

Report Title:	Financial Update
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	CSOSP– 23 August 2018
Responsible Officer(s):	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 position to the end of period four of the financial year 2018-19. There are pressures as previously identified during the 2017-18 financial year with partial mitigations resulting in a net pressure of £1,426,000. See Appendix A. The main pressures are: Children's Services facing continued pressure of placement costs for children in care and housing benefit subsidy.
2. The Council's base budget is £85,344,000. Aggregated usable reserves are in a healthy position at £8,688,000 (10.19% of budget) which remains in excess of the £5,860,000 (6.87% of budget) recommended minimum level set at Council in February 2018, see Appendix B.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) Notes the Council's projected outturn position for 2018-19 and requests the Directors to continually work to mitigate the projected variance.

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

- 2.1 Cabinet are required to note the council's financial position and the Directors will identify and propose mitigations for the projected variance.

3 KEY IMPLICATIONS

- 3.1 The Council is projecting an aggregated usable reserve totalling £8,688,000. The 2018-19 budget report recommended a minimum reserve level of £5,860,000 to cover known risks for 18 months.

Table 1: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
General Fund Reserves Achieved	<£5,900,000	£5,900,000 to £6,000,000	£6,000,001 to £6,900,000	> £6,900,000	31 May 2019

4 FINANCIAL DETAILS / VALUE FOR MONEY

Council outturn position

- 4.1 The expected outturn position for the Council is an overspend of £1,426,000 on service budgets of £78,703,000. The variances are unchanged from those reported last month.

AfC Contract - Children's Services

- 4.2 Children's services has a net overspend of £911,000 as a result of the number of placements for children in care in independent fostering and residential care. The service continues to seek to mitigate these costs through continued scrutiny of provision, improved commissioning for buying bulk placements; ensuring partners, health partnerships, organisations are fairly contributing to placement costs and completing the registration process to Ofsted to become an independent fostering agency with an indication of this coming on line in April 2019.
- 4.3 The local pressure reflects current national pressures. The Local Government Association are predicting a children's services funding gap nationally of £2 billion by 2020 to maintain services at the current level with nearly half of local authority children's services budgets being spent on foster care and residential placements.

Commissioning - Communities

- 4.4 There is a projected overspend of £153,000 within the service which relates to Cabinet approved expenditure to support the bus routes covering Maidenhead, Wraysbury and links between Maidenhead and Windsor for which offsetting savings have not proved to be available.
- 4.5 A similar picture is appearing nationally where nearly half of all bus routes in England are now fully or partially subsidised. Operating costs for bus companies are rising while passenger journeys are falling. Since 2013/14 there have been 297 million fewer journeys across the country.

Communities, Enforcement and Partnerships

- 4.6 Communities, Enforcement and Partnerships project an overspend of £106,000 comprising:
- £16,000 additional cost for the shared emergency planning service with West Berkshire and Bracknell Forest Councils, which started on the 1 April 2018.
 - £90,000 unachievable income for printing as a result of external income not being generated.

Finance

- 4.7 Finance are projecting an underspend of £68,000 as a result of freezing vacancies.

Library and Resident Services

- 4.8 Library and Resident Services projects an overspend of £20,000. This one-off pressure is as a result of employing agency staff to cover vacancies to ensure performance in the call centre is maintained.

Planning Service

- 4.9 The planning service projects an underspend of £90,000, this is made up of £50,000 surplus planning application income and £40,000 income for CIL administration.

Revenues and Benefits

- 4.10 Revenues and benefits projects an overspend of £394,000 for Housing benefit subsidy. The budgeted recovery rate for subsidy has been under 100% since 2014-15, and in 2017-18 was 101%. This is not achievable and the actual recovery rate for subsidy has been over 100% over the same period, and in 2017-18 was 99.7%, 1.3% less. Over the period £2.5 million of budgeted subsidy has not been recovered, the vast majority of which, has been covered by a release in bad debt provision, or a positive move in debtors, which is no longer achievable.

