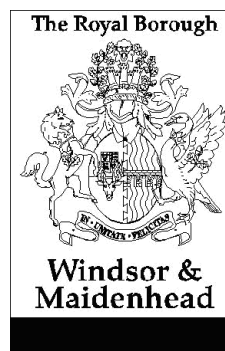


Report for: INFORMATION



<b>Contains Confidential or Exempt Information</b>	No - Part I
<b>Title</b>	<b>Financial Update</b>
<b>Responsible Officer(s)</b>	Russell O'Keefe, Strategic Director of Corporate and Community Services, 01628 796521
<b>Contact officer, job title and phone number</b>	Richard Bunn, Interim Head of Finance, 01628 796510
<b>Member reporting</b>	Councillor Saunders, Lead Member for Finance
<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	30 June 2016
<b>Implementation Date if Not Called In</b>	Immediate
<b>Affected Wards</b>	All

#### REPORT SUMMARY

1. This report is the first update to members on the Council's financial performance in 2016-17. Services are currently projecting a £163k overspend and there are no non-service variances at this time. There is therefore a projected overspend of £163k on the General Fund.
2. The Council remains in a strong financial position with healthy reserves. The Council's Development Fund currently has a balance of £1.2m. Overall our combined General Fund Reserves sit at £6.231m in excess of the £5.27m recommended minimum level set at Council in February 2016.

#### If recommendations are adopted, how will residents benefit?

Benefits to residents and reasons why they will benefit	Dates by which they can expect to notice a difference
Assurance that the Council is making effective use of its resources.	30 June 2016
Assurance that budgets are being reviewed regularly.	30 June 2016

## 1. Details of Recommendations

### RECOMMENDED: That Cabinet:

- i) Notes the report and the projected outturn position.
- ii) Approves the addition of £145k Department for Transport (DfT) Pothole action fund budget to the Highways 2016-17 capital programme (see paragraph 4.6).

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

2.1 As this is a monitoring report decisions are normally not necessary but may be required for some budget movements.

## 3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered
General Fund Reserves Achieved	Below £5.0m	£5.0m-£5.49m	£5.5m-£6.0m	Above £6.0m	31 May 2017

The General Fund Reserve is £5.023m and the balance on the Development Fund is £1.208m. The combined General Fund and Development Fund reserves now sit at £6.231m. The 2016-17 budget report recommended a reserve level of £5.27m or more to cover known risks for 18 months. For a complete breakdown of the balance on the Development Fund see appendix D.

## 4. FINANCIAL DETAILS

### 4.1. Adults, Children & Health Services Directorate

The Strategic Director of Adult, Children and Health Services reports a projected outturn figure for 2016-17 of £56.983m against a controllable net budget of £56.820m, an overspend of £163k.

Although it is early in the financial year, there are some significant variances to report, mainly related to providing services to vulnerable adults in the borough:

- £200k overspend in respect of one service user, the funding responsibility for whom is in contention. Following a recent High Court judgement on an “Ordinary Residence” case, a prudent view has been taken to assume the Council will be required to meet this cost.
- £196k underspend on care provided to meet the needs of older people, due to lower than expected number of people requiring support.
- £247k overspend on services for people with learning disability. There are a small number of high cost service users in excess of those anticipated when the budget was set.

Alongside the significant variances there are a few minor variances, both favourable and adverse, emerging through delivering services to vulnerable adults - as is consistent with these demand led budgets. Mitigations have been put in place where possible to offset the adverse variances; these include

refraining from filling vacancies in the short term. Currently adult social care employee budgets are forecast to underspend by £68k this year. A budget pressure of £30k has been identified in Health, Early Help and Safeguarding due to a reduction in government grant.

