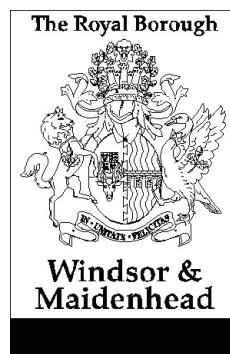


Report for: INFORMATION



|  |   |
|--|---|
| <b>Contains Confidential or Exempt Information</b> | Main paper - Part I, Appendix H part II (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972) |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).**
- iii) **Authorises the Head of Finance, in consultation with the Lead Member for Finance, to accept the four year local government settlement and submit the efficiency statement in Appendix G. (Further details in paragraph 4.8)**

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

- 2.1 As this is a monitoring report decisions are normally not necessary but may occasionally 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 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.

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 H).

#### 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. **Acceptance of the four year finance settlement**

As part of the local government financial settlement for 2016-17, the Secretary of State for Communities and Local Government offered an opportunity for a four year financial settlement.

One of the conditions of acceptance of the settlement is that the authority must submit an efficiencies statement and this is included in Appendix G.

Acceptance of the settlement and the format of the efficiencies statement have been discussed with members of the Budget Steering Group and are recommended to Cabinet via this report.

Almost all local authorities in the UK are expected to accept the offer of the four year settlement which offers some certainty around funding streams and assists financial planning in the medium term. Further details can be found in appendix G.

#### 4.9. **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

|  | Report to<br>October 2016<br>Cabinet |
|--|--------------------------------------|
| <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.

### 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 Efficiency Statement supporting acceptance of the four year settlement.  
Appendix H 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     | Throughout                 |
| 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     |

| SUMMARY  | 2016/17       |                   |                    |
|--|---------------|-------------------|--------------------|
|  | Budget        | Approved Estimate | Projected Variance |
|  | £000          | £000              | £000               |
| Adult, Children's & Health Commissioning         | 7,642         | 7,836             | 557                |
| Schools and Educational Services                 | 2,914         | 2,923             | 193                |
| Health, Early Help & Safeguarding                | 10,411        | 10,423            | (99)               |
| Health and Adult Social Care                     | 32,408        | 32,323            | (339)              |
| Human Resources                                  | 1,167         | 1,547             | 0                  |
| A,C&H Management                                 | 834           | 1,032             | 0                  |
| <b>Total Adult, Children &amp; Health</b>        | <b>55,376</b> | <b>56,084</b>     | <b>312</b>         |
| Better Care Fund-Expenditure                     | 9,915         | 10,956            | 0                  |
| Better Care Fund-Income                          | (8,485)       | (9,730)           | 0                  |
| <b>Total Better Care Fund</b>                    | <b>1,430</b>  | <b>1,226</b>      | <b>0</b>           |
| Maintained Schools                               | 42,127        | 39,544            | 0                  |
| Early Years Education and Childcare Provision    | 7,154         | 6,296             | 0                  |
| Admissions and Pupil Growth                      | 545           | 381               | 0                  |
| Support Services for Schools and Early Years     | 1,714         | 1,606             | 94                 |
| High Needs and Alternative Provision             | 13,430        | 13,633            | 326                |
| Dedicated Schools Grant                          | (64,970)      | (61,460)          | (420)              |
| <b>Total Schools Budget (DSG)</b>                | <b>0</b>      | <b>0</b>          | <b>0</b>           |
| <b>Total Adult, Children and Health Services</b> | <b>56,806</b> | <b>57,310</b>     | <b>312</b>         |
| Director of Operations & Customer Services       | (27)          | 377               | 0                  |
| Revenues & Benefits                              | 816           | 769               | 0                  |
| Highways & Transport                             | 6,125         | 6,378             | 0                  |
| Community, Protection & Enforcement Services     | 6,957         | 7,206             | (257)              |
| Customer Services                                | 1,740         | 1,885             | 0                  |
| Technology & Change Delivery                     | 2,915         | 2,603             | (150)              |
| Library, Arts & Heritage Services                | 2,280         | 2,358             | 0                  |
| <b>Total Operations &amp; Customer Services</b>  | <b>20,806</b> | <b>21,576</b>     | <b>(407)</b>       |
| Director of Corporate & Community Services       | 85            | 14                | 0                  |
| Planning, Development and Regeneration Service   | (819)         | (726)             | 47                 |
| Corporate Management                             | 433           | 560               | 0                  |
| Performance                                      | 429           | 475               | (20)               |
| Democratic Services                              | 1,955         | 1,948             | (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)             | 65                 |
| <b>Total Corporate &amp; Community Services</b>  | <b>4,040</b>  | <b>4,205</b>      | <b>(32)</b>        |
| <b>TOTAL EXPENDITURE</b>                         | <b>81,652</b> | <b>83,091</b>     | <b>(127)</b>       |



