

Report for: INFORMATION



<b>Contains Confidential or Exempt Information</b>	Main paper - Part I, Appendices G and H part II (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)
<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>	Rob Stubbs, Head of Finance, 01628 796341
<b>Member reporting</b>	Councillor Saunders, Lead Member for Finance
<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	27 October 2016
<b>Implementation Date if Not Called In</b>	Immediate
<b>Affected Wards</b>	All

**REPORT SUMMARY**

1. This report sets out the Council's financial performance to date in 2016-17. In summary there is a projected £132k underspend on the General Fund. This is a decrease of £266k from the September financial monitoring report. This is due to an £86k decrease in the net underspend forecast in service budgets, details of which are included in section 4 and presenting the £180k reduction of the provision for the clearance of Shurlock Road as an approved estimate, details of which are in paragraph 4.7.
2. Consequently the Council remains in a strong financial position, with the Council's combined General Fund Reserves of £6.092m being 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.	27 October 2016

## 1. Details of Recommendations

### RECOMMENDED: That Cabinet:

- i) **Notes the Council’s projected outturn position.**
- ii) **Approves the inclusion of the £180k release of provision relating to the clearance of Shurlock Road as an approved estimate (see paragraph 4.7).**

## 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.

## 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 £4.988m 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 £6.092m. 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 a projected outturn figure for 2016-17 of £57.622m against a controllable net budget of £57.310m, an overspend of £312k. This is an increase of £213k on the overspend reported to Cabinet in September.

The most significant changes since September cabinet are:

- A projected overspend of £343k on the home to school transport budget, due to the full year effect of the increase in high needs SEN pupils in the last academic year, and to the cost of new transport contracts for SEN pupils. The projections for the 2016/17 academic year are being compared to the 2015/16 position to clearly determine the underlying reasons for this increase. Following this analysis, the position will be reviewed in order to determine if appropriate mitigations can be identified.
- The budget for supporting residents into temporary accommodation is projecting an overspend of £470k. The projection is based on a detailed review of the housing benefit subsidy for those in temporary accommodation, and the potential impact of the benefit cap which will be introduced from November this year. Mitigation of this pressure will include increased effort to source temporary accommodation at a price that is close to the local housing benefit reference rate, and identification of those residents adversely

## CABINET BRIEFING

affected by the benefit cap in order to provide them with individual advice and support.

- Additional saving of £200k is forecast in domiciliary care provision to older people arising from favourable terms in the council's contract for the provision of homecare services, and a reduction in demand for services following a prolonged period of higher than expected demand.
- A further £300k is available as mitigation following a national review of nursing care costs in nursing homes. The review is ongoing and the Department of Health has provided this additional funding on an interim basis. The council generally contracts for nursing care placements at a rate that includes all costs of provision and retains the DH funding as a contribution towards this cost.

There remain significant pressures and savings, as reported to Cabinet in September, that continue to impact on the budget position:

- 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.
- Overspends mainly due to the additional cost of agency staff in key posts across Quality Assurance (£42k), the Pods (£39k), the MASH (£356k) and Children's disability teams (£30k). As expected, projected costs in these teams have reduced by around £109k in the last month, as a result of recent initiatives to recruit permanent social workers and team managers. They are expected to reduce further over the rest of the year.
- An underspend of £619k in the care costs of children with disabilities, internal fostering and children leaving care mainly due to fewer than expected numbers requiring high cost support. This is £30k less than the underspend reported to Cabinet in September.

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

In addition to the above variances, the following risk remains a potential impact on the budget position:

- Two 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.

## CABINET BRIEFING

This is a similar position to that reported last month (£32k).

Several minor pressures are arisen in Property management and Communities and Economic development, but these are offset by savings in other parts of the service.

- 4.3. The Strategic Director of **Operations and Customer Services** projects an improved underspend of £407k on directorate 2016-17 approved budget of £21.576m, £127k up on the projection reported to Cabinet in September (£280k).

This improvement has been achieved by managers in the Waste and Parking Services, under the 'Community, Protection and Enforcement Services' (CPES) umbrella.

- Residual waste tonnages are down this year, we expect that trend to continue, giving an underspend of around £62k.
- Income from the garden waste collection service remains strong, and we project approximately £85k over achievement of budget.
- An overspend of £20k has also been reported in CPES, which we will work to mitigate before the year end.

Parking income is also very positive in the first 6 months of the year, and managers project an over-achievement of budgets of approximately £130k.

The ICT services has maintained its projection of £150k underspend, arising from vacancies and contract savings of networks.

Several 'Delivering Differently' initiatives are coming to Cabinet in the next few months, some of which will incur implementation costs.

We anticipate these can be covered from in year OCS directorate underspends.

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

	£000
<b>Approved Estimate</b>	<b>83,073</b>
Redundancy	18
<b>Service Expenditure Budget this Month</b>	<b>83,091</b>

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. Members will see the downward trend of our balances starting to appear. A downward trend of our balances is starting to appear. However, this situation was anticipated and long term deposits are being reduced in favour of more liquid funds. This graph will be presented monthly in order to provide Cabinet with an early warning of key Treasury decisions.

**4.6. Liabilities**

A part II list of liabilities has been included in the report (Appendix G).

**4.7. 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.

In July 2016 there was a paragraph in the Finance Update that reported no costs, as yet, have been incurred but are currently estimated to be £100k. Therefore the balance of the provision (£200k) was drawn back to the General Fund.

The General Fund variance resulting from the draw down has been reported in the Finance Update since July 2016. A subsequent review of potential costs has been undertaken resulting in a revised estimate of £120k. A recommendation is now being made that the balance of the provision (£180k) should be shown as an approved estimate in Appendix A.

**4.8. Capital Programme**

The approved 2016-17 capital estimate is £44.353m; the projected outturn for the financial year is £44.103m. The capital outturn in 2015-16 was £27.421m. See appendices B and C for further details.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
<b>Approved estimate</b>	44,353	(19,286)	25,067
Variances identified	0	0	0
Slippage to 2017-18	(250)	250	0
<b>Projected Outturn 2016-17</b>	44,103	(19,036)	25,067

**Overall capital programme status**

	<b>Report to October 2016 Cabinet</b>
<b>Number of schemes in programme</b>	<b>532</b>
Yet to Start	18%
In Progress	57%
Completed	20%
Ongoing Programmes e.g. Disabled Facilities Grant	5%
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 its legal obligations to monitor its financial position.

## CABINET BRIEFING

### **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.

## CABINET BRIEFING

### 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 2 Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

### 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:
<b>Internal</b>				
Cllr Saunders	Lead Member for Finance	29/9/2016	29/9/2016	
Cllr Rankin	Deputy Lead Member for Finance	29/9/2016		
Alison Alexander	Managing Director	29/9/2016	29/9/2016	Throughout
Corporate Management Team (CMT)	Strategic Directors	23/9/2016	23/9/2016	Throughout
<b>External None</b>				

### REPORT HISTORY

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

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