made in the 2020/21 budget.

5 Supporting Information

Introduction

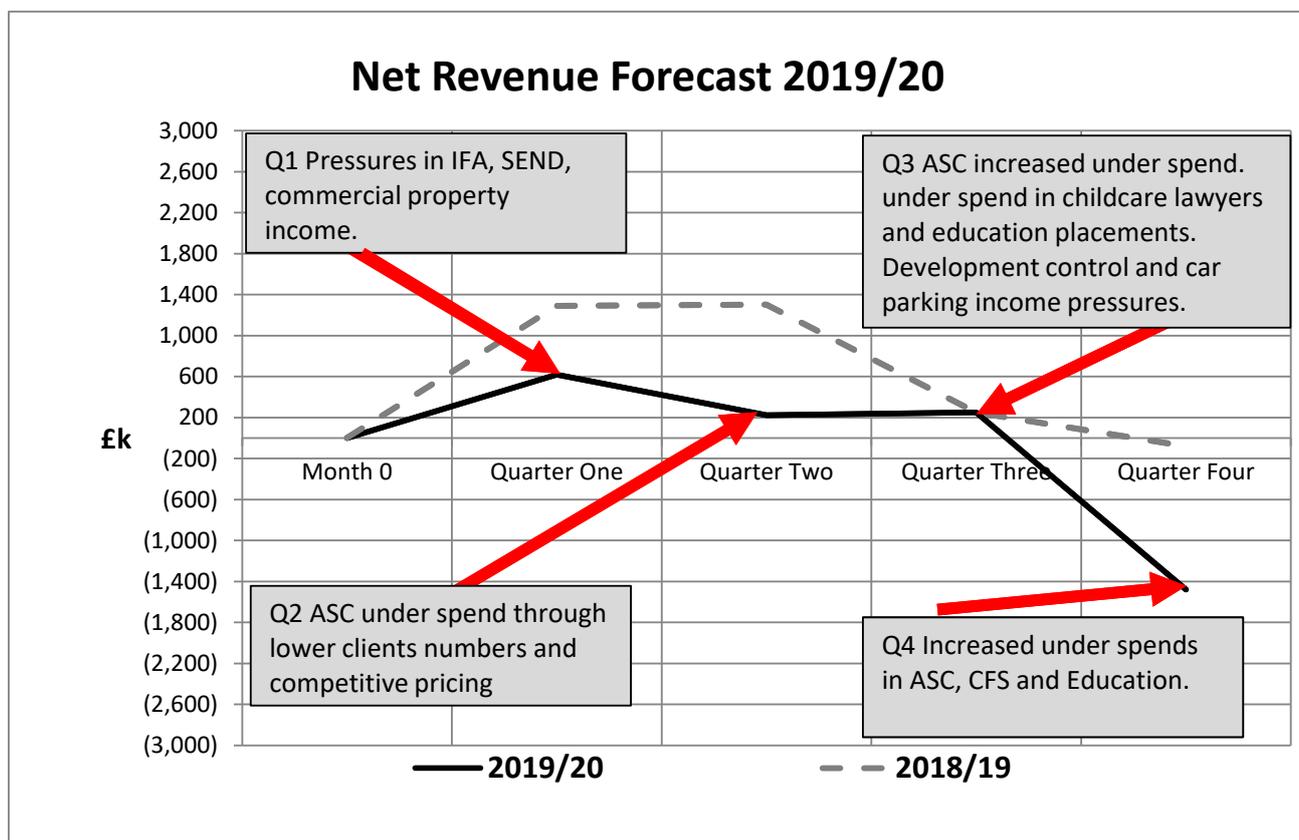
- 5.1 The revenue outturn position is an under spend of £1.46m. This is 1.2% of the Council's 2019/20 net revenue budget of £125m. The Directorate outturns are shown below:

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Background

5.2 The quarterly forecast and outturn is shown in the following chart:



5.3 At Quarter One pressures amounting to £620k were identified in the following areas:

- Adult Social Care (ASC), care home workforce and reliance on agency staff;
- Children & Family Services (CFS), Independent Fostering Agency (IFA) placements;
- Education, pressures from removal of the SEND grant;

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- Finance & Property, shortfall on commercial property income.

