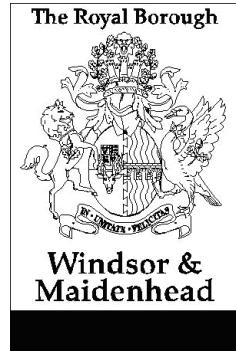


Report for: INFORMATION



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	25 August 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 £145k underspend. An additional £75k underspend is reported on non-service budget lines. There is therefore an overall underspend of £220k 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 £1.104m. Overall our combined General Fund Reserves sit at £6.278m 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.	25 August 2016
Assurance that budgets are being reviewed regularly.	25 August 2016

1. Details of Recommendations

RECOMMENDED: That Cabinet:

- i) Notes the report and the projected outturn position.

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 £5.174m and the balance on the Development Fund is £1.104m. The combined General Fund and Development Fund reserves now sit at £6.278m. 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 £57.409m against a controllable net budget of £57.276m, an overspend of £131k. This is a reduction of £24k on the £155k overspend reported to Cabinet in July.

The most significant variances are:

- Pressure in respect of the provision of services to those with a learning disability and mental health problems - projected overspend of £430k, 2.5%, on a net budget of £17m. The pressure arises from the changing care requirements of a small number of residents with high needs, a delay in the de-registration of homes, and a Secretary of State adjudication of an Ordinary Residence dispute.
- Saving within the budget for the provision of services to older people - projected underspend of £255k, 1.8%, on a net budget of £14m. This saving arises from a lower than anticipated demand for services for older people.
- Overspends due to the additional cost of agency staff in key posts across Commissioning (£100k), the Pods (£142k), and the MASH (£336k) and Children's disability teams (£60k). This overspend is £37k less than that reported in July due to initiatives to recruit permanent social workers and

team managers. This reduction should continue as appointments are confirmed.

- These overspends are mainly being covered by projected underspends on the care costs of children in care, particularly in internal fostering (-£170k) 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 within 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 three 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 in these cases remains unchanged from the detailed position reported to cabinet in June with the maximum additional cost to the Directorate estimated at £165k, 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 £5.175m against a controllable net budget of £5.206m, an underspend of £31k. This is a small reduction to the projected underspend reported to Cabinet last month (£44k).

The minor change to the overall projected variance is based on the early delivery of Directorate restructure savings and some unbudgeted pressures in the Planning, Development and Regeneration Service.

- The loss of commercial rent income is anticipated with two units of Waldeck House being let to charities and four units in use by the Council for storage.
- A unit in the Howarth Road Industrial Park which is likely to be used as a day centre for homeless people.

The occupation of the above units as described earns no income for the Directorate and the loss is estimated to be £80k for the year.

Pressures will continue to be mitigated with careful budget management and an overall underspend on the Directorate budget is still anticipated at the year end.

- 4.3. The Strategic Director of **Operations and Customer Services** projects a £245k underspend on the directorate 2016-17 approved budget of £20.443m.

Small budget pressures and mitigating efficiencies and savings are reported internally across many of the OCS services.

In Libraries Arts & Heritage, the Registrars service is achieving strong income performance, offset by several minor pressures.

In Communities Protection & Enforcement Services £60k savings are projected from lower waste disposal tonnages, and high demand for garden waste services. In addition, the Borough's town centre carparks have demonstrated positive performance on their 1st quarter income targets, partially offset by reduced usage in smaller units. Overall a saving of £35k is projected.

In Customer Services, there are some pressures around Housing Options savings targets and facilities management, but mitigation plans are in place.

In Highways & Transport, pressures on income targets are reported in Transport & Access and Traffic & Road Safety, and on the Street Cleansing budget. However, these are fully mitigated by savings and efficiencies achieved in other areas of the service. The Directorate's share of a Corporate Advertising saving (22k) has also absorbed.

ICT has net savings of £150k from vacant Head of Service post and planned fibre network circuits.

Revenues and Benefits are also experiencing pressures from high workloads, but can offer mitigations from contract savings (Academy print) and widespread efficiencies.

This report reflects the transfer in July of 'Parking Services' (net Income budget £5m) from Highways & Transport to Communities Protection & Enforcement Services.

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

	£000
Approved Estimate	82,256
Forest Bridge Contingency – Development Fund	100
Pay Reward - Provision	495
Dynamic Purchasing System – Development Fund	4
Severance Cost - Provision	25
Bus contract	47
Service Expenditure Budget this Month	82,927

- 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 £42.255m; the projected outturn for the financial year is £42.255m. The capital outturn in 2015-16 was £27.421m.

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	42,255	(18,518)	23,737
Variances identified	0	0	0
Slippage to 2016-17	0	0	0
Projected Outturn 2016-17	42,255	(18,518)	23,737

Overall capital programme status

	Report to August 2016 Cabinet
Number of Schemes in Programme	531
Yet to Start	49%
In Progress	30%
Completed	15%
Ongoing Programmes e.g. Disabled Facilities Grant	6%
Devolved Formula Capital Grant schemes budgets devolved to schools	0%

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)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Saunders	Lead Member for Finance	22/7/2016		
Cllr Rankin	Deputy Lead Member for Finance	22/7/2016		
Corporate Management Team (CMT)	Managing Director and Strategic Directors	22/7/2016		
External None				

REPORT HISTORY

Decision type:	Urgency item?
For information	No

Full name of report author	Job title	Full contact no:
Richard Bunn	Chief Accountant	01628 796510