AfC contract - Dedicated Schools Grant & Dedicated Schools Grant Retained

- 4.11 There is a net in year deficit of £795,000 relating to the dedicated schools grant funded services consisting of £52,000 within AFC Contract & £743,000 within the retained element. The net in year deficit consists of:
- Manor Green School increased places and additional funding to support the provision of high needs within the school £436,000.
 - Maintained schools additional funding to support the provision of high needs within schools £352,000.
 - Others net £7,000.
- 4.12 The overspend will be an additional pressure on the dedicated schools grant reserve which as at 31 March 2018 was a deficit of £1,212,000. The revised projected deficit as at 31 March 2019 has increased to £2,007,000.
- 4.13 At the Schools Forum in April 2018 the deficit carry forward of £1,212,000 was approved. The projected deficit at 31 March 2019 was reported to the Schools Forum in July 2018.

Transfers to and from the General fund reserves

- 4.14 There is no change to the General fund reserves for this period.

Table 2: Revenue budget movement

Service expenditure budget reported to July cabinet	£77,941,000
Pay award and reward which was included in the original budget	£561,000
Heathrow judicial review	£100,000
Early retirement and severance pay funded from the provision	£101,000
Service expenditure budget this month	£78,703,000

Cash balances projection

- 4.15 Throughout the year the council's cash balances have been revised, Appendix D sets out the Borough's cash balance which is based on the assumptions contained in the 2018-19 budget report. A twelve month capital cash flow projection is shown in Appendix D.

Capital programme

- 4.16 The approved 2018-19 capital estimate is £62,190,000, see table 3. The projected outturn for the financial year is £62,165,000, see table 4 for capital programme status, with further information in Appendices E - G.

Table 3: Capital outturn

	Exp	Inc	Net
Approved estimate	£62,190,000	(£20,566,000)	£41,624,000
Variances identified	(£25,000)	£25,000	£0
Slippage to 2019-20	(£0)	£0	£0
Projected Outturn 2018-19	£62,165,000	(£20,541,000)	£41,624,000

Table 4: Capital programme status

	Report Cabinet July 2018
Number of schemes in programme	175
Yet to Start	25%
In Progress	44%
Completed	6%
Ongoing Programmes e.g. Disabled Facilities Grant	24%
Devolved Formula Capital Grant schemes budgets devolved to schools	1%

4.17 **Business rates:** Business rate income at the end of June 2018 was 32.56% against a target of 31%. The annual collection target for 2018-19 is 98.8%.

4.18 **Business rate revaluation support.** Following a meeting with the Lead Member for Finance, the previous distribution methodology for the £329,000 available from MHCLG is being revised and the outcome reported in a future finance update.

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.

APPENDICES

9.2 The appendices to the report are as follows:

- Appendix A Revenue Monitoring Statement 2018/19 for August cabinet
- Appendix B General Fund Reserves
- Appendix C Revenue movement statement
- Appendix D 12 month cash flow
- Appendix E Capital budget summary
- Appendix F Capital monitoring report
- Appendix G Major capital scheme progress

10 BACKGROUND DOCUMENTS

10.1 Background documents relating to this report are detailed below.

- Budget Report to Council February 2018.

11 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Cllr Saunders	Lead Member for Finance		
Cllr Rankin	Deputy Lead Member for Finance		
Alison Alexander	Managing Director	23/7/2018	27/7/2018
Russell O'Keefe	Executive Director	23/7/2018	
Andy Jeffs	Executive Director	23/7/2018	
Rob Stubbs	Section 151 Officer	23/7/2018	24/7/2018
Nikki Craig	Head of HR and Corporate Projects	23/7/2018	27/7/2018
Louisa Dean	Communications	23/7/2018	
Hilary Hall	Deputy Director Strategy and Commissioning	23/7/2018	26/7/2018

