

Report Title:	Financial Update
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	Cabinet – 25 October 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 date for the financial year 2018-19. Current pressures, as previously identified during the 2017-18 financial year, are being partially mitigated resulting in a net pressure of £1,426,000, see Appendix A. The main pressures are: Children's Services placement costs in relation to providing children in care, housing benefit subsidy and bus subsidies.
2. The Council's base budget is £85,344,000. Aggregated usable reserves are in a healthy position at £8,663,000 (10.12% 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 A.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) **Notes the Council's projected outturn position for 2018-19 and requests work continues to identify mitigations to offset the projected variance**
- ii) **Approves an additional capital budget of £61,000 for the council's two participatory budget schemes (Greenredeem and Member Budgets), see paragraph 2.2.**
- iii) **Approves the Royal Borough act as guarantor for Windsor and Maidenhead Youth Counselling Service which is the same approach taken with both Ways into Work and Parkwood Leisure contracts, see paragraph 2.3.**

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

- 2.1 Cabinet are required to note the council's financial position and work will continue to identify mitigations to offset the projected variance.
- 2.2 Additional budget of £61,000 is required for the council's two participatory budget schemes (Greenredeem and Member Budgets). There have been no changes to the two schemes' rules or procedures between this financial year and last. The additional amount ensures that the two schemes have the same level of funds for the 2018/19

financial year as prior years. The amount is required following insufficient budget being available from previous years' capital budget slippage to fund the two schemes.

Youth Counselling Service

- 2.3 Counselling services for children and young people are currently provided through a registered charity, Windsor and Maidenhead Youth Counselling Service. Whilst the service is delivered through a network of volunteer counsellors, 2.5FTE have historically been employed by the Royal Borough to provide overall co-ordination of the Service.

The charity has changed its status to an incorporated organisation which allows it to employ staff on its own payroll. In order to enable the Royal Borough to fully commission the service, the 2.5FTE will be TUPE transferred to the registered charity. In order to do so, the charity will need to apply for admitted body status to the Berkshire Pension Fund. To be accepted as an admitted body, a bond or guarantor to the value of £54k has been recommended in the Pensions Actuary report to cover potential future liabilities arising from an early termination of the Admission Agreement. Cabinet is requested to approve the Royal Borough acting as guarantor which is the same approach taken with both Ways into Work and Parkwood Leisure contracts.

3 KEY IMPLICATIONS

- 3.1 The Council is projecting an aggregated usable reserve totalling £8,663,000, against a recommended 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 remains as reported in September an overspend of £1,426,000 on service budgets of £79,055,000.

Achieving for Children (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 outside of the local authority area in independent fostering and residential care. The service continues to seek to mitigate these costs through scrutiny of provision, improved commissioning for buying bulk placements; ensuring partners, health partnerships and schools, are fairly contributing to placement costs. In addition AfC is 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 pressures are similar to those being reported nationally, for instance 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 and residential care costs.

Commissioning - Communities

- 4.4 The service projects an overspend of £153,000 which relates to approved expenditure to support the bus routes covering Maidenhead, Wraysbury and links between Maidenhead and Windsor for which offsetting savings have not proved achievable.

Communities, Enforcement and Partnerships

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

Finance

- 4.6 The finance service is projecting an underspend of £68,000 as a result of maintaining vacancies.

Library and Resident Services

- 4.7 Library and Resident Services projects a one-off overspend of £20,000 associated with employment of agency staff to cover vacancies to maintain performance levels in the call centre.

Planning Service

- 4.8 The planning service projects an underspend of £90,000, this is made up of a one-off £50,000 surplus planning application income and £40,000 income for CIL(Community Infrastructure Levy) administration.

Revenues and Benefits

- 4.9 Revenues and benefits are projecting an overspend of £394,000 for Housing benefit subsidy. The budgeted recovery rate for subsidy has been over 100% since 2014-15, and in 2017-18 was 101%. In 2017-18 the actual recovery rate was 99.7%, 1.3% less. Over the same period £2.5 million of budgeted subsidy has not been recovered, the vast majority of which, has been offset 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

- 4.10 There is a net in year deficit of £795,000 relating to the dedicated schools grant funded services consisting of £52,000 within the Achieving for children contract and £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.
- 4.11 The net overspend will be an additional pressure on the dedicated schools grant reserve which as at 31 March 2018 stood at £1,212,000. The revised projected deficit as at 31 March 2019 will be increased to £2,007,000.