| SUMMARY   | 2016/17              |                      |                     |
|---|----------------------|----------------------|---------------------|
|   | Budget               | Approved Estimate    | Projected Variance  |
|   | £000                 | £000                 | £000                |
| <b>Total Service Expenditure</b>  | <b>81,652</b>        | <b>83,091</b>        | <b>(127)</b>        |
| 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                                     |                      | (180)                | 0                   |
| Transfer to/(from) Provision for Redundancy   |                      | (304)                | 0                   |
| Environment Agency levy   | 150                  | 150                  | 0                   |
| Capital Financing inc Interest Receipts   | <u>5,128</u>         | <u>5,258</u>         | <u>0</u>            |
| <b>NET REQUIREMENTS</b>   | <b>90,678</b>        | <b>90,590</b>        | <b>(132)</b>        |
| Less - Special Expenses   | (981)                | (981)                | 0                   |
| Transfer to / (from) balances   | <u>0</u>             | <u>88</u>            | <u>132</u>          |
| <b>GROSS COUNCIL TAX REQUIREMENT</b>  | <b><u>89,697</u></b> | <b><u>89,697</u></b> | <b><u>0</u></b>     |
| <b>General Fund</b>   |                      |                      |                     |
| Opening Balance   | 4,681                | 4,768                | 4,856               |
| Transfers to / (from) balances  | <u>0</u>             | <u>88</u>            | <u>132</u>          |
|   | <u><u>4,681</u></u>  | <u><u>4,856</u></u>  | <u><u>4,988</u></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>455</u>          |
|   | <u><u>1,104</u></u> |