5.4 At Quarter Two the forecast over spend reduced to £222k:

- ASC forecast under spends in both long and short term services arising from Health Care awards, deceased clients, competitive bed pricing, use of own services and fewer than modelled clients transitioning to further education. The workforce pressures remained.

5.5 At Quarter Three the forecast over spend was £252k:

- ASC increased the forecast under spend in long and short term services;
- CFS reduced its forecast over spend due to a reduction in child care lawyers costs;
- Education reduced its forecast over spend seeing savings in residential placements and community support packages for disabled children;
- The Place Directorate forecast an over spend pressures in housing (homelessness), culture and shortfalls in income from development control and car parking;

5.6 At Quarter Four the provisional outturn is an under spend of £1.46m. The key changes from Quarter Three are in the People Directorate:

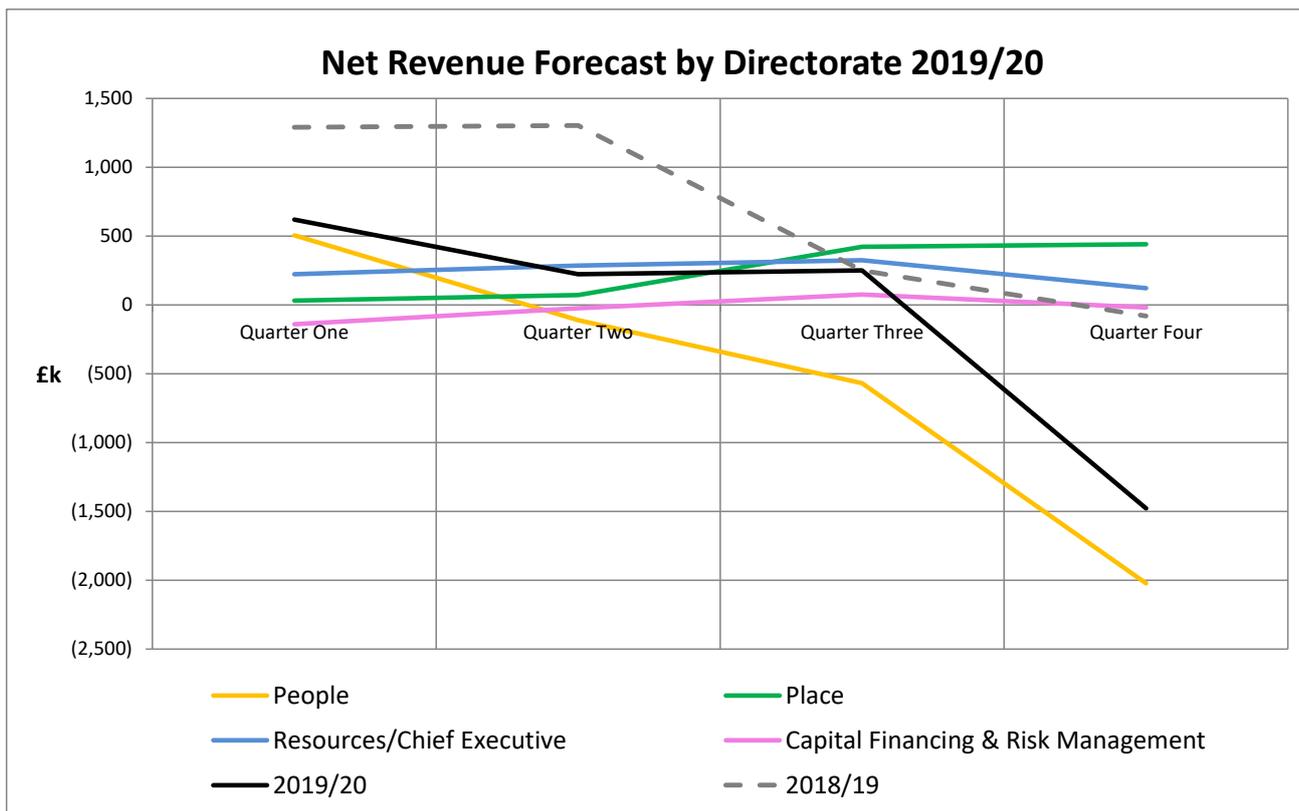
- ASC increased under spend by £585k (1.25% of budget) to £1.34m under.
- CFS increased under spend by £668k (4% of budget) to £435k under.
- Education increased under spend by £202k (2.3% of budget) to £245k under.

