

## REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 22 October 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 Royal Borough's current projected pattern of spend against its approved estimate. Appended are the Strategic Directors report on their relative performance.
- 1.2 The main service pressure continues to be the Children's Safeguarding budget which was the subject a report to Cabinet in August. A number of pressures emerging from the economic downturn are addressed in this report notably the allocation of monies from the economic contingency to cover volume pressures in both the CSC and the Housing Benefits team.
- 1.3 The mechanism of "grazing" budgets to take known savings into reserves continues. To date a net £914k has been transferred. There are, however, some anticipated additional costs which managers are asked to reduce.
- 1.4 Reserves at the year-end are anticipated to be £5.796m. General Reserves balances are expected to be £3.682m with a total of £2.114m being held in the Economic Contingency Reserve. This compares with a position at the start of the year of £5.202m in General Reserves (after carry forwards) and £1.2m in the economic contingency.
- 1.5 There has been some slippage of the capital programme into 2010/11 but the remaining schemes totalling £54.158m are on target for 2009-10.

### 2. RECOMMENDATION: That:

- i) **This month's movements, £154k, in the revenue budget contained in paragraph 3.2 be approved.**
- ii) **It be agreed to use £200k of the Economic Contingency Reserve for additional Housing Benefit (and Customer Service Centre) staff, as a result of the economic downturn.**
- iii) **The provisional revenue and capital outturn figures, and approves the slippage of £2.920m detailed in Appendix C be noted.**

**iv) 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 1<sup>st</sup> April 2009. These are summarised below:

	<b>£'000</b>
<b>Original Budget</b>	87,081
<b>1 Changes Approved up to September Cabinet</b>	<u>1,137</u>
2 Building Schools for the future preliminary preparation work (approved by Cabinet)	200
<b>Changes Recommended for September Cabinet</b>	
3 Windsor Fire Service review	75
4 Housing Benefits staffing requirement due to economic downturn	200
5 Magnet Leisure Centre Redundancies	10
6 Other	(3)
<b>Reductions to support future years Council Tax</b>	
7 Underspends in Corporate Performance & Development - Budget Grazing	(78)
8 Underspend in Adult Social Care	(250)
<b>Total changes for October Cabinet</b>	<u>154</u>
<b>New Service Expenditure Budget</b>	<u><b>88,372</b></u>

\* Notes 4, 7 & 8 are movements in Earmarked Reserve

3.3 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 further £328k was set aside. To date, £914k has been set aside this year.

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 Directors have reassessed their anticipated spend based on current activity and costs are expected to be £1.328m greater (last month: £0.872m 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 (+)£1,308k. Increased demand has meant anticipated staff vacancies have not occurred. The result of an external review on this position is due on 26<sup>th</sup> October.
- Adult & Community Services – Learning Disability Care Costs (-)£134k Service demand is not as high as anticipated or as nationally forecast. Ongoing savings of £250k having been transferred to contingency reserves.

#### 4. OVERALL POSITION

General Reserves are expected to stand at £3.682m. Including the contingency reserves, the overall reserves position is therefore £5.796m. This compares to an overall reserves position last month of £5.99m and £6.402m at the start of the year.

#### 5. CAPITAL

##### 5.1 Capital Budget Movements

The approved 2009-10 capital budget as at £57.841m.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
Approved Budget August 2009	57,841	(46,505)	11,336
Variances identified	(763)	297	(466)
Slippage to 2010/11	(2,920)	1867	(1053)
Projected capital programme 2009/2010	<b>54,158</b>	<b>(44,341)</b>	<b>9817</b>

Variances to September are (-)£763k compared to (-)£512k last month.

Slippage has increased from (+)£1,577k last month to (+)£2,920k. Details in Appendix C.

##### 5.2 Overall Programme Status

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

	<b>09-10</b>	<b>08-09</b>
Number of Schemes in Programme	488	445
Yet to Start	10%	8%
In Progress	53%	57%
(Of which Ongoing Annual Programmes 7% e.g. Disabled Facilities Grant)		7%
Completed	22%	22%
Devolved Formula Capital Grant schemes	15%	13%

## 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.