

## REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 22 January 2009

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 of £86,385k (up £40k since last month's £86,345k). The approved estimate is £86,021k (down £1k from last month's £86,022k). The expected overspend is therefore £364k (last month: £323k). See sections 3 and 4 for more details.
- 1.3 General balances at year-end are projected to be £5.818m (last month £5.441m) – see section 5 for more details.
- 1.4 The approved capital programme has increased by £82k since last month to £37.613m, which is funded by grants and contributions. Variances are -£432k (last month -£376k). Slippage has increased to £4.622m (last month: £4.545m). See section 6 for more details.

### 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 From 8<sup>th</sup> December 2008, the Council moved to a new four directorate structure. The format of the service monitoring reports will be kept the same for the remainder of 2008-9. All services will continue to be monitored carefully.

3.3 As at 31 December 2008, total service expenditure for 2008/9 is expected to be £86,385k (up £40k from last month's £86,345k).

3.4 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.

3.5 The Director of Learning & Care reports that its 2008-9 costs are projected to be overspent by £154k (up £30k from last month) on its approved estimate of £48,506k (last month's approved estimate was £48,457k).

Children's Services are expected to be overspent by £428k, a decrease of £55k on last month. The main change from last month is a reduction in the forecast cost of disbursements of childcare lawyers – a joint arrangement run by Reading Borough Council.

Adult Social Care is expecting to underspend by £219k (down £60k from an expected underspend last month of £279k). There has been an increase in the number of higher need service users within external homecare and use of spot providers to meet demand (+£48k), an increase in the number of older persons' residential and nursing care spot placements (+£16k) and a revision to physical disability residential placement costs (-£4k).

Homelessness expenditure is expected to increase by £25k because of increased demand for temporary accommodation from larger families and provision for bad debts on an increasing number of interest-free loans.

The approved estimate has been increased by £49k after a transfer of a £17k Young Persons Substance Misuse grant from DCSF to area based grants (held centrally), and a supplementary estimate to cover enhanced redundancy costs within Children's Services.

3.6 The Director of Community Services reports a variance of £75k (down £30k from last month) from the approved estimate of £22,810k (same as last month).

Streetcare income has increased by £30k from a large commercial hording licence.

3.7 The Chief Executive reports that Corporate Services expenditure is expected to be £135k higher (last month: £94k higher) than the approved estimate of £14,705k (£50k lower than last month).

The underspend of £50k on supplementary pension costs within corporate human resources first reported to Cabinet in August 2008 has been changed to £nil, with a corresponding reduction to the approved estimate figure.

An underspend of £24k has arisen within the Chief Executive's budget due to a staff vacancy. There is an overspend within the Youth Offending Team of £15k on externally-provided anger management classes after the closure of Norfolk House.

#### 4. INTEREST ON BALANCES AND CAPITAL FINANCING

The Head of Finance continues to review the interest earned on balances. Whilst the current markets are returning lower interest rates, the Royal Borough has entered into some longer term investments which together with higher than expected in-year balances are generating higher than expected returns. As a result, interest on balances is now expected to increase by £1,100k in 2008/9 (up £400k from £700k as reported to September 2008 Cabinet).

#### 5. OVERALL POSITION

Appendix A summarises the projected outturn position and shows projected year-end reserves to have increased by £377k to £5.818m from the previous month. This is made up of a reduction of £1k in approved estimates, a £17k transfer to Area Based Grants as discussed above, the expected £400k increase in interest earned on balances, and an increase in service variances of £41k.

#### 6. CAPITAL

##### 6.1 Overall Gross Expenditure Budget

Total capital expenditure for 2008/09 is expected to be £32.559m (last month: £32.610m), which is £5.054m below the approved budget. This is made up of £432k variances (£376k) and £4.622m slippage (£4.545m) and is summarised as follows:-

	<b>Exp £'000</b>	<b>Inc £'000</b>	<b>Net £'000</b>
Approved Budget October 2008	37,613	-24,404	13,209
Variances identified	-432	60	-372
Slippage to 2009/10	<u>-4,622</u>	<u>2,395</u>	<u>-2,227</u>
Projected capital programme 2008/2009	<b>32,559</b>	<b>-21,949</b>	<b>10,610</b>

##### 6.2 Approved Capital Budget Changes

The £82k increase in the capital budget is made up of Local Transport Plan adjustments (£46k), s106 funded work at Furze Platt Senior School (£11k), Health and Safety CCTV at car parks (£10k) and £15k demolition works at the Guards Club, following on from the decision at the prioritisation sub-committee meeting in December.

### 6.3 Projected Variances and Slippage

Community Services report that in comparison to the approved budget, there will be a net under spend of £448k (last month £392k). The underspend has increased as the budgets have been approved for the Local Transport Plan (£46k) and the Health & Safety Car Parks CCTV (£10k).

Learning and Care reports the same expected overspend of £16k as per last month.

Additional slippage this month is £77k on Extended School capital. Full details are in Appendix C.

### 6.4 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	14%
(Data not available on budgets devolved to schools)	

## 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 Council's 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.