

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 27 August 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.
- 1.3 It is however acknowledged that the recession is having an impact on Car Park revenue and Cabinet is being asked to allocate £100k of the Economic Contingency Reserve, set up for that purpose, to compensate the Environmental Services budget for that loss of revenue.
- 1.4 The revised end of year General reserves balances are expected to be £4.008m with a total of £1.956m being held in Contingency Reserves.
- 1.5 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, £910k, in the revenue budget contained in paragraph 3.2 be approved.**
- ii) **The provisional revenue and capital outturn figures be noted.**
- ii) **It be agreed that £22k of the Area Based Grant be used towards climate change and £10k towards training for teachers, detailed in 3.2.**
- 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 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 up to July Cabinet	<u>208</u>
Changes Recommended for August Cabinet	
2 Pension contribution on redundancy - Education services	78
3 Employment panel decision re. restructure	24
4 New Area-based grant from DSCF for training for teachers (in order for designated teachers to fulfil their responsibilities effectively) *	10
5 LPSA reward money *	255
6 PPG (LAA) money *	537
7 Software for Exchequer Services	19
8 Climate change grant (for implementing the planning policy statement on climate change and undertaking an impact assessment)	22
9 Other	4
Reductions to support future years Council Tax	
10 New home to school transport contracts *	(139)
Allocation from Economic Contingency Reserve	
11 Compensation for loss of Car Park revenue *	100
Total changes for August Cabinet	<u>910</u>
New Service Expenditure Budget	<u>88,199</u>

* Note 4, 5, 6, 10 & 11 are movements in Earmarked Reserves

3.3 A new process was introduced last 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 net total of £39k 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 The latest information on pay awards indicates that a 1% increase is more likely than the 0.5% previously reported. Anticipated savings have therefore been reduced by £110k to 390k. The sum to be transferred to the economic contingency reserve has been reduced accordingly.

3.6 Current Estimated Outturn

Directors have reassessed their anticipated spend based on current activity and costs are expected to be £0.917m greater than the approved estimate. Each Director has summarised their service pressures in Appendix A. However the key pressures and savings arise from:

- Children's Services - Safeguarding Children +£695k. Mainly related to increasing numbers of children in care (reflecting the national trend) and the high cost of agency social workers.
- Adult & Community Services - Adult Social Care -£205k, mainly relating to demographic changes
- Environmental Services. Reduced car parking income, mainly in Maidenhead car parks has been attributed to current economic conditions. An allocation of £100k from the Economic Contingency Reserve has been made accordingly.

4. OVERALL POSITION

General Reserves are expected to stand at £4.008m. Including the contingency reserves, the overall reserves position is therefore £5.964m. This compares favourably with the £4.53m minimum level recommended in the February Budget Report to Council.

5. CAPITAL

5.1 Capital Budget Movements

The approved 2009-10 capital budget as at 30th June was £57,465k gross which is £1,982k higher than last month (£55,483k), explained mainly by LSC funding for Charters £1,791k and S106 funding for Ascot United Football Club £120k.

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Budget July 2009	57,465	-46,171	11,294
Variances identified	(512)	0	(512)
Slippage to 2010/11	(1,602)	1,432	(170)
Projected capital programme 2009/2010	55,351	-44,739	10,612

Appendix C contains the details of the variances reported in July 2009

Additional slippage identified in July 2009 relates to Maidenhead Station Transport Hub (£45k), Maidenhead Environmental Improvements (£65k) and Windsor Dials Conversion to Pay and Display (£60k).

5.2 Overall Programme Status

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

Number of Schemes in Programme	482
Yet to Start	10%
In Progress	67%
(Of which Ongoing Annual Programmes 10% e.g. Disabled Facilities Grant)	
Completed	8%
Devolved Formula Capital Grant schemes	15%

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 four 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.