

Report Title:	Financial Update
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	Cabinet – 27 July 2017
Responsible Officer(s):	Russell O’Keefe, Executive Director
Wards affected:	All

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REPORT SUMMARY

1. This report sets out that the Council finance position at month three, in the financial year 2017-18. In summary there is a £828,000 projected overspend on the General Fund due to net overspends being forecast in service budgets, see Appendix A.
2. The Council is in a strong financial position; with combined General Fund Reserves of £7,348,000 (8.31% of budget) in excess of the £5,780,000 (6.54% of budget) recommended minimum level, to cover risks for 18 months, 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.**

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

This is a monitoring report not requiring any decision.

3 KEY IMPLICATIONS

- 3.1 The Council has a combined General Fund Reserve of £7,348,000, comprising General Fund Reserve of £4,119,000 and a Development Fund balance of £3,229,000. Appendix B provides an analysis of spend and position of the Development Fund.

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 £60,362,000, an over-spend of £828,000. This is an increase of £602,000 on the pressure reported last month.

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 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 income

- 4.9 Adult social care income is showing an underspend of £484,000, mainly due to three successful continuing healthcare claims where Health is now responsible for costs of the individuals.
- 4.10 There are no significant variances to report on the Human Resources budget, the Law & Governance budget or the Communication & Marketing budget.

Communities

- 4.11 The Executive Director now projects a balanced budget outturn on the Communities directorate's 2017-18 controllable budget of £14,842,000. The £153,000 overspend reported to Cabinet last month will be mitigated by over-achievement of income from parking fees and registrars charges.

Place

- 4.12 The Executive Director projects a balanced budget outturn on the Place directorate's 2017-18 controllable budget of £4,003,000. No material budget pressures have been identified in the year to date.

Revenue budget movement

- 4.13 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.	£79,198,000
Redundancy costs funded by provision	£11,000
Budget rounding	(£2,000)
Service expenditure budget this month	£79,207,000

Cash balances projection

- 4.14 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

- 4.15 The approved 2017-18 capital estimate is £66,942,000, see table 4. The projected outturn for the financial year is £66,942,000, an increase on the capital outturn in 2016-17 of £28,861,000.
- 4.16 There are no variances or slippage to report this month. Appendix E provides further detail. Table 5 shows the status of schemes in the capital programme. Further information on key capital schemes has been provided in Appendix F.

Table 4: Capital outturn

	Exp	Inc	Net
Approved estimate	£66,942,000	(£28,745,000)	£38,197,000
Variances identified	£0	£0	£0
Slippage to 2018-19	£0	£0	£0
Projected Outturn 2017-18	£66,942,000	(£28,745,000)	£38,197,000

Table 5: Capital programme status

	Report Cabinet June 2017
Number of schemes in programme	299
Yet to Start	39%
In Progress	40%
Completed	13%
Ongoing Programmes e.g. Disabled Facilities Grant	8%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

Business Rates

- 4.17 Business rate income at the end of May was 21.05% against a target of 20% and performance in May 2016 of 19.99%. In cash terms we are £940,110 ahead of target. The annual collection target is 98.4%.

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.	27/6/17	29/6/17
Cllr. Rankin	Deputy Lead Member for Finance.	27/6/17	
Alison Alexander	Managing Director.	19/6/17	11/7/17
Russell O'Keefe	Executive Director	19/6/17	
Andy Jeffs	Interim Executive Director	19/6/17	
Rob Stubbs	Deputy Director and Head of Finance	19/6/17	27/6/17

REPORT HISTORY

Decision type: For information	Urgency item? No
Report Author: Rob Stubbs Deputy Director Finance and Head of Finance	

Revenue Monitoring Statement 2017/18 for July 2017 Cabinet

SUMMARY	2017/18		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Corporate & Governance	3,762	3,591	0
Commissioning & Support	2,248	1,384	(4)
AfC Contract	46,229	44,236	1,316
Childrens Services - Retained	340	504	0
Optalis Contract	0	28,698	0
Adult Social Care - Spend	42,061	14,768	0
Adult Social Care - Income	(10,570)	(9,282)	(484)
Concessionary Fares	1,282	1,386	0
Housing	1,107	1,107	0
Better Care Fund	7,787	9,254	0
Public Health	2,263	2,297	0
Dedicated Schools Grant Spend	35,156	36,199	0
Grant Income	(72,290)	(73,780)	0
Total Managing Director's Directorate	59,375	60,362	828
Executive Director of Communities	184	184	0
Revenues & Benefits	370	254	0
Highways & Countryside	5,164	5,044	153
Community Protection & Enforcement	5,825	5,825	(120)
Library & Resident Services	3,670	3,535	(33)
Total Communities Directorate	15,213	14,842	0
Executive Director of Place	153	300	0
Planning Service	1,398	1,323	0
Regeneration Service	(1,732)	(1,657)	0
Finance	2,149	2,008	0
ICT	2,199	2,029	0
Total Place Directorate	4,167	4,003	0
TOTAL EXPENDITURE	78,755	79,207	828

Revenue Monitoring Statement 2017/18 for July 2017 Cabinet

SUMMARY	2017/18		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	78,755	79,207	828
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	(43)	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	89,427	89,695	828
Less - Special Expenses	(1,009)	(1,009)	0
Transfer to / (from) balances	0	(268)	(828)
GROSS COUNCIL TAX REQUIREMENT	<u>88,418</u>	<u>88,418</u>	<u>0</u>
General Fund			
Opening Balance	5,291	5,215	4,947
Transfers to / (from) balances	<u>0</u>	<u>(268)</u>	<u>(828)</u>
	<u><u>5,291</u></u>	<u><u>4,947</u></u>	<u><u>4,119</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

