

Report Title:	Financial Update
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	Cabinet – 24 August 2017
Responsible Officer(s):	Russell O'Keefe, Executive Director, Rob Stubbs, Deputy Director and Head of Finance.
Wards affected:	All

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REPORT SUMMARY

1. This report sets out the Council's financial performance to date in 2017-18. In summary there is a £828,000 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 £7,279,000 (8.23% of budget) 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 and mitigating actions to address service pressures.**
- ii) **Approves the addition of a £173,000 grant funded budget to the capital programme to repair potholes across the Borough (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 but may occasionally be required.

3 KEY IMPLICATIONS

- 3.1 The Council has a General Fund Reserve of £4,050,000 and a Development Fund balance of £3,229,000, see appendix B for a breakdown of the Development Fund. The combined reserves total £7,279,000. 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

Managing Director

- 4.1 The Managing Director reports a projected outturn figure for 2017-18 of £61,190,000 against a controllable net budget of £60,549,000, an over-spend of £828,000, which is unchanged from the last reported position.
- 4.2 There is a range of pressures in Children's Services totalling £1,316,000:
- Home to school transport £226,000
 - Placements for young people £602,000
 - Legal costs £162,000
 - Agency costs £326,000
- 4.3 An over-achievement in Adult social care income gives provides a mitigation and allows the net pressure for the directorate to be reduced to £828,000.

Home to school transport

- 4.4 The £226,000 pressure in the home to school transport budget reported last month remains unchanged.

Placements

- 4.5 Currently there is a forecasted increase of 16% in the volume of placements for young people. This is a consequence of an increase in the number of young people 18 plus with SEND and Disabilities who require accommodation following the SEND reforms. These reforms entitle young adults to support with education and placements until the age of 25. This increase in demand is forecasted to cost £400,000. This change in statutory requirement came with no additional government funding. Allowing for this increase in demand and further SEND change that occurs in September, there is a projected LA budget shortfall of £602,000 on external placements at the current time.
- 4.6 There is a requirement to increase the level of in house foster carers by 9% in 2017-18 compared to 2016-17. The service has contracted Cornerstone to run a programme of foster carer recruitment. They are successful at recruiting adopted parents. Since they have been contracted they have identified and started the assessment process on three families.

Legal

- 4.7 There has been an increase in the number of children being brought into care. This has directly impacted on the legal budget, giving a pressure of £162,000. Mitigating action is under way with closer contract management to ensure that the Joint Legal Team only contracts external legal advice in highly specialist cases.

Agency

- 4.8 Agency staff costs continue to be high, creating a budget pressure of £326,000. The recent IR35 regulation changes (tightening up of tax legislation designed to reduce tax avoidance by contractors) have had little impact on the number of staff willing to convert to permanent. There are 15 agency social workers across Children's Services at 30 June 2017.

There are two mitigations underway:

- In October, seven social workers will complete their qualification training as a result of the decision to invest in the Frontline training programme. This team of newly qualified social workers will replace seven agency workers. A further eight students are enrolled for the next Frontline cohort, building the pipeline for the future.
- A refreshed recruitment campaign for experienced social workers will take place in September 2017. This will seek to secure experienced social workers to augment the newly qualified staff developed via the Frontline programme.

Adult social care

- 4.9 Adult social care income is showing an underspend of £451,000, mainly due to three successful continuing healthcare claims where Health is now responsible for costs of the individuals, this is partially offset by a £30,000 overspend in adult social care spend due to increasing volumes of homecare being delivered.

Housing

- 4.10 Housing are showing an overspend of £213,000 which is the unbudgeted running cost of the night shelter. This is being mitigated through the Royal Borough's allocation of the flexible homelessness support grant.

Commissioning & Support

- 4.11 Detailed review of concessionary transport spend is suggesting a small underspend of £56,000.
- 4.12 There are no significant variances to report on the Human Resources budget, the Law & Governance budget or the Communication & Marketing budget.

Communities

- 4.13 The Executive Director maintains his projection of a balanced budget outturn on the Communities directorate's 2017-18 controllable budget of £15,057,000.
- 4.14 The £153,000 overspend reported on bus services will be mitigated by overachievement of income from parking fees and registrars charges.

