

Report for: INFORMATION



Contains Confidential or Exempt Information	No - Part I
Title	Financial Update
Responsible Officer(s)	Russell O'Keefe, Strategic Director of Corporate and Community Services, 01628 796521
Contact officer, job title and phone number	Richard Bunn, Interim Head of Finance, 01628 796510
Member reporting	Councillor Saunders, Lead Member for Finance
For Consideration By	Cabinet
Date to be Considered	28 July 2016
Implementation Date if Not Called In	Immediate
Affected Wards	All

REPORT SUMMARY

1. This report is an update to members on the Council's financial performance in 2016-17. Services are currently projecting a £111k overspend. Non-service variances are projected to be a £170k underspend. There is therefore a projected underspend of £59k 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 £1.208m. Overall our combined General Fund Reserves sit at £6.166m 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.	28 July 2016
Assurance that budgets are being reviewed regularly.	28 July 2016

1. Details of Recommendations

RECOMMENDED: That Cabinet:

- i) Notes the report and the projected outturn position.
- ii) Approves the changes to the Children's Services capital programme mainly resulting from lower than anticipated Condition Grant (see paragraph 4.6 and appendix E).
- iii) Approves the addition of £89k s106 funded capital budget for the Youth Centre & Equipment Modernisation Programme. (see paragraph 4.7).
- iv) Approves the addition of £74k s106 funded capital budget for additional works to the Devenish Road / Bagshot Road Roundabout scheme (see paragraph 4.8).
- v) Approves the addition of £64k s106 funded capital budget for Local Safety Scheme - Clarence Road / Alma Road (see paragraph 4.9).

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 £4.958m and the balance on the Development Fund is £1.208m. The combined General Fund and Development Fund reserves now sit at £6.166m. 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. The Strategic Director of **Adults, Children & Health Services** reports a projected outturn figure for 2016-17 of £57.139m against a controllable net budget of £56.984m, an overspend of £155k. This is a reduction of £8k on the £163k overspend reported to Cabinet in June.

The most significant variances are:

- An increase of £193k in the pressure on costs of providing services to those with a learning disability and mental health problems, bringing the aggregate projected pressure for the year in these services to £440k. The

additional cost is due to the changing care requirements of a small number of residents with high needs.

- A reduction of £137k in the estimated cost of providing service to older people due to lower demand for services.
- Overspends due to the additional cost of agency staff in key posts across Commissioning (£78k), the Pods (£142k), and the MASH (£336k) and Children's disability teams (£97k). Recent initiatives to recruit permanent social workers and team managers are expected to result in a reduction in costs that will be reported in future finance updates when appointments are confirmed.
- These overspends are mainly being covered by projected underspends on the care costs of children in care, particularly in internal fostering (-£150k) and leaving care (-£75k), and children with disabilities (-£376k). This is mainly due to fewer than expected numbers requiring high cost support.

There are no projected variances to report in the HR budget.

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 could result in a further pressure of up to £300k. 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.
- 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. This risk remains unchanged from the detailed position reported last month with the maximum additional cost to the Directorate estimated at £262k, and the maximum saving if all cases were settled in favour of the Council estimated at £692k this financial year.

- 4.2. The Strategic Director of **Corporate and Community Services** reports a projected outturn figure for 2016-17 of £5.027m against a controllable net budget of £5.071m, an underspend of £44k.

The main budget issues relating to the underspend are as follows:

- The Planning, Development and Regeneration Service reports a £10k budget pressure due to unavoidable roof repairs in the Theatre Royal Windsor.
- The increased frequency of building cleaning in our Administrative Buildings has increased the cost of the cleaning contract by £7k and this is unbudgeted.
- There is estimated to be a potential £45k shortfall in income generated from ticket sales and advertising in Tourism Support.

- A net £50k underspend is projected as a result of a number of vacant posts in Finance some of which are being filled by Agency staff.
- An underspend of £56k is forecast on the Shared Legal Service. This is currently being reported by Legal Services but the saving may be re-allocated at a later date.