In addition to the above variances, the following specific items and risks have been identified as having a potential impact on the budget position this year. These are not reported in the above variances:

- Home to School Transport – outturn projections will become clearer in September when demands on transport provision from new pupils are confirmed, but if spending continues at the same rate as in 2015-16, the additional budget allocated for 2016-17 will be insufficient to cover costs. Actions being taken to address these pressures include reshaping transport policy and increasing numbers of high needs places in all areas to help provision in local schools and reduce reliance on expensive transport.
- Health, Early Help and Safeguarding has begun to see an increase in the use of agency managers and social workers putting pressure on staffing budgets. On average, agency social workers cost between £26k and £29k more than an equivalent permanent social worker, depending on seniority. Managers can cost between £30k and £55k for the most senior positions more than equivalent permanent staff. At 31 May, there were 25 agency staff across all grades in Early Help and Safeguarding. Some vacant posts are helping to offset these costs but this places pressures on the workforce. Other steps include focusing on the recruitment package, key worker housing proposals and continuation of good sized cases and management oversight.
- The care costs of disabled children and young people and children in care vary disproportionately to changes in the number of residents we are providing services to.
- There are a small number of high cost cases where the liability of the Council to meet their costs is uncertain either due to their Ordinary Residence\* or due to their eligibility for Continuing Health Care funding. These most significant such cases are summarised below:
  - Case 1) Ordinary Residence\* - if settled in favour of RBWM there will be a £417k reduction in spend this year.
  - Case 2) Ordinary Residence\* – if settled in favour of RBWM there will be a £134k additional saving this year. An adverse settlement gives rise to £165k additional pressure.
  - Case 3) Ordinary Residence\* – Adverse settlement gives rise to a £97k additional pressure.
  - Case 4) Continuing Healthcare - if settled in favour of RBWM there will be up to a £134k additional saving this year from the above reported position. But it is assumed this will not be found in favour of RBWM.

*\*ORDINARY RESIDENCE – CARE ACT GUIDANCE: The local authority's responsibility for meeting a person's eligible needs under the Care Act is based on the concept of ordinary residence. There is no legal definition of ordinary residence in the Care Act. The term should be given its ordinary and natural meaning. In most cases, establishing the person's ordinary residence is a straightforward matter. There will be circumstances in which ordinary residence is not as clear cut, for example when people spend their time in more than one area, or move between areas. Where uncertainties arise, local authorities should always consider each case*

*on its own merits. The concept of ordinary residence involves questions of both fact and degree. Factors such as time, intention and continuity (each of which may be given different weight according to the context) have to be taken into account. If the Local Authority has ordinary residence responsibility the full cost of care have to be covered.*

#### 4.2. **Corporate & Community Services Directorate.**

The Strategic Director of Corporate and Community Services projects a balanced budget position on the Directorate budget of £5.085m at this early stage of the financial year.

Possible overspends have been identified in the Planning, Development and Regeneration Service but at this time they can be mitigated and are not being reported here.

Budget planning for 2017-18 and beyond has commenced and once approved this should produce savings in 2016-17 too.

#### 4.3. **Operations & Customer Services Directorate**

The Strategic Director of Operations and Customer Services projects a balanced budget position on the directorate 2016-17 approved budget of £20.238m.

Managers have identified pressures in two of the six service areas, none of which cannot be mitigated - action plans are already in place.

In addition, the directorate management team is conducting an exercise to deliver significant n year savings.

We anticipate an underspend position for the full year.

#### 4.4. **Revenue budget movements this month:**

	£000
<b>Approved Budget</b>	<b>81,652</b>
Delivery of Children's Services – from Development Fund	200
Disabled Facilities Grant	(302)
Transport model – from Development Fund	43
Heathrow Expansion – from Development Fund	30
Redundancy	73
Redundancy	92
Desborough improvements	50
Delivering Operations & Customer Services differently	100
NRSWA Parking scheme implementation	120
Sunday Parking	81
<b>Service Expenditure Budget this Month</b>	<b>82,139</b>

#### 4.5. **Capital Programme**

A summary of the capital programme is summarised below and in Appendices B and C.

The approved 2016-17 capital estimate is £41.997m; the projected outturn for the financial year is £41.997m. The capital outturn in 2015-16 was £27.421m.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
<b>Approved Estimate</b>	41,997	(18,273)	23,724
Variances identified	0	0	0
Slippage to 2016-17	0	0	0
<b>Projected Outturn 2016-17</b>	41,997	(18,273)	23,724

#### Overall capital programme status

	<b>Report to June 2016 Cabinet</b>
<b>Number of Schemes in Programme</b>	<b>449</b>
Yet to Start	58%
In Progress	33%
Completed	2%
Ongoing Programmes e.g. Disabled Facilities Grant	7%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

#### 4.6 Capital Addition - Pothole Action Fund for 2016-17

The Highways and Transport service successfully bid for Capital funds from the Department for Transport (DfT) under their 'Pothole Action Fund for 2016-17' scheme.