Place

- 4.15 The Executive Director projects a balanced budget outturn on the Place directorate's 2017-18 controllable budget of £4,092,000.
- 4.16 Several minor budget pressures are now being reported, but these are mitigated by underspends in other service areas.

Revenue budget movement

- 4.17 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.	£79,207,000
Allocation of pay reward budget to services	£425,000
Legal budget for Heathrow expansion	£40,000
Redundancy cost funded by provision	£38,000
Election security costs	£19,000
IPad / iPhone maintenance budget	£10,000
Return on pre-payment of Optalis pension contributions	(£41,000)
Service expenditure budget this month	£79,698,000

Cash balances projection

- 4.18 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. The level of borrowing is currently being reviewed and any changes will be reflected in a future Cabinet report and Finance Update.

Capital Programme

- 4.19 The approved 2017-18 capital estimate is £67,789,000, see table 4. The projected outturn for the financial year is £67,741,000, an increase on the capital outturn in 2016-17 of £28,861,000.
- 4.20 There is scheme showing a variance and no slippage to report this month. Details provided in appendix E and F. Table 5 shows the status of schemes in the capital programme.
- 4.21 Further information on key capital schemes has been provided in Appendix G.

Table 4: Capital outturn

	Exp	Inc	Net
Approved estimate	£67,789,000	(£29,592,000)	£38,197,000
Variances identified	(£48,000)	£48,000	£0
Slippage to 2018-19	£0	£0	£0
Projected Outturn 2017-18	£67,741,000	(£29,544,000)	£38,197,000

Table 5: Capital programme status

	Report Cabinet July 2017
Number of schemes in programme	300
Yet to Start	39%
In Progress	39%
Completed	14%
Ongoing Programmes e.g. Disabled Facilities Grant	8%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

- 4.22 A grant of £173,000 from the Department for Transport has been awarded to repair potholes across the Borough. It is therefore recommended that an additional budget of £173,000 is added to the capital programme.

Business Rates

- 4.23 Business rate income at the end of July was 32.95% against a target of 31%. The annual collection target is 98.4%.
- 4.24 Following the Chancellor's announcement in the Spring Budget of 3 new types of Business Rate Relief, the Council has to date undertaken the following activity in connection with these:
- 4.25 **New Business Rate Relief for Pubs.** We have identified 89 public houses that fit within the guidelines provided by DCLG. An application form has been designed and was issued to them on 21st July 2017, inviting them to confirm their eligibility for this assistance i.e. essentially that they are not disqualified on the grounds of State Aid. As at 25th July, we have received 2 applications back. Those eligible will receive a flat £1,000 relief against their current year bill.
- 4.26 **New Discretionary Relief Scheme.** In line with the requirements for receipt of the S31 grant, the Council has consulted with the Fire Authority and received confirmation of their agreement to proceed with the proposed scheme. The Discretionary Rate Relief policy has been re-written and is awaiting approval, effectively incorporating this Revaluation Support into the Hardship process. We have identified 1,980 potential beneficiaries on the basis that:
- Their rateable value for 2017-18 is less than £200,000; and
 - The increase in their bill for 2017-18 is more than 12.5% compared to their 2016-17 bill (before reliefs).
- An application form has been designed, building on the existing Hardship Relief application, and will be issued when the revised policy is approved.
- 4.27 **Supporting Small Businesses.** We have identified a potential 34 ratepayers who may benefit from this new relief and it is our intention to amend the existing Small Business Rate Relief application form to cover applications from these ratepayers. Unfortunately however, the software requirements to enable this relief to be calculated will not be available until 21st August. This is the same position for all 3 major software suppliers and is despite the Minister for Local Government, Marcus Jones MP, bringing pressure to bear on them.
- 4.28 As soon as the application form is ready, applications will be invited and held until such time as the software changes enable assessment. Recovery action on these accounts will not be pursued.
- 4.29 It is our intention to publicise these changes and update the website.