5.7 The Service forecasts and outturns are shown in the following charts:

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	Current Net Budget	Net Forecast	Over/ (under) spend				Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Quarter Three	Quarter Four	
			Service Forecast	Service Forecast	Service Forecast	Over/ (under) spend	
	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	47,893	46,549	153	(653)	(759)	(1,344)	(585)
Children & Family Services	16,914	16,479	203	439	233	(435)	(668)
Executive Director	226	228	(30)	0	0	2	2
Education DSG funded	(444)	(444)	0	0	0	0	0
Education	8,606	8,361	180	103	(43)	(245)	(202)
Public Health & Wellbeing	114	114	0	0	0	0	0
People	73,310	71,288	505	(111)	(569)	(2,022)	(1,453)
Executive Director	186	184	0	(7)	0	(2)	(2)
Development & Planning	2,886	3,090	(30)	35	287	204	(83)
Public Protection & Culture	3,752	3,812	52	138	124	60	(64)
Transport & Countryside	23,078	23,265	10	(94)	11	187	176
Place	29,902	30,351	32	72	422	449	27
Executive Director	91	86	0	0	(5)	(5)	0
Commissioning	1,134	1,132	72	60	40	(2)	(42)
Customer Services & ICT	3,104	3,009	18	(9)	(52)	(95)	(43)
Finance & Property	893	1,259	114	273	440	366	(74)
Human Resources	1,487	1,432	7	(12)	(34)	(55)	(21)
Legal and Strategic Support	3,465	3,439	12	8	(31)	(26)	5
Resources	10,174	10,357	223	320	358	183	(175)
Chief Executive	882	830	0	(34)	(34)	(52)	(18)
Capital Financing	11,011	10,892	(125)	(125)	(25)	(119)	(94)
Commercialisation	(100)	0	100	100	100	100	0
Movement through Reserves	(2,411)	(2,411)	0	0	0	0	0
Risk Management	350	350	(115)	0	0	0	0
Capital Financing & Risk Mgt	8,850	8,831	(140)	(25)	75	(19)	(94)
Total	123,118	121,657	620	222	252	(1,461)	(1,713)

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



People Directorate

5.8 The Directorate has under spent by £2m, an increase of £1.4m from last quarter. The main budget variances and increases from last quarter are detailed below.

- Adult Social Care (ASC) have under spent by £1.3m (2.8% of net budget), an increase of £585k from last quarter.

The under spend in long term services (LTS) is £932k 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 introduction of the new Approved Provider Listing from October 2019 has held prices of domiciliary care, particularly in Quarter Four when fully implemented. The under spend is reflected in the LTS model for 2020/21.

The under spend in short term services is £735k largely due to utilising own services when users are discharged from hospital, lower than expected pressures from hospital discharge between December and February, care packages not fully utilised due to clients being re-abled over a shorter time period or requiring fewer hours care than expected, and fewer than modelled clients transitioning to further education settings.

The service continues to see 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. However, vacancies in other areas of ASC did generate an under spend of £329k.

- Children & Family Services have under spent by £435k (2.6% of net budget), a move of £668k from last quarter's £233k forecast over spend.

The overall placement position was a £21k under spend. Savings were seen in residential, UASC, care leavers, special guardianship and residence orders due to fewer clients and lower negotiated costs. Client numbers were unchanged in Quarter Four, although an increase had been modelled. However, additional funding, changes to packages, reduced respite and reduced placement costs brought the expenditure down.

There was an over spend of £458k 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.

Child Care Lawyers achieved a saving of £331k, due to fewer complex cases and an overall reduction in cases. This saving increased by £67k in the final quarter when the financial information was received by the Joint Arrangement host authority.

There was a £94k shortfall of funding for the Family Safeguarding Model as a result of partner agencies not contributing to the scheme.

Throughout the service there have been a number of vacant posts, particularly in the last quarter, generating a £179k under spend after required agency costs.

Accountancy will be working with the service to review outstanding commitments on a monthly basis to ensure the forecasts are based on accurate and up to date information. Accountancy will also be piloting monthly accruals accounting in Children's alongside Adult's and this will provide further assurance as it will give a more realistic awareness of expenditure and income.

