

Report for: INFORMATION
Item Number: 8vii



<b>Contains Confidential or Exempt Information</b>	No – Part I
<b>Title</b>	<b>Financial Update</b>
<b>Responsible Officer(s)</b>	Andrew Brooker, Head of Finance, 01628 796341
<b>Contact officer, job title and phone number</b>	Richard Bunn, Chief Accountant, 01628 796510
<b>Member reporting</b>	Councillor Dudley
<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	30 October 2014
<b>Implementation Date if Not Called In</b>	30 October 2014
<b>Affected Wards</b>	"All"
<b>Keywords/Index</b>	Service Monitoring
<ol style="list-style-type: none"> <li>1. This report provides an update to members on the Council's financial performance at this early stage of the year.</li> <li>2. Services are currently projecting a £75k overspend. This is reduced to £2k overall by two non-service variances.</li> <li>3. It recommends that Strategic Directors in consultation with Lead Members implement proposals that address the predicted service overspend before the year end. In recent years the Council has delivered significant underspends on the back of strong budget management processes and has some well rehearsed processes in place to address unexpected financial pressures. There is therefore some confidence that the current overspend will be mitigated by the end of the financial year.</li> <li>4. Overall, the Council remains in a strong financial position with healthy reserves. The Council's Development Fund has been created from underspends in previous years. The fund currently has a balance of £1.208m.</li> <li>5. Officers have started work required to meet 2015-16 savings targets and early delivery of those initiatives will, inevitably, mitigate the impact of any of the projected overspend that cannot be addressed.</li> </ol>	

<b>If recommendations are adopted, how will residents benefit?</b>	
Benefits to residents and reasons why they will benefit	Dates by which they can expect to notice a difference
1. Assurance that the Council is making effective use of it's resources.	On publication of the report.
2. Assurance that budgets are reviewed regularly.	On publication of the report.

## 1. Details of Recommendations

### **RECOMMENDED: That Cabinet:**

- i) Approves the changes to the schools capital programme outlined in paragraph 4.7.
- ii) Approves the additional ICT revenue budget detailed in paragraph 4.5 and approves the use of the capital fund to part fund it.
- iii) Notes that Strategic Directors in consultation with Lead Members will implement proposals that address the predicted overspend.

## 2. Reason for Decision and Options Considered

<b>Option</b>	<b>Comments</b>
Approve the changes to the School's capital programme.	<b>Recommended</b>
Ask the School Accommodation Service to investigate alternative proposals.	

## 3. Key Implications

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered
General Fund Reserves	<£5.2m	£5.2m - £5.29m	£5.3m - £5.5m	£5.51m - £5.8m	31 March 2015

The General Fund Reserve is currently projected to be £5.133m and the balance on the Development Fund is £1.208m. The combined General Fund and Development Fund reserves now sit at £6.341m. The 2014-15 budget report recommended a reserve level of £5.19m or more to cover known risks for 18 months.

#### 4. Financial Details

- 4.1. **The Director of Children's Services** reports a projected year-end overspend of £72k against an approved net budget of £17.710 million. This is a £24k increase on the £48k overspend reported to Cabinet in September.

This increase includes a new cost pressure of £140k in the home to school transport budget which is based on the latest analysis of contracted journeys following the start of the new academic year. This pressure is the result of a combination of different factors – changes in the number of mainly high needs pupils requiring transport, as well as changes in individual pupils' transport needs. There is also some evidence of market forces driving up costs where providers are unable to take on new routes at the low rates renegotiated as part of last year's retendering exercise.

The shortfall of income arising from the School Improvement team's ability to sell services to schools in the context of the additional support to raise attainment has also increased in the last month.

These new pressures are being mainly covered by a range of mitigating actions which include reviewing all placement costs, and holding posts vacant where it is possible to do so without risk to vulnerable children. Despite the small overall increase in the projected overspend, Children's Services continues to expect to come in on or around budget at the end of the year.