|   | 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)            | (%)                |
| <b>Portfolio Summary</b>                        |                         |                |               |   |                 |               |                                 |                |              |                                 |                            |                 |                    |                    |
| <b>Community &amp; Corporate Services</b>       |                         |                |               |   |                 |               |                                 |                |              |                                 |                            |                 |                    |                    |
| 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           | 586                                     | (151)           | 435           | 739                             | (465)          | 274          | 1325                            | 0                          | 1,325           | 0                  | 0%                 |
| Property & Development                          | 0                       | 0              | 0             | 0                                       | 0               | 0             | 513                             | 0              | 513          | 513                             | 0                          | 513             | 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         | 7,631                                   | (450)           | 7,181         | 4,848                           | (1,096)        | 3,752        | 12,479                          | 0                          | 12,479          | 0                  | 0%                 |
| <b>Total Community &amp; Corporate Services</b> | <b>8,168</b>            | <b>(405)</b>   | <b>7,763</b>  | <b>9,839</b>                            | <b>(821)</b>    | <b>9,018</b>  | <b>6,756</b>                    | <b>(1,575)</b> | <b>5,181</b> | <b>16,595</b>                   | <b>0</b>                   | <b>16,595</b>   | <b>0</b>           | <b>0</b>           |
| <b>Operations &amp; Customer Services</b>       |                         |                |               |   |                 |               |                                 |                |              |                                 |                            |                 |                    |                    |
| Technology & Change Delivery                    | 0                       | 0              | 0             | 0                                       | 0               | 0             | 334                             | (6)            | 328          | 334                             | 0                          | 334             | 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         | 2,118                           | (892)          | 1,226        | 12,619                          | 0                          | 12,619          | 0                  | 0%                 |
| Community,Protection & Enforcement Services     | 640                     | (380)          | 260           | 710                                     | (380)           | 330           | 816                             | (721)          | 95           | 1,276                           | 250                        | 1,526           | 0                  | 0%                 |
| Libraries, Arts & Heritage                      | 367                     | (295)          | 72            | 367                                     | (295)           | 72            | 468                             | (147)          | 321          | 835                             | 0                          | 835             | 0                  | 0%                 |
| <b>Total Operations &amp; Customer Services</b> | <b>10,959</b>           | <b>(4,138)</b> | <b>6,821</b>  | <b>12,062</b>                           | <b>(4,534)</b>  | <b>7,528</b>  | <b>4,302</b>                    | <b>(1,902)</b> | <b>2,400</b> | <b>16,114</b>                   | <b>250</b>                 | <b>16,364</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                  |                    |
| Adult Social Care                               | 41                      | 0              | 41            | 41                                      | 0               | 41            | 219                             | (185)          | 34           | 260                             | 0                          | 260             | 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           | 4,125                                   | (3,714)         | 411           | 2,191                           | (2,192)        | (1)          | 6,316                           | 0                          | 6,316           | 0                  | 0%                 |
| Schools – Devolved Capital                      | 250                     | (250)          | 0             | 939                                     | (939)           | 0             | 1,088                           | (1,085)        | 3            | 2,027                           | 0                          | 2,027           | 0                  | 0%                 |
| <b>Total Adult, Children &amp; Health</b>       | <b>4,841</b>            | <b>(4,440)</b> | <b>401</b>    | <b>5,194</b>                            | <b>(4,742)</b>  | <b>452</b>    | <b>6,200</b>                    | <b>(5,712)</b> | <b>488</b>   | <b>11,394</b>                   | <b>0</b>                   | <b>11,394</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>27,095</b>                           | <b>(10,097)</b> | <b>16,998</b> | <b>17,258</b>                   | <b>(9,189)</b> | <b>8,069</b> | <b>44,103</b>                   | <b>250</b>                 | <b>44,353</b>   | <b>0</b>           | <b>0</b>           |

|                                       |                |                 |                 |
|---------------------------------------|----------------|-----------------|-----------------|
|                                       | (£'000)        | (£'000)         | (£'000)         |
| <b>Portfolio Total</b>                | <b>23,968</b>  | <b>44,353</b>   | <b>44,103</b>   |
| <b>External Funding</b>               |                |                 |                 |
| Government Grants                     | (7,890)        | (12,432)        | (12,182)        |
| Developers' Contributions             | (933)          | (5,714)         | (5,714)         |
| Other Contributions                   | (160)          | (1,140)         | (1,140)         |
| <b>Total External Funding Sources</b> | <b>(8,983)</b> | <b>(19,286)</b> | <b>(19,036)</b> |
| <b>Total Corporate Funding</b>        | <b>14,985</b>  | <b>25,067</b>   | <b>25,067</b>   |

**Capital Monitoring Report - September 2016-17**

At 30 September 2016, the approved estimate stood at £44.353m

|                           | <b>Exp</b> | <b>Inc</b> | <b>Net</b> |
|---------------------------|------------|------------|------------|
|                           | £'000      | £'000      | £'000      |
| Approved Estimate         | 44,353     | (19,286)   | 25,067     |
| Variances identified      | 0          | 0          | 0          |
| Slippage to 2016/17       | (250)      | 250        | 0          |
| Projected Outturn 2015/16 | 44,103     | (19,036)   | 25,067     |