The Borough was awarded the maximum capital funding allocation of £145k for 2016-17.

A capital budget of £145k is recommended in this report, funded by the DfT grant.

The budget will be used to improve local roads and deliver better journeys around the Borough for residents and visitors.

#### 5. LEGAL IMPLICATIONS

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

#### 6. VALUE FOR MONEY

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

#### 7. SUSTAINABILITY IMPACT APPRAISAL

- 7.1 N/A

## **8. Risk Management**

Risks	Uncontrolled Risk	Controls	Controlled Risk
None			

## **9. LINKS TO STRATEGIC OBJECTIVES**

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

## **10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION**

10.1 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**

11.1 None.

## **12. PROPERTY AND ASSETS**

12.1 None.

## **13. ANY OTHER IMPLICATIONS**

13.1 None.

## **14. CONSULTATION**

14.1 Overview & Scrutiny meetings are scheduled prior to this Cabinet. Any comments from those meetings will be reported verbally to Cabinet.

## **15. TIMETABLE FOR IMPLEMENTATION**

15.1 N/A.

## **16. APPENDICES**

16.1 Appendix A Revenue budget summary  
Appendix B Capital budget summary  
Appendix C Capital variances  
Appendix D Development Fund analysis

## **17. BACKGROUND INFORMATION**

17.1 Budget Report to Council February 2016.

## 18. CONSULTATION (MANDATORY)

<b>Name of consultee</b>	<b>Post held and Department</b>	<b>Date sent</b>	<b>Date received</b>	<b>See comments in paragraph:</b>
<b>Internal</b>				
Cllr Saunders	Lead Member for Finance	31-5-2016	31-5-2016	Changes included in final report.
Cllr Rankin	Deputy Lead Member for Finance	31-5-2016		
Corporate Management Team (CMT)	Managing Director and Strategic Directors	31-5-2016	31-5-2016	Changes included in final report.
<b>External None</b>				

## REPORT HISTORY

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

<b>Full name of report author</b>	<b>Job title</b>	<b>Full contact no:</b>
Richard Bunn	Interim Head of Finance	01628 796510

SUMMARY	2016/17		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Adult, Children's & Health Commissioning	7,839	7,896	0
Schools and Educational Services	2,914	2,914	0
Health, Early Help & Safeguarding	10,411	10,411	30
Health and Adult Social Care	32,408	32,274	133
Human Resources	1,167	1,167	0
A,C&H Management	834	932	0
<b>Total Adult, Children &amp; Health</b>	<b>55,573</b>	<b>55,594</b>	<b>163</b>
Better Care Fund-Expenditure	9,915	10,916	0
Better Care Fund-Income	(8,485)	(9,690)	0
<b>Total Better Care Fund</b>	<b>1,430</b>	<b>1,226</b>	<b>0</b>
Maintained Schools	42,127	43,577	0
Early Years Education and Childcare Provision	7,154	6,168	0
Admissions and Pupil Growth	545	545	0
Support Services for Schools and Early Years	1,714	1,709	0
High Needs and Alternative Provision	13,430	13,621	0
Dedicated Schools Grant	(64,970)	(65,620)	0
<b>Total Schools Budget(DSG)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Adult, Children and Health Services</b>	<b>57,003</b>	<b>56,820</b>	<b>163</b>
Director of Operations & Customer Services	(27)	73	0
Revenues & Benefits	816	687	0
Highways & Transport	163	369	0
Community, Protection & Enforcement Services	12,087	12,189	0
Customer Services	1,740	1,922	0
Technology & Change Delivery	2,718	2,718	0
Library, Arts & Heritage Services	2,280	2,280	0
<b>Total Operations &amp; Customer Services</b>	<b>19,777</b>	<b>20,238</b>	<b>0</b>
Director of Corporate & Community Services	85	85	0
Planning, Development and Regeneration Service	(819)	(770)	0
Corporate Management	433	433	0
Communications	350	350	0
Performance	429	429	0
Democratic Services	1,955	1,990	0
Elections	261	261	0
Legal	104	104	0
Finance	2,353	2,422	0
Building Services	40	40	0
Leisure Services	(319)	(259)	0
<b>Total Corporate &amp; Community Services</b>	<b>4,872</b>	<b>5,085</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>81,652</b>	<b>82,143</b>	<b>163</b>



