

Report Title:	Financial Update
Contains confidential or exempt information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and date:	23 March 2017
Responsible Officer(s):	Russell O'Keefe, Strategic Director of Corporate and Community Services, Rob Stubbs Head of Finance.
Wards affected:	All

REPORT SUMMARY

1. This report sets out the Council's financial performance to date in 2016-17. In summary there is a projected £528,000 underspend on the General Fund, see Appendix A, which is a decrease of £11,000 from the February financial monitoring report. This is due to a net reduction in the underspend forecast in a number of service budgets, see section 4.
2. The Council remains in a strong financial position, with a combined General Fund Reserves of £6,359,000 (7.09% of budget) in excess of the £5,270,000 (5.88% of budget) recommended minimum level set at Council in February 2016.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) **Notes the Council's projected outturn position**
- ii) **Approves the Foster Care allowances contained in paragraph 4.4 and Table 2.**
- iii) **Approves a £65,000 loan the Crauford Arms Society Ltd. repayable after three months at a rate of 5% p.a. The loan would be secured on the Crauford Arms pub should the Society be successful in purchasing it. Details in paragraph 4.17.**
- iv) **Approves the addition of the Crauford Arms Society Ltd to the Council's counterparty list for loans.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 As this is a monitoring report decisions are not normally necessary.

3. KEY IMPLICATIONS

- 3.1 There is a General Fund Reserve of £5,355,000 and a Development Fund balance of £1,004,000, see appendix B for a breakdown of the Development Fund. The combined reserves total £6,359,000. The 2016-17 budget report recommended a minimal reserve level of £5,270,000 to cover known risks for 18 months.

Table 1: Performance of general fund reserves

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
General Fund Reserves Achieved	Below £5,000,000	£5,000,000 to £5,490,000	£5,490,000 to £6,000,000	Above £6,000,000	31 May 2017

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1. The **Strategic Director of Adults, Children & Health Services** reports a projected outturn figure for 2016-17 of £57,333,000 against a controllable net budget of £57,364,000, an underspend of £31,000. This represents a change of £103,000 from the overspend reported in February 2017. The main changes from the previous month's report are:
- £117,000 saving comprise a £31k reduction in home to school transport - following detailed review of individual cases, £86k arising from delays in recruitment and reduced costs of placements for young people with disabilities.
 - £214,000 saving in services provided to people with learning disabilities following a detailed review of spending commitments and estimates of demand to the end of the financial year.
 - £56,000 pressure from one new high cost child residential placement in January 2017.
 - £100,000 pressure from legal advice provided in child care cases and agency staff in the PODs.
 - £72,000 net pressure from a range of services including the provision of occupational therapy equipment and placements of older people into residential and nursing homes.
- 4.2. Within the dedicated schools grant (DSG) two variances have reduced the forecast pressures by £86,000:
- £180,000 reduction in spend in respect of 3 and 4 year old children in private, voluntary and independent settings following the annual January "headcount" that informs this commitment.
 - £94,000 additional spend on independent special school places.
- 4.3. There are no projected variances to report within the HR budget.

- 4.4. **Foster care Allowance.** The Department for Education (DfE) published revised recommended weekly rates for the payment of foster care allowances on 21 Feb 2017. These rates average 1.4% above the RBWM recommended rates for the current year. It is recommended that cabinet approve these rates with effect from 1st April 2017. Adoption allowance, special guardian allowances and residence order allowances are linked to foster care allowance rates, so they will increase in line with the increase in foster allowance. Therefore the RBWM recommended weekly rates are detailed below. There will no significant impact on the budget. The fees are detailed in table 2 below:

Table 2: Foster care allowances

Age of Child	2016-17 Rate	2017-18 Rate	% Increase
0-2	£142	£144	1.4%
3-4	£145	£147	1.4%
5-10	£163	£165	1.2%
11-16	£184	£187	1.6%
16+	£216	£219	1.4%

- 4.5. The **Strategic Director of Corporate and Community Services** maintains the full year underspend projection of £64,000 on the 2016-17 controllable directorate budget of £4,337,000.
- 4.6. New pressures in the Communities service are matched by released cost provisions in the Property area.
- 4.7. A part II report was taken to April 2016 Cabinet which described the potential cost of an appeal to a rejected planning application from Legoland for a new attraction. The claim was estimated at £170,000 and a provision made on the balance sheet. A £170,000 payment in full and final settlement of the claim has now been made and is included in the Directorate's figures this month. This has been offset by a release and drawdown of the provision.
- 4.8. The **Interim Strategic Director of Operations and Customer Services** reports a full year underspend projection of £428,000 on net budget of £21,637,000.
- 4.9. Operational budget performance is maintained, with minor changes in Customer Services and Libraries Arts and Heritage and a larger additional IT spend of £115,000. The latter figures includes:
- £13,000: Audio visual review of Town Hall meetings rooms including Council Chamber.
 - £10,000: Replacement of Tinkers Lane Data hubs.
 - £25,000: Upgrade to Network Shares platform (improves file download times).
 - £50,000: Replacement of Network firewall protection.
 - £17,000: Planned extension of interim Transitions Programme manager.