**Overall Projected Expenditure and Slippage**

Projected outturn for the financial year is £44.103m

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>                |

Slippage is reported as follows

|      |                           |              |            |   |
|------|---------------------------|--------------|------------|---|
| CT52 | Disabled Facilities Grant | (250)        | 250        | 0 Current waiting lists within adult social care have resulted in a decrease in disabled facility grants applications being assessed and approved. Staff are expected to be sought to resolve backlog |
|      |                           | <u>(250)</u> | <u>250</u> | <u>0</u>  |

**Overall Programme Status**

The project statistics show the following position:

| <b>Scheme progress</b>   | <b>No.</b> | <b>%</b>    |
|--|------------|-------------|
| Yet to Start   | 98         | 18%         |
| In Progress  | 304        | 57%         |
| Completed  | 104        | 20%         |
| Ongoing Programmes e.g.. Disabled Facilities Grant                 | 25         | 5%          |
| Devolved Formula Capital Grant schemes budgets devolved to schools | 1          | 0%          |
| <b>Total Schemes</b>   | <u>532</u> | <u>100%</u> |

| <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   |                     |
| Forest Bridge Contingency (CMT June 2016)   | -100  |                     |
| Dynamic Purchasing System (March Cabinet)   | -4    |                     |
|   |       | 455                 |
|   |       | <u><b>1,104</b></u> |



