

Report for: ACTION



Contains Confidential or Exempt Information	Main paper - Part I, Appendices G and H part II (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)
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	Rob Stubbs, Head of Finance, 01628 796341
Member reporting	Councillor Saunders, Lead Member for Finance
For Consideration By	Cabinet
Date to be Considered	29 September 2016
Implementation Date if Not Called In	Immediate
Affected Wards	All

REPORT SUMMARY

1. This report sets out the Council's financial performance to date in 2016-17. In summary there is a projected £418k underspend on the General Fund. This is an increase of £198k from the August financial monitoring report. This is due to further underspends in service budgets (68k), details of which are included in section 4 and a £130k capital financing variance (reported July Cabinet) being included in the approved estimate.
2. Consequently the Council remains in a strong financial position, the Council's Development Fund balance of £1.104m bringing the combined General Fund Reserves to £6.198m 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 and that budgets are being reviewed regularly.	29 September 2016

1. Details of Recommendations

RECOMMENDED: That Cabinet:

- i) Notes the Council's projected outturn position.
- ii) Approves a £113k S106 funded capital budget for the expansion of Eton Porny school, (see paragraph 4.8).
- iii) Approves the removal of a £195k capital budget in respect of a feasibility study of a satellite grammar school (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 and in this case a S106 funded budget is recommended.

3. KEY IMPLICATIONS

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

- 3.1 The General Fund Reserve is £5.094m and the balance on the Development Fund is £1.104m, see appendix D for a breakdown of the balance on the Development Fund. The combined reserves are £6.198m. The 2016-17 budget report recommended a minimal reserve level of £5.27m to cover known risks for 18 months.

4. FINANCIAL DETAILS

- 4.1. The Strategic Director of **Adults, Children & Health Services** reports projected outturn figure for 2016-17 of £57.391m against a controllable net budget of £57.292m, an overspend of £99k. This is a reduction of £32k on the £131k overspend reported to Cabinet in August.

The most significant variances are:

- Pressures continue in funding the provision of services to those with a learning disability and mental health problems - projected overspend of £416k, 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.
- Savings projected from the budget for the provision of services to older people is unchanged - at £255k underspend, 1.8%, on a net budget of £14m. This saving arises from a lower than anticipated demand for services for older people.

- Overspends mainly due to the additional cost of agency staff in key posts across Quality Assurance (£80k), the Pods (£70k), the MASH (£358k) and Children's disability teams (£60k). The reduction in agency costs resulting from initiatives to recruit permanent social workers and team managers that was reported in August is continuing. With the recent appointment of key permanent staff in the Pods, the projected overspend has reduced from £120k to £70k. Agency costs are expected to reduce further over the rest of the year.
- There are projected underspends on the care costs of children in care, particularly in internal fostering (-£170k), costs of children leaving care (-£111k), and children with disabilities (-£376k). This is mainly due to fewer than expected numbers requiring high cost support.
- Recent changes in residential placements for children in care have resulted in a £78k increased cost in Commissioning, but this has been partly offset by staff vacancies which will deliver a £30k saving this year.

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

In addition to the variances, there are a number of specific items with financial risks. These will have a potential impact on the final budget outturn in 2016/17. The risks are not reported within the variances identified:

- 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 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. The maximum additional cost this year to the Directorate should these cases all be decided against the council is estimated at £165k, and the maximum saving if all cases were settled in favour of the council is estimated at £558k this year.

- 4.2. The Strategic Director of **Corporate and Community Services** reports a projected outturn figure for 2016-17 of £4.173m against a controllable net budget of £4.205m, an underspend of £32k.

This is a similar variance to the projected underspend reported to Cabinet last month (£31k). However the change includes a £9k pressure in Land Charges income due to slow market conditions offset by a £10k increase in income from advertising.

- 4.3. The Strategic Director of **Operations and Customer Services** projects a £280k underspend on the directorate 2016-17 approved budget of £21.576m. This is a small increase to the projected underspend reported to Cabinet in August (£245K).

The change to the overall projected variance is based on a further improvement in car parking income in town centres, with a currently projected over achievement of £70K at year end (increased from £35K projected in July).

Small budget pressures and mitigating efficiencies and savings continue across many of the OCS services.

- In Libraries Arts & Heritage, the Registrars service continues to achieve strong income performance, offset by several minor pressures.
- In Communities Protection & Enforcement Services, waste disposal tonnages continue to be lower than predicted while garden waste services take-up continues to be strong.
- For Customer Services, there are some continuing pressures around Housing Options savings targets and facilities management, but mitigation plans are in place.
- Highways & Transport continues to show pressures on income targets 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.
- In ICT, un-budgeted spend to improve security of Members' IT has been absorbed and the services continues to project a healthy underspend at year end.
- Revenues & Benefits pressures from overpayment recovery continue but are mitigated by contract savings (Academy print) and widespread efficiencies.