4.12 At the Schools Forum in July 2018 the deficit carry forward of £2,007,000 was approved. If this is not offset over a period all schools will contribute to the overspend.

Transfers to and from the General fund reserves

4.13 The total cost of the Royal Wedding between HRH Prince Henry of Wales and Ms Meghan Markle on the 19th of May 2018 was £1,178,000. A reimbursement of £1,085,000 has been received from the Department of Culture, Media and Sport. The balance of £93,000 has been transferred from the balance sheet to general fund reserves.

Table 2: Revenue budget movement

Service expenditure budget reported to October cabinet	£79,052,000
Optalis redundancy payment	£3,000
Service expenditure budget this month, see Appendix B	£79,055,000

Cash balances projection

4.14 Throughout the year the council's cash balances have been revised, see Appendix C twelve monthly capital cash flow which is based on the assumptions contained in the 2018-19 budget report.

Capital programme

4.15 The approved 2018-19 capital estimate is £72,452,000, see table 3. The projected outturn for the financial year is £72,427,000, see table 4 for capital programme status, with further information in Appendices D – F..

Table 3: Capital outturn

	Exp.	Inc.	Net
Approved estimate	£72,452,000	(£20,437,000)	£52,015,000
Variiances identified	(£25,000)	£25,000	£0
Slippage to 2019-20	(£0)	£0	£0
Projected Outturn 2018-19	£72,427,000	(£20,412,000)	£52,015,000

Table 4: Capital programme status

	September 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%

4.16 **Business rates:** Business rate income at the end of August 2018 was 49.77% against a target of 49%. The annual collection target for 2018-19 is 98.8%.

4.17 **Business rate revaluation support.** The methodology for the distribution of the £329,000 available from Ministry of housing, communities and local government, has

been agreed. The policy has been rewritten to reflect this and the sums awarded to ratepayers have now been put onto their accounts and amended bills issued.

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 will review the report prior to Cabinet. Comments will be reported to Cabinet.

9 TIMETABLE FOR IMPLEMENTATION

- 9.1 Implementation date if not called in: immediately.

10 APPENDICES

- 10.1 There are seven appendices to the report:
- Appendix A Revenue Monitoring Statement 2018/19 for October Cabinet
 - Appendix B Revenue movement statement
 - Appendix C 12 month cash flow @ 10/9/2018
 - Appendix D Capital budget summary
 - Appendix E Capital monitoring report
 - Appendix F Major capital scheme progress

11 BACKGROUND DOCUMENTS

- 11.1 The background document relating to this report is detailed below.
- Budget Report to Council February 2018.

12 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Cllr Saunders	Lead Member for Finance	24/09/2018	27/09/2018
Alison Alexander	Managing Director	19/09/2018	19/09/2018

Name of consultee	Post held	Date issued for comment	Date returned with comments
Russell O'Keefe	Executive Director	19/09/2018	21/09/2018
Andy Jeffs	Executive Director	19/09/2018	21/09/2018
Rob Stubbs	Section 151 Officer	18/09/2018	19/09/2018
Nikki Craig	Head of HR and Corporate Projects	19/09/2018	
Louisa Dean	Communications	19/09/2018	
Hilary Hall	Deputy Director Strategy and Commissioning	19/09/2018	20/09/2018