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 Capital variances
- Appendix G 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.	24/7/17	27/7/17
Cllr. Rankin	Deputy Lead Member for Finance.	24/7/17	
Alison Alexander	Managing Director.	17/7/17	
Russell O'Keefe	Executive Director	17/7/17	
Andy Jeffs	Executive Director	17/7/17	
Rob Stubbs	Deputy Director and Head of Finance	17/7/17	

REPORT HISTORY

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

Revenue Monitoring Statement 2017/18 for August 2017 Cabinet

SUMMARY	2017/18		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Corporate & Governance	3,762	3,671	0
Commissioning & Support	3,530	2,219	(67)
AfC Contract	46,229	43,681	1,316
Childrens Services - retained	340	516	0
Optalis Contract	0	29,074	0
Adult Social Care - retained spend	42,061	14,865	30
Adult Social Care - retained income	(10,570)	(9,199)	(451)
Housing	1,107	1,107	213
Better Care Fund	7,787	6,760	0
Public Health	2,263	2,299	0
Dedicated Schools Grant Spend	35,156	36,842	0
Grant Income	(72,290)	(71,286)	(213)
Total Managing Director's Directorate	59,375	60,549	828
Executive Director of Communities	184	187	0
Revenues & Benefits	370	273	0
Highways & Countryside	5,164	5,104	153
Community Protection & Enforcement	5,825	5,923	(120)
Library & Resident Services	3,670	3,570	(33)
Total Communities Directorate	15,213	15,057	0
Executive Director of Place	153	301	0
Planning Service	1,471	1,491	0
Regeneration Service	(1,805)	(1,802)	0
Finance	2,149	2,051	0
ICT	2,199	2,051	0
Total Place Directorate	4,167	4,092	0
TOTAL EXPENDITURE	78,755	79,698	828

Appendix A

Revenue Monitoring Statement 2017/18 for August 2017 Cabinet

SUMMARY	2017/18		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	78,755	79,698	828
Contribution to / (from) Development Fund	2,255	2,225	0
Pensions deficit recovery	2,415	2,415	0
Pay reward	500	0	0
Transfer to/(from) Provision for Redundancy	0	(81)	0
Apprenice Levy	280	244	0
Environment Agency levy	153	153	0
Capital Financing inc Interest Receipts	5,069	5,110	0
NET REQUIREMENTS	89,427	89,764	828
Less - Special Expenses	(1,009)	(1,009)	0
Transfer to / (from) balances	0	(337)	(828)
GROSS COUNCIL TAX REQUIREMENT	88,418	88,418	0
General Fund			
Opening Balance	5,291	5,215	4,878
Transfers to / (from) balances	0	(337)	(828)
	<u>5,291</u>	<u>4,878</u>	<u>4,050</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	2,225
	<u>3,229</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

