

Report Title:	Financial Update
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	Cabinet – 30 June 2017
Responsible Officer(s):	Russell O’Keefe, Executive Director, Rob Stubbs, Deputy Director and Head of Finance.
Wards affected:	All

REPORT SUMMARY

1. This report is the first statement of 2017-18. In summary there is a £379,000 projected overspend on the General Fund, see Appendix A. This is due to net overspends being forecast in service budgets.
2. The Council is in a strong financial position; with combined General Fund Reserves of £7,796,000 (8.82% of budget), following a £264,000 allocation to the Managing Director’s directorate to cover transformation costs in the new year. Reserves are in excess of the £5,780,000 (6.54% of budget) recommended minimum level set at Council in February 2017.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) **Notes the Council’s projected outturn position for 2017-18.**
- ii) **Approves the addition of a £483,000 grant funded budget to the capital programme for further investment in the planned maintenance of the highway asset and improvements to transport infrastructure (details in paragraph 4.14).**
- iii) **Approves the addition of a £200,000 budget to the capital programme to cover enabling costs in achieving vacant possession of a site in Braywick Park. The budget will be funded by a contribution from the Education Funding Agency (details in paragraph 4.15).**
- iv) **Approves the addition of a £190,000 grant funded budget to the capital programme to cover costs of an additional double classroom for Riverside school (details in paragraph 4.16).**
- v) **Approves the addition of a £200,000 budget to the capital programme in 2019-20 and £200,00 in 2020-21 for the maintenance of the school buildings at Bisham Primary School. Further details in paragraph 4.17.**

- vi) **Delegates the Lead Member for Children’s Services and the Director of Children’s Services to agree the contractual terms of the transfer of Bisham Primary School to the Ashley Hill Trust in relation to the maintenance of the school buildings. Further details in paragraph 4.17.**
- vii) **That Cabinet gives approval to proceed to invite tenders for phase one and phase two of the shared building services contracts (details in paragraph 4.22).**

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

As this is a monitoring report decisions are not normally necessary, however a number of recommendations are made this month to increase the size of the capital programme.

3 KEY IMPLICATIONS

- 3.1 There is a General Fund Reserve of £4,567,000 and a Development Fund balance of £3,229,000, see appendix B for a breakdown of the Development Fund. The combined reserves total £7,796,000. This is after a £264,000 budget allocation, carried forward to the Managing Director’s directorate to cover transformation costs. This was explained in the May 2017 Finance Update report. The 2017-18 budget report recommended a minimal reserve level of £5,780,000 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 £5,800,000	£5,800,000 to £6,000,000	£6,000,000 to £6,500,000	Above £6,500,000	31 May 2018

4 FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1. The **Managing Director** reports a projected outturn figure for 2017-18 of £60,582,000 against a controllable net budget of £60,356,000, this is an overspend of £226,000. This pressure arises in the home to school transport budget.
- 4.2. The home to school transport budget of £2.2 million was overspent by £468,000 in the 2016-17 financial year. In light of the pressure in 2016-17 the budget for 2017-18 has been increased by £330,000. Based upon the level of current contracts, and after accounting for the increased budget, a pressure of £226,000 is forecast for the 2017-18 financial year. The rate of spend on this budget will change every autumn as new contracts are let for the new school year. In 2016 cabinet agreed changes to the home to school transport policy which will impact on costs from September 2017. Therefore the forecast

overspend will be updated later in the financial year as the position becomes clearer.

- 4.3. Demand led budgets for foster care and residential care within children's services are under review following the pressures experienced on these budgets in 2016/17. An inability to source local placements in foster care leads to a number of higher cost residential placements with the consequent adverse budget impact. Further work on this issue is underway and the budget position will be re-presented when this is complete.
- 4.4. The adult social care budget has benefitted from resources provided by the 3% adult social care precept, and by the additional grant funding allocated through the Improved Better Care Fund (iBCF). It is currently forecast that this additional resource will be sufficient to meet forecast requirements.
- 4.5. There are no significant variances to report within the Human Resources budget, the Law & Governance Budget or the Communication & Marketing budget.

Communities

- 4.6. The **Interim Executive Director** projects an overspend of £153,000 on the Communities directorate's 2017-18 controllable budget of £15,102,000.
- 4.7. This directly relates to Cabinet-approved expenditure to support the Borough's bus services.

Place

- 4.8. The **Executive Director** projects a balanced budget outturn on the Place directorate's 2017-18 controllable budget of £3,740,000.