- 4.2. **The Strategic Director for Adult & Community Services** reports an projected £6k underspend for the year. This is a significantly improved position from the £298k overspend position estimated in September.

This improvement arises from an expectation that Leisure Centres will be able to meet its savings targets this year following clarification of the NNDR status of the Magnet and Windsor Leisure Centres; and from additional income that has become available to meet the cost of services to older people and those with a learning disability. These savings have more than offset a pressure arising in the Concessionary Fares budget whereby the cost of support to bus services is currently estimated to exceed the budget by £56k. This budget requirement fluctuates year on year as it is dependent upon demand which can be influenced by bad weather.

- 4.3. The **Managing Director** projects a small overspend position of £12k on the **Corporate Services** 2014-15 budget of £10m, decreased by £17k from last month.

This improvement is due to managed vacancies in Procurement and Policy & Performance.

- 4.4. **The Strategic Director of Operations** is again reporting a broadly balanced projection (£3k under) on the directorate 2014-15 budget of £16.1m. There is no change in this position since last month.
- 4.5. RBWM has historically used a number of Oracle databases and in spite of following the written advice of consultants a few years ago; there have been payment shortfalls for licenses spanning a number of years.

The costs have been successfully negotiated down to £190k by ICT with Lead Member support. It is proposed to pay this from ICT revenue budgets funded by a contribution from the capital fund which would have been used to fund expenditure of this nature in the past.

As part of the negotiations our ongoing support costs have also been finalised at £42k and a budget is requested for 2014/15 and future years.

4.6. **Revenue budget movements this month:**

	£000
<b>Approved budget as at 1<sup>st</sup> Sept 2014</b>	<b>82,366</b>
Severance Costs funded by provision	26
State visit supplementary estimate	25
<b>Service Expenditure Budget this month</b>	<b>82,417</b>

4.7. **Capital Programme**

A summary of capital programme is shown in Appendix B. In order to make it easier to monitor scheme progress, schemes that are continuing from previous years are shown separately from new schemes approved for 2014-15

The approved 2014-15 capital budget is £46.904m, the projected outturn for the financial year is £46.828m. A summary of the capital budget is available below with further details in Appendix B and C.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
<b>Approved Budget</b>	46,904	(35,309)	11,595
Variances identified	(66)	36	(30)
Slippage to 2015-16	(10)	0	(10)
<b>Projected Outturn 2014-15</b>	46,828	(35,273)	11,555

4.8. **Capital budget changes**

M Maidenhead primary expansion 2014-15 - This scheme was in case an urgent additional classroom was required in Maidenhead for the September 2014 intake. It has not been needed. Approval is sought to remove from the capital programme.

Possible additional classrooms 2014-15 - This scheme was for any unforeseen increase in pupil numbers causing the need for an additional classroom anywhere in the borough. This need has not arisen yet. Approval is sought to remove from the capital programme.

All Saints Junior - There is £45k S106 that is earmarked in legal agreements for All Saints School. The planned expansion scheme would be appropriate for this expenditure. Approval is sought to add it to the expansion budget. If, when tenders are returned there are savings on the overall budget, they will be taken from the DfE grant element, releasing monies back into the Basic Need pot.

Queen Anne school has just completed a large and complex scheme that incorporates expansion of classrooms, remodelling of toilets, re-wiring and expansion and refurbishment of the kitchen. 3 schemes delivered as 1 contract. There are 2 pots of s106 which can legitimately be applied to assist with the funding of this scheme. Approval is sought to increase the budget with S106 funding by £73k.

#### 4.9. Overall capital programme status

	Report to October Cabinet
<b>Number of Schemes in Programme</b>	<b>751</b>
Yet to Start	13%
In Progress	38%
Completed	36%
Ongoing Programmes e.g. Disabled Facilities Grant	5%
Devolved Formula Capital Grant schemes budgets devolved to schools	8%

#### 5. Legal

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

#### 6. Value for Money

Service monitoring ensures a constant review of budgets for economy, efficiency and effectiveness.

