

Report Title:	Financial Update
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	Cabinet – 23 November 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. Pressures continue within Children’s Services, Housing, Visitor Management, Revenues and Benefits, Community Protection, and Library & Resident Services.
2. An in-year mitigation exercise was undertaken prior to September Cabinet and £1,290,000 of savings were identified. These savings continue to offset the pressures above.
3. The projected over spend on the General Fund is now £185,000 see Appendix A. The projected variances in each Directorate are detailed in section 4.
4. The Council remains in a strong financial position; with combined General Fund Reserves of £7,800,000 (8.82% 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 an additional revenue budget of £50,000 p.a. for three years for a service level agreement with SportsAble, as detailed in paragraph 4.14.**
- iii) **Approves a £20k capital budget to support Cookham Parish Council in developing a Neighbourhood Plan.**

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

- 2.1 This is a monitoring report and cabinet are being asked to note it not make a decision.

3 KEY IMPLICATIONS

- 3.1 The Council is projecting a General Fund Reserve of £4,629,000 and a Development Fund balance of £3,171,000, see appendix B for a breakdown of the Development Fund. The combined reserves total £7,800,000. The 2017-18 budget report recommended a minimal reserve level of £5,780,000 to cover known risks for 18 months.

Table 1: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
General Fund Reserves Achieved	<£5,800,000	£5,800,000 to £6,000,000	£6,000,001 to £6,500,000	> £6,500,000	31 May 2018

4 FINANCIAL DETAILS / VALUE FOR MONEY

Managing Director's Directorate

- 4.1 The Managing Director reports a projected outturn figure for 2017-18 of £62,184,000 against a net controllable budget of £62,214,000, showing an underspend of £30,000. The underspend has reduced by £101,000 from the position reported last month.
- 4.2 The mitigations of £1,056,000 identified in the 28 September 2017 cabinet report have been extracted from the budgets and are shown on a separate line in appendix A.

Children's Services

- 4.3 Children's Services has a net overspend of £1,659,000 which in appendix A is reflected as AfC Contract £1,159,000 & pre AfC Contract £500,000. This represents an increased overspend of £102,000 from the last reported position. The material variances are explained with sections 4.4 and 4.5 of this report.

Placement costs for children in care

- 4.4 The number of children in care and under child protection has grown over the last two years; currently there are insufficient placements available locally to meet the growth in demand and complexity of need. Consequently more children, than in previous years, are being placed outside of the borough in specialist provision that is at a higher rate than locally provided placements. As at 9th October 2017, if demand and placement type continue through 2017-18 the projected overspend will be £975,000, an increase of £102,000. Mitigating action includes the continued drive to increase the level of in-house foster care provision. To support this, the service has contracted Cornerstone to run a programme of foster carer recruitment.

Children's Services previously reported variances which are unchanged

- 4.5 Other variances previously reported within Children's Services:
- Home to school transport £296,000
 - Legal Services £162,000
 - Agency and interim employees £326,000
 - Health Visitor Services (£100,000)

Dedicated schools grant

- 4.6 There is a net in year deficit of £483,000 relating to the dedicated schools grant funded services. This is an increase of £325,000 on the position reported last month, mainly relating to the release of underachievement of the High Needs Block savings plan. The deficit of £483,000 consists of:
- underachievement of the High Needs Block savings plan due to schools not agreeing to a reduction in Top Up allocations and an increase in annual fees; further strategies are underway to deliver the remainder of the savings plan £300,000
 - estimated increased numbers of pupils receiving Alternative Provision support £80,000
 - costs of conversion to academy status for Bisham Church of England Primary School £69,000
 - in year increased school rates charged to the central school budget £40,000
 - other minor variances net (£6,000) underspend
- 4.7 The net overspend will be an additional pressure on the dedicated schools grant reserve which as at 31 March 2017 was a deficit of £752,000; the revised projected deficit as at 31 March 2018 has increased to £1,235,000. The Schools Forum authorised the original deficit of £752,000 and a three year recovery plan which began in April 2017.
- 4.8 The National Funding Formula for Schools and High Needs policy document published September 2017 states there is a degree of flexibility enabling the transfer up to 0.5% of schools block into other funds such as the high needs block, with the agreement of their schools forum. Based on the latest National Funding Formula schools block allocation this transfer would contribute a maximum of £416,000 towards the mitigation of pressures in 2018-19.