Revenue budget movement

- 4.9. Revenue budget movements this month are in table 2, see Appendix C for an expanded full year Movement Statement.

Table 2: Revenue budget movement

Service expenditure budget reported to February 2017 Council.	£78,755,000
Carry forward of transforming services budgets re-allocated	£264,000
Optalis share of pay reward / award budget re-allocated	£75,000
Optalis share of apprentice levy budget re-allocated	£36,000
Redundancy costs funded by provision	£32,000
Crematorium feasibility study	£30,000
Budget Rounding	£5,000
Service expenditure budget this month	£79,197,000

Cash balances projection

- 4.10. 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 projection considers other capital proposals likely to come forward for approval during the year.

Capital Programme

- 4.11. The approved 2017-18 capital estimate is £66,195,000, see table 4. The final outturn for the financial year is £66,195,000, an increase on the capital outturn in 2016-17 of £28,861,000.
- 4.12. There are no variances or slippage to report at this stage. Appendix E provides further detail. Table 5 shows the status of schemes in the capital programme.
- 4.13. Further information on key capital schemes has been provided in Appendix F.

Table 4: Capital outturn

	Exp	Inc	Net
Approved estimate	£66,195,000	(£28,672,000)	£37,523,000
Variances identified	£0	£0	£0
Slippage to 2018-19	£0	£0	£0
Projected Outturn 2017-18	£66,195,000	(£28,672,000)	£37,523,000

Table 5: Capital programme status

	Report Cabinet June 2017
Number of schemes in programme	299
Yet to Start	44%
In Progress	35%
Completed	13%
Ongoing Programmes e.g. Disabled Facilities Grant	8%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

Capital budget addition - National Productivity Investment Funding

- 4.14. RBWM have been allocated £483,000 by the Department for Transport. The funding will be used to invest further in the planned maintenance of the highway asset and improvements to transport infrastructure. The detailed work programme for 2017/18 is yet to be approved but it is likely spend will be across the following:
- Road resurfacing
 - Maintenance and improvements of pavements
 - Schemes that benefit pedestrians, cyclists and public transport users
 - Schemes that support regeneration in our town centres
 - Schemes to improve traffic flows and travel information

The scheme will be managed by Highways & Transport.

Capital budget addition – Forest bridge school

- 4.15. A budget of £200,000 is requested for enabling costs to achieve vacant possession of a site in Braywick Park, to be used for the new Forest Bridge School. The costs will be covered by a premium of £200,000 from the Education & Skills Funding Agency (ESFA), so the scheme is fully grant funded. The scheme will be managed by the Community Projects Lead in the Place directorate.

Capital budget addition – Riverside school double classroom

4.16. Riverside school requires an extra double classroom so that it can continue to accommodate Braywick Court Primary school for another year while Braywick Court is re-built in Braywick Park. Both schools are increasing in pupil numbers, so two spaces are required. The Education & Skills Funding Agency (ESFA) are funding £130,000, the equivalent of hire charges for a temporary building, and an additional £60,000 is being added from SEN grant so that a permanent asset can be built, instead of a temporary classroom that would disappear a year later.

It is requested that £190,000 is added to the capital programme. This is fully grant funded.

Capital budget addition - Bisham School

4.17. Bisham Primary School is joining the Ashley Hill Multi Academy Trust in September 2017 following joint work with the council to secure the future of the school by establishing a sustainable financial basis for the school.

4.18. As part of the Academy transfer process, there is an expectation that the Academy Trust will be able to maintain the fabric of the school. The school buildings need significant sums of money for basic maintenance work, some of which represents a risk that the building may have to be closed to students. It is proposed that, provided the school remains financially viable to deliver education, the Council will commit to spending £480,000 on the buildings up to March 2021.

4.19. In order for the Academy conversion order to go through, the Academy Trust has to be able to demonstrate the means to maintain the building. It is therefore proposed to agree a clause within the transfer agreement that confirms the four year capital allocation and that the Royal Borough of Windsor and Maidenhead will re-fund Ashley Hill Multi Academy Trust up to the specified amounts on receipt of appropriate invoices for agreed maintenance work at Bisham CE Academy, provided that the Ashley Hill Multi Academy Trust can demonstrate through audited accounts that Bisham CE Academy has a positive revenue financial balance to sustain the education for the pupils at the school.

