

Report for: INFORMATION



<b>Contains Confidential or Exempt Information</b>	Main paper - Part I, Appendices G part II (Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)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>	24 November 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 £430,000 underspend on the General Fund which is an improvement of £298,000 from the October financial monitoring report. This is due to a net increase in the underspend forecast in service budgets, details of which are included in section 4.
2. The Council remains in a strong financial position, with the Council's combined General Fund Reserves of £6,390,000 in excess of the £5,270,000 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.	24 November 2016

## 1. Details of Recommendations

**RECOMMENDED: That Cabinet:**

i) **Notes the Council's projected outturn position.**

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

2.1 As this is a monitoring report decisions are normally not necessary but may be required.

## 3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date delivered
General Fund Reserves Achieved	Below £5,000,000	£5,000,000 to £5,490,000	£5,490,000 to £6,000,000	Above £6,000,000	31 May 2017

3.1 The General Fund Reserve is £5,286,000 and the balance on the Development Fund is £1,104,000, see appendix D for a breakdown of the balance on the Development Fund. The combined reserves are £6,390,000. The 2016-17 budget report recommended a minimal reserve level of £5,270,000 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 £57,469,000 against a controllable net budget of £57,311,000, an overspend of £158,000. This is a decrease of £154,000 on the overspend reported to Cabinet in October.

The most significant changes since October cabinet are:

- A reduction of £82,000 in the projected overspend in the placement budget for children in care, this reflects the net impact of a number of recent placement changes.
- A reduction of £44,000 in the forecast overspend in the MASH due to continued success in appointing staff and therefore reducing the requirement for agency staff.
- A reduction of £55,000 in the forecast cost of the deprivation of liberty and safeguarding function following a review of the number and cost of the caseload for the remainder of the year.
- A reduction of £50,000 in the forecast underspend in the net cost of delivering domiciliary care services to older people.

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

- A projected overspend of £343,000 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 budget for supporting residents into temporary accommodation is projecting an overspend of £470,000; this is due to the housing benefit subsidy loss and the benefit cap which will be introduced from November this year.
- Pressures in the provision of services to those with a learning disability and mental health problems - projected overspend of £384,000, this is £32,000 lower than the overspend forecast last month. 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.
- An underspend of £619,000 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.

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 both be decided against the council is estimated at £165,000, and the maximum saving if both cases were settled in favour of the council is estimated at £558,000 this year.

- 4.2. The Strategic Director of **Corporate and Community Services** reports a projected underspend for 2016-17 of £28,000 on the net budget of £4,195,000, in line with last month's projected underspend of £32,000.

Key change is the recognition of increased planning application income, partially offset by higher legal and staff costs.

The underspend reductions reported in Performance, Democratic Services and Finance reflect accounting transfers to a centrally held managed vacancy saving.

- 4.3. The Strategic Director of **Operations and Customer Services** reports a further improved projected underspend of £555,000 on the directorate 2016-17 approved budget of £21,686,000, £148,000 up on figure reported to Cabinet in October.

This achievement is based on significant performance improvements in key areas of the directorate.

In CPES, Parking services report £180,000 underspend from strong activity in town centre car parks and from parking enforcement. Waste services expect to be under budget £250,000 from high recycling and garden waste tonnages, with associated income increases. Various under and over spends across the service combine with these to give service total of £370,000.

In Customer Services, Facilities management are reporting net pressure of £40,000 from staffing issues.

In Highways and Transport, increased costs are reported from clearing up of asbestos and other fly tipping, approx. £140,000 for full year. The Lead member has approved an action plan to address this issue and recover some of these costs. Overall service overspend of £75,000, as mitigated by efficiencies vacancy savings and extra streetworks-based income,

In ICT, the underspend has improved to £250,000 from early delivery of 2017/18 restructure savings.

Libraries have an estimated £50,000 pressure from emergency repairs to Maidenhead library.

#### 4.4. Revenue budget movements this month:

<b>Service expenditure budget reported to October Cabinet</b>	<b>£83,091,000</b>
Redundancy costs funded by provision	£101,000
<b>Service expenditure budget this month</b>	<b>£83,192,000</b>

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. This month we are forecasting cashflows over 12 months rather than 3 months as in recent Finance Updates. This allows Members to see the effect of the downward trend of our balances particularly at the year end when LEP expenditure and low levels of council tax and business rates may require us to take out a short term loan. Further borrowing may be required later in the year as balances continue to fall. The precise timing of any decision to borrow is managed through the daily treasury management carried out by the Finance team. Borrowing limits are approved by Council in the annual budget report.

#### 4.6. Liabilities

A part II list of liabilities has been included in Appendix G to this report.

#### 4.7. Capital Programme

The approved 2016-17 capital estimate is £45,987,000; the projected outturn for the financial year is £41,538,000. The capital outturn in 2015-16 was £27,421,000. See appendices B and C for further details.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
<b>Approved estimate</b>	£45,987,000	(£19,354,000)	£26,633,000
Variances identified	(£647,000)	£649,000	£2,000
Slippage to 2017-18	(£3,802,000)	£0	(£3,802,000)
<b>Projected Outturn 2016-17</b>	£41,538,000	(£18,705,000)	£22,833,000

#### Overall capital programme status

	<b>Report to November 2016 Cabinet</b>
<b>Number of schemes in programme</b>	<b>532</b>
Yet to Start	17%
In Progress	56%
Completed	22%
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 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)

<b>Name of consultee</b>	<b>Post held and Department</b>	<b>Date sent</b>	<b>Date received</b>	<b>See comments in paragraph:</b>
<b>Internal</b>				
Cllr Saunders	Lead Member for Finance	24/10/2016		
Cllr Rankin	Deputy Lead Member for Finance	24/10/2016		
Alison Alexander	Managing Director	24/10/2016		
Corporate Management Team (CMT)	Strategic Directors	24/10/2016		
<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