

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 24 September 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. To date £496k has been transferred. There are, however, some anticipated additional costs which managers are asked to reduce.
- 1.3 Reserves at the year end are anticipated to be £5.99m. General reserves balances are expected to be £4.004m with a total of £1.986m being held in Contingency Reserves. This compares to an original General Reserves budget of £4.62m .
- 1.4 There has been some slippage of the capital programme into 2010/11 but the remaining schemes totalling £55.637m are on target for 2009-10.

2. RECOMMENDATION: That:

- i) **This months movements, £19k, in the revenue budget contained in paragraph 3.2 be approved.**
- ii) **The provisional revenue and capital outturn figures be noted**
- iii) **That Directors work with Lead Members to develop proposals to contain expenditure within current budget limits. Future reports to detail what proposals had been brought forward in terms of addressing the overspend.**

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. SUPPORTING INFORMATION

3.1 OVERALL POSITION

During the year Directors have assisted members by identifying and releasing budget they believe is surplus to service requirement. Previously such surpluses were used by Directors to support overspendings within the whole of their controllable budget. There have also been a number of items, applied across all services that help to limit the current reported service overspend of £872k. The impact is represented as:

	£'000
Surplus budgets transferred to Economic contingency	
Childrens services	187
Adult and community services	165
Environmental services	64
Planning, policy and performance	80
Reduced pay requirement (to 1%)	390
Draw down support to car parks	(100)
	<u>786</u>
The impact on reserves is summarised as:	
	£'000
General Reserves at 01 Apr 2009	5,551
Impact of transfers to contingency	(786)
Potential additional service costs reported Aug-09	(872)
Potential reduction in non-service costs Aug-09	384
Approved service increases	(273)
Potential Reserve balance at 31 Mar-10	<u>4,004</u>

Along with other Council's, the Royal Borough is experiencing the effects of the current recession and this is reflected in the potential service over spend of £872, shown in the summary revenue account. The above statement shows, however, that significant sums are set aside to support the impact of the economic situation. Notwithstanding this, all Directors are making considerable effort to identify cost reductions that will help reduce the overall potential overspending. However, it is likely that Directors will, at some time during the remainder of the year, submit bids, to Cabinet, against the contingency fund to address any unresolved budget deficits.

An end of the year reserves position of £5.99m is anticipated. With £4m contained within General Reserves (compared to a budgeted figure of £4.6m) and, before any economic impact bids, £1.99m in contingency reserves.

3.2 Budget Movements

3.3 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 August Cabinet	<u>1,118</u>
Changes Recommended for September Cabinet	
2 IT Pension & Severance Costs	50
3 Other	(1)
Reductions to support future years Council Tax	
4 Secretarial post - budget grazing	(21)
5 Member services post grade reduction - budget grazing	(9)
Total changes for September Cabinet	<u>19</u>
New Service Expenditure Budget	<u>88,218</u>

* Notes 4 & 5 are movements in Earmarked Reserves

3.4 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 £30k was set aside. To date, £496k has been set aside.

3.5 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.

3.6 Current Estimated Outturn

Directors have reassessed their anticipated spend based on current activity and costs are expected to be £0.872m greater (last month: £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. Total (+)£1,008k. Increased demand has meant anticipated staff vacancies have not occurred. The result of an external review on this position is due next month.
- Adult & Community Services – Learning Disability Care Costs (-)£330k Service demand is not as high as anticipated or as nationally forecast. Ongoing savings of £250k are anticipated. This will transferred to contingency reserves next month if the position remains unchanged.

- Policy, Performance & Planning – Following a restructure of the Corporate Performance & Development Team there is an anticipated savings of £98k. The Chief Executive will confirm next month the amount to transfer to contingency reserves.

4. CAPITAL

4.1 Capital Budget Movements

The approved 2009-10 capital budget as at £57.706m.

	Exp £'000	Inc £'000	Net £'000
Approved Budget August 2009	57,706	(46,412)	11,294
Variances identified	(512)	0	(512)
Slippage to 2010/11	(1,557)	1,432	(125)
Projected capital programme 2009/2010	55,637	(44,980)	10,657

There is no change in the variances to August 2009 compared to last month.

There is no change to slippage since last month, except for the reversal of £45k slippage previously reported to do with Maidenhead Station Transport Hub which will now be spent in the current year.

4.2 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	66%
(Of which Ongoing Annual Programmes 10% e.g. Disabled Facilities Grant)	
Completed	9%
Devolved Formula Capital Grant schemes	15%

5. OPTIONS AVAILABLE AND RISK ASSESSMENT

5.1 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

5.2 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.

6. CONSULTATIONS CARRIED OUT

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

7. 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

8. 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.