4.20. Table 6 sets out the financial year, amount and source of the commitment. For 2017-18 and 201-19 the budget is already in the capital programme.

Table 5: Proposed budgets and funding

	2017/18	2018/19	2019/20	2020/21
Proposed budgets	£60,000	£20,000	£200,000	£200,000
Available Source	Existing budget for general refurbishment and urgent safety works	Existing budget for urgent safety works	Expected to be from Children's Services maintenance grant when notified.	Expected to be from Children's Services maintenance grant when notified.

Business Rates

- 4.21. Business rate income is being reported on for the first time this month. Initially we are focusing on collection rate which was 11.87% in April against the target of 12%. Although this is short of target, there are no concerns at this stage and the team are confident that the annual target of 98.4% can be achieved.

Shared Building Services contracts

- 4.22. Contract rules as part of the Council's constitution require Cabinet approval to seek tenders £500k and over. The shared building services contracts for building, mechanical and electrical term contracts (phase one) are coming to their expiry at the end of September, the service contracts (phase two) for lift maintenance, alarm testing, water testing etc. are expiring at the end of March 2018. The contract value for these contracts are over the EU procurement threshold for services (contract value over 5 years circa £800k) and need to be advertised in the EU open market to ensure transparency, value for money and equal treatment in the supplier market.

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 6: 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 Appendices attached to this report are shown below.
- 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 Key capital scheme performance

11. BACKGROUND DOCUMENTS

11.1 Background documents relating to this report are detailed below.

- Budget Report to Cabinet February 2017.

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr. Saunders	Lead Member for Finance.	29-5-17	2-6-2017
Cllr. Rankin	Deputy Lead Member for Finance.	29-5-17	
Alison Alexander	Managing Director.	23-5-17	
Russell O'Keefe	Executive Director	23-5-17	
Andy Jeffs	Interim Executive Director	23-5-17	
Rob Stubbs	Deputy Director and Head of Finance	23-5-17	23-5-17

REPORT HISTORY

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

Revenue Monitoring Statement 2017/18 for June 2017 Cabinet

SUMMARY	2017/18		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Corporate & Governance	3,763	3,586	0
Commissioning & Support	2,210	1,417	0
AfC Contract	46,417	45,418	245
Childrens Services - retained	190	354	0
Optalis Contract	0	28,698	0
Adult Social Care - retained spend	42,061	14,748	0
Adult Social Care - retained income	(10,570)	(9,265)	0
Concessionary Fares	1,282	1,386	0
Housing	1,107	1,107	0
Better Care Fund	7,787	7,787	0
Public Health	2,263	2,261	0
Dedicated Schools Grant Spend	35,156	35,156	69
Grant Income	(72,288)	(72,297)	(88)
Total Managing Director's Directorate	59,378	60,356	226
Executive Director of Communities	184	184	0
Revenues & Benefits	370	370	0
Highways & Countryside	5,442	5,464	153
Community Protection & Enforcement	5,825	5,825	0
Library & Resident Services	3,393	3,259	0
Total Communities Directorate	15,214	15,102	153
Executive Director of Place	153	153	0
Planning Service	1,398	1,398	0
Regeneration Service	(1,732)	(1,732)	0
Finance	2,146	1,892	0
ICT	2,199	2,029	0
Total Place Directorate	4,164	3,740	0
TOTAL EXPENDITURE	78,756	79,198	379

Revenue Monitoring Statement 2017/18 for June 2017 Cabinet

SUMMARY	2017/18		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	78,756	79,198	379
Contribution to / (from) Development Fund	2,255	2,225	0
Pensions deficit recovery	2,415	2,415	0
Pay reward	500	425	0
Transfer to/(from) Provision for Redundancy	0	(32)	0
Apprenice Levy	280	244	0
Environment Agency levy	153	153	0
Capital Financing inc Interest Receipts	<u>5,069</u>	<u>5,069</u>	<u>0</u>
NET REQUIREMENTS	89,428	89,697	379
Less - Special Expenses	(1,009)	(1,009)	0
Transfer to / (from) balances	0	(269)	(379)
GROSS COUNCIL TAX REQUIREMENT	<u>88,419</u>	<u>88,419</u>	<u>0</u>
General Fund			
Opening Balance	5,291	5,215	4,946
Transfers to / (from) balances	<u>0</u>	<u>(269)</u>	<u>(379)</u>
	<u><u>5,291</u></u>	<u><u>4,946</u></u>	<u><u>4,567</u></u>
NOTE Service variances that are negative represent an underspend, positive represents an overspend.			