Other previously reported variances which are unchanged

- 4.9 Other variances contributing to the position of the overall directorate:
- Adult Social Care (£407,000)
 - Housing £213,000 offset by grant income (£213,000)
 - Commissioning and Support (£252,000)
 - Law and Governance (£35,000)
 - Communications £60,000

Communities Directorate

- 4.10 The Executive Director reports an overspend projection of £295,000 on the Communities directorate's 2017-18 approved estimate of £14,985,000.
- 4.11 This is unchanged from the position reported to October Cabinet.

Place Directorate

- 4.12 The Executive Director projects an underspend of £80,000 in the Place directorate's 2017-18 approved estimate of £2,892,000.
- 4.13 The position has reduced by £66,000 since last month from a new pressure on the Building Control budget from the Shared Service contract terms.

SportsAble

- 4.14 An additional revenue budget of £50,000 p.a. for three years for a service level agreement (SLA) with SportsAble. The SLA will commence on January 1 2018, there will therefore be a £12,500 impact in 2017-18. Future year's budget will be adjusted through the medium term plan. The budget will be funded from the development fund.

Revenue budget movement

- 4.15 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 October	£80,030,000
Salary budget increase (CMT)	£25,000
Redundancy cost funded by provision	£36,000
Service expenditure budget this month	£80,091,000

Cash balances projection

- 4.16 Appendix D provides details of the Borough's cash balance which is based on the assumptions contained in the 2017-18 budget report. Some of the capital schemes discussed in the 2017-18 budget report have been re-profiled prior to approval for budgets being sought. Consequently the projected new borrowing in 2017-18 has been revised downwards from £72,999,000 to £46,596,000.

Capital programme

- 4.17 The approved 2017-18 capital estimate is £74,995,000, see table 3. The projected outturn for the financial year is £72,350,000, an increase on the capital outturn in 2016-17 of £28,861,000.
- 4.18 There is no further slippage to report this month. Major slippage schemes this month include £485,000 for the Maidenhead Station Interchange and Car Park. RBWM's match funding of the works on this LEP project are now scheduled for 2018/19. £431,000 of Additional Car parking for Windsor is also likely to slip to 2018/19. A delay in the commencement of the Brill House project also means that funding is unlikely to be requested until 2017/18. Further details of variances and slippage are provided in appendix E and F. Table 4 shows the status of schemes in the capital programme.
- 4.19 Further information on key capital schemes has been provided in Appendix G.

Table 3: Capital outturn

	Exp	Inc	Net
Approved estimate	£74,995,000	(£29,386,000)	£45,609,000
Variances identified	(£59,000)	£49,000	(£10,000)
Slippage to 2018-19	(£2,586,000)	£1,281,000	(£1,305,000)
Projected Outturn 2017-18	£72,350,000	(£28,056,000)	£44,294,000

Table 4: Capital programme status

	Report Cabinet November 2017
Number of schemes in programme	300
Yet to Start	30%
In Progress	41%
Completed	14%
Ongoing Programmes e.g. Disabled Facilities Grant	15%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

Business rates

- 4.20 Business rate income at the end of September was 58.6% against a target of 57.8%. The annual collection target is 98.8%.
- 4.21 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:
- 4.22 **New business rate relief for pubs.** We identified 89 public houses that fit within the guidelines provided by DCLG. An application form was designed and 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 12th October, we have received 39 applications back. Those eligible receive a flat £1,000 relief against their current year bill.
- 4.23 **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 has now been approved by both Members and Officers. We identified 870 potential ratepayers and issued them with a claim form w/c 28th August. As at 12th October we have received 23 applications back. Only 2 have sufficient evidence/information to be able to make an award e.g. accounts or estimates of annual income/expenditure, a history of the business, details of the amount of assistance requested etc. Requests for the missing evidence/information have been made. A streamlined decision making process has now been agreed with a pro-forma developed for sign off by the S151 and Deputy Lead Member for Finance following officer recommendation.
- 4.24 **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. The required software upgrade has now been received by IT but it has not yet been made available for testing due to issues with the release.

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 5: Impact of risk and mitigation

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		
Cllr Rankin	Deputy Lead Member for Finance		
Alison Alexander	Managing Director	16/10/07	
Russell O'Keefe	Executive Director	16/10/07	

Name of consultee	Post held	Date sent	Commented & returned
Andy Jeffs	Executive Director	16/10/07	

REPORT HISTORY

Decision type: For information	Urgency item? No
Report Author: Rob Stubbs, Deputy Director and Head of Finance, 01628 796222	