- Education have under spent by £245k, an improvement of £202k from last quarter. There are under spends in residential placements and community support packages for children with disability and Castle Gate.
- 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 2019/20 DSG expenditure budget was set £1.86m higher than available funding, and this was treated as a deficit recovery target against the High Needs and Early Years blocks. The deficit recovery targets had £1.3m remaining at year end. Overall DSG funding received was £211k less than budgeted, and budgeted expenditure was overspent by £344k. This resulted in a total in year deficit of £1.86m, but with balances already held in reserves, the cumulative deficit position is £1.56m. This will be held against Council reserves at 31.3.2020 and top-sliced against the relevant DSG blocks in the 2020/21 budget.

- Public Health is reported 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

5.9 The Directorate has over spent by £449k, an increase of £27k from last quarter. The main drivers of this are detailed below.

- Development & Planning have a £204k over spend, a decrease of £83k 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 temporary accommodation has been required leading to an over spend on B&B accommodation. Additional budget has been requested for housing as part of the budget build process for 2020/21.
- Public Protection & Culture have over spent by £60k, a decrease of £64k from last quarter. The over spend arose 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 have a £187k over spend, an increase of £176k from last quarter. There is a £326k pressure from ongoing road works in the town centre and loss of income from the Market Street car park closure. Emergency costs were £192k over budget due to three significant storms. These pressures were partly mitigated by streetworks income, reduced gritting runs and waste savings.

Resources Directorate

5.10 The Directorate has a £183k over spend, a reduction of £175k from last quarter. The main driver of the service over spend is in Finance & Property, reporting a £366k 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. Staff vacancy savings within the Housing Benefits Team amounting to £130k have helped to mitigate this over spend. During the last quarter, the service over spend reduced due to reduced postage costs on council tax bills and additional rental income.

Chief Executive

5.11 An under spend of £52k has arisen largely from corporate management staff retirement and restructuring.

Capital Financing and Risk Management

5.12 The outturn position is a £19k under spend. There was a £25k under spend on levy costs and £87k over achievement of treasury management investment income. There was a further £350k surplus on treasury management investment income which has

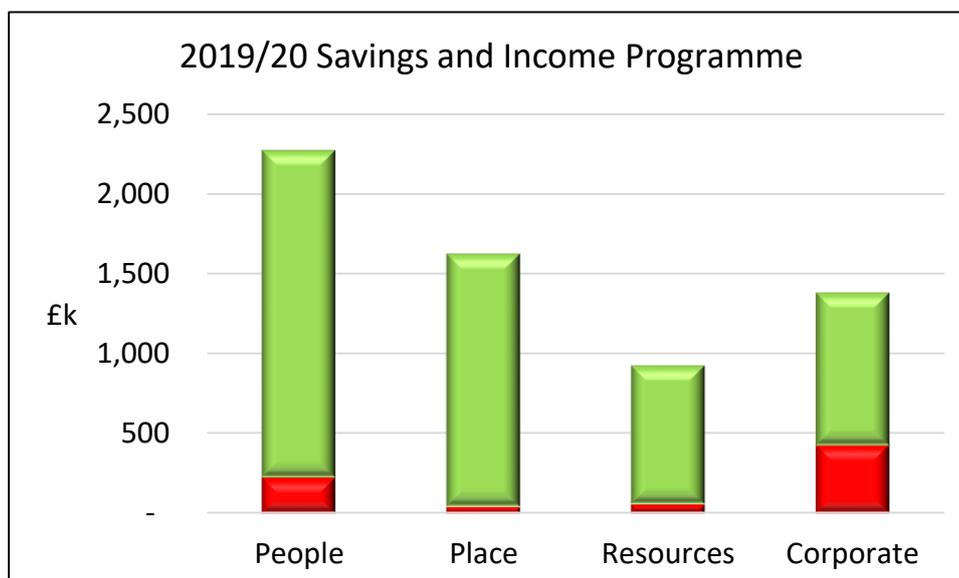
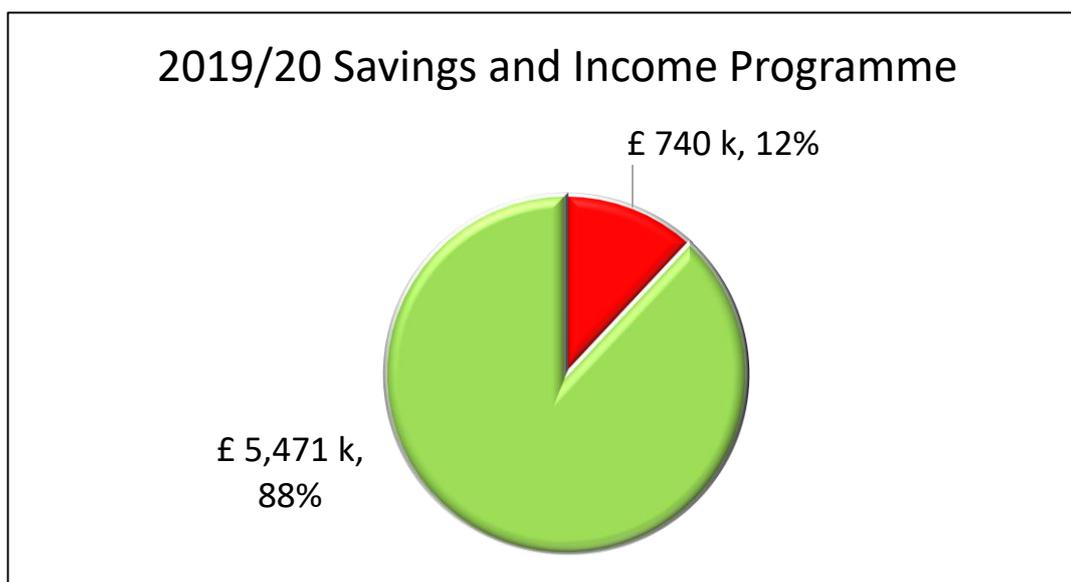
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been used to increase Minimum Revenue Provision (MRP) contribution to cover off our maturity loan liabilities.