- 4.10. The projected pressure of £119,000 on Housing Benefits has been maintained. The latest estimate (January 2017) does indicate increased Housing Benefit Over Payment recoveries and an improved subsidy position. At this point it is appropriate to hold this projection. The position will continue to be reviewed in the remaining month.
- 4.11. Improved income reporting in Highways and Registrars is partially offset by additional pressures in Customer Services and Housing benefits, giving a net operational improvement of £11,000 from last month.

Revenue Budget Movement

- 4.12. Revenue budget movements this month are in table 3, see Appendix C for an expanded full year Movement Statement.

Table 3: Revenue Budget Movement

Service expenditure budget reported to February Cabinet	£83,338,000
No budget changes this month	
Service expenditure budget this month	£83,338,000

Cash Balances Projection

- 4.13. Appendix D provides details of the Borough's cash balance which is based on the assumptions contained in the 2017-18 budget report. In addition to the investments in the 2017-18 capital programme, the borrowing expectations need to consider other capital proposals likely to come forward for approval during the year.

Capital Programme

- 4.14. The approved 2016-17 capital estimate is £50,401,000, see table 4. The projected outturn for the financial year is £32,851,000, an increase on the capital outturn in 2015-16 of £27,421,000.
- 4.15. Variances identified in the capital programme have resulted in £1,274,000 of budget no longer required in 2016-17. The majority of these savings relate to the revision of the Housing capital programme.
- 4.16. Slippage of capital programmes to 2017-18 total £16,276,000. There are no material changes to the slippage reported to February Cabinet, see appendices E and F. Table 5 shows the status of schemes in the capital programme. Table 6 is a reconciliation of the slippage reported to Cabinet in this report to the slippage estimated in appendix N (cash projection) of the February 2017 budget papers.

Table 4: Capital estimates

	Exp	Inc	Net
Approved estimate	£50,401,000	(£19,550,000)	£30,851,000
Variances identified	(£1,274,000)	£1,332,000	£58,000
Slippage to 2017-18	(£16,276,000)	£3,213,000	(£13,063,000)
Projected Outturn 2016-17	£32,851,000	(£15,005,000)	£17,846,000

Table 5: Capital programme status

	Report Cabinet March 2017
Number of schemes in programme	532
Yet to Start	11%
In Progress	61%
Completed	23%
Ongoing Programmes e.g. Disabled Facilities Grant	5%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

Table 6: Slippage reconciliation

Net slippage projected in this report.	£13,063,000
Less	
LED street lighting*	(£2,300,000)
Schools expansions*	(£2,090,000)
Additional slippage included in the cash projection (appendix N of February 2017 budget papers)	£1,327,000
Slippage estimated in February 2017 budget papers	£10,000,000

* Slippage included on separate lines in Appendix N of the budget papers

- 4.17. **Loan to the Crauford Arms Society Ltd.** The Society has been raising funds with the aim of purchasing the Crauford Arms which they believe to be the last remaining pub in North Maidenhead. Social motives for the purchase are in line with the Borough's social initiatives to tackle loneliness and social isolation, particularly in the elderly.
- 4.18. Negotiations with the owner are progressing at the time of writing and the Society has requested support from the Council in the form of a short term loan whilst VAT issues are dealt with.
- 4.19. It is proposed that the Council make a £65,000 loan to the Society repayable after three months at a rate of 5% p.a. It is further proposed that the loan is secured on the Crauford Arms pub.

5. LEGAL IMPLICATIONS

- 5.1 In producing and reviewing this report the Council is meeting its legal obligations to monitor its financial position.

6. RISK MANAGEMENT

Table 7: risks resulting from this report

Risks	Uncontrolled Risk	Controls	Controlled Risk
None			

7. POTENTIAL IMPACTS

7.1 None

8. CONSULTATION

8.1 Overview & Scrutiny meetings are scheduled prior to this Cabinet. Any comments from those meetings will be reported verbally to Cabinet.

9. TIMETABLE FOR IMPLEMENTATION

9.1 Implementation date if not called in: Immediately.

10. APPENDICES

- 10.1 Appendix A Revenue budget summary
- Appendix B Development fund analysis
- Appendix C Revenue movement statement
- Appendix D Cash flow projection
- Appendix E Capital budget summary
- Appendix F Capital variances

11. BACKGROUND DOCUMENTS

- 11.1 Budget Report to Council February 2016.
- 11.2 Budget Report to Cabinet February 2017

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr. Saunders	Lead Member for Finance.	20/02/17	20/02/17
Cllr. Rankin	Deputy Lead Member for Finance.	20/02/17	
Alison Alexander	Managing Director.	13/02/17	13/02/17
Russell O'Keefe	Strategic Director of Corporate and Community Services.	13/02/17	
Andy Jeffs	Interim Strategic Director of Operations and Customer Services.	13/02/17	
Rob Stubbs	Section 151 Officer.	10/02/17	10/02/17

REPORT HISTORY

Decision type: For information	Urgency item? No
Report Author: Richard Bunn, Chief Accountant 01628 796510	