The OCS directorate budget has been updated with the transfer of Parks and Open Spaces (£831k) moving in from the corporate directorate.

4.4. Revenue budget movements this month:

	£000
Approved Estimate	82,925
Loss of rental income Quadrant re Homeless Residents Scheme	50
Delivering OCS differently	100
Rounding	(2)
Service Expenditure Budget this Month	83,073

On the request of Corporate O&SP an expanded full year Movement Statement has been included in the report in Appendix E.

4.5. Cash Balances Forecast

Appendix F provides details of the Borough's cash balances. The intention is to show the graph monthly to provide an early warning of the need to make key Treasury decisions.

4.6. Liabilities

On the request of Corporate O&SP a part II list of liabilities has been included in the report (Appendix G).

4.7. Capital Programme

The approved 2016-17 capital estimate is £43.635m; the projected outturn for the financial year is £43.440m. The capital outturn in 2015-16 was £27.421m. See appendices B and C for further details.

	Exp	Inc	Net
	£'000	£'000	£'000
Approved estimate	43,635	(18,965)	24,670
Variances identified	(195)	0	(195)
Slippage to 2017-18	0	0	0
Projected Outturn 2016-17	43,440	(18,965)	24,475

Overall capital programme status

	Report to Sept 2016 Cabinet
Number of schemes in programme	529
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%

4.8. Capital addition for approval

S106 funds are available (£113k) for use in the Eton sub-area for creating additional space at either Eton Wick school or Eton Porny school. Both schools were consulted about potential schemes which were then assessed by officers for S106 compliance and benefits to the pupils. The Director of Children's Services and the previous Lead Member approved Eton Porny's scheme which will bring space within the school into use thus increasing the space per pupil ratio. Approval is now sought for a S106 funded capital budget to carry out the work.

4.9. Capital removal

A £200k capital budget was approved to investigate the feasibility of a satellite grammar school. Approval is now being sought to remove £195k (the unspent balance) as legislation allows school conversion to selective education to be covered by central funding.

5. LEGAL IMPLICATIONS

- 5.1 In producing and reviewing this report the Council is meeting its 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 Revenue Movement Statement
Appendix F Cash Flow Forecast
Appendix G Liabilities (Part II Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)
Appendix H Property Transaction (Part II Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972) – *To follow*

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	26/8/2016	31/8/2016	
Cllr Rankin	Deputy Lead Member for Finance	26/8/2016		
Alison Alexander	Managing Director	26/8/2016	27/8/2016	Throughout
Corporate Management Team (CMT)	Strategic Directors	26/8/2016		Throughout
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	7,837	148
Schools and Educational Services	2,914	2,923	0
Health, Early Help & Safeguarding	10,411	10,423	(210)
Health and Adult Social Care	32,408	32,323	161
Human Resources	1,167	1,529	0
A,C&H Management	834	1,032	0
Total Adult, Children & Health	55,376	56,067	99
Better Care Fund-Expenditure	9,915	10,956	0
Better Care Fund-Income	(8,485)	(9,730)	0
Total Better Care Fund	1,430	1,226	0
Maintained Schools	42,127	40,661	0
Early Years Education and Childcare Provision	7,154	6,274	0
Admissions and Pupil Growth	545	381	0
Support Services for Schools and Early Years	1,714	1,611	94
High Needs and Alternative Provision	13,430	13,633	66
Dedicated Schools Grant	(64,970)	(62,561)	(160)
Total Schools Budget(DSG)	0	(1)	0
Total Adult, Children and Health Services	56,806	57,292	99
Director of Operations & Customer Services	(27)	377	0
Revenues & Benefits	816	748	0
Highways & Transport	6,125	6,378	0
Community, Protection & Enforcement Services	6,957	7,227	(130)
Customer Services	1,740	1,885	0
Technology & Change Delivery	2,915	2,603	(150)
Library, Arts & Heritage Services	2,280	2,358	0
Total Operations & Customer Services	20,806	21,576	(280)
Director of Corporate & Community Services	85	127	0
Planning, Development and Regeneration Service	(819)	(708)	77
Corporate Management	433	428	0
Performance	429	410	(20)
Democratic Services	1,955	2,014	(52)
Elections	261	263	0
Legal	104	104	(47)
Finance	2,353	2,426	(25)
Building Services	40	26	0
Communities and Economic Development	(801)	(885)	35
Total Corporate & Community Services	4,040	4,205	(32)
TOTAL EXPENDITURE	81,652	83,073	(213)