Further savings are anticipated before the year end resulting from early implementation of 2017-18 budget savings. These are still being consulted on and variances have not been included in this report. However, an overall underspend on the Directorate budget is anticipated at the year end.

- 4.3. The Strategic Director of **Operations and Customer Services** projects a balanced budget position on the directorate 2016-17 approved budget of £20.201m.

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

We anticipate an underspend position for the full year.

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

	£000
Approved Estimate	82,139
Cleaning & maintenance costs at Cox Green Youth Centre	20
Redundancy costs funded by provision	97
Service Expenditure Budget this Month	82,256

- 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 £42.469m; the projected outturn for the financial year is £42.469m. The capital outturn in 2015-16 was £27.421m.

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	42,469	(18,733)	23,736
Variances identified	0	0	0
Slippage to 2016-17	0	0	0
Projected Outturn 2016-17	42,469	(18,733)	23,736

Overall capital programme status

	Report to July 2016 Cabinet
Number of Schemes in Programme	497
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 **Children's Services – Condition Grant 2016-17**

The Children's Services 2016-17 capital programme was approved by Cabinet in December 2015. At the time, the level of condition grant from the DfE was unknown. The grant has now been confirmed resulting in an £532k decrease.

Between November and May, building services have been working on the highest priority schemes and most are now out to tender. They have also been assessing the detail of the lower priority schemes. These detailed assessments have led to some changes to the cost estimates with two rising and eight decreasing because lower cost repair solutions have been identified. The revised allocation of condition grant is set out in Appendix E.

Cabinet is requested to approve these scheme changes.

4.7 **Youth Centre & Equipment Modernisation Programme – Capital programme addition 2016-17**

The Youth Service operates a number of Community and Youth Centres across the Borough. It is proposed to spend S106 funds on a range of projects to replace, improve and expand community facilities including, but not limited to, the following: sports equipment, furniture, indoor and outdoor climbing facilities, trailers and mobile equipment.

These Projects have been included in the Supplementary Planning Document project list and the Service has now accumulated sufficient funds for the projects to be undertaken.

The additional capital budget of £89k will be fully funded from S106 contributions.

4.8 **Devenish Road / Bagshot Road Roundabout scheme – Capital programme addition 2016-17**

Devenish Road / Bagshot Road roundabout is an existing scheme within the Highways annual works programme.

An additional S106 funded budget is requested to cover the following additions beyond the scope of the original budget:

Diversion of increased length of gas services; new fencing to screen residential properties after tree clearance; retaining wall to enable mature trees to be retained; imprint to roundabout overrun; manual control of lights at school peaks; additional pedestrian protection through site during the build.

The additional capital budget of £74k will be fully funded from S106 contributions.

4.9 **Local Safety Scheme - Clarence Road / Alma Road – Capital programme addition 2016/17**

Local Safety Schemes is an existing work programme in the annual Highways works programme. Additional capital budget is requested for Clarence Road /

Alma Road. This will be for a signal upgrade including provision of pedestrian facilities.

The scheme will enable the installation of pedestrian facilities at a key junction to the west of Windsor town centre. Pedestrian facilities have been requested by residents on a number of occasions. A signal upgrade will reduce congestion whilst also improving pedestrian safety and accessibility.

The additional budget of £64k will be fully funded from S106 contributions.

4.10 Minimum Revenue Provision (MRP) 2016-17

In 2016-17 the Minimum Revenue Provision (MRP) charge is £130k higher than originally estimated. The MRP calculation is based on capital expenditure and financing relating to the 2015-16 capital programme and is estimated when the budget is approved.

The increase this time is due to two main issues:

- The low level of capital receipts to fund the capital programme.
- An increase in corporately funded infrastructure asset expenditure, which is written down at an MRP rate of 5%. The average rate is normally expected to be 2% of capital expenditure.

