

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 26 March 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 £86,448k (up £118k since last month's £86,330k). The approved estimate is £86,303k (up £206k from last month's £86,097k). The expected overspend is therefore £145k (last month: £233k). See sections 3 for more details.
- 1.3 General balances at year end are projected to be £4.676m (last month £5.949m) – see section 4 for more details.
- 1.4 The approved capital programme has increased by £1.344m since last month to £27.713m, which is funded by grants and contributions. Variances are £63k, slippage is £2.165m. See section 5 for more details.

2. RECOMMENDATION: That:

- i) The provisional revenue and capital outturn figures be noted.**
- ii) The budget variations contained in section 3.4 be approved.**
- iii) The provision for additional staffing costs of £200k per section 3.8 be approved.**
- iv) The transfer of £1.2m of funds to an “economic contingency reserve” per the budget report to Council on 24th February 2009 be noted.**
- v) The capital programme variances and slippage identified in Appendix C be approved.**

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 28 February 2009, total service expenditure for 2008/9 is expected to be £86,448 (up £118k from last month's £86,330k).

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 Learning & Care reports that its 2008-9 costs are projected to be overspent by £63k (down £35k from last month's £98k) on its approved estimate of £48,714k (an increase of £206k on last month's approved estimate of £48,508k). The budget has increased because of restructure and early retirement costs, and additional area-based grants including one for training on preventing violent extremism.

Children's Services are expected to be overspent by £468k, an increase of £13k on last month. The Home to School Transport has seen further budget pressures as a result of contract changes on a number of routes.

Adult Social Care is expecting to underspend by £400k (up £48k from an expected underspend last month of £352k). The main change is an increase in projected home care income from the PCT for health commissioned clients.

3.5 Community Services reports a variance of £95k (down £15k from last month's £110k) from the approved estimate of £22,810k (same as last month).

Amongst other things, there has been a further fall in car parking income in February mainly due to adverse weather conditions and current market conditions (+£90k). However additional income from Industrial and Commercial Estates (-£65k) and Highway Licensing (-£40k) has assisted budget management.

3.6 The Chief Executive reports that Corporate Services expenditure is expected to be £14,766k, which is £13k lower (last month: £25k higher) than the approved estimate of £14,779k (same as last month).

Whilst there has been an increase in costs in the Customer Service Centre (+£56k) and Democratic Services (+£2k), this has been more than offset by improving income levels in Registrars (-£30k), and reduced costs in Corporate Performance (-£15k), Corporate Management (-£32k) and Finance (-£19k).

3.7 The Council has received provisional notification that it will receive £97k of LABGI monies in 2008-9. In accordance with previous receipts, it is recommended that this money is set aside within capital reserves to help support future developments.

3.8 The Council has received provisional notification that ACAS have recommended an additional 0.3% pay award for 2008-9 for non-teaching staff. This is estimated to cost an additional £200k for which a supplementary estimate is recommended. This will appear in service budgets next month.

3.9 The Head of Finance has re-assessed the level of interest on balances the Council will receive this year. Slippage in the capital programme is largely offset by reductions in the interest rates. However, it is estimated that a further £50k may be received before the year end. The Head of Finance will continue to keep this under review and report any further variations as part of the final accounts process.

4. OVERALL POSITION

Appendix A shows projected year-end reserves to have decreased by £1.273k to £4.676m from the previous month's £5.949m. Of the increase in service budgets of £206k (see 3.4) £182k is paid out of earmarked reserves, the gross council tax requirement has increased after a transfer to Area Based Grants of £13K and £11k has come from general reserves. There has been a reduction in service variances of £88k, an increase of £50k on interest earned on balances, a provision of £200k for additional salary costs and a transfer of £1.2m to an "economic contingency reserve" per the 2009-10 Budget Report to Council on 24th February 2009.

5. CAPITAL

5.1 Capital Budget Movements Since Budget Report

Total capital expenditure for 2008/9 is expected to be £25.611m, which is £2.102m below the approved budget. This is made up of £63k variances, £2.165m slippage and is summarised as follows:-

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Budget February	27,713	-16,463	11,250
Variances identified	63	0	63
Slippage to 2009/10	-2,165	1,459	-706
Projected capital programme 2008/2009	25,611	-15,004	10,607

5.2 Projected Capital Variances and Slippage

Community Services budget now reflects the additional costs (£57k) approved by CMT in consultation with Lead Member, associated with the construction of a salt barn to protect stock of road salt as required by the Environment Agency.

Learning & Care expect a net overspend of £6k relating to final higher costs than anticipated at Maidenhead Nursery and Furze Platt Infants.

Slippage to 28 February is £2.165m. This is made up of £0.988m in Learning & Care, £1.152m in Community Services and £25k in Resources. Further details can be found in Appendix C.

5.3 Overall Programme Status

The project statistics show the following position as at the end of February 2009:

Number of Schemes in Programme	469
Yet to Start	6%
In Progress	46%
(Of which Ongoing Annual Programmes e.g.. Disabled Facilities Grant)	6%
Completed	34%
Devolved Formula Capital Grant schemes (Data not available on budgets devolved to schools)	14%

6. OPTIONS AVAILABLE AND RISK ASSESSMENT

6.1 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

6.2 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.

7. CONSULTATIONS CARRIED OUT

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

8. COMMENTS FROM THE OVERVIEW AND SCRUTINY PANEL

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

IMPLICATIONS

9. 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.