#### 7. Sustainability Impact Appraisal

The proposals in this report have no impact on sustainability objectives.

#### 8. Risk Management

Risks	Uncontrolled Risk	Controls	Controlled Risk
None			

**9. Links to Strategic Objectives**

Residents can be assured that the Council is providing value for money by delivering economic services.

**10. Equalities, Human Rights and Community Cohesion**

This is a monitoring report with no actions related to staff or service provision. An Equality Impact Assessment (EQIA) has not, therefore, been completed for the production of this report. An EQIA would be required should this report generate any changes to policy.

**11. Staffing/Workforce and Accommodation implications:**

None.

**12. Property and Assets implications:**

None.

**13. Any other implications:**

None.

**14. Consultation**

Overview and Scrutiny Panels will review this report after Cabinet has met. Comments have not therefore been included.

**15. Timetable for Implementation**

This section is not applicable.

**16. Appendices**

Appendix A	Revenue budget summary
Appendix B	Capital budget summary
Appendix C	Capital Variances

**17. Background Information**

Background Papers: Budget Report to Council February 2014

**18. Consultation (Mandatory)**

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
<b>Internal</b>				
Corporate Management Team (CMT)	Managing Director, Strategic Directors, Heads of Legal Services and Policy & Performance.	3 Oct 2014	9 Oct 2014	Changes included in final Cabinet report.
Cllr Dudley	Lead Member for Finance	9 Oct 2014	9 Oct 2014	
Cllr Burbage	Leader of the Council	9 Oct 2014	10 Oct 2014	
<b>External</b> None				

**19. Report History**

<b>Decision type:</b>	<b>Urgency item?</b>
For information	No

Full name of report author	Job title	Full contact no:
Richard Bunn	Chief Accountant	01628 796510

SUMMARY	2014/15		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Individual Schools Budget	61,387	62,443	0
De Delegated Schools Budget	623	528	35
Central Provision within Schools Budget	1,229	590	0
High Needs Pupils	13,040	12,866	(45)
Early Years	206	253	0
Dedicated Schools Grant	(76,894)	(77,087)	10
<b>Total Children's Services - Schools Budget</b>	<b>(409)</b>	<b>(407)</b>	<b>0</b>
Education, Strategy & Commissioning Central Costs	246	244	0
Educations Standards	767	610	188
Sufficiency and Access	1,899	1,903	140
Strategic Commissioning and Practice Improvement	651	1,309	75
Early Help & Safeguarding Central Costs	501	501	0
Early Help-Youth Support	1,467	1,284	(45)
Early Help and First Response	1,867	1,775	180
Safeguarding and Children in Care	5,189	5,173	594
Children and Young People Disability	2,654	2,643	(635)
Fostering Service	2,178	2,141	(430)
Berkshire Adoption Service	7	7	0
Children's Services Management	666	527	5
<b>Total Children's Services - LA Budget</b>	<b>18,092</b>	<b>18,117</b>	<b>72</b>
<b>Total Children's Services</b>	<b>17,683</b>	<b>17,710</b>	<b>72</b>
Adult Social Care	33,602	33,580	56
Public Health	0	0	0
Housing	2,439	2,439	(72)
Leisure Services	1,487	1,578	0
Leisure Centres	(2,188)	(1,920)	0
Library Information	2,225	2,239	10
Heritage & Arts	300	301	0
Adult Management	208	288	0
<b>Total Adult &amp; Community Services</b>	<b>38,073</b>	<b>38,505</b>	<b>(6)</b>
Director of Operations	132	166	0
Operational Transformation	0	159	0
Benefits & Business Services	603	530	0
Strategic Asset Management	(272)	(3,008)	32
Commissioning & Contracts	11,542	12,938	(45)
Neighbourhood & Streetscene Delivery Services	999	997	10
Community, Protection & Enforcement Services	2,222	3,233	0
Customer, Resident & Relationship Services	898	1,111	0
<b>Total Operations</b>	<b>16,124</b>	<b>16,126</b>	<b>(3)</b>
Director of Corporate Services	293	289	0
Regeneration & Economic Development	(1,369)	(1,366)	(17)
Corporate Management	994	961	(19)
Communications	261	292	0
Policy and Performance	466	471	(10)
Democratic Services	1,634	1,674	0
HR	1,160	1,174	20
Legal	246	281	(10)
Finance	2,461	2,488	(17)
Technology & Change Delivery	2,600	2,599	0
Planning	862	1,079	25
Building Services	133	134	40
<b>Total Corporate Services</b>	<b>9,741</b>	<b>10,076</b>	<b>12</b>
<b>TOTAL EXPENDITURE</b>	<b>81,621</b>	<b>82,417</b>	<b>75</b>