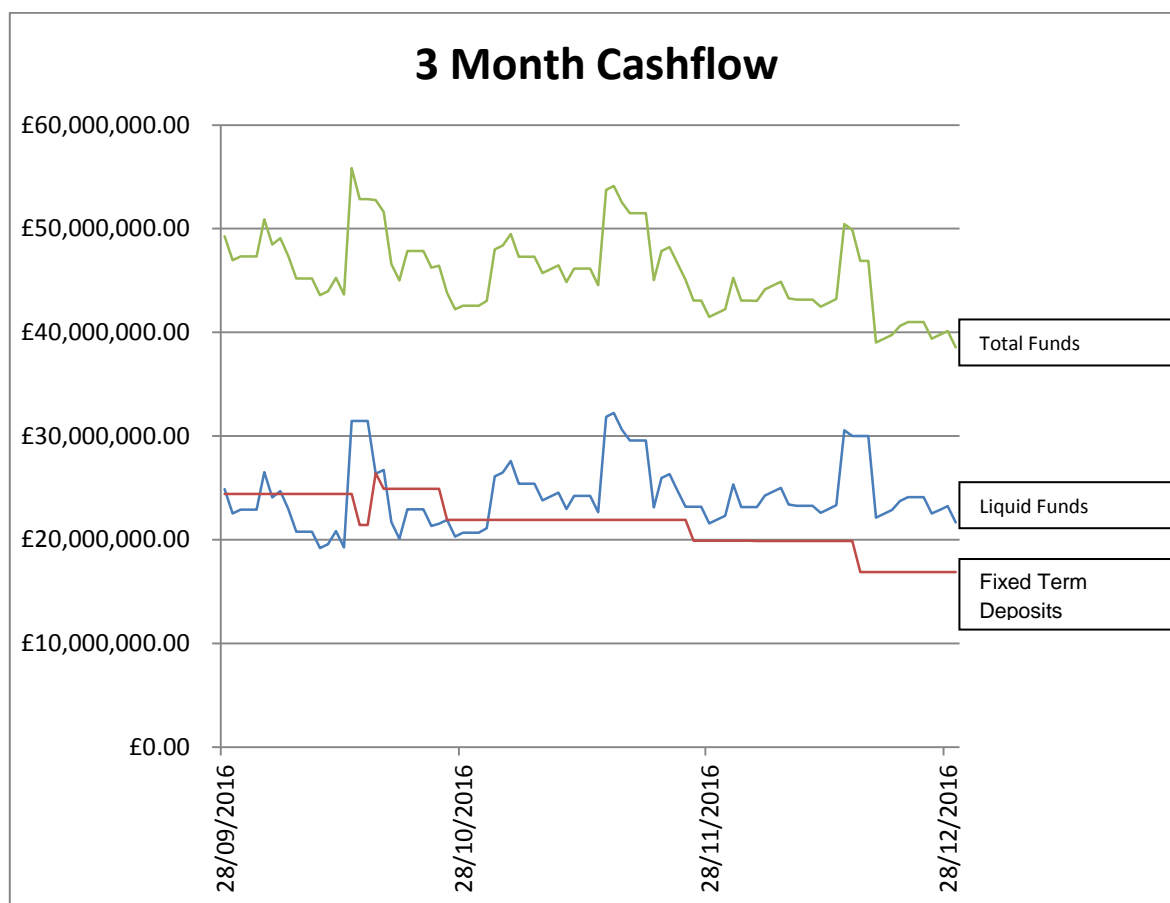
## Budget Movement Statement 2016-17

|    |  | Funded by<br>Development<br>Fund (1) | Funded by the<br>General Fund<br>(2) | Funded by<br>Provision (3) | Included in<br>the original<br>budget (4) | Total         | Approval      |
|----|--|--------------------------------------|--------------------------------------|----------------------------|---|---------------|---------------|
|    |  | £'000                                | £'000                                | £'000                      | £'000                                     | £'000         |               |
|    | <b>Original Budget</b>                                 |                                      |                                      |                            |   | <b>81,652</b> |               |
| 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  |
| 22 | Redundancy cost  |                                      |                                      | 18                         |   | 18            | Cabinet May   |
|    | <b>Changes Approved</b>                                | <b>678</b>                           | <b>264</b>                           | <b>304</b>                 | <b>193</b>                                | <b>1,439</b>  |               |
|    | <b>Approved Estimate September Cabinet</b>             |                                      |                                      |                            |   | <b>83,091</b> |               |

## NOTES

- When additional budget is approved, a funding source is agreed with the Lead Member of Finance. Transactions in column 1 have been funded from a usable reserve (Development Fund).
- If additional budget is approved but no funding is specified, the transaction would, by default, be funded from the General Fund Reserve. Transactions in column 2 are funded by the General Fund.
- A provision for future redundancy costs is created every year and this is used to fund additional budget in services for the costs of redundancy they incur during the year. Transactions in column 3 are redundancy costs funded by the provision for redundancy.
- Transactions in column 4 are amounts approved in the annual budget which for various reasons need to be allocated to service budgets in-year. An example would be the pay reward budget. Pay reward payments are not approved until June. The budget therefore has to be re-allocated.





#### 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.



## **The Royal Borough of Windsor and Maidenhead – Efficiency Plan**

As part of the local government financial settlement for 2016/17 the Secretary of State for Communities and Local Government offered an opportunity for a four year financial settlement. With a view to enable an easier transition to a more self-sufficient local government. The suggestion being that councils should also use their multi-year settlements to strengthen financial management and efficiency, by maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents.

The Government's offer is a guaranteed minimum grant envelope paid to councils for a four year period from April 2016. There is a risk that not accepting the offer may result in a less favourable settlement than currently outlined and at least the council will be subject to a continuation of the annual settlement process. Acceptance of the offer must be accompanied by an efficiency plan, this document is that plan.

The Royal Borough of Windsor and Maidenhead is an organisation focused on investing in its communities. It aims to be a great place to live, work, play and do business, supported by a modern, dynamic and successful Council.

The Royal Borough's ambition is to continue to deliver high quality services against a diminishing financial envelope by seeking new and innovative outcome-based delivery models which promote partnership, growth and sustainability.

The Council's efficiency plan brings together key existing information that has been published previously to explain the Council's approach to achieving a balanced budget over the period of the four year settlement. This efficiency plan identifies the necessary savings and transformational projects that will be implemented to deliver a sustainable outcome for the residents of the Royal Borough of Windsor and Maidenhead. The plan demonstrates that there is a robust and manageable methodology to produce balanced budgets over the medium term.