5.13 The £100k income target from commercialisation was not achieved and has been removed as part of the 2020/21 budget build.

2019/20 Savings and income generation programme

5.14 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.



5.15 In the People Directorate, £120k target for reducing use of Independent Fostering Agencies was not achieved due to increase of children coming into care, many of whom with complex care or cultural needs that could be fully met within the council service. Efforts have been made to recruit additional carers, and increase the skill mix of our own carers to meet some of these complex needs. There was an unachievable income

target in the Emotional Health Academy of £70k which has now been removed as part of the 2020/21 budget setting.

5.16 The corporate savings not achieved were £300k for commercial property and £100k commercialisation. Both savings have been reduced as part of the 2020/21 budget build.

Covid-19 impact on the 2020/21 budget

5.17 There will be a significant impact on the 2020/21 budget due to Covid-19. To date, the Council has received two tranches of funding from Central Government to mitigate the initial impact of Covid-19, and this total £7.6m of un-ring-fenced funding. The latest forecast through to August 2020 is that the Council faces expenditure and income pressures of £8.4m for 2020/21, though these estimates fluctuate significantly and are dependent on how the Covid-19 response progresses and people's behavioural change to this. The Main areas of financial pressure for the Council are:

- Adult Social Care costs
- Children's service costs
- Reduced planning income
- Reduced car parking income
- Additional leisure services costs
- Funding the Community Hub
- Loss of income from other Council service areas

5.18 The Council has received other specific funding as part of the response to Covid-19. There are a range of funds, and some of the key areas include:

- £29m for business grants to specific businesses
- £3.5m of business rates reliefs
- £548k local council tax support
- £700k for infection control
- £140k for high streets
- £124k for active travel funding (capital) for cycling and walking provision
- £108k for supported bus services

5.19 The funding received from Government to date, and the Council's level of general fund reserves mean that the Council is well placed to focus its efforts on response and recovery from the Covid-19 in the current financial year. The longer term position will require further analysis and announcements from Central Government on the funding

position for Local Government, before the impact on 2021/22 and beyond is known. The Government have announced a pause to the fair funding review for 2021/22 and so the Council is planning for a similar financial settlement for 2021/22 as it received in 2020/21.

Proposals

- To note the outturn position of £1.46m under spend.

6 Other options considered

- 6.1 Earmarked reserves could be created from the under spend in particular to help with the response to the Covid-19 impact on West Berkshire.

7 Conclusion

The Council is reporting a provisional under spend of £1.46m which will increase the Council's General Fund reserve. The £6.2m savings and income generation programme has achieved 88%, with provision for unmet savings being made in the 2020/21 budget.

8 Appendices

None

Background Papers:

None

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 Committee or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

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Owning Service	
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Change History

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