REPORT HISTORY

Decision type: For information	Urgency item? No	To Follow item? No
Report Author: : Ruth Watkins, Senior Accountancy and Finance Operations Lead, 01628 683504		

Revenue Monitoring Statement 2018/19 for August CSOSP

SUMMARY	2018/19		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Management	660	348	0
Communications	412	450	0
Human Resources	883	1,069	0
Law & Governance	2,350	2,365	0
Commissioning & Support	3,872	3,809	0
Commissioning - Communities	8,182	8,222	153
AfC Contract - Children's Services	21,356	21,741	911
AfC Contract - Dedicated Schools Grant	12,196	11,311	52
Children's Services - Retained	(2,118)	(2,553)	0
Dedicated Schools Grant - Retained	50,385	51,878	743
Adult Social Care - Optalis Contract	29,443	29,414	0
Adult Social Care - Spend	15,461	15,764	0
Adult Social Care - Income	(10,658)	(10,867)	0
Better Care Fund	12,033	12,103	0
Public Health	4,780	4,790	0
Grant Income	(78,166)	(78,841)	(795)
Total Managing Director's Directorate	71,071	71,003	1,064
Executive Director of Communities	229	233	0
Revenues & Benefits	(109)	(68)	394
Communities, Enforcement & Partnerships	732	1,013	106
Library & Resident Services	3,019	3,096	20
Total Communities Directorate	3,871	4,274	520
Executive Director of Place	298	304	0
Housing	1,370	1,461	0
Planning Service	1,344	1,397	(90)
Property Service	(2,577)	(2,574)	0
Finance	1,269	1,286	(68)
ICT	1,133	1,552	0
Total Place Directorate	2,837	3,426	(158)
TOTAL EXPENDITURE	77,779	78,703	1,426