### **Corporate Strategy**

The Royal Borough of Windsor and Maidenhead adopted a four year corporate strategy in 2016 around four themes: Residents First, Value for Money, Delivering Together and equipping ourselves for the Future. Within each of these themes the council set out a number of its aims, ambitions and expected outcomes from each of its core areas of business. The document acknowledges the constrained nature of local government finances but sets out a four year programme to transform the way we work across all levels of the council. It recognises the need to save money, but sets out to do that while still improving how we work with our partners and making our residents even more satisfied with the services we provide on their behalf.

Link to the document is here:

[https://www3.rbwm.gov.uk/downloads/file/2315/2016-2020 - corporate\\_strategy](https://www3.rbwm.gov.uk/downloads/file/2315/2016-2020 - corporate_strategy)

The council recognised some time ago that in order to meet the growing demands of its residents, businesses and visitors Maidenhead town centre needed significant improvements. It took the first step in 2009 to fast track an Area Action Plan (AAP) for the town centre, to consult on and create a

framework for new development, movement and design within the centre. The adopted AAP (2011) has a strong, ambitious vision for Maidenhead town centre and sets out six opportunity areas. Nearly £1 billion of investment is expected in the town centre over the next 10 years with an ambitious regeneration plan including 4,000 new homes in and around central Maidenhead, 100,000m<sup>2</sup> of quality office space, attractive street and spaces, improved parking and transport interchange as well as an enhanced leisure and cultural offer for the town.

### **Medium Term Financial Strategy**

The budget confirms the administration's ongoing commitment to deliver quality services that provides for all residents and especially those who are most vulnerable.

The budget ensures that the burden of locally set tax remains at a minimum for residents. As the borough has seen a significant demographic growth of older people over the last two years, which is expected to continue into the foreseeable future, it was sensible to implement the 2% 'Adult Social Care precept'. This will ensure that the increasing numbers of older people, in the borough, are supported to live independently for as long as possible through quality adult social care services. The Council is committed to supporting RBWM residents in their old age and this precept will help us deliver the high quality services our residents deserve and desire.

Over the last seven years, reductions in council tax have been possible through securing efficiencies. The budget proposals for 2016/17 included £5.726m of savings. Further savings totalling £14.4m will be possible during 2017/18 to 2019/20 through building on our transformation programme and continuing to deliver services differently and capitalising on the opportunities for economic growth across the borough, whether in housing or business. It is clear the borough has a healthy future and the budget represents our commitment to invest wisely to further grow the economy for our residents benefit.

The capital programme in 2016/17 provided for increased corporate investment of £14.99m and whilst no external borrowing is envisaged in the short term this has increased the council's capital financing requirement by £10m. The Council has extensive land holdings and will optimise those for the benefit of the finances of the council and to further invest in services for residents

The Medium Term Financial Plan sets out the continuing financial challenges that the Borough faces over the next four years, it also shows the commitment to the building of much needed new homes.

Whilst few authorities receive less financial support per capita than the Royal Borough it remains, nevertheless, an important source of funding. In 2015/16 grant from RSG, Business Rate Support, New Homes Bonus and Council Tax Reward totalled £27.9m. As the Government continues its response to the national fiscal deficit the Council has seen income from these grants fall to £ 24.5m in 2016/17 a reduction of 12.2%, by 2019/20 these grants will fall to £ 14m, a 49.8% reduction over the four year settlement period.

However, the council will manage these reductions, moving forward, through building on our transformation programme and continuing to deliver services differently and capitalising on the opportunities for economic growth across the borough. We will build our local tax base by building the homes that residents want and need locally.