2014/15			
SUMMARY	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
<b>Total Service Expenditure</b>	81,621	82,417	75
Contribution to / (from) Development Fund	(220)	(770)	0
Pensions deficit recovery	1,420	1,541	0
Pay Inflation	154	0	0
Transfer to/from Provision for Redundancy		(26)	
Environment Agency levy	144	144	0
Capital Financing inc Interest Receipts	<u>6,217</u>	<u>6,217</u>	<u>(50)</u>
<b>NET REQUIREMENTS</b>	89,336	89,523	25
Less - Special Expenses	(944)	(944)	0
Variance on budgeted Council Tax Freeze grant			(23)
Transfer to / (from) balances	<u>0</u>	<u>(187)</u>	<u>(2)</u>
<b>GROSS COUNCIL TAX REQUIREMENT</b>	<u>88,392</u>	<u>88,392</u>	<u>0</u>
<b>General Fund</b>			
Opening Balance	5,213	5,322	5,135
Transfers to / (from) balances	<u>0</u>	<u>(187)</u>	<u>(2)</u>
	<u>5,213</u>	<u>5,135</u>	<u>5,133</u>
<b>Development Fund</b>			
Opening Balance		1,978	
Transfer (to) / from other reserves		0	
Transfer from General Fund - sweep		0	
Transfer to General Fund - other initiatives		<u>(770)</u>	
		<u>1,208</u>	
<b>NOTE</b> Service variances that are negative represent an underspend, positive represents an overspend.			

**CAPITAL PROGRAMME 2014-15**  
**Schemes Approved in prior years**

	2014/15 APPROVED ESTIMATE			PROJECTIONS – GROSS EXPENDITURE				
	Gross	Income	Net	2014/15 Projected	2015/16 SLIPPAGE Projected	TOTAL Projected	VARIANCE Projected	VARIANCE Projected
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(%)
<b>Portfolio Summary</b>								
<b>Corporate Services</b>								
Property Management	926	(56)	870	926	0	926	0	0%
Planning & Development	121	0	121	121	0	121	0	0%
Policy & Performance	982	0	982	982	0	982	0	0%
Regeneration & Economic Development	1,136	(503)	633	1,136	0	1,136	0	0%
Business Improvement	333	(8)	325	333	0	333	0	0%
<b>Total Corporate Services</b>	<b>3,498</b>	<b>(567)</b>	<b>2,931</b>	<b>3,498</b>	0	3,498	0	0
<b>Operations</b>								
CSC	70	0	70	70	0	70	0	0%
Other	56	0	56	56	0	56	0	0%
Local Transport Plan	1,515	(564)	951	1,515	0	1,515	0	0%
Parking Schemes	547	(511)	36	537	10	547	0	0%
Streetcare and Operations	981	(925)	56	981	0	981	0	0%
Public Protection	350	(171)	179	350	0	350	0	0%
<b>Total Operations</b>	<b>3,519</b>	<b>(2,171)</b>	<b>1,348</b>	<b>3,509</b>	10	3,519	0	0
<b>Childrens</b>								
Non Schools	426	(406)	20	426	0	426	0	0%
Schools – Non Devolved	3,125	(3,052)	73	3,125	0	3,125	0	0%
Schools – Devolved Capital	762	(759)	3	762	0	762	0	0%
<b>Total Childrens</b>	<b>4,313</b>	<b>(4,217)</b>	<b>96</b>	<b>4,313</b>	0	4,313	0	0
<b>Adult</b>								
Adult Social Care	1,332	(1,202)	130	1,332	0	1,332	0	0%
Housing	1,542	(1,511)	31	1,542	0	1,542	0	0%
Social Care infrastructure	24	(24)	0	24	0	24	0	0%
Community Facilities	5	0	5	5	0	5	0	0%
Library & Information Service	675	(92)	583	675	0	675	0	0%
Leisure Centres	67	(60)	7	67	0	67	0	0%
Outdoor Facilities	158	(121)	37	158	0	158	0	0%
<b>Total Adult</b>	<b>3,803</b>	<b>(3,010)</b>	<b>793</b>	<b>3,803</b>	0	3,803	0	0
<b>Total Committed Schemes</b>	<b>15,133</b>	<b>(9,965)</b>	<b>5,168</b>	<b>15,123</b>	10	15,133	0	0