SUMMARY	2016/17		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Total Service Expenditure	81,652	83,073	(213)
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>5,258</u>	<u>0</u>
NET REQUIREMENTS	90,678	90,770	(418)
Less - Special Expenses	(981)	(981)	0
Transfer to / (from) balances	<u>0</u>	<u>(92)</u>	<u>418</u>
GROSS COUNCIL TAX REQUIREMENT	89,697	89,697	0
General Fund			
Opening Balance	4,681	4,768	4,676
Transfers to / (from) balances	<u>0</u>	<u>(92)</u>	<u>418</u>
	<u><u>4,681</u></u>	<u><u>4,676</u></u>	<u><u>5,094</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	678	(120)	558	46	(14)	32	724	0	724	0	0%	
Community Facilities	135	0	135	235	(100)	135	0	0	0	235	0	235	0	0%	
Outdoor Facilities	370	(100)	270	537	(151)	386	739	(465)	274	1276	0	1,276	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	709	0	709	610	0	610	1,319	0	1,319	0	0%	
Regeneration & Economic Development	6,397	(185)	6,212	7,138	(450)	6,688	4,850	(1,096)	3,754	11,988	0	11,988	0	0%	
Total Community & Corporate Services	8,168	(405)	7,763	9,297	(821)	8,476	6,757	(1,575)	5,182	16,054	0	16,054	0	0	
Operations & Customer Services															
Technology & Change Delivery	0	0	0	0	0	0	335	(6)	329	335	0	335	0		
Revenues & Benefits	0	0	0	48	0	48	48	0	48	96	0	96	0		
Customer Services	0	0	0	0	0	0	249	0	249	249	0	249	0		
Green Spaces & Parks	343	(308)	35	436	(322)	114	269	(136)	133	705	0	705	0	0%	
Highways & Transport	9,609	(3,155)	6,454	10,501	(3,537)	6,964	2,117	(892)	1,225	12,618	0	12,618	0	0%	
Community,Protection & Enforcement Services	640	(380)	260	710	(380)	330	815	(721)	94	1,525	0	1,525	0	0%	
Libraries, Arts & Heritage	367	(295)	72	367	(295)	72	468	(147)	321	835	0	835	0	0%	
Total Operations & Customer Services	10,959	(4,138)	6,821	12,062	(4,534)	7,528	4,301	(1,902)	2,399	16,363	0	16,363	0	0	
Adult, Children & Health															
HR	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		
Non Schools	0	0	0	89	(89)	0	305	(233)	72	394	0	394	0		
Schools – Non Devolved	4,550	(4,190)	360	4,274	(3,714)	560	2,192	(2,192)	0	6,271	0	6,271	(195)	-4%	
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	11,023	0	8,368	(195)	(0)	
Total Committed Schemes	23,968	(8,983)	14,985	26,381	(9,776)	16,605	17,254	(9,189)	8,065	43,440	0	40,785	(195)	0	

	(£'000)	(£'000)	(£'000)
Portfolio Total	23,968	43,635	43,440
External Funding			
Government Grants	(7,890)	(12,432)	(12,432)
Developers' Contributions	(933)	(5,393)	(5,393)
Other Contributions	(160)	(1,140)	(1,140)
Total External Funding Sources	(8,983)	(18,965)	(18,965)
Total Corporate Funding	14,985	24,670	24,475

Capital Monitoring Report - July 2016-17

At 31 August 2016, the approved estimate stood at £43.635m

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Estimate	43,635	(18,965)	24,670
Variances identified	(195)	0	(195)
Slippage to 2016/17	0	0	0
Projected Outturn 2015/16	43,440	(18,965)	24,475

Overall Projected Expenditure and Slippage

Projected outturn for the financial year is £43.440m

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
CSHT	Feasibility for Satellite Grammar	(195)	0	(195)	Budget no longer required due to central government funding as agreed at cabinet briefing.
		<u>(195)</u>	<u>0</u>	<u>(195)</u>	

There is no slippage to report at this stage.

