

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 28 January 2010

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 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.
- 1.3 Additional Funds have been transferred from Reserves (Revenue and Capital) to support those services impacted by recent cold weather. These funds are designed to cover the additional winter maintenance costs and to increase the Highway Maintenance budget within the capital programme.
- 1.4 Reserves at the year-end are anticipated to be £5.418m. General Reserves balances are expected to be £4.079m 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 £604k slippage of the capital programme into 2010/11 but the remaining schemes totalling £53.332m are on target for 2009-10.

2. RECOMMENDATION: That:

- i) **This month's movements, £498k, in the revenue budget contained in paragraph 3.2 be approved.**
- ii) **A supplementary estimate of £100k to cover the additional revenue costs associated with the recent cold weather be approved.**
- iii) **An additional allocation from its capital reserves to fund £75k of Highway maintenance in the current financial year be approved.**
- iv) **Cabinet recommends to Council that an additional £750k be added to the Safeguarding Children's budget to cover some of the additional costs incurred in the current financial year (Recommendation will form part of the Budget 2010/11 Report).**
- v) **Cabinet notes that the Borough is taking the lead role in the administration of the Future Job Funds across Berkshire.**

- vi) The provisional revenue and capital outturn figures, and approves the slippage of £604k as detailed in Appendix C be noted.
- vii) 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 1st 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:

	£'000
Original Budget	87,082
Changes Approved up to December Cabinet	<u>1,418</u>
Changes Recommended for January Cabinet	
Pay Inflation Adjustment 2009/10 (previously approved)	(389)
Safeguarding Children - allocation towards additional costs being incurred	750
Winter Maintenance - additional allocation due to recent cold weather	100
Leisure Centre Redundancies Funding Allocation	2
Severance costs for Developing Connections 09/10 Saving	8
Other	2
Allocation from Development Fund	
Advertising Audit Work	25
Contribution from Economic Contingency Reserve	
Total changes for January Cabinet	<u>498</u>
New Service Expenditure Budget	<u>88,998</u>

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 Each Director has summarised their service pressures in Appendix A. However the key pressure arises from Children’s Services – Safeguarding Children. Total (+)£683k, after the allocation from General Fund Reserves. This is due to additional residential care costs and the current unprecedented demand for foster care placements.
- 3.6 Additional costs have been incurred over recent weeks in a bid to keep the Borough’s roads clear from snow and ice. These costs cover the cost of transport, purchase of salt and grit, and additional staff time (Borough and Contractors). Current estimates suggest this cost will rise to £100k. Additional funds are allocated from Borough Reserves, held for this purpose.
- 3.7 Members are asked to note that the Royal Borough of Windsor and Maidenhead will be the lead accountable body for the Future Jobs Fund (FJF) programme, acting on behalf of the Berkshire Unitary Authorities. The Royal Borough has received a grant of £773,500 from the Department of Work and Pension to create, across Berkshire, 99 jobs for long-term unemployed young people on Jobseeker’s Allowance and 20 jobs for long-term claimants of out of work benefits in Areas of High Unemployment by 30th June 2010.

The Royal Borough will receive £93,600 from this grant to create 16 work placements within the council, with an additional £81,900 to be allocated to BCA and People to Places to create an additional 14-work placement across the Borough. The Royal Borough has also been allocated £170,950 to coordinate the regional contract.

The Grow Our Own team will manage the regional contract. Over the past three years Grow Our Own has been working with key agencies and local partners to improve the employability of local residents by providing a tailored package of support including nationally accredited qualifications and personal development programmes and have returned 437 people to employment.

4. OVERALL POSITION

General Reserves are expected to stand at £4.079m. Including the contingency reserves, the overall reserves position is therefore £5.418m. This compares to an overall reserves position last month of £5.702m and £6.402m at the start of the year.

Appendix A includes the VAT claim ruling by the House of Lords in the Fleming and Conde Nast case which was detailed in last months report. To date we have received £820k and a contribution of £300k has been made to the Development Fund.

