

## REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 26 November 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.
- 1.3 The mechanism of "grazing" budgets to take known savings into reserves continues. To date a net £139k 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 £5.562m. General Reserves balances are expected to be £4.223m with a total of £1.339m 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 £543k slippage of the capital programme into 2010/11 but the remaining schemes totalling £53.809m are on target for 2009-10.

### 2. RECOMMENDATION: That:

- i) This month's movements be approved, £90k, in the revenue budget contained in paragraph 3.2.**
- ii) A transfer of £750k from the Economic Contingency Reserve to the Revenue Account be approved, as detailed in paragraph 4.**
- iii) The provisional revenue and capital outturn figures be noted, and the slippage of £543k as detailed in Appendix C be approved.**
- 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?
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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 Budget Movements

3.2 There have been a number of budget movements since the 1<sup>st</sup> April 2009. A summary of the movements approved up to the last Cabinet meeting, and details of movements recommended for approval at this Cabinet meeting are set out below:

	<b>£'000</b>
<b>Original Budget</b>	87,081
<b>Movements Approved up to Last Cabinet Meeting</b>	<u>1,291</u>
<b>Movements Recommended for Cabinet Approval At This Meeting</b>	
1 VAT offers for Leisure Centres	35
2 Consultancy support to assess project reporting and governance	10
3 Other	1
<b>Allocation from Development Fund</b>	
4 Lean Concept course costs	19
<b>Allocation from Economic Contingency Reserve</b>	
5 Agency staff required to deal with increased workload as a result of economic conditions	25
<b>Total changes for November Cabinet</b>	<u>90</u>
<b>New Service Expenditure Budget</b>	<u><b>88,462</b></u>

\* Notes 5 and 6 are movements in Earmarked Reserve

In addition, the budgets in respect of Facilities and Public Halls are transferred from PPP to Resources to rationalise the location of service provision.

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 no further amounts were set aside. To date, £139k 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 £1.441m greater (last month: £1.328m 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 (+)£1,442k. Additional residential care costs, previously joint funded.
- Adult & Community Services – Learning Disability Care Costs. Total (-)£110k. Housing and Supporting People, “Be Safe at Home” initiative.

3.6 Interest on Balances is showing a further reduction of £50k which follows a continued period of low interest on investments. This is a problem faced by most Local Authorities and the Treasury Management report, considered elsewhere on this agenda, should help reduce these effects.

#### 4. OVERALL POSITION

General Reserves are expected to stand at £4.223m. Including the contingency reserves, the overall reserves position is therefore £5.562m. This compares to an overall reserves position last month of £5.796m and £6.402m at the start of the year.

In recognition of the continued pressure the Safeguarding Children service is having on the revenue account, authorisation is sought to transfer £750k of Economic Contingency Fund budget into the Revenue account to ensure that General Fund revenue balance are kept at levels near to those agreed when the budget was originally set. Notwithstanding this, the Director of Children’s Services is still required to identify ways to contain Safeguarding Children’s costs within the approved budget.

#### 5. CAPITAL

##### 5.1 Capital Budget Movements

The approved 2009-10 capital budget as at £54.991m.

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
Approved Budget October 2009	54,991	(44,598)	10,393
Variances identified	(639)	114	(525)
Slippage to 2010/11	(543)	388	(155)
Projected capital programme 2009/2010	53,809	(44,096)	9,713

Variances to October are (-)£639k compared to (-)£763k last month.

In addition to (+)£2,920k of slippage to 2010-11 approved to date, a further (+)£543k has accrued (details in Appendix C) and authority is sought to slip this to 2010-11 as well.

## 5.2 Overall Programme Status

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

		<b>09-10</b>	<b>08-09</b>
Number of Schemes in Programme		508	460
Yet to Start		9%	8%
In Progress		49%	56%
(Of which Ongoing Annual Programmes e.g. Disabled Facilities Grant)	7%		6%
Completed		27%	22%
Devolved Formula Capital Grant schemes		15%	14%

## 6. OPTIONS AVAILABLE AND RISK ASSESSMENT

### 6.1 Options

	<b>Option</b>	<b>Comments</b>	<b>Financial Implications</b>
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 Council's 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 28<sup>th</sup> May 2009 – Monitoring report.