Memorandum Item	
Current balance on the Development Fund	
	£000
Opening Balance	1,004
Transfer (to) / from other reserves	
Transfer from General Fund - sweep	
Transfer (to) / from General Fund - other initiatives	<u>2,225</u>
	<u><u>3,229</u></u>

Corporate Development Fund (AE35) £000		
Balance B/F from 2016/17		1,004
Transacted amounts in 2017/18		
To/From Capital Fund		0
To/From General Fund		
Transition Grant (2017/18 budget - February 2017 Council)	1,263	
Contribution from the General Fund (2017/18 budget - February 2017 Council)	1,109	
Restructure of the Development and Regeneration service (2017/18 budget - February 2017 Council)	-56	
Minerals and Waste Strategy (2017/18 budget - February 2017 Council)	-61	
Crematorium feasibility study (CMT April 2017)	-30	
	<hr/>	2,225
		<hr/> 3,229 <hr/>

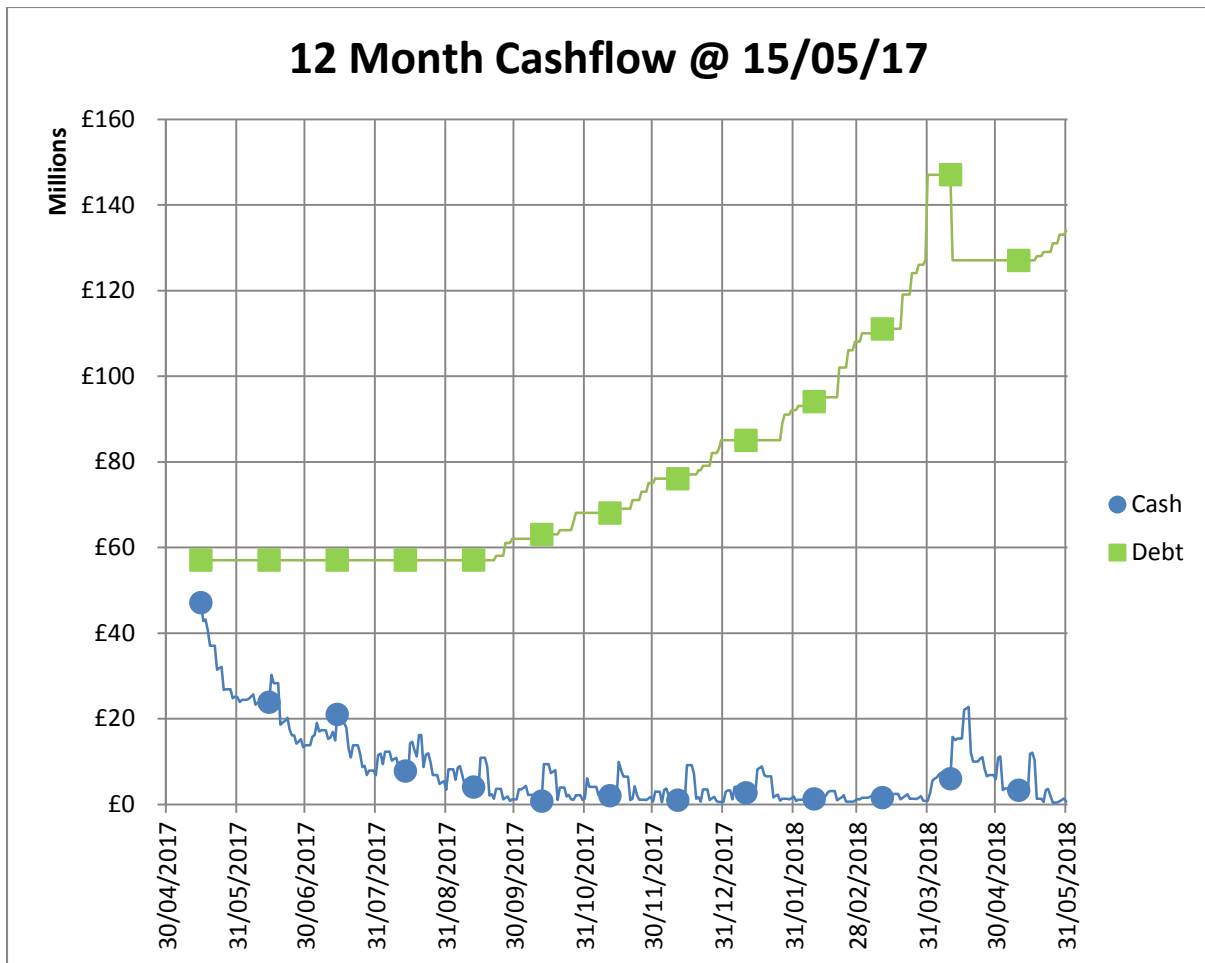
Appendix C

Budget Movement Statement 2017-18

	Funded by Development Fund (1)	Funded by the General Fund (2)	Funded by Provision (3)	Included in the original budget (4)	Total	Approval
	£'000	£'000	£'000	£'000	£'000	
Original Budget					78,755	
1 Carry forward of transforming services budgets re-allocated		264			264	Cabinet May 2017
2 Optalis share of pay reward / award budget re-allocated				75	75	Council Feb. 2017
3 Optalis share of apprentice levy budget re-allocated				36	36	Council Feb. 2017
4 Redundancy cost			32		32	Cabinet May 2017
5 Crematorium feasibility study	30				30	CMT April 2017
6 Budget rounding		5			5	N/A
Changes Approved	30	269	32	111	442	
Approved Estimate May Cabinet					79,197	

NOTES

- 1 When additional budget is approved, a funding source is agreed with the Lead Member of Finance. Transactions in column 1 have been funded from a usable reserve (Development Fund).
- 2 If additional budget is approved but no funding is specified, the transaction would, by default, be funded from the General Fund Reserve. Transactions in column 2 are funded by the General Fund.
- 3 A provision for future redundancy costs is created every year and this is used to fund additional budget in services for the costs of redundancy they incur during the year. Transactions in column 3 are redundancy costs funded by the provision for redundancy.
- 4 Transactions in column 4 are amounts approved in the annual budget which for various reasons need to be allocated to service budgets in-year. An example would be the pay reward budget. Pay reward payments are not approved until June. The budget therefore has to be re-allocated.