REPORT HISTORY

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

Revenue Monitoring Statement 2018/19 for October 2018 Cabinet

SUMMARY	2018/19		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Management	660	348	0
Communications	412	485	0
Human Resources	883	1,069	0
Law & Governance	2,350	2,376	0
Commissioning & Support	3,872	3,874	0
Commissioning - Communities	8,182	8,297	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)	(2,539)	0
Dedicated Schools Grant - Retained	50,385	51,098	743
Adult Social Care - Optalis Contract	29,443	29,358	0
Adult Social Care - Spend	15,461	15,759	0
Adult Social Care - Income	(10,658)	(10,866)	0
Better Care Fund	12,033	12,103	0
Public Health	4,780	4,782	0
Grant Income	(78,166)	(78,062)	(795)
Total Managing Director's Directorate	71,071	71,134	1,064
Executive Director of Communities	229	233	0
Revenues & Benefits	(109)	(68)	394
Communities, Enforcement & Partnerships	732	929	106
Library & Resident Services	3,019	3,211	20
Total Communities Directorate	3,871	4,305	520
Executive Director of Place	298	304	0
Housing	1,370	1,462	0
Planning Service	1,344	1,397	(90)
Property Service	(2,577)	(2,582)	0
Finance	1,269	1,326	(68)
ICT	1,133	1,709	0
Total Place Directorate	2,837	3,616	(158)
TOTAL EXPENDITURE	77,779	79,055	1,426

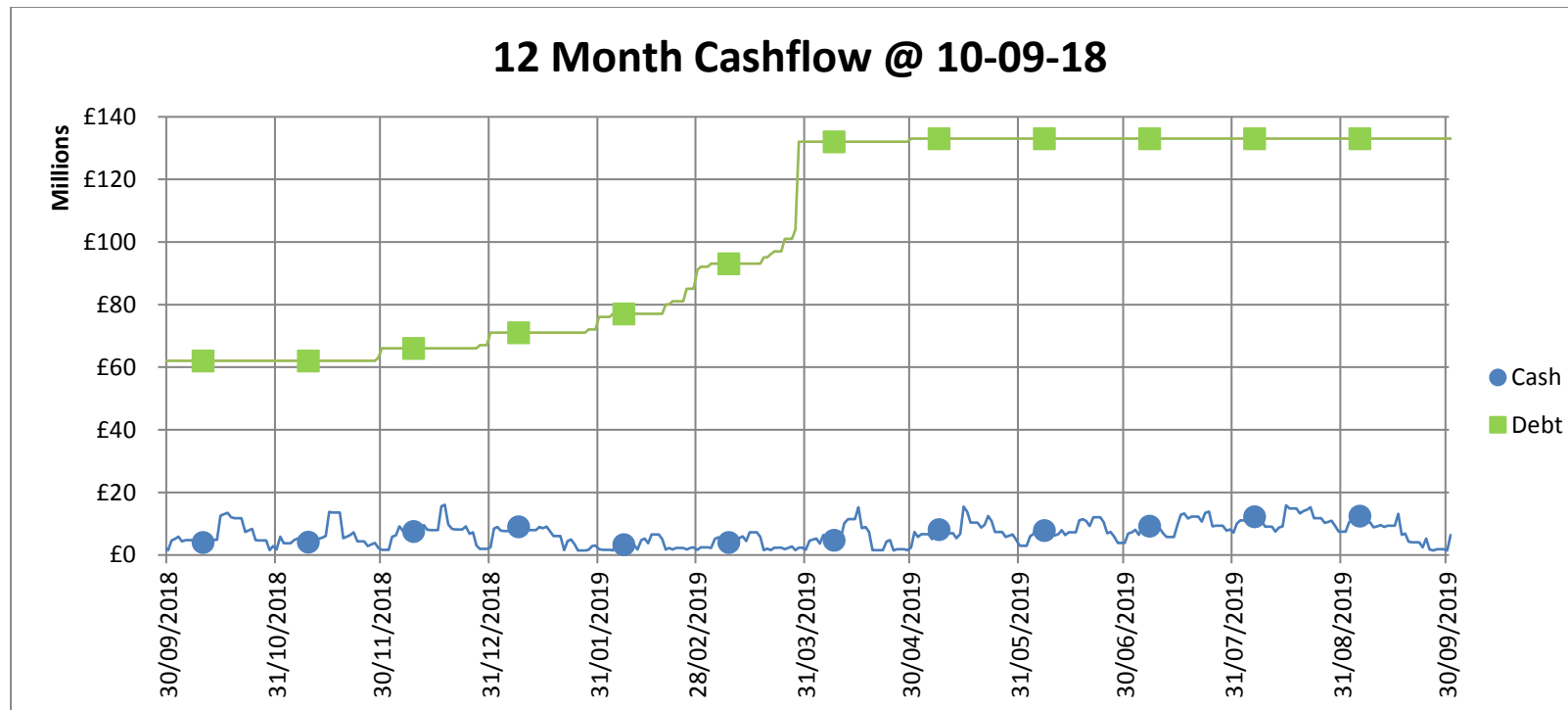
Revenue Monitoring Statement 2018/19 for October 2018 Cabinet