SUMMARY	2016/17		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
<b>Total Service Expenditure</b>	<b>81,652</b>	<b>82,143</b>	<b>163</b>
Contribution to / (from) Development Fund	1,133	559	0
Pensions deficit recovery	2,115	2,115	0
Pay reward	500	500	0
Transfer to/(from) Provision for Redundancy		(165)	0
Environment Agency levy	150	150	0
Capital Financing inc Interest Receipts	<u>5,128</u>	<u>5,128</u>	<u>0</u>
<b>NET REQUIREMENTS</b>	<b>90,678</b>	<b>90,430</b>	<b>163</b>
Less - Special Expenses	(981)	(981)	0
Transfer to / (from) balances	<u>0</u>	<u>248</u>	<u>(163)</u>
<b>GROSS COUNCIL TAX REQUIREMENT</b>	<b>89,697</b>	<b>89,697</b>	<b>0</b>
<b>General Fund</b>			
Opening Balance	4,681	4,938	5,186
Transfers to / (from) balances	<u>0</u>	<u>248</u>	<u>(163)</u>
	<u>4,681</u>	<u>5,186</u>	<u>5,023</u>
NOTE Service variances that are negative represent an underspend, positive represents an overspend.			

Memorandum Item	
<b>Current balance on the Development Fund</b>	
	£000
Opening Balance	649
Transfer (to) / from other reserves	
Transfer from General Fund - sweep	
Transfer (to) / from General Fund - other initiatives	<u>559</u>
	<u>1,208</u>

Portfolio Summary	2016/17 Original Budget			New Schemes – 2016/17 Approved Estimate			Schemes Approved in Prior Years			Projections – Gross Expenditure				
	Gross £000's	Income £000's	Net £000's	Gross £000's	Income £000's	Net £000's	Gross £000's	Income £000's	Net £000's	2016/17 Projected (£'000)	2016/17 SLIPPAGE Projected (£'000)	TOTAL Projected (£'000)	VARIANCE Projected (£'000)	VARIANCE Projected (%)
<b>Community &amp; Corporate Services</b>														
SMILE Leisure	428	(120)	308	428	(120)	308	46	(14)	32	474	0	474	0	0%
Community Facilities	145	0	145	145	0	145	0	0	0	145	0	145	0	0%
Outdoor Facilities	703	(408)	295	945	(473)	472	1,007	(601)	406	1952	0	1,952	0	0%
Property & Development	0	0	0	0	0	0	711	0	711	711	0	711	0	0%
Governance, Policy, Performance_Partnerships	838	0	838	613	0	613	610	0	610	1,223	0	1,223	0	0%
Regeneration & Economic Development	6,397	(185)	6,212	6,397	(185)	6,212	4,850	(1,096)	3,754	11,247	0	11,247	0	0%
<b>Total Community &amp; Corporate Services</b>	<b>8,511</b>	<b>(713)</b>	<b>7,798</b>	<b>8,528</b>	<b>(778)</b>	<b>7,750</b>	<b>7,224</b>	<b>(1,711)</b>	<b>5,513</b>	<b>15,752</b>	<b>0</b>	<b>15,752</b>	<b>0</b>	<b>0</b>
<b>Operations &amp; Customer Services</b>														
Technology & Change Delivery	0	0	0	0	0	0	335	(6)	329	335	0	335	0	0%
Revenues & Benefits	0	0	0	48	0	48	48	0	48	96	0	96	0	0%
Customer Services	0	0	0	0	0	0	249	0	249	249	0	249	0	0%
Highways & Transport	9,694	(3,155)	6,539	10,109	(3,155)	6,954	2,686	(1,402)	1,284	12,795	0	12,795	0	0%
Community,Protection & Enforcement Services	555	(380)	175	615	(380)	235	246	(211)	35	861	0	861	0	0%
Libraries, Arts & Heritage	367	(295)	72	367	(295)	72	270	(148)	122	637	0	637	0	0%
<b>Total Operations &amp; Customer Services</b>	<b>10,616</b>	<b>(3,830)</b>	<b>6,786</b>	<b>11,139</b>	<b>(3,830)</b>	<b>7,309</b>	<b>3,834</b>	<b>(1,767)</b>	<b>2,067</b>	<b>14,973</b>	<b>0</b>	<b>14,973</b>	<b>0</b>	<b>0</b>
<b>Adult, Children &amp; Health</b>														
HR	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Adult Social Care	41	0	41	41	0	41	217	(185)	32	258	0	258	0	0%
Housing	0	0	0	0	0	0	2,397	(2,017)	380	2,397	0	2,397	0	0%
Non Schools	0	0	0	0	0	0	305	(233)	72	305	0	305	0	0%
Schools – Non Devolved	4,550	(4,190)	360	4,750	(4,190)	560	2,727	(2,727)	0	7,477	0	7,477	0	0%
Schools – Devolved Capital	250	(250)	0	230	(230)	0	605	(605)	0	835	0	835	0	0%
<b>Total Adult, Children &amp; Health</b>	<b>4,841</b>	<b>(4,440)</b>	<b>401</b>	<b>5,021</b>	<b>(4,420)</b>	<b>601</b>	<b>6,251</b>	<b>(5,767)</b>	<b>484</b>	<b>11,272</b>	<b>0</b>	<b>11,272</b>	<b>0</b>	<b>0</b>
<b>Total Committed Schemes</b>	<b>23,968</b>	<b>(8,983)</b>	<b>14,985</b>	<b>24,688</b>	<b>(9,028)</b>	<b>15,660</b>	<b>17,309</b>	<b>(9,245)</b>	<b>8,064</b>	<b>41,997</b>	<b>0</b>	<b>41,997</b>	<b>0</b>	<b>0</b>

