

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 23 July 2009

Member Reporting: Councillor Kellaway

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

Wards affected: All

1. SUMMARY

- 1.1 This report reviews the exceptional movements in the Royal Borough's spending plans. Directors report their relative performance separately and this area will develop further over the forthcoming months.
- 1.2 A mechanism to take known savings into reserves was introduced to help support future years Council Taxes. There are, however, some anticipated additional costs which managers are asked to reduce. The revised end of year General reserves balances are expected to be a healthy £4.6m with a further £0.8m being held in Contingency Reserves.
- 1.3 There has been some slippage of the capital programme into 2010/11 but the remaining schemes remain on target for 2009-10.

2. RECOMMENDATION That:

- i) This month's movements in the revenue budget (-£241k) contained in paragraph 3.2 be approved**
- ii) The provisional revenue and capital outturn figures be noted**
- iii) Directors work with Lead members to develop proposals to contain expenditure within current budget limits**

3. SUPPORTING INFORMATION

What will be different for residents as a result of this decision?
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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.
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3.1 Budget Movements

3.2 There have been a number of budget movements since the 1st April 2009. These are summarised below:

		£'000
	Original Budget	87,081
1	Changes Approved at June Cabinet	449
	Changes Recommended for July Cabinet	
2	Central support costs recovered from schools	(18)
3	Initial fee for Lean review (Funded from the Development Fund)	61
4	Cost of Service review (Employment Panel Feb-09)	41
5	Other	2
	Reductions to support future years Council Tax	
	Reduced contract inflation in respect of:	
6	Home to school transport	(48)
7	Environmental Services	(64)
8	Older person's residential and nursing	(115)
9	Learning disability	(50)
10	Members responsibility allowance no longer required	(50)
	Total changes for July Cabinet	(241)
	New Approved Budget	87,289

3.3 A new process was introduced this month to identify and extract savings that could be used to support future years council tax levels. Where there is a distinct saving the current years budget is reduced and the consequential saving diverted to a separate contingency fund. This month a total of £327k was set aside.

3.4 Where savings are uncertain this is noted on the revenue summary and kept under review for a period of time (typically three months). If, during that time, it is clear that there is indeed a definite saving the agreed sum is extracted to the contingency fund.

3.5 In previous years managers would have utilised any savings that arose in year to support pressures that developed. This new, more transparent, process means that there is greater pressure on the manager to meet the budget target. Managers will, as before, report these pressures and endeavour, with the help of the relevant lead member, seek ways to eliminate the cost pressure. However, it may prove necessary, before the year end, for managers to draft a report which identifies what action has been taken to address the pressure and seek supplementary estimates, funded from the contingency fund, to address any budget shortfall

3.6 The uncertainty behind the 2009/10 pay review has identified an additional £500k that could be extracted from the budgets. Individual service budgets have not been reduced at this stage because of the uncertain nature of this value. However, this sum is reflected in the Contingency Fund.

3.7 Current Estimated Outturn

Directors have reassessed their anticipated spend based on current activity. The Revenue Summary and commentary on the activity under each Directors control is reflected in Appendix A. Over the forthcoming months the Directors commentary will place a greater emphasis on service activity as this drives the Directorates financial standing.

3.8 Children's Services - an increase in the number of looked-after children and those accommodated in residential placements.

Potential cost pressure - £595k.

3.9 Adult Social Care - reduction in income from the sale of beds to non-Borough users is more than offset by delays in implementing Home Care delivery changes.

Potential saving - £60k.

3.10 Environmental Services – reduced income from parking services, possibly due to the recession.

Potential cost pressure - £75k.

3.11 Resources - additional Customer Service Centre to cover an increase in demand, probably due to the recession.

Potential cost pressure - £25k.

3.12 Policy, Performance and Planning (Previously shown as Chief Executive) - Planning income remains lower than expected. Posts held vacant to reduce financial impact.

Potential cost pressure - £50k.

3.13 Non-service costs – Reduced statutory provision required to fund debt repayment (Minimum Revenue Provision) following lower than expected 2008/09 capital spend.

Potential saving - £94k.

4. OVERALL POSITION

After the changes made in paragraph 3 General Reserves are expected to stand at £4.628m with a further £827k transferred to the Contingency Fund. In total the reserves position is therefore £5.455 which compares favourably to the £5.446m reported last month and the £4.618 originally budgeted.

5. CAPITAL

5.1 Capital Budget Movements

The approved 2009-10 capital budget as at 30th June was £55,483k gross which is £862k higher than last month, explained by changes to Holyport Manor (+£341k), low cost housing (+£229k), Agresso support software (£95k), Building Safer Communities (£61k) and Disabled Facilities grants (£42k), community tree planting (£30k), energy savings trust for Marlow Road (£13k) and High Ropes funds (£10k). There are no variances to report.

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Budget June 2009	55,483	-44,187	11,296
Variances identified	0	0	0
Slippage to 2010/11	-1,432	1,432	0
Projected capital programme 2009/2010	54,051	-42,755	11,296

The majority of the £1.432m slippage identified relates to the additional parking scheme for Windsor. After a financial profiling exercise, £1.25m of the programme has been rephrased. The remaining slippage concerns Allen Field improvements (£52k), Fir Tree Walk improvements (£30k) and Kidwells Park phases 2 and 3 (£100k).

5.2 Overall Programme Status

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

Number of Schemes in Programme	484
Yet to Start	12%
In Progress	64%
(Of which Ongoing Annual Programmes 7% e.g. Disabled Facilities Grant)	
Completed	8%
Devolved Formula Capital Grant schemes	16%

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. The removal of budget from Directors reduces their flexibility when cost pressures arise during the year. In mitigation, where manager are unable to contain costs within revised budget provisions they can bid against the contingency pool containing the budget reduction.

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 five 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 28th May 2009 – Monitoring report.