## New schemes Approved in 2014–15

	2014/15 ORIGINAL BUDGET			2014/15 APPROVED ESTIMATE			PROJECTIONS – GROSS EXPENDITURE				
	Gross	Income	Net	Gross	Income	Net	2014/15 Projected	2015/16 SLIPPAGE Projected	TOTAL Projected	VARIANCE Projected	VARIANCE Projected
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(%)
<b>Portfolio Summary</b>											
<b>Corporate Services</b>											
Property Management	420	0	420	1,290	0	1,290	1,290	0	1,290	0	0%
Planning & Development	50	0	50	180	(130)	50	180	0	180	0	0%
Policy & Performance	675	0	675	425	0	425	425	0	425	0	0%
Regeneration & Economic Development	582	(10)	572	719	(22)	697	719	0	719	0	0%
Business Improvement	196	0	196	186	0	186	186	0	186	0	0%
<b>Total Corporate Services</b>	<b>1,923</b>	<b>(10)</b>	<b>1,913</b>	<b>2,800</b>	<b>(152)</b>	<b>2,648</b>	<b>2,800</b>	0	2,800	0	0
<b>Operations</b>											
CSC	235	0	235	235	0	235	235	0	235	0	0%
Other	0	0	0	0	0	0	0	0	0	0	0%
Local Transport Plan	9,467	(7,366)	2,101	9,269	(7,344)	1,925	9,269	0	9,269	0	0%
Parking Schemes	135	0	135	130	0	130	130	0	130	0	0%
Streetcare and Operations	235	0	235	235	0	235	235	0	235	0	0%
Public Protection	683	(325)	358	683	(325)	358	683	0	683	0	0%
<b>Total Operations</b>	<b>10,755</b>	<b>(7,691)</b>	<b>3,064</b>	<b>10,552</b>	<b>(7,669)</b>	<b>2,883</b>	<b>10,552</b>	0	10,552	0	0
<b>Childrens</b>											
Non Schools	130	(100)	30	215	(175)	40	218	0	218	3	1%
Schools – Non Devolved	14,695	(14,695)	0	15,253	(15,253)	0	15,184	0	15,184	(69)	0%
Schools – Devolved Capital	305	(305)	0	305	(305)	0	305	0	305	0	0%
<b>Total Childrens</b>	<b>15,130</b>	<b>(15,100)</b>	<b>30</b>	<b>15,773</b>	<b>(15,733)</b>	<b>40</b>	<b>15,707</b>	0	15,707	(66)	0
<b>Adult</b>											
Adult Social Care	261	(261)	0	0	0	0	0	0	0	0	0%
Housing	700	(350)	350	700	(350)	350	700	0	700	0	0%
Social Care infrastructure	0	0	0	0	0	0	0	0	0	0	0%
Community Facilities	0	0	0	800	(800)	0	800	0	800	0	0%
Library & Information Service	204	(130)	74	154	(130)	24	154	0	154	0	0%
Leisure Centres	395	(75)	320	228	(158)	70	228	0	228	0	0%
Outdoor Facilities	508	(135)	373	764	(352)	412	764	0	764	0	0%
<b>Total Adult</b>	<b>2,068</b>	<b>(951)</b>	<b>1,117</b>	<b>2,646</b>	<b>(1,790)</b>	<b>856</b>	<b>2,646</b>	0	2,646	0	0
<b>Total Committed Schemes</b>	<b>29,876</b>	<b>(23,752)</b>	<b>6,124</b>	<b>31,771</b>	<b>(25,344)</b>	<b>6,427</b>	<b>31,705</b>	0	31,705	(66)	0
	(£'000)			(£'000)			(£'000)				
<b>Portfolio Total</b>	<b>29,876</b>			<b>46,904</b>			<b>46,828</b>				
<b>External Funding</b>											
Government Grants	(21,105)			(29,133)			(29,133)				
Developers' Contributions	(2,500)			(5,054)			(5,054)				
Other Contributions	(147)			(1,122)			(1,122)				
<b>Total External Funding Sources</b>	<b>(23,752)</b>			<b>(35,309)</b>			<b>(35,309)</b>				
<b>Total Corporate Funding</b>	<b>6,124</b>			<b>11,595</b>			<b>11,519</b>				