Overall Programme Status

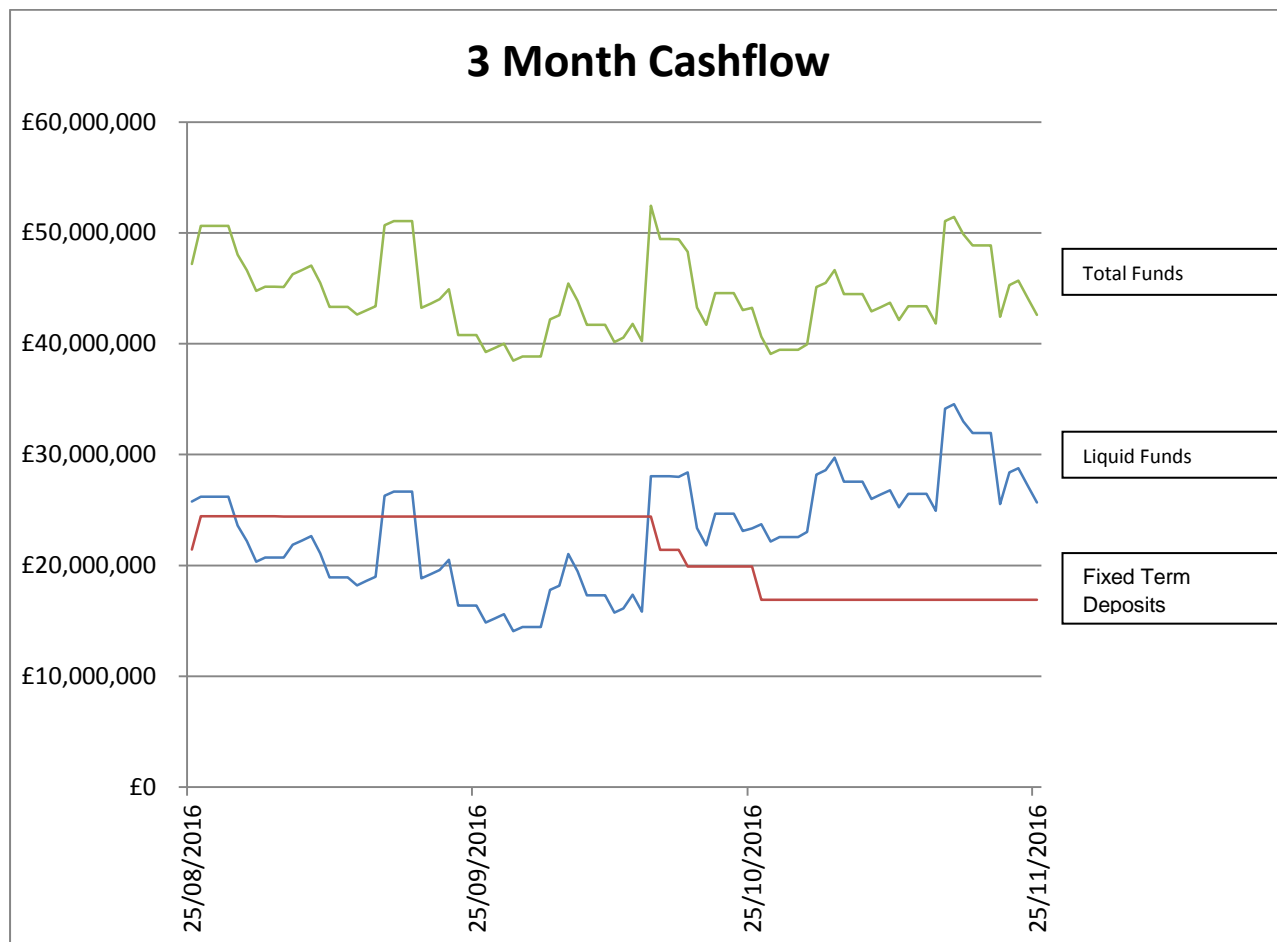
The project statistics show the following position:

Scheme progress	No.	%
Yet to Start	255	49%
In Progress	161	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>529</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>

Budget Movement Statement 2016-17

		Funded by Development Fund	Funded by the General Fund	Funded by Provision	Included in the original budget	Total	Approval
		£'000	£'000	£'000	£'000	£'000	
	Original Budget					81,652	
1	Transforming Services	200				200	Cabinet March
2	Disabled Facilities Grant				(302)	(302)	Council Feb.
3	Transport model	43				43	CMT April
4	Heathrow Expansion	30				30	Cabinet March
5	Redundancy cost			73		73	Cabinet May
6	Redundancy cost			92		92	Cabinet May
7	Desborough improvements		50			50	Cabinet March
8	Transforming Services	100				100	Cabinet March
9	NRSWA parking scheme	120				120	Cabinet March
10	Sunday parking	81				81	Cabinet April
11	Cleaning & maintenance costs at Cox Green Youth Centre		20			20	Council Feb.
12	Redundancy cost			96		96	Cabinet May
13	Forest Bridge Contingency	100				100	CMT June
14	Pay reward				191	191	Council Feb.
15	Pay reward				173	173	Council Feb.
16	Pay reward				131	131	Council Feb.
17	Dynamic purchasing system	4				4	Cabinet March
18	Redundancy cost			25		25	Cabinet May
19	Bus contract		44			44	Cabinet May
20	Loss of rental income		50			50	Cabinet June
21	Transforming Services		100			100	Cabinet June
	Changes Approved	678	264	286	193	1,421	
	Approved Estimate September Cabinet					83,073	



Liquid Funds

Investments in bank deposit account(s) and money market funds providing instant access to funds.

Fixed Term Deposits

Investments in banks, building societies and local authorities. Funds are usually invested for three months or more but not usually for longer than 12 months.