Note 1 – Capital expenditure is projected to increase steadily throughout 2017/18. The exact profile may vary and monitoring of schemes and cash balances will decide the rate at which our borrowing will increase to ensure that no unnecessary debt charges are incurred

	2017/18 Original Budget			New Schemes – 2017/18 Approved Estimate			Schemes Approved in Prior Years			Projections – Gross Expenditure				
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	2017/18 Projected	2018/19 SLIPPAGE Projected	TOTAL Projected	VARIANCE Projected	VARIANCE Projected
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	(£'000)	(£'000)	(£'000)	(£'000)	(%)
Portfolio Summary														
Communities Directorate														
Sports & Leisure	2,050	0	2,050	2,050	0	2,050	647	(11)	636	2,697	0	2,697	0	0%
Community Facilities	0	0	0	0	0	0	316	0	316	316	0	316	0	
Outdoor Facilities	310	(120)	190	310	(120)	190	920	(400)	520	1,230	0	1,230	0	0%
Revenues & Benefits	0	0	0	0	0	0	126	0	126	126	0	126	0	
Customer Services	0	0	0	0	0	0	210	0	210	210	0	210	0	
Green Spaces & Parks	281	(231)	50	281	(231)	50	99	(81)	18	380	0	380	0	0%
Highways & Transport	5,438	(2,977)	2,461	5,438	(2,977)	2,461	3,610	(1,004)	2,606	9,048	0	9,048	0	0%
Community, Protection & Enforcement Services	668	(608)	60	668	(608)	60	1,063	(493)	570	1,731	0	1,731	0	0%
Libraries, Arts & Heritage	470	(12)	458	470	(12)	458	748	(312)	436	1,218	0	1,218	0	0%
Total Communities Directorate	9,217	(3,948)	5,269	9,217	(3,948)	5,269	7,739	(2,301)	5,438	16,956	0	16,956	0	0
Place Directorate														
Technology & Change Delivery	275	0	275	275	0	275	96	0	96	371	0	371	0	0%
Property & Development	4,950	0	4,950	4,950	0	4,950	852	(251)	601	5,802	0	5,802	0	0%
Regeneration & Economic Development	560	0	560	560	0	560	5,685	(328)	5,357	6,245	0	6,245	0	0%
Planning	470	0	470	470	0	470	339	(185)	154	809	0	809	0	0%
Total Place Directorate	6,255	0	6,255	6,255	0	6,255	6,972	(764)	6,208	13,227	0	13,227	0	0
Managing Director														
HR	0	0	0	0	0	0	0	0	0	0	0	0	0	
Adult Social Care	0	0	0	0	0	0	51	(51)	0	51	0	51	0	
Housing	500	(500)	0	1,495	(1,495)	0	575	(545)	30	2,070	0	2,070	0	0%
Democratic Representation	398	(70)	328	398	(70)	328	258	0	258	656	0	656	0	0%
Non Schools	475	0	475	475	0	475	259	(234)	25	734	0	734	0	0%
Schools – Non Devolved	28,030	(16,640)	11,390	28,030	(16,640)	11,390	3,573	(1,726)	1,847	31,603	0	31,603	0	0%
Schools – Devolved Capital	223	(223)	0	245	(245)	0	653	(653)	0	898	0	898	0	0%
Total Managing Director	29,626	(17,433)	12,193	30,643	(18,450)	12,193	5,369	(3,209)	2,160	36,012	0	36,012	0	0
Total Committed Schemes	45,098	(21,381)	23,717	46,115	(22,398)	23,717	20,080	(6,274)	13,806	66,195	0	66,195	0	0