**Capital Monitoring Report -September 2014-15**

At 30 September 2014, the approved Capital budget stood at £46.904m

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
Approved Budget	46,904	(35,309)	11,595
Variances identified	(66)	36	(30)
Slippage to 2015/16	(10)	0	(10)
Projected Outturn 2014/15	46,828	(35,273)	11,555

**Overall Projected Expenditure and Slippage**

Projected outturn for the financial year is £46.828m

Variances are reported as follows

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
Non Schools			
CKTC Upgrade to the EMS/ONE Education System	3	(1)	2 Small overspend will be funded by children's capital grants.
Schools - Non Devolved			
CH11 HMS Old Site	1	0	1 Old invoices have come to light slight overspend £1K)
CSDH Purchase of Winbury School	13	0	13 School now has DfE funding. Costs to RBWM will cease. Overspend due to delays in site planning.
CSEF Trevelyan re-wire and replacement lighting 2014-15	(56)	56	0 Tender agreement has come in lower so a saving for the borough, releasing funds for further expansions.
CSEG Cookham Nursery re-wire & replace lighting 2014-15	(23)	(23)	(46) Tender agreement has come in lower so a saving for the borough, releasing funds for further expansions.
CSEH Windsor Girls urgent chimney stack repairs 2014-15	5	(5)	0 Tender agreement has come in higher than the budgeted costs.
CSEK Holy Trinity Cook. class heat. improve. 2014-15	(39)	39	0 Tender agreement has come in lower so a saving for the borough, releasing funds for further expansions.
CSEN Homer bulge class 2014-15	(28)	28	0 School is contributing £50K towards the cost so a saving will be made by the borough, releasing funding for further expansions.
CSEP Dedworth Green additional classroom 2014-15	50	(50)	0 Tender agreement has come in higher than the budgeted costs.
CSER Datchet St Mary's bulge class 2014-15	8	(8)	0 Tender agreement has come in higher than the budgeted costs.
	<u>(66)</u>	<u>36</u>	<u>(30)</u>

Slippage is reported as follows

CB15	Car Pks-Repl Hand Held Enforce machines	(10)	0	(10) Expenditure will now occur in 2015/16
		<u>(10)</u>	<u>0</u>	<u>(10)</u>

**Overall Programme Status**

The project statistics show the following position:

<b>Scheme progress</b>	<b>No.</b>	<b>%</b>
Yet to Start	97	13%
In Progress	289	38%
Completed	274	36%
Ongoing Programmes e.g.. Disabled Facilities Grant	34	5%
Devolved Formula Capital Grant schemes budgets devolved to schools	57	8%
Total Schemes	751	100%