

Title of Report:	Financial Performance Report (Month 10)
Report to be considered by:	Resource Management Select Committee
Date of Meeting:	15 March 2011
Forward Plan Ref:	OS2111

Purpose of Report: To inform Members of the latest financial performance of the Council

Recommended Action: To note the report

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

Key background documentation: Papers held in Accountancy

The proposals will also help achieve the following Council Plan Theme(s):

CPT13 - Value for Money

Portfolio Member Details	
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Date Portfolio Member agreed report:	01 February 2011

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Implications

Policy: n/a

Financial: The financial implications of the report have been detailed throughout the summary report and directorate appendices. If there are any financial implications contained within this report this section **must** be signed off by a West Berkshire Group Accountant. Please note that the report cannot be accepted by Policy and Communication unless this action has been undertaken.

Personnel: n/a

Legal/Procurement: n/a

Property: n/a

Risk Management: n/a

Equalities Impact Assessment: n/a
For advice please contact Principal Policy Officer (Equalities) on Ext. 2441.

Corporate Board's View: Noted.
to be completed after the Corporate Board meeting

Executive Summary

1. Introduction

- 1.1 The predicted revenue underspend for the 2010-11 financial year is £537k. This is an increase on the previous month's forecast position of £144k.
- 1.2 The main directorate showing month on month changes are the Chief Executive and Environment directorates, both of which are showing increased underspend positions of £78k and £72k respectively.
- 1.3 The service area that is forecasting the majority of the overspend continues to be Adult Social Care. The current forecast for the Adult Social Care service year end position is an overspend overall of £1,761k; this is a decrease of £1k on the month 9 forecast. There are a number of drivers behind the projected overspend including the ongoing impact of negotiations with the PCT, managing demand for the service, the removal of the Independent Living Fund and more 'capital depleters' (those individuals who used to be able to fund their care privately but do not have the capital to now).
- 1.4 The Council reports forecast net expenditure against the revised budget for the whole Council following the impact of the emergency budget and subsequent reduction to (Area Based Grant). The Council's net budget therefore stands at £118.2m.

2. Proposals

- 2.1 For the Select Committee to note this report. There are a number of management actions that have occurred in directorates to reduce the projected overspend to the forecast level reported. These are detailed further in appendices 2a to 2d, but include a number of different staffing savings due to the recruitment freeze, savings in reactive maintenance, and in home to school transport.

3. Conclusion

- 3.1 That the Select Committee notes the corporate position.

Executive Report

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 at the end of the financial year. In all directorates outside of Community Services, the projected overspends have been able to be contained close to within budget by management action.

2. Summary revenue position

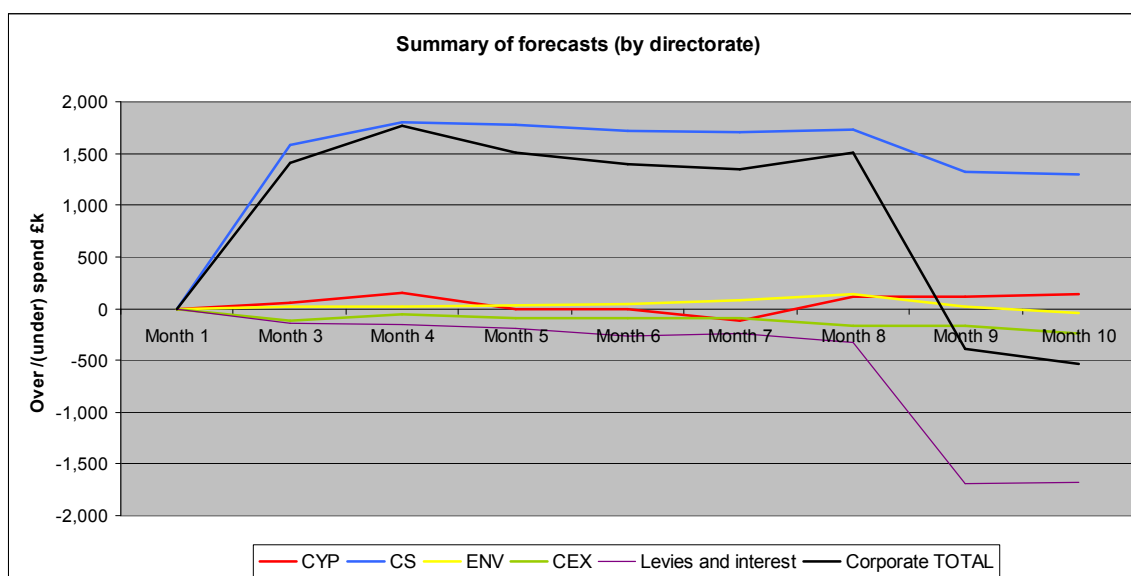
- 2.1 The current revenue budget forecast is showing an underspend of £537k. The main area showing an underspend is in levies and interest and this is explained further in section 3 and appendix 2e. The primary area of service forecast overspend is the Adult Social Care service. All other Council services are forecasting an over or under spend within £200k of the 2010-11 budget.
- 2.2 New pressures have emerged in the 2010-11 Adult Social care budget, including:
- (1) loss of income due to the cessation of any new grants from the Independent Living Fund and reduced commissioning from the NHS;
 - (2) urgent safeguarding placements;
 - (3) additional placement costs for young people with a learning disability in transition from Children's Services and people who were previously self funding whose capital has depleted.
- 2.3 These pressures are on top of the existing known pressures to the Adult Social Care service, including managing the demand for the service and ongoing negotiations with the PCT.
- 2.4 Together, these pressures have led to a forecast overspend of £1,761k.
- 2.5 There is redundancy cost liability of circa £397k relating to phase 1 and 2 redundancies (as a result of the emergency budget), which has not been reported in monitoring. This figure will not be finalised until towards the end of the financial year due to any potential redeployment opportunities. However, this amount will be set against the Economic Downturn Provision included in specific earmarked reserve.
- 2.6 The redundancy costs for achieving the savings programme for 2011-12 being set aside the Economic Downturn Provision are currently being reviewed.
- 2.7 The Council had submitted a claim to the Department for Communities and Local Government (CLG) requesting the ability to capitalise these costs over a longer term period. However, this was recently turned down by CLG and their formal response setting out their reasons for the decision has yet to be received.

3. Levies and interest lines

- 3.1 In 2010-11 the Council is required to implement International Financial Reporting Standards (IFRS). As part of this implementation, the Council has reviewed the treatment of highways maintenance expenditure. Under the revised accounting guidelines there is a net benefit of just under £1.5m for 2010-11. There have been other one off savings in the levies and interest line as detailed in appendix 2e.

4. Commentary on the revenue forecasts

- 4.1 The current position shows an underspend of £537k.
- 4.2 The variances per directorate are highlighted on the chart below:



- 4.3 The forecast overspends are largely driven by the Adult Social Care service (£1.761m). Further details are provided in the directorate summary, appendix 2b to this report.
- 4.4 The financial forecasting for all directorates has remained broadly consistent throughout the financial year.

Appendices

Appendix 1 – Revenue summary position

Appendix 2a to 2d – Directorate summaries

Appendix 2e – Levies and Interest position

Appendix 3 – Month 8 Revenue summary position (table circulated at the last meeting, as previously requested)

Consultees

Local Stakeholders: n/a

Officers Consulted: Corporate Board, Management Board

Trade Union: n/a