Link to the document is here:

[https://www3.rbwm.gov.uk/download/downloads/id/2368/2016-2017 - budget\\_book.pdf](https://www3.rbwm.gov.uk/download/downloads/id/2368/2016-2017 - budget_book.pdf)

### Budget Summary

|   | 2016/17       | 2017/18       | 2018/19       | 2019/20       |
|---|---------------|---------------|---------------|---------------|
|   | £'000         | £'000         | £'000         | £'000         |
| <b>Adult, Children's &amp; Health</b>     | 59,523        | 58,958        | 58,874        | 57,728        |
| <b>Operations &amp; Customer Services</b> | 22,119        | 20,199        | 18,315        | 17,392        |
| <b>Corporate &amp; Community Services</b> | 5,736         | 4,876         | 3,961         | 3,169         |
| <b>Other</b>                              | 500           | 750           | 999           | 1,249         |
| <b>Savings</b>                            | (5,726)       | (5,306)       | (5,372)       | (3,917)       |
| <b>Total Budget</b>                       | <b>82,152</b> | <b>79,477</b> | <b>76,577</b> | <b>75,621</b> |

The Council is committed to being a low council tax authority this is borne out with the Council's equivalent band D for a unitary council (£906) the lowest in the country and over £186 lower than its nearest authority.

### Reduction in Government funding

| Support                                 | 2016/17        | 2017/18        | 2018/19        | 2019/20      |
|---|----------------|----------------|----------------|--------------|
|   | £'000          | £'000          | £'000          | £'000        |
| <b>Revenue Support Grant</b>            | (7,620)        | (3,220)        | (0.550)        | 0            |
| <b>Transitional Grant</b>               | (1,280)        | (1,260)        | 0              | 0            |
| <b>Business Rate Tariff adjustment*</b> | 0              | 0              | 0              | 2.200        |
| <b>Total funding</b>                    | <b>(8,900)</b> | <b>(4,480)</b> | <b>(0.550)</b> | <b>2.200</b> |

\*Reductions in Government Funding are traditionally applied to the Revenue Support Grant but as this will cease to exist in 2019/20 we are required to pay an increased tariff to DCLG. This will be funded by Business Rates.

### Transformation Programme

The transformation programme is designed to respond to the changing face and funding structure of local government and enable the Royal Borough to become a change ready and 'Agile' organisation. The programme is ambitious; it seeks substantial and sustainable change to cope with the increasing demands on local government but also seeks to meet the changing needs of residents, within tightening financial constraints, without compromising the quality of our services.

Successful implementation of the strategy will result in new operating models for our services, delivered by employees who are skilled and confident; able to respond positively to challenges and act to maximise opportunities, who will ensure we continue to utilise the right tools and technologies to provide quality services to residents.

Link to the document is here:

[http://rbwm.moderngov.co.uk/documents/s5118/meetings\\_160331\\_cab\\_transformation\\_full.pdf](http://rbwm.moderngov.co.uk/documents/s5118/meetings_160331_cab_transformation_full.pdf)

### **Delivering Children's Services Differently**

The report sets out a recommendation to transfer children's services and services for young adults with a learning disability up to 25 years of age, to Achieving for Children. Achieving for Children is a community interest company delivering all children's services functions across the London Boroughs of Richmond upon Thames and Kingston upon Thames. The fundamental issue underpinning the transfer is that the services residents currently receive will remain local, accessible and of high quality. Other services are now considering options for delivering differently.

Link to the document is here:

[http://rbwm.moderngov.co.uk/documents/s9134/meetings\\_160929\\_cab\\_DCSD\\_full\\_parti.pdf](http://rbwm.moderngov.co.uk/documents/s9134/meetings_160929_cab_DCSD_full_parti.pdf)

### **Regeneration Programme**

The report provides an update on the work to regenerate Maidenhead, making it a town for everyone which is an even more attractive place to live, work and spend leisure time. It sets out the overall vision, the likely outcomes, and how the quality of life of residents will be improved. It provides an update on what we will achieve, how we will achieve it and when it will be delivered.

Link to the document is here:

[http://rbwm.moderngov.co.uk/documents/s8027/meetings\\_160810\\_council\\_regen.pdf](http://rbwm.moderngov.co.uk/documents/s8027/meetings_160810_council_regen.pdf)

### **Conclusion**

The Council welcomes the stability of a four year settlement and in doing so recognises the significant financial pressure the Royal Borough is under, but believes it is well-placed to meet this challenge.

Signed: Leader of the Council

Signed: Lead member for Finance