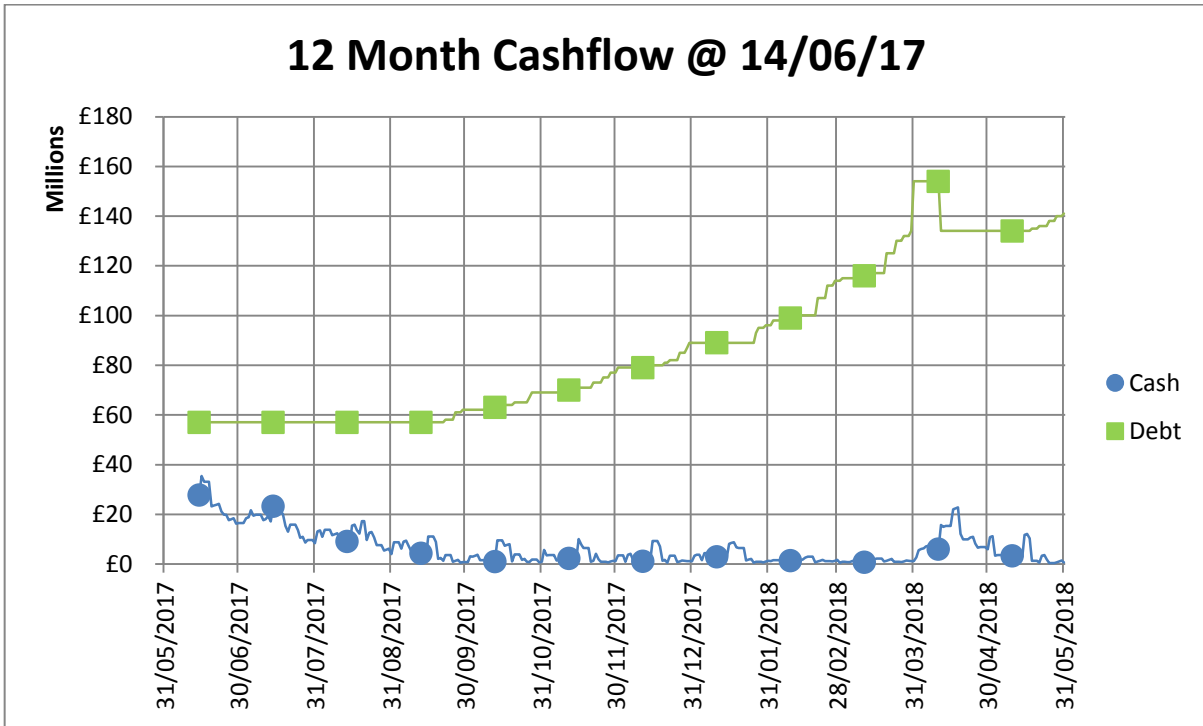
Appendix C

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
Changes Approved	30	268	43	111	452	
Approved Estimate May Cabinet					79,207	

NOTES

- 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).
- 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.
- 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.
- 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.

Portfolio Summary	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)	(%)
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	310	(70)	240	310	(70)	240	443	0	443	753	0	753	0	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	0%
Green Spaces & Parks	281	(231)	50	281	(231)	50	99	(81)	18	380	0	380	0	0%
Highways & Countryside	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%
Library & Resident Services	470	(12)	458	470	(12)	458	958	(312)	646	1,428	0	1,428	0	0%
Total Communities Directorate	9,527	(4,018)	5,509	9,527	(4,018)	5,509	7,866	(2,301)	5,565	17,393	0	17,393	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	1,235	0	1,235	5,685	(328)	5,357	6,920	0	6,920	0	0%
Planning (CAP51)	470	0	470	470	0	470	339	(185)	154	809	0	809	0	0%
Total Place Directorate	6,255	0	6,255	6,930	0	6,930	6,972	(764)	6,208	13,902	0	13,902	0	0
Managing Director														
Adult Social Care	0	0	0	0	0	0	51	(51)	0	51	0	51	0	0%
Housing	500	(500)	0	1,495	(1,495)	0	575	(545)	30	2,070	0	2,070	0	0%
Democratic Representation	88	0	88	88	0	88	130	0	130	218	0	218	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	318	(318)	0	653	(653)	0	971	0	971	0	0%
Total Managing Director	29,316	(17,363)	11,953	30,406	(18,453)	11,953	5,241	(3,209)	2,032	35,647	0	35,647	0	0
Total Committed Schemes	45,098	(21,381)	23,717	46,863	(22,471)	24,392	20,079	(6,274)	13,805	66,942	0	66,942	0	0

Portfolio Total	(£'000)	45,098	(£'000)	66,942	(£'000)	66,942
External Funding						
Government Grants	(17,447)		(18,670)		(18,670)	
Developers' Contributions	(3,934)		(5,898)		(5,898)	
Other Contributions	0		(4,177)		(4,177)	
Total External Funding Sources	(21,381)		(28,745)		(28,745)	
Total Corporate Funding		23,717		38,197		38,197

June 2017 @ 08/6/17																		
Project	CAPITAL SCHEME	2017/18 APPROVED ESTIMATE			APPROVED SLIPPAGE FROM PRIOR YEARS			TOTAL BUDGET 2017/18			PROJECTIONS			PROJECT STATUS				
		Gross	Income	Estimate	Gross	Income	Estimate	Gross	Income	Estimate	2017/18 Projected Variance <i>Underspend as negative</i>	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	Affordable Home Ownership Capital Investment	0	0	0	500	(500)	0	500	(500)	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						

