

<b>Title of Report:</b>	<b>Financial Performance Report (Quarter 2 of 2011/12)</b>
<b>Report to be considered by:</b>	Executive
<b>Date of Meeting:</b>	15 December 2011
<b>Forward Plan Ref:</b>	EX2289

**Purpose of Report:** To inform Members of the Council's latest financial position.

**Recommended Action:** For Executive to note this report.

**Reason for decision to be taken:** To ensure that Members are fully aware of the latest financial position for the Council

**Other options considered:** None

**Key background documentation:** Papers held in Accountancy

The proposals will help achieve the following Council Plan Theme:	
<input checked="" type="checkbox"/>	<b>CPT13 - Value for Money</b>
The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:	
Adhering to the Council's Performance Monitoring Framework	

Portfolio Member Details	
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<b>Date Portfolio Member agreed report:</b>	10 November 2011

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## Implications

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**Policy:** n/a

**Financial:** The financial implications of the report have been detailed throughout the summary report and directorate appendices.

**Personnel:** n/a

**Legal/Procurement:** n/a

**Property:** n/a

**Risk Management:** n/a

**Equalities Impact Assessment:** n/a

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	
Report is to Note Only	<input checked="" type="checkbox"/>	

## **Executive Summary**

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### **1. Introduction**

- 1.1 This is the second report as part of the financial reporting cycle for the 2011-12 financial year.
- 1.2 The forecast revenue overspend for the 2011-12 financial year is £443k.
- 1.3 Adult Social Care is currently forecasting an overspend of £1,705k. The other Council services, and respective directorates, are all forecasting close to, or below, a breakeven position for the end of the financial year.

### **2. Proposals**

- 2.1 For Executive to note this report.
- 2.2 There are a number of management actions that will occur in directorates to reduce the projected overspend to the forecast level reported. These are detailed further in appendices 2a to 2e.

### **3. Conclusion**

- 3.1 That Executive notes the corporate position and considers the actions in place to reduce the overspend during the financial year, and the proposed actions to further reduce the forecast overspend position.

# Executive Report

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## 1. Introduction

- 1.1 The financial performance report summarises the key financial activity and forecasts for the Council.
- 1.2 The revenue overspend position summarised in this report is a result of forecasts submitted by directorates. These forecasts are based on the projected net expenditure for the rest of the financial year and are adjusted for any management action which occurs to reduce a potential overspend position, or increase an underspend, at the end of the financial year.

## 2. Summary revenue position

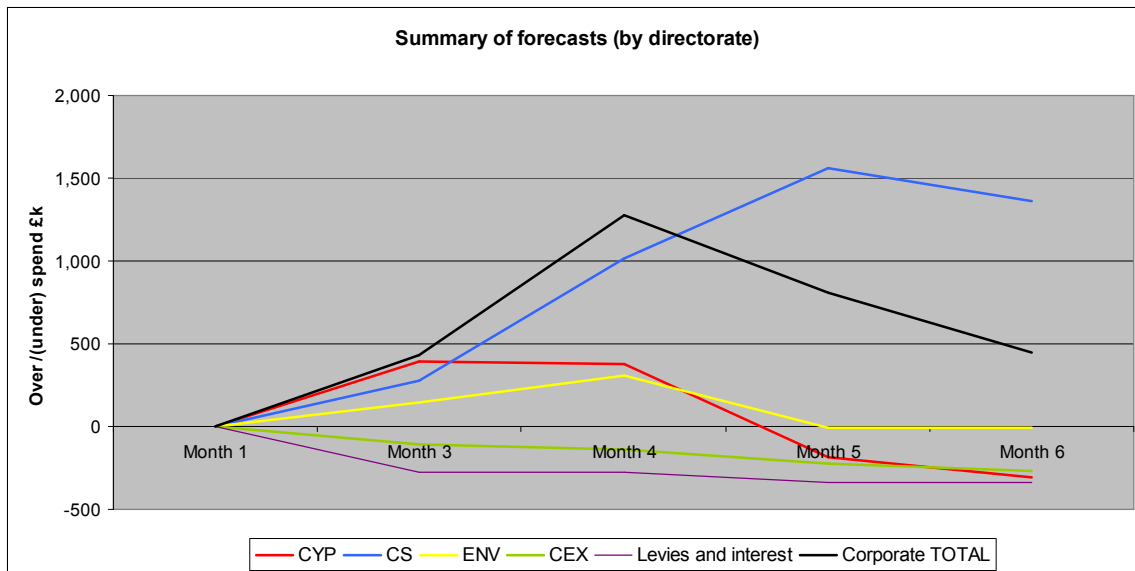
- 2.1 The current revenue budget forecast is showing an overspend of £443k. The overspends are being driven by two services; Adult Social Care and Children's service.
- 2.2 There has been a decrease in the forecast outturn compared to the month 4 figure reported to the Resource Management Working Group.
- 2.3 The Children's service is forecasting an overspend due to pressures on residential care placements as well as fostering budgets, although these pressures are being mitigated wherever possible. The Adult Social Care service has seen further pressures, with management action reducing these forecasts wherever possible. The Planning & countryside service is forecasting a shortfall on income due to delayed legislation allowing local authorities to set planning fees for themselves which is prime reason for this service overspend.
- 2.4 The majority of services are forecasting an underspend at this point in the financial year. The service with the largest forecast underspend is education; this is primarily due to £300k savings on the Home to School Transport budget.
- 2.5 The capital financing and management cost centre is also showing a significant underspend of £337k. This is detailed further in appendix 2e and relates to additional investment income from early payment of employer's pension scheme payments to the Berkshire Pension Fund who earn a higher rate of interest than the Council can achieve and savings released from the Timelord working model.