4.11 Drawdown of the provision for the clearance of Shurlock Road.

In March 2013 a provision (£300k) was created for legal and other costs that may be incurred in clearing the Shurlock Rd. traveller site.

No costs, as yet have been incurred but are currently estimated to be £100k. Therefore the balance of the provision (£200k) has been drawn back to the General Fund.

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
Appendix E Children's Services – Condition grant changes 2016/17

17. BACKGROUND INFORMATION

17.1 Budget Report to Council February 2016.

18. CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Saunders	Lead Member for Finance	27-6-2016	12-7-2016	
Cllr Rankin	Deputy Lead Member for Finance	27-6-2016	5-7-2016	
Corporate Management Team (CMT)	Managing Director and Strategic Directors	27-6-2016	5-7-2016	
External None				

REPORT HISTORY

Decision type:	Urgency item?
For information	No

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

SUMMARY	2016/17		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Adult, Children's & Health Commissioning	7,642	7,779	78
Schools and Educational Services	2,914	2,908	0
Health, Early Help & Safeguarding	10,411	10,374	(102)
Health and Adult Social Care	32,408	32,257	179
Human Resources	1,167	1,510	0
A,C&H Management	834	931	0
Total Adult, Children & Health	55,376	55,759	155
Better Care Fund-Expenditure	9,915	10,916	0
Better Care Fund-Income	(8,485)	(9,690)	0
Total Better Care Fund	1,430	1,226	0
Maintained Schools	42,127	43,576	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	66
Dedicated Schools Grant	(64,970)	(65,620)	(66)
Total Schools Budget(DSG)	0	(1)	0
Total Adult, Children and Health Services	56,806	56,984	155
Director of Operations & Customer Services	(27)	63	0
Revenues & Benefits	816	726	0
Highways & Transport	163	359	0
Community, Protection & Enforcement Services	12,087	12,218	0
Customer Services	1,740	1,866	0
Technology & Change Delivery	2,915	2,645	0
Library, Arts & Heritage Services	2,280	2,324	0
Total Operations & Customer Services	19,974	20,201	0
Director of Corporate & Community Services	85	85	0
Planning, Development and Regeneration Service	(819)	(770)	17
Corporate Management	433	432	0
Performance	429	442	0
Democratic Services	1,955	2,000	0
Elections	261	261	0
Legal	104	104	(56)
Finance	2,353	2,413	(50)
Building Services	40	26	0
Communities and Economic Development	31	78	45
Total Corporate & Community Services	4,872	5,071	(44)
TOTAL EXPENDITURE	81,652	82,256	111

SUMMARY	2016/17		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	81,652	82,256	111
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 the clearance of Shurlock Road			(200)
Transfer to/(from) Provision for Redundancy		(261)	0
Environment Agency levy	150	150	0
Capital Financing inc Interest Receipts	<u>5,128</u>	<u>5,128</u>	<u>130</u>
NET REQUIREMENTS	90,678	90,447	41
Less - Special Expenses	(981)	(981)	0
Transfer to / (from) balances	<u>0</u>	<u>231</u>	<u>(41)</u>
GROSS COUNCIL TAX REQUIREMENT	89,697	89,697	0
General Fund			
Opening Balance	4,681	4,768	4,999
Transfers to / (from) balances	<u>0</u>	<u>231</u>	<u>(41)</u>
	<u><u>4,681</u></u>	<u><u>4,999</u></u>	<u><u>4,958</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	649
Transfer (to) / from other reserves	
Transfer from General Fund - sweep	
Transfer (to) / from General Fund - other initiatives	<u>559</u>
	<u><u>1,208</u></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 (%)
Community & Corporate Services														
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	957	(473)	484	1,007	(601)	406	1,964	0	1,964	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%
Total Community & Corporate Services	8,511	(713)	7,798	8,540	(778)	7,762	7,224	(1,711)	5,513	15,764	0	15,764	0	0
Operations & Customer Services														
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	10,254	(3,300)	6,954	2,686	(1,402)	1,284	12,940	0	12,940	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%
Total Operations & Customer Services	10,616	(3,830)	6,786	11,284	(3,975)	7,309	3,834	(1,767)	2,067	15,118	0	15,118	0	0
Adult, Children & Health														
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	545	(545)	0	605	(605)	0	1,150	0	1,150	0	0%
Total Adult, Children & Health	4,841	(4,440)	401	5,336	(4,735)	601	6,251	(5,767)	484	11,587	0	11,587	0	0
Total Committed Schemes	23,968	(8,983)	14,985	25,160	(9,488)	15,672	17,309	(9,245)	8,064	42,469	0	42,469	0	0

