

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 18 December 2008

Member Reporting: Councillor Hilton

Contact Officer(s): Andrew Brooker, Head of Finance, x6341

Wards affected: All

1. SUMMARY

- 1.1 This service monitoring report provides a monthly update on service delivery with emphasis on the impact on the council's financial position.
- 1.2 Services are currently projecting expenditure £323k (last month: £557k) more than the approved estimate of £86,022k (last month: £85,949k). Balances at year end are projected to be £5.441M (last month £5.280m).
- 1.3 The approved capital programme has increased by £58k since last month to £37.531m, which is funded by grants and contributions. Variances are -£376k (last month -£434k). Slippage has increased to £4.545m (last month: £2.665m).

2. RECOMMENDATION: That:

- i) **The provisional revenue and capital outturn figures be noted.**
- ii) **The capital programme variances and slippage identified in Appendix C be approved.**
- iii) **That Directors work with Lead Members to develop proposals to contain expenditure within current budget limits.**

What will be different for residents as a result of this decision?

The Council is responsible for ensuring that it has put in place the proper arrangements to secure economy, efficiency and effectiveness in its use of resources. If the management of services and their budgets are not regularly reviewed, any and all services for residents could be adversely affected and Council Tax levels may be affected.

3. SUPPORTING INFORMATION

3.1 Background

3.2 As at 30 November 2008, total service expenditure for 2008/9 is expected to be £86,345k (down £161k from last month's £86,506k).

3.3 Summaries of the Council's provisional outturn Revenue and Capital financial reports are contained in Appendices A and B respectively. The revenue report includes income and expenditure statements together with a short Directorate report drawing members' attention to key activities affecting the current and future years.

3.4 The Director of Learning & Care reports that its 2008-9 costs are projected to be overspent by £124k (down £259k from last month) on its approved estimate of £48,457k (last month's approved estimate was £48,409k).

Children's Services are expected to be overspent by £483k, an increase of £32k on last month. Home to school transport costs have increased as a travel operator's contract has been extended to cover an additional route.

Adult Social Care is expecting to underspend by £279k (down £291k from an expected overspend last month of £12k). It is anticipated that the Concessionary Fares scheme will underspend by £200k. Income has increased and spot placement expenditure decreased on elderly and physical disability residential and nursing care.

The approved estimate has been increased by £50k to cover the cost of pension enhancements charged to the in-house homecare budget.

3.5 The Director of Community Services reports a variance of £105k (same as last month) from the approved estimate of £22.810m (last month £22,785k).

Building Control and Planning incomes are lower (£30k), offset by some additional Building Control staff savings (-£10k). Expected loss of rental income on a void property (£45k) has been offset by a potential saving on the delays to a Fire, Health & Safety works project (-£65k).

The Public Protection & Sustainability approved estimate has increased by £25k after Cabinet approved a contribution to the 2M Group costs for a judicial review into BAA's plans to build an additional runway at Heathrow.

3.6 The Chief Executive reports that Corporate Services expenditure is expected to be £94k higher (last month: £69k higher) than the approved estimate of £14,755k (same as last month).

Projected income levels for the Guildhall have been reduced by £25k. The Guildhall was closed for eight weeks during May and June for repairs, but subsequent income has not compensated for the loss.

The decline in income from Local Land Charges has flattened off slightly since last month, but the impact of the downturn in the housing market continues to be monitored closely.

4. CHANGES TO VALUE-ADDED TAX STANDARD RATE

The Cabinet meeting on 27th November considered the Chancellor of the Exchequer's announcement on 24th November that the rate of VAT would fall to 15% with effect from 1st December 2008.

Cabinet agreed to implement the changes in VAT rates as soon as possible and that authority be delegated to the Head of Finance, in consultation with the Lead Member for Finance and the Chief Executive, to amend the published Fees and Charges where appropriate. There is a separate report on the impact of the VAT changes.

5. OVERALL POSITION

Appendix A summarises the projected outturn position and shows projected year-end reserves to have increased by £161k to £5.441m from the previous month. This is made up of £73k supplementary estimates, referred to above, and a reduction in variances of £234k.

6. CAPITAL

6.1 Overall Gross Expenditure Budget

Total capital expenditure for 2008/09 is expected to be £32.610m, which is £4.921m below the approved budget. This is made up of £376k variances and £4.545m slippage and is summarised as follows:-

	Exp £'000	Inc £'000	Net £'000
Approved Budget October 2008	37,531	-24,357	13,174
Variances identified	-376	60	-316
Slippage to 2009/10	-4,545	2,318	-2,227
Projected capital programme 2008/2009	32,610	-21,979	10,631

6.2 Approved Capital Budget Changes

The £58k increase in the capital budget is because of S106 claims for Larchfield School (£15k) and Holyport Primary School (£16k), an accounting adjustment for Oak Lodge Day Centre (£16k) and a Travel Plan Grant for Alwyn & Ellington Primary Schools (£11k).

6.3 Projected Variances and Slippage

Community Services report that in comparison to the approved budget, there will be a net under spend of £392k (last month £450k). Learning and Care reports the same expected overspend of £16k as per last month.

The main changes are from Traffic Management Schemes (+£67k), Transport Assessment for Sites (+£35k) and Construction of New Footways (-£48k. See appendix C for further details.

Slippage has increased by £1.880m since last month to £4.545m. The most significant projects to have slipped are the Quality & Access Programme for Early Year (£550k), Children’s Centre Phase 3 (£300k), Council Building Rewiring/Re-Cabling (£250k), Guildhall and Theatre Royal (£179k), Office Accomodation (£157k), Customer Service Centre software (£150k), Modernisation of School Dining Facilities (£100k) and Town Hall Replacement Heating Piperwork (£100k). Full details are in appendixC.

Overall Programme Status

The project statistics show the following position:

Number of Schemes in Programme	466
Yet to Start	8%
In Progress	52%
(Of which Ongoing Annual Programmes e.g.. Disabled Facilities Grant)	6%
Completed	26%
Devolved Formula Capital Grant schemes (Data not available on budgets devolved to schools)	14%

7. OPTIONS AVAILABLE AND RISK ASSESSMENT

7.1 Options

	Option	Comments	Financial Implications
1.	Accept the report	Directors have a responsibility for managing their Services within the Budget approved by Council. Cabinet has limited power to vary those budgets within the overall budget and policy framework or to re-define the priorities agreed when the budget was approved. Cabinet does however have responsibility for considering the impact on future year’s budgets of the decisions taken.	Revenue Capital
2.	Reject the report	This is not an option as The Local Government Act 2003 requires the Royal Borough to monitor its financial position	Revenue Capital

7.2 Risk assessment

Risk assessments are carried out as a matter of course for the delivery of individual

services. The main Financial risks are included on the Council's Risk Register . paragraphs 3.8 to 3.15 discuss the risks associated with the current economic downturn.

The Councils Financial Strategy outlines the measures available to it in the event of a series of events that lead to significant projected budget variances being reported.

8. CONSULTATIONS CARRIED OUT

No specific consultation is carried out as this is a regular monitoring report

9. COMMENTS FROM THE OVERVIEW AND SCRUTINY PANEL

Relevant components of this report will be considered by each of the four scrutiny panels as part of their next round of meetings.

IMPLICATIONS

10. The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	N/A	N/A	N/A	N/A

Background Papers: Cabinet 24 July 2008 – Monitoring report.