	(£'000)	(£'000)	(£'000)
Portfolio Total	45,098	66,195	66,195
External Funding			
Government Grants	(17,447)	(18,597)	(18,597)
Developers' Contributions	(3,934)	(5,898)	(5,898)
Other Contributions	0	(4,177)	(4,177)
Total External Funding Sources	(21,381)	(28,672)	(28,672)
Total Corporate Funding	23,717	37,523	37,523

CAPITAL SCHEME	2017/18 APPROVED ESTIMATE			APPROVED SLIPPAGE FROM PRIOR YEARS			TOTAL BUDGET 2017/18			PROJECTIONS-MAY 2017			PROJECT STATUS				
	Gross £000	Income £000	Estimate £000	Gross £000	Income £000	Estimate £000	Gross £000	Income £000	Estimate £000	2017/18 Projected Variance Underspend as negative	2018/19 Expected Slippage	2018/19 SLIPPAGE Projected	Yet To Start	Preliminary / Feasibility Work	Work On-site	Ongoing Annual Programme	Expected Completion
Sports & Leisure																	
Magnet LC Reprovision Design / Initial Site Costs	1,650	0	1,650	350	0	350	2,000	0	2,000	0		0					
Highways & Transport																	
Roads Resurfacing-Transport Asset & Safety	1,650	(1,650)	0	132	(131)	1	1,782	(1,781)	1	0		0					
Street Lighting-LED Upgrade	1,600	0	1,600	634	0	634	2,234	0	2,234	0		0					
Community, Protection & Enforcement Services																	
Disabled Facilities Grant	600	(600)	0	0	0	0	600	(600)	0	0		0					
Regeneration																	
Maidenhead Waterways Construction phase 1	0	0	0	1707	(141)	1566	1,707	(141)	1,566	0		0					
Nicholson's Car Park & Central House Scheme	0	0	0	2952	(187)	2765	2,952	(187)	2,765	0		0					
Housing																	
Affordable Home Ownership Capital Investment	0	0	0	500	(500)	0	500	(500)	0	0		0					
Brill House Capital Funding	500	(500)	0	0	0	0	500	(500)	0	0		0					
Non Schools																	
Marlow Road Youth Centre Roofing and Maintenance Work	400	0	400	0	0	0	400	0	400	0		0					
Schools - Non Devolved																	
Charters Expansion	3,420	(2,952)	468	203	(203)	0	3,623	(3,155)	468	0		0					
Windsor Boys Expansion	1,120	(1,120)	0	(108)	108	0	1,012	(1,012)	0	0		0					
Cox Green School Expansion Year 1 of 3	3,780	(2,127)	1,653	133	(133)	0	3,913	(2,260)	1,653	0		0					
Furze Platt Senior expansion Year 1 of 3	6,750	(2,212)	4,538	431	(431)	0	7,181	(2,643)	4,538	0		0					
Dedworth Middle School Expansion Year 1 of 3	3,780	(2,081)	1,699	153	(153)	0	3,933	(2,234)	1,699	0		0					
Windsor Girls Expansion	1,800	(1,800)	0	(64)	64	0	1,736	(1,736)	0	0		0					
Lowbrook Expansion	0	0	0	1,543	0	1,543	1,543	0	1,543	0		0					