Portfolio Total	(£'000)	23,968	(£'000)	42,469	(£'000)	42,469
External Funding						
Government Grants	(7,890)		(13,042)		(13,042)	
Developers' Contributions	(933)		(4,723)		(4,723)	
Other Contributions	(160)		(968)		(968)	
Total External Funding Sources	(8,983)		(18,733)		(18,733)	
Total Corporate Funding		14,985		23,736		23,736

Capital Monitoring Report - June 2016-17

At 30 June 2016, the approved estimate stood at £42.469m

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	42,469	(18,733)	23,736
Variances identified	0	0	0
Slippage to 2016/17	0	0	0
Projected Outturn 2015/16	42,469	(18,733)	23,736

Overall Projected Expenditure and Slippage

Projected outturn for the financial year is £42.469m

Variances are reported as follows.

CSFF	School Kitchens	(150)	150	0	Revised Business Case
CSGF	Woodlands Park School Roof-2015-16	(20)	20	0	Revised Business Case
CSHA	Woodlands Park School Internal Remodelling	170	(170)	0	Revised Business Case
		<u>0</u>	<u>0</u>	<u>0</u>	

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	258	58%
In Progress	160	33%
Completed	47	2%
Ongoing Programmes e.g.. Disabled Facilities Grant	31	7%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	0%
Total Schemes	<u>497</u>	<u>100%</u>

Corporate Development Fund (AE35) £000		
Balance B/F from 2015/16		649
Transacted amounts in 2016/17		
To/From Capital Fund		0
To/From General Fund		
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>1,208</u>

Children's services - Condition grant changes 2016-17

Code	Projects	Approved Estimate 2016/17	Updated tender project cost	Proposed (saving) / overspend 2016/17	Notes
		£'000	£'000	£'000	
CSHB	Furze Platt Junior - Hall	200		(200)	Scheme will be re-prioritised and will form part of the 2017/18 bids if necessary.
CSHA-CSFF	Woodlands Park remodelling + kitchen	400	400	0	Scheme currently in progress. Budgets £250k CSHA Woodland Park and £150k CSFF School kitchens will be utilised.
CSGK	Alexander Roof	250	438	188	Tender higher than anticipated. Work to commence this summer.
CSGH	Holy Trinity Cookham Roof	48	40	(8)	
CSHC	Alwyn Ramp repair	40	5	(35)	Efficiencies found in delivery of the scheme.
CSGY	Asbestos Removal	80	0	(80)	Contingency budget no longer required for All Saints Junior expansion works.
CSDQ	Fire Safety works - various schools	75		(75)	2016/17 budget is not required. Slippage from 2015/16 is covering works.
CSHD	Bisham House refurbishment	50	3	(48)	RBWM responsible for lease repairs. Survey carried out, results to follow. Works to be carried out in 2017/18 pending outcome of survey.
CSHE	Furze Platt Junior - Boiler replacement - conversion from oil to gas	115	211	96	Tender includes new gas main for both schools. Infants boiler installation planned for next year.
CSHF	Bisham Rewire, new ceilings and lighting	260	0	(260)	Scheme to commence in 2017/18
CSGZ	Trevelyan roof repairs	200	90	(110)	Tenders are in for partial roof replacement. More work may be required in the future depending on outcome of the works.
	Total	1,718	1,187	(532)	