Revenue Monitoring Statement 2018/19 for August CSOSP

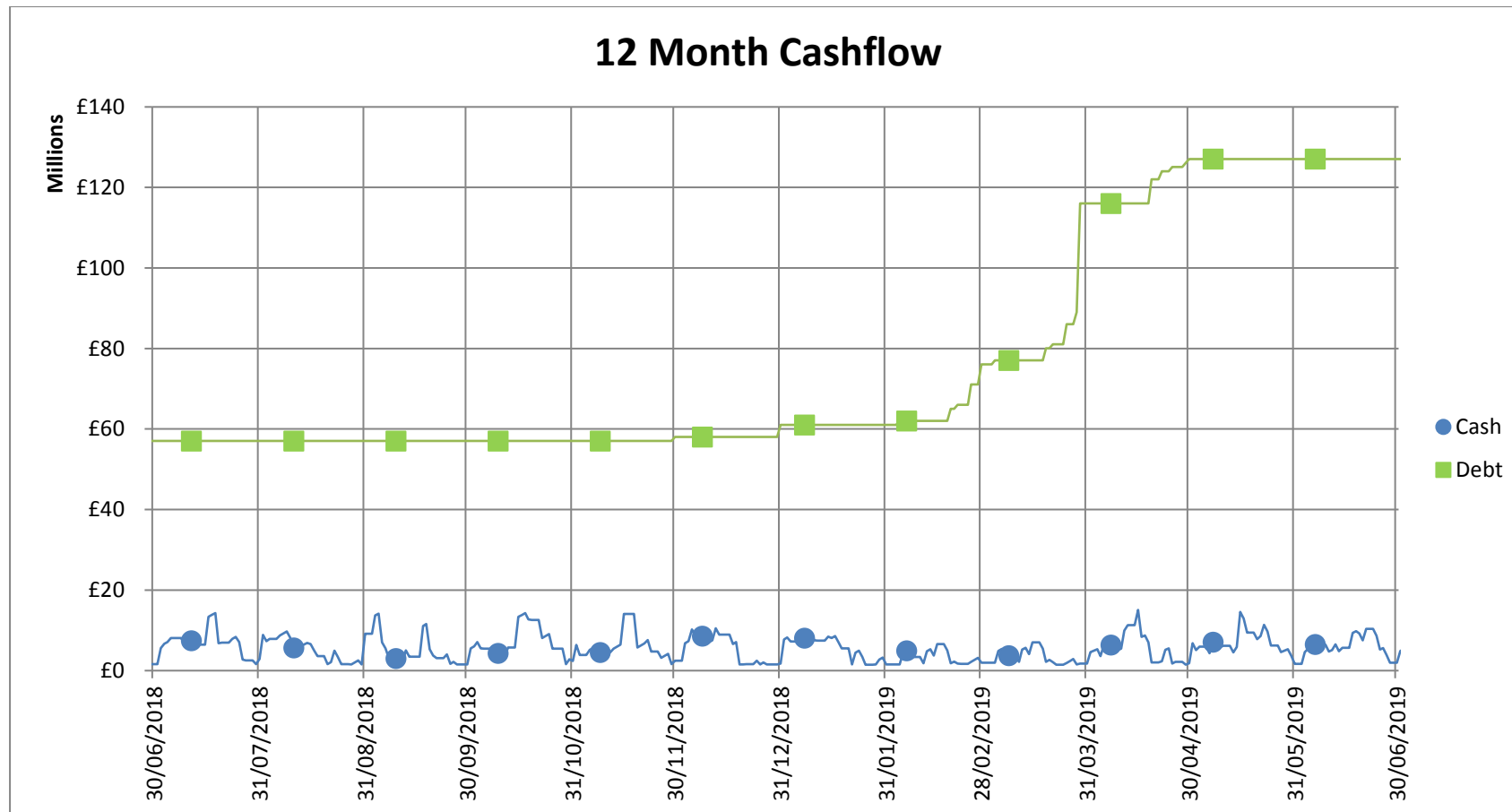
SUMMARY	2018/19		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	77,779	78,703	1,426
Contribution to / (from) Development Fund	5	5	0
Pensions deficit recovery	2,428	3,176	0
Pay reward	500	(6)	0
Transfer from Provision for Redundancy	0	(101)	0
Transfer to Provision for Redundancy			0
Increase / (Decrease) to provision for bad debt			0
Apprentice Levy	0	0	0
Environment Agency levy	156	156	0
Variance on income from Trading Companies			0
Variance on Education Services Grant			0
Variance on Business Rates income		(2,896)	0
Transfer to / (from) Capital Fund		1,863	0
Variances on general grants			0
Capital Financing inc Interest Receipts	<u>5,523</u>	<u>5,523</u>	<u>0</u>
NET REQUIREMENTS	86,391	86,423	1,426
Less - Special Expenses	(1,047)	(1,047)	0
Transfer to / (from) balances	0	(32)	(1,426)
GROSS COUNCIL TAX REQUIREMENT	<u>85,344</u>	<u>85,344</u>	<u>0</u>

General Fund Reserves £000		
Opening Balance 2017/18		8,947
Transacted amounts To/(From) General Fund reserves in 2018/19		
May reported service variance	(32)	
June reported service variance	(1,426)	
Total reported variances in 2018/19		(1,458)
Fire & Rescue Inspections	(130)	
Pay award	(55)	
NNDR reversal of projected provision	500	
Section 31 grant	186	
Overstated levy	710	
Projected Pooling surplus	1,500	
Pension deficit shortfall	(748)	
Heathrow judicial review	(100)	
Transfers to/(from) General reserves		1,863
Balance reported to June Cabinet		<u>9,352</u>
To be transacted / reported in 2018/19		
Redundancy costs	(664)	
Projected year end balance 2018/19		<u>8,688</u>