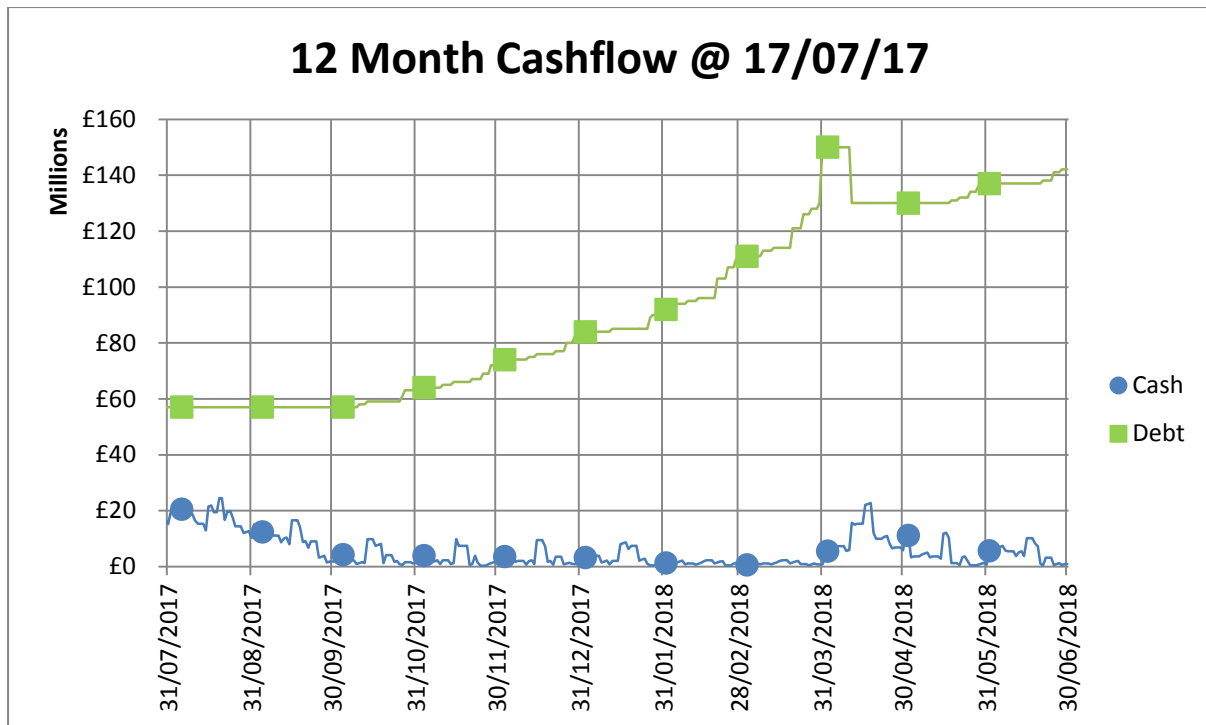
Appendix C

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			43		43	Cabinet May 2017
5	Crematorium feasibility study	30				30	CMT April 2017
6	Budget rounding		4			4	N/A
7	Allocation of pay reward budget to services				425	425	Council Feb. 2017
8	Legal budget for Heathrow expansion		40			40	Prioritisation Sub Committee Oct 2016
9	Redundancy cost funded by provision			38		38	Cabinet May 2017
10	Election security costs		19			19	CMT June 2017
11	IPad / iPhone maintenance budget		10			10	Head of Finance delegated powers
12	Return on pre-payment of Optalis pension contributions		(41)			(41)	Treasury management policy
	Changes Approved	30	296	81	536	943	
	Approved Estimate May Cabinet					79,698	

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



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.

Portfolio Summary

Communities Directorate

Sports & Leisure	2,050	0	2,050
Community Facilities	310	(70)	240
Outdoor Facilities	310	(120)	190
Revenues & Benefits	0	0	0
Green Spaces & Parks	281	(231)	50
Highways & Countryside	5,438	(2,977)	2,461
Community,Protection & Enforcement Services	668	(608)	60
Library & Resident Services	470	(12)	458

Total Communities Directorate

Place Directorate

Technology & Change Delivery	275	0	275
Property & Development	4,950	0	4,950
Regeneration & Economic Development	560	0	560
Planning (CAP51)	470	0	470

Total Place Directorate

Managing Director

Adult Social Care	0	0	0
Housing	500	(500)	0
Democratic Representation	88	0	88
Non Schools	475	0	475
Schools – Non Devolved	28,030	(16,640)	11,390
Schools – Devolved Capital	223	(223)	0

Total Managing Director

Total Committed Schemes

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	2017/18 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)	(%)
2,050	0	2,050	2,050	0	2,050	647	(11)	636	2,697	0	2,697	0	0%
310	(70)	240	310	(70)	240	443	0	443	753	0	753	0	0%
310	(120)	190	510	(320)	190	920	(400)	520	1430	0	1,430	0	0%
0	0	0	0	0	0	126	0	126	126	0	126	0	
281	(231)	50	281	(231)	50	99	(81)	18	332	0	332	(48)	–17%
5,438	(2,977)	2,461	5,921	(3,460)	2,461	3,610	(1,004)	2,606	9,531	0	9,531	0	0%
668	(608)	60	668	(608)	60	1,063	(493)	570	1,731	0	1,731	0	0%
470	(12)	458	470	(12)	458	958	(312)	646	1,428	0	1,428	0	0%
9,527	(4,018)	5,509	10,210	(4,701)	5,509	7,866	(2,301)	5,565	18,028	0	18,028	(48)	(0)
275	0	275	275	0	275	96	0	96	371	0	371	0	0%
4,950	0	4,950	4,950	0	4,950	852	(251)	601	5,802	0	5,802	0	0%
560	0	560	1,235	0	1,235	5,685	(328)	5,357	6,920	0	6,920	0	0%
470	0	470	470	0	470	339	(185)	154	809	0	809	0	0%
6,255	0	6,255	6,930	0	6,930	6,972	(764)	6,208	13,902	0	13,902	0	0
0	0	0	0	0	0	51	(51)	0	51	0	51	0	
500	(500)	0	1,495	(1,495)	0	575	(545)	30	2,070	0	2,070	0	0%
88	0	88	88	0	88	130	0	130	218	0	218	0	0%
475	0	475	475	0	475	259	(234)	25	734	0	734	0	0%
28,030	(16,640)	11,390	28,220	(16,830)	11,390	3,573	(1,726)	1,847	31,793	0	31,793	0	0%
223	(223)	0	292	(292)	0	653	(653)	0	945	0	945	0	0%
29,316	(17,363)	11,953	30,570	(18,617)	11,953	5,241	(3,209)	2,032	35,811	0	35,811	0	0
45,098	(21,381)	23,717	47,710	(23,318)	24,392	20,079	(6,274)	13,805	67,741	0	67,741	(48)	0