## 3. Management actions

- 3.1 The figures included in appendix 1 are a forecast to the year end including management actions; these are further expanded in appendices 2a to 2e.

## 4. Commentary on the revenue forecasts

- 4.1 The current position shows an overspend of £443k.
- 4.2 The variances per directorate are highlighted on the chart below:



4.3 It should also be noted that there is a potential pressure of up to £43k relating to Discretionary Housing Payments (DHP) in the Social Care Commissioning and Housing service. The Government provides a grant of £60k for DHP, but allows the Council to spend up to £140k in line with its locally agreed policy. It is anticipated that at month 6 that the Council will spend £43k over the grant provided, based on the previous year's position. This figure will be funded from reserves.

## 5. Overview of the 2011-12 budget position

5.1 The recommended minimum level of general reserve for the Council is £6.6m for 2011/12. The overspend, as forecast at present would leave the Council with General reserves of £7.1m:

Item	General reserves / £m
As at 31.3.2010	7.1
Underspend in the 2010-11 financial year	0.7
As at 31.3.2011	7.8
Utilising the Community Solutions Fund	(0.1)
Utilising funding for the 2011-12 budget	(0.4)
Forecast overspend as at quarter 2 of 2011-12	(0.4)
Predicted general reserves as at 31.3.2012	6.9
Minimum level of reserves from s151 officer	6.6

## **6. Redundancy costs for the 2012-13 financial year**

- 6.1 The Council has been given a capitalisation directive from central Government which will allow the Council to capitalise statutory redundancy costs. If utilised, this will reduce the pressure on reserves to fund exit costs, but will put pressure on the capital programme.
- 6.2 An Economic Downturn Provision has been created of £1.1m. This has been created by a review of the specific earmarked reserves. It is unknown what the exact liability will be for restructuring in respect of the 2012-13 financial year; this figure will be finalised in early 2012.

## **7. Capital summary**

- 7.1 Overall, the Council capital programme has 18% remaining to be committed as at month 6. The main areas of spend to be committed is in Highways and Transport, Property and Public Protection and Housing & Performance.

### Children and Young People

- 7.2 Since Quarter 1 report there has been reprofiling on several Education projects. This combined with the continued uncertainty around future government funding has resulted in a revised outturn for the year – now forecast at £1.4 million below the current year budget. However, it is anticipated that approximately 90% of the 11/12 C&YP budget will be spent before the end of the financial year.

### Community Services

- 7.3 Approximately 43% (£1.5 million) of the Community Services programme has been committed so far this year. In addition approximately £840,000 housing grants have been allocated to clients, which do not yet show as commitments on Agresso.
- 7.4 A one off saving of £100,000 is also anticipated from discretionary housing grants and the £50,000 budget for maintenance of Shaw House will be re-profiled to future years in line with the agreed maintenance schedule.
- 7.5 Preliminary designs have been completed for the Museum Redevelopment Project. The project is on budget for the current year and applications for planning permission and Heritage Lottery Funding are now being prepared.

### Environment

- 7.6 Approximately 63% of the Environment Capital Budget has been committed so far this year. £200,000 of the Property and Public Protection programme (from the Carbon Management Programme) and £340,000 of the Highways and Transport Programme (in respect of the Kennet Centre Car Park and the A4 Hambridge Road improvement) are planned to be re-profiled into 2012/13 and future years.
- 7.7 These underspends are expected to be partly offset by a £10,000 overspend on works to the former Landfill Site in London Road Bracknell which had not been budgeted for in 2011/12 because of a lack of information from Bracknell Forest.

Chief Executive

- 7.8 Forecast spend for Special Projects is £1.15 million over the budget for the current year. This is mainly because the Trinity School Scheme will be partly funded by a capital receipt from the sale of land which will not now take place until 2012/13.
- 7.9 In ICT, £65,000 in respect of the VM Hardware Refresh and Citrix Infrastructure Maintenance projects will now be re-profiled into 2012/13.

## **Appendices**

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Appendix 1a – Revenue summary position  
Appendix 1b – Capital summary position  
Appendix 2a to 2e – Directorate summaries

## **Consultees**

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**Local Stakeholders:** Not consulted  
**Officers Consulted:** Corporate Board, Budget Holders  
**Trade Union:** Not consulted