	Development Fund	Contingency Reserve
Opening Balance	2,453	1,200
Movements In	300	1,324
Movements Out	-105	-1,185
Closing Balance	2,648	1,339

5. CAPITAL

5.1 Capital Budget Movements

The approved 2009-10 capital budget stands at £54.614m.

	Exp £'000	Inc £'000	Net £'000
Approved Budget November 2009	54,009	(43,887)	10,122
Variances identified	(73)	(24)	(97)
Slippage to 2010/11	(604)	429	(175)
Projected capital programme 2009/2010	53,332	(43,482)	9,850

Variances to December are (-)£73k compared to (-)£476k last month.

A further (+)£604k (£996k last month) of slippage has accrued in December 2009 (details in Appendix C) and authority is sought to slip this to 2010-11.

5.2 Overall Programme Status

The project statistics show the following position as at the end of December 2009. For comparison purposes the figures for December 2008 are also shown:

	09-10	08-09
Number of Schemes in Programme	520	466
Yet to Start	9%	8%
In Progress	39%	52%
(Of which Ongoing Annual Programmes e.g. Disabled Facilities Grant)	(7%)	(6%)
Completed	30%	26%
Devolved Formula Capital Grant schemes	15%	14%

Whilst not reflected in the figures above Cabinet is asked to approve an additional allocation of £75k for the Highway Maintenance programme in order to address the damage to road surfaces caused by recent cold weather.

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	Revenue Capital

	Option	Comments	Financial Implications
		the impact on future year's budgets of the decisions taken.	
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.

MONITORING REPORT FROM DIRECTOR OF CHILDREN'S SERVICES

DATE: 28th January 2009

PURPOSE

To update members on activity within the Children's Services Directorate during the period to December 2009.

BACKGROUND

The Children's Services Directorate budget is projected to incur additional expenditure of £1.719m, largely due to increased safeguarding costs: after the recommended allocation of £750k from Reserves this represents an overspend by £0.969m: details attached. Additional spend of £128k is projected, mainly as a result of a revised assessment of the full year cost of agency social workers.

There has been a net increase in the Children's Services approved estimate of £700k. This is due to the transfer of £750k of the Economic Contingency allocation approved in November now being reflected in the service budget, in addition a £10k budget transfer for the annual contract for the children element of the Paris electronic record keeping system, and a budget reduction of £60k to reflect the 2009/10 pay inflation adjustment which was less than anticipated.

SPECIFIC AREAS FOR ATTENTION

LA funded Children's Services

The high cost of independent foster places remains a factor. At least six potential foster carers are being assessed and trained which will reduce our dependency on the private sector in the medium term.

The current overspend reflects the high cost of agency social workers. In November, Safeguarding Services were carrying 12 vacant social worker full time equivalents (FTEs) out of an establishment of just over 50. The gap was being filled by 17 agency social workers (individuals, not FTEs) in order to provide a safe level of service to children currently in the care of social workers. Each agency worker costs the Borough around £20k more than a directly employed worker. Staff budgets are set with an assumption that over the course of the year there will be a number of unfilled vacancies. Filling vacancies with temporary agency staff therefore makes it difficult to stay within budget. Seven social workers are expected to join the RBWM payroll between December and the end of the financial year, which will help to keep costs down in the future. This follows a recent recruitment drive and a new employment package for children's social workers aimed to encourage the take-up of directly employed posts.

DSG

The DSG projected overspend remains unchanged from last month at £795k.

Safeguarding Children

This report recognises the continued pressure on the Safeguarding Children service. The reasons for the pressure on this service and actions that have been taken to mitigate these are summarised below:

Pressures

- As indicated above it has not been possible to achieve the managed vacancy factor as the Director judged it unsafe to reduce staff at a time when more demand is being put on the Safeguarding Service
- Because the RBWM salary offer to social workers has been less than competitive in recent years, we have become increasingly reliant on temporary agency staff. Each agency social worker costs about £20k per annum more than directly employed staff.