SUMMARY	2016/17		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Adult, Children's & Health Commissioning	7,642	7,836	100
Schools and Educational Services	2,914	2,923	0
Health, Early Help & Safeguarding	10,411	10,415	(143)
Health and Adult Social Care	32,408	32,313	174
Human Resources	1,167	1,521	0
A,C&H Management	834	1,032	0
Total Adult, Children & Health	55,376	56,040	131
Better Care Fund-Expenditure	9,915	10,966	0
Better Care Fund-Income	(8,485)	(9,730)	0
Total Better Care Fund	1,430	1,236	0
Maintained Schools	42,127	43,040	0
Early Years Education and Childcare Provision	7,154	6,168	0
Admissions and Pupil Growth	545	547	0
Support Services for Schools and Early Years	1,714	1,719	94
High Needs and Alternative Provision	13,430	13,627	66
Dedicated Schools Grant	(64,970)	(65,101)	(160)
Total Schools Budget(DSG)	0	0	0
Total Adult, Children and Health Services	56,806	57,276	131
Director of Operations & Customer Services	(27)	284	0
Revenues & Benefits	816	748	0
Highways & Transport	5,293	5,450	0
Community, Protection & Enforcement Services	6,957	7,122	(95)
Customer Services	1,740	1,885	0
Technology & Change Delivery	2,915	2,603	(150)
Library, Arts & Heritage Services	2,280	2,351	0
Total Operations & Customer Services	19,974	20,443	(245)
Director of Corporate & Community Services	85	87	0
Planning, Development and Regeneration Service	(819)	(749)	70
Corporate Management	433	436	0
Performance	429	451	(70)
Democratic Services	1,955	2,014	5
Elections	261	263	0
Legal	104	107	(56)
Finance	2,353	2,465	(25)
Building Services	40	26	0
Communities and Economic Development	31	106	45
Total Corporate & Community Services	4,872	5,206	(31)
TOTAL EXPENDITURE	81,652	82,925	(145)

SUMMARY	2016/17		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	81,652	82,925	(145)
Contribution to / (from) Development Fund	1,133	455	0
Pensions deficit recovery	2,115	2,115	0
Pay reward	500	5	(5)
Transfer to/(from) Provision for the clearance of Shurlock Road			(200)
Transfer to/(from) Provision for Redundancy		(286)	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	90,492	(220)
Less - Special Expenses	(981)	(981)	0
Transfer to / (from) balances	<u>0</u>	<u>186</u>	<u>220</u>
GROSS COUNCIL TAX REQUIREMENT	89,697	89,697	0
General Fund			
Opening Balance	4,681	4,768	4,954
Transfers to / (from) balances	<u>0</u>	<u>186</u>	<u>220</u>
	<u><u>4,681</u></u>	<u><u>4,954</u></u>	<u><u>5,174</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>455</u>
	<u><u>1,104</u></u>

Portfolio Summary	2016/17 Original Budget			New Schemes – 2016/17 Approved Estimate			Schemes Approved in Prior Years			Projections – Gross Expenditure					
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	2016/17 Projected	2016/17 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)	(%)	
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	512	0	512	512	0	512	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	7,025	(1,711)	5,314	15,565	0	15,565	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	9,609	(3,155)	6,454	9,523	(3,454)	6,069	2,018	(792)	1,226	11,541	0	11,541	0	0%	
Community,Protection & Enforcement Services	640	(380)	260	916	(380)	536	1,500	(822)	678	2,416	0	2,416	0	0%	
Libraries, Arts & Heritage	367	(295)	72	367	(295)	72	468	(147)	321	835	0	835	0	0%	
Total Operations & Customer Services	10,616	(3,830)	6,786	10,854	(4,129)	6,725	4,618	(1,767)	2,851	15,472	0	15,472	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	89	(89)	0	305	(233)	72	394	0	394	0	0%	
Schools – Non Devolved	4,550	(4,190)	360	4,274	(3,714)	560	2,192	(2,192)	0	6,466	0	6,466	0	0%	
Schools – Devolved Capital	250	(250)	0	618	(618)	0	1,085	(1,085)	0	1,703	0	1,703	0	0%	
Total Adult, Children & Health	4,841	(4,440)	401	5,022	(4,421)	601	6,196	(5,712)	484	11,218	0	8,563	0	0	
Total Committed Schemes	23,968	(8,983)	14,985	24,416	(9,328)	15,088	17,839	(9,190)	8,649	42,255	0	39,600	0	0	

Portfolio Total	(£'000)	23,968	(£'000)	42,255	(£'000)	42,255
External Funding						
Government Grants	(7,890)		(12,433)		(12,433)	
Developers' Contributions	(933)		(5,027)		(5,027)	
Other Contributions	(160)		(1,058)		(1,058)	
Total External Funding Sources	(8,983)		(18,518)		(18,518)	
Total Corporate Funding		14,985		23,737		23,737

Capital Monitoring Report - July 2016-17

At 31 July 2016, the approved estimate stood at £42.255m

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	42,255	(18,518)	23,737
Variances identified	0	0	0
Slippage to 2016/17	0	0	0
Projected Outturn 2015/16	42,255	(18,518)	23,737

Overall Projected Expenditure and Slippage

Projected outturn for the financial year is £42.255m

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	49%
In Progress	160	30%
Completed	81	15%
Ongoing Programmes e.g.. Disabled Facilities Grant	31	6%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	0%
Total Schemes	<u>531</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	
Forest Bridge Contingency (CMT June 2016)	-100	
Dynamic Purchasing System (March Cabinet)	-4	
		455
		<u>1,104</u>