Revenue Monitoring Statement 2018/19						
	Funded by the General Fund (1)	Funded by Provision (2)	Funded by the Capital Fund (3)	Included in the original budget (4)	Total	Approval
	£'000	£'000	£'000	£'000	£'000	
Original Budget					77,779	
1 Empty homes supplementary	32				32	May 2018 Cabinet
2 RBFRS Inspections	0		130		130	May 2018 Cabinet
3 Pay Reward				561	561	Feb 2018 Cabinet
4 Early retirement		36			36	Jun 2018 cabinet
5 Severance pay		65			65	Jun 2018 cabinet
6 Heathrow judicial review			100		100	July 2018 cabinet
Changes Approved	32	101	230	561	924	
Approved Estimate July Cabinet					78,703	

NOTES

- 1 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 1 are funded by the General Fund.
- 2 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 2 are redundancy costs funded by the provision for redundancy.
- 3 When additional budget is approved, a funding source is agreed with the Lead Member of Finance. Transactions in column 3 have been funded from a usable reserve (Capital Fund).
- 4 Transactions in column 3 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 2018-19. 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.

	2018/19 Original Budget			New Schemes – 2018/19 Approved Estimate			Schemes Approved in Prior Years			Projections – Gross Expenditure				
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	2018/19 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														
Revenues & Benefits	0	0	0	0	0	0	69	0	69	69	0	69	0	
Communities, Enforcement & Partnerships	3,098	(635)	2,463	5,818	(635)	5,183	4,369	(1,597)	2,772	10,187	0	10,187	0	0%
Library & Resident Services	435	0	435	720	0	720	948	(189)	759	1,668	0	1,668	0	0%
Total Communities Directorate	3,533	(635)	2,898	6,538	(635)	5,903	5,386	(1,786)	3,600	11,924	0	11,924	0	0
Place Directorate														
ICT	360	0	360	360	0	360	38	0	38	398	0	398	0	0%
Property	1,045	0	1,045	1,045	0	1,045	8,566	(282)	8,284	9,611	0	9,611	0	0%
Housing	0	0	0	0	0	0	881	(856)	25	881	0	881	0	
Planning	1,010	(50)	960	1,182	(222)	960	468	(185)	283	1,650	0	1,650	0	0%
Total Place Directorate	2,415	(50)	2,365	2,587	(222)	2,365	9,953	(1,323)	8,630	12,540	0	12,540	0	0
Managing Director														
Human Resources	0	0	0	0	0	0	64	0	64	64	0	64	0	
Adult Social Care	0	0	0	85	(85)	0	6	(6)	0	91	0	91	0	
Commissioning – Communities	7,156	(4,613)	2,543	7,417	(4,854)	2,563	3,994	(1,629)	2,365	11,411	0	11,411	0	0%
Law and Governance	0	0	0	0	0	0	26	0	26	26	0	26	0	
Green Spaces & Parks	183	(93)	90	183	(93)	90	223	(130)	93	406	0	406	0	0%
Non Schools	246	(46)	200	256	(56)	200	261	(146)	115	517	0	517	0	0%
Schools – Non Devolved	4,025	(875)	3,150	4,075	(925)	3,150	20,494	(8,034)	12,460	24,544	0	24,544	(25)	-1%
Schools – Devolved Capital	197	(197)	0	197	(197)	0	445	(445)	0	642	0	642	0	0%
Total Managing Director	11,807	(5,824)	5,983	12,213	(6,210)	6,003	25,513	(10,390)	15,123	37,701	0	37,701	(25)	(0)
Total Committed Schemes	17,755	(6,509)	11,246	21,338	(7,067)	14,271	40,852	(13,499)	27,353	62,165	0	62,165	(25)	0

	(£'000)	(£'000)	(£'000)
Portfolio Total	17,755	62,190	62,165
External Funding			
Government Grants	(5,060)	(10,443)	(10,418)
Developers' Contributions	(674)	(3,834)	(3,834)
Other Contributions	(775)	(6,289)	(6,289)
Total External Funding Sources	(6,509)	(20,566)	(20,541)
Total Corporate Funding	11,246	41,624	41,624

Capital Monitoring Report

At 31st July 2018, the approved estimate stood at £62.190m

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	62,190	(20,566)	41,624
Variances identified	(25)	25	0
Slippage to 2018/19	0	0	0
Projected Outturn 2017/18	62,165	(20,541)	41,624

Overall Projected Expenditure and Slippage

Projected outturn for the financial year is £62.165m

Variances are reported as follows.