<b>Portfolio Total</b>	(£'000)	<b>23,968</b>	(£'000)	<b>41,997</b>	(£'000)	<b>41,997</b>
<b>External Funding</b>						
Government Grants	(7,890)		(12,897)		(12,897)	
Developers' Contributions	(933)		(4,409)		(4,409)	
Other Contributions	(160)		(967)		(967)	
<b>Total External Funding Sources</b>	<b>(8,983)</b>		<b>(18,273)</b>		<b>(18,273)</b>	
<b>Total Corporate Funding</b>		<b>14,985</b>		<b>23,724</b>		<b>23,724</b>

**Capital Monitoring Report - May 2016-17**

At 31 May 2016, the approved estimate stood at £41.997m

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
Approved Estimate	41,997	(18,273)	23,724
Variances identified	0	0	0
Slippage to 2016/17	0	0	0
Projected Outturn 2015/16	41,997	(18,273)	23,724

**Overall Projected Expenditure and Slippage**

Projected outturn for the financial year is £41.997m

There are no variances or slippage to report at this stage.

**Overall Programme Status**

The project statistics show the following position:

<b>Scheme progress</b>	<b>No.</b>	<b>%</b>
Yet to Start	261	58%
In Progress	147	33%
Completed	11	2%
Ongoing Programmes e.g.. Disabled Facilities Grant	29	7%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	0%
<b>Total Schemes</b>	<b>449</b>	<b>100%</b>

<b>Corporate Development Fund (AE35) £000</b>		
<b>Balance B/F from 2015/16</b>		<b>649</b>
<b>Transacted amounts in 2016/17</b>		
<b>To/From Capital Fund</b>		0
<b>To/From General Fund</b>		
Transition Grant (2016/17 budget - February Council)	1,278	
Restructure of the Development and Regeneration service (2016/17 budget - February Council)	-56	
Minerals and Waste Strategy (2016/17 budget - February Council)	-61	
Adjustment to contribution due to revised New Homes Bonus (2016/17 budget - February Council)	-28	
Delivering Children's Services (March Cabinet)	-200	
Additional Transport Model costs (April CMT)	-43	
Heathrow Expansion (March Cabinet)	-30	
Delivering Operations Services (March Cabinet)	-100	
Road & Streetworks Permit scheme (March Cabinet)	-120	
Review of Sunday Parking charges (April Council)	-81	
		559
		<u><b>1,208</b></u>