SUMMARY	2018/19		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	77,779	79,055	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	(450)	0
Environment Agency levy	156	156	0
Variance on Business Rates income	0	(2,896)	0
Capital Financing inc Interest Receipts	<u>5,523</u>	<u>5,523</u>	<u>0</u>
NET REQUIREMENTS	86,391	84,563	1,426
Less - Special Expenses	(1,047)	(1,047)	0
Transfer to / (from) balances	0	1,828	(1,426)
GROSS COUNCIL TAX REQUIREMENT	<u>85,344</u>	<u>85,344</u>	<u>0</u>
General Fund			
Opening Balance		8,925	10,753
Transfers to / (from) balances		<u>1,828</u>	<u>(1,426)</u>
		<u>10,753</u>	<u>9,327</u>
Estimated year end redundancy provision			(664)
Projected General Fund outturn			<u>8,663</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
7 Severance Pay & Early Retirement		349			349	August 2018 cabinet
8 Optalis Redundancy payment		3			3	Optalis/RBWM meeting
Changes Approved	32	453	230	561	1,276	
Approved Estimate October Cabinet					79,055	

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	8,448	(635)	7,813	4,369	(1,597)	2,772	12,817	0	12,817	0	0%
Library & Resident Services	435	0	435	720	0	720	930	(171)	759	1,650	0	1,650	0	0%
Total Communities Directorate	3,533	(635)	2,898	9,168	(635)	8,533	5,368	(1,768)	3,600	14,536	0	14,536	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	8,745	0	8,745	8,566	(282)	8,284	17,311	0	17,311	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	10,287	(222)	10,065	9,953	(1,323)	8,630	20,240	0	20,240	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	7,391	(4,828)	2,563	3,987	(1,622)	2,365	11,378	0	11,378	0	0%
Law and Governance	0	0	0	63	0	63	26	0	26	89	0	89	0	
Green Spaces & Parks	183	(93)	90	155	(65)	90	173	(80)	93	328	0	328	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	195	(197)	(2)	445	(445)	0	640	0	640	0	0%
Total Managing Director	11,807	(5,824)	5,983	12,220	(6,156)	6,064	25,456	(10,333)	15,123	37,651	0	37,651	(25)	(0)
Total Committed Schemes	17,755	(6,509)	11,246	31,675	(7,013)	24,662	40,777	(13,424)	27,353	72,427	0	72,427	(25)	(0)

Portfolio Total	(£'000)	17,755	(£'000)	72,452	(£'000)	72,427
External Funding						
Government Grants	(5,060)		(10,443)		(10,418)	
Developers' Contributions	(674)		(3,721)		(3,721)	
Other Contributions	(775)		(6,273)		(6,273)	
Total External Funding Sources	(6,509)		(20,437)		(20,412)	
Total Corporate Funding	11,246		52,015		52,015	

Capital Monitoring Report - September 2018/19

At 30th September 2018, the approved estimate stood at £72.452m

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	72,452	(20,437)	52,015
Variances identified	(25)	25	0
Slippage to 2018/19	0	0	0
Projected Outturn 2017/18	72,427	(20,412)	52,015

Overall Projected Expenditure and Slippage

Projected outturn for the financial year is £72.427m

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 this month.

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		September 2018 @ 06/09/18																	
Project	CAPITAL SCHEME	2018/19				APPROVED SLIPPAGE			TOTAL BUDGET			PROJECTIONS		PROJECT STATUS					
		TOTAL SCHEME VALUE		APPROVED ESTIMATE		FROM PRIOR YEARS			2018/19			2018/19 Projected Variance	2019/20 SLIPPAGE Projected	Yet To Start	Preliminary / Feasibility Work	Work On-site	Ongoing Annual Programme	Expected Completion	
		Gross	Gross	Income	Estimate	Gross	Income	Estimate	Gross	Income	Estimate	Underspend as negative							
		£'000	£000	£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	36,123	4,975	0	4,975	862	0	862	5,837	0	5,837	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)	733	733	(633)	100	0	0	0	733	(633)	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						