CSDQ	Urgent Safety Works Various Schools	75	(75)	0	Expenditure on urgent schemes.
CSJN	Homer School - Electrical Re-Wire	(100)	100	0	Budget no longer required. This is now partly used for other urgent works.
		(25)	25	0	

There is no slippage to report at this stage.

Overall Programme Status

The project statistics show the following position:

Scheme progress	No.	%
Yet to Start	44	25%
In Progress	77	44%
Completed	11	6%
Ongoing Programmes e.g.. Disabled Facilities Grant	42	24%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	1%
Total Schemes	175	100%

Major Capital Scheme Progress				July 2018 @ 12/07/18															
	Project	2018/19				APPROVED SLIPPAGE			TOTAL BUDGET			PROJECTIONS		PROJECT STATUS					
		TOTAL SCHEME VALUE		APPROVED ESTIMATE		FROM PRIOR YEARS			2018/19			2018/19 Projected Variance Underspend as negative	2018/19 Expected Slippage	Yet To Start	Preliminary / Feasibility Work	Work On- site	Ongoing Annual Programme	Expected Completion	
		Gross		Gross	Income	Estimate	Gross	Income	Estimate	Gross	Income								Estimate
		£'000		£000	£000	£000		£000	£000		£000	£000		£000	£000				
Communities Directorate																			
	Communities, Enforcement & Partnerships																		
CT52	Disabled Facilities Grant	600	600	(600)	0	0	0	0	600	(600)	0	0	0						
CZ18	Braywick Leisure Centre	33,756	2,345	0	2,345	862	0	862	3,207	0	3,207	0	0						
CC60	Hostile Vehicle Mitigation Measures for Windsor	1,850	0	0	0	1850	(908)	942	1,850	(908)	942	0	0						
CC47	CCTV Replacement	1,302	1,300	0	1,300	2	0	2	1,302	0	1,302	0	0						
Place Directorate																			
	Property																		
CI29	Broadway Car Park & Central House Scheme	33,000	0	0	0	2230	(140)	2090	2,230	(140)	2,090	0	0						
CI21	Windsor Office Accommodation	6,839	0	0	0	3898	(142)	3756	3,898	(142)	3,756	0	0						
CI62	Hines Meadow CP – Dilapidations	700	0	0	0	523	0	523	523	0	523	0	0						
CX40	Operational Estate Improvements	600	600	0	600	0	0	0	600	0	600	0	0						
	Housing																		
CT55	Brill House Capital Funding	500	0	0	0	500	(500)	0	500	(500)	0	0	0						
Managing Director																			
	Schools – Non Devolved																		
CSGR	Charters Expansion	4,560	380	0	380	2,556	(1,878)	678	2,936	(1,878)	1,058	0	0						
CSGV	Cox Green School Expansion Year 1 of 3	5,800	420	0	420	2821	(455)	2366	3,241	(455)	2,786	0	0						
CSGW	Furze Platt Senior expansion Year 1 of 3	8,000	750	0	750	6571	(2,033)	4538	7,321	(2,033)	5,288	0	0						
CSGX	Dedworth Middle School Expansion Year 1 of 3	4,700	420	0	420	3490	(1,791)	1699	3,910	(1,791)	2,119	0	0						
	Commissioning – Communities																		
CC62	Maidenhead Missing Links (LEP Match Funded)	759	759	(659)	100	0	0	0	759	(659)	100	0	0						
CC67	Replacement Payment Equipment for Car Parks	775	775	(775)	0	0	0	0	775	(775)	0	0	0						
CD84	Street Lighting–LED Upgrade	5,100	0	0	0	600	0	600	600	0	600	0	0						