	(£'000)	(£'000)	(£'000)
Portfolio Total	45,098	67,789	67,741
External Funding			
Government Grants	(17,447)	(19,317)	(19,269)
Developers' Contributions	(3,934)	(5,898)	(5,898)
Other Contributions	0	(4,377)	(4,377)
Total External Funding Sources	(21,381)	(29,592)	(29,544)
Total Corporate Funding	23,717	38,197	38,197

Capital Monitoring Report - July 2017-18

At 31 July 2017, the approved estimate stood at £67.789m

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	67,789	(29,592)	38,197
Variances identified	(48)	48	0
Slippage to 2018/19	0	0	0
Projected Outturn 2017/18	67,741	(29,544)	38,197

Overall Projected Expenditure and Slippage

Projected outturn for the financial year is £67.741m

There is one variance to report this month. There is currently no slippage to report.

CZ46	P&OS-Vansittart Road Skate Park-Extension /Imps	(48)	48	0	Scheme will not be undertaken due to insufficient funding.
		(48)	48	0	

Overall Programme Status

The project statistics show the following position:

Scheme progress	No.	%
Yet to Start	118	39%
In Progress	118	39%
Completed	39	14%
Ongoing Programmes e.g.. Disabled Facilities Grant	24	8%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	0%
Total Schemes	300	100%

		July 2017 @ 06/7/17																		
	Project	CAPITAL SCHEME	2017/18 APPROVED ESTIMATE			APPROVED SLIPPAGE FROM PRIOR YEARS			TOTAL BUDGET 2017/18			PROJECTIONS–MAY 2017			PROJECT STATUS					
				Gross	Income	Estimate	Gross	Income	Estimate	Gross	Income	Estimate	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
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000						
Communities Directorate																				
	Sports & Leisure																			
CZ18	Magnet LC Reprovision Design / Initial Site Costs		1,650	0	1,650	350	0	350	2,000	0	2,000	0		0						
	Highways & Transport																			
CD12	Roads Resurfacing–Transport Asset & Safety		1,650	(1,650)	0	132	(131)	1	1,782	(1,781)	1	0		0						
CD84	Street Lighting–LED Upgrade		1,600	0	1,600	634	0	634	2,234	0	2,234	0		0						
	Community, Protection & Enforcement Services																			
CT52	Disabled Facilities Grant		600	(600)	0	0	0	0	600	(600)	0	0		0						
Place Directorate																				
	Regeneration																			
CI14	Maidenhead Waterways Construction phase 1		0	0	0	1707	(141)	1566	1,707	(141)	1,566	0		0						
CI29	Nicholson’s Car Park & Central House Scheme		0	0	0	2952	(187)	2765	2,952	(187)	2,765	0		0						
Managing Director																				
	Housing																			
CT51	Key Worker DIYSO		0	0	0	510	(510)	0	510	(510)	0	0		0						
CT55	Brill House Capital Funding		500	(500)	0	0	0	0	500	(500)	0	0		0						
	Non Schools																			
CKVT	Marlow Road Youth Centre Roofing and Maintenance Work		400	0	400	0	0	0	400	0	400	0		0						
	Schools – Non Devolved																			
CSGR	Charters Expansion		3,420	(2,952)	468	203	(203)	0	3,623	(3,155)	468	0		0						

[illegible]