- Because of the increased numbers of children being taken into care, increased payments to internal foster carers have been required
- Because of the increased numbers of children being taken into care we have had to increase our dependency on Independent Fostering Agencies that are more expensive than our own foster carers
- Special guardianship payments have increased. Special guardianships involve placing children at risk of abuse or neglect with friends and wider family. Although the rise was not anticipated at budget planning stage, these placements are on average cheaper than placements with foster carers or in residential institutions.
- Direct payments to service users (mainly families with disabled children) have also increased
- There has also been a rise in expensive residential placements for children with unusually high needs (e.g. severe and complex disabilities, children engaging in significant self-harm).

Mitigation

- The Director commissioned an external report to assess value for money. The report states that the consultant's own company could not provide the service we offer at less cost.
- The Head of Safeguarding has informally and formally benchmarked our activity level with neighbouring LAs in Berkshire and the South of England region. These enquiries suggest that the caseloads of our social workers are relatively high.
- We have directly recruited five new social workers thus reducing our dependency on agency staff.
- We have successfully negotiated a new offer to encourage existing agency social workers to become direct employees. (To date, two staff have taken up the offer, bringing the total of new staff on the payroll to seven as indicated above).
- The Head of Safeguarding is exploring the possibility of using a recruitment agency to find experienced social workers rather rely on agency staff to fill these posts.
- All joint funded placement requests are scrutinised personally by the Director.
- We are implementing the recruitment strategy to engage more foster carers in order to reduce dependency on independent foster carers
- We have considered the feasibility of charging parents whose children are in care (although evidence from elsewhere suggests that this is not cost effective).
- The Director is in consultation with neighbouring directors of children's services about the cost-effectiveness of shared services across Berkshire. Three workstreams are in hand (school improvement, educational psychology and youth) although there does not at present appear to be a coherent business case for a shared safeguarding service.

MONITORING REPORT FROM DIRECTORS OF ADULT AND COMMUNITY SERVICES

DATE: 28th January 2010

PURPOSE

To update members on activity within the Adult and Community Services Directorates during the period to December 2009.

BACKGROUND

The Adult and Community Services Directorate budget is projected to be underspent by £3k. This is £32k less than the £35k reported last month. This is due to a number of minor adjustments this month covering some of the Adult Social Care budgets, no changes are reported in the Leisure Services, LIHA or Housing budgets.

SPECIFIC AREAS FOR ATTENTION

Revenue

The overall projection is to come within budget.

There has been an increase in referrals to the homecare service, due in part to an increase in the discharges from the acute hospital. This has led to an increase in forecast expenditure on community care, which will, should the trend continue, put increasing pressure on the budgets. The spend between December and January with the reduction in acute beds over the holiday period requires close monitoring for any impact on community care.

A key area is the cost of in-house services and the engagement of external lean consultants will assist to identify efficiencies in the service. They are due to report in June 2010. This refers to the in house home care service only.

There are no other significant issues to report this month.

MONITORING REPORT FROM DIRECTOR OF ENVIRONMENTAL SERVICES

DATE: 28th January 2010

PURPOSE

To update members on activity within the Environmental Services Directorate during the period to December 2009.

BACKGROUND

The changes identified in this month's Budget Monitoring Report reflect the effect of the adverse weather on the road network.

SPECIFIC AREAS FOR ATTENTION

Revenue Budget

1. The budget pressure of £30k shown on the statement represents the residual costs following the successful transfer of the lease of an empty property.
2. Licensing Income is remaining steady and above the target despite the economic climate with a current estimated surplus of £50k.
3. There is a budget pressure of £25k for emergency works on Highway Trees. This can be offset by a potential £25k additional income from Highway Licences.
4. A request for a supplementary estimate of £100k will be made to Cabinet to cover the impact of severe weather conditions on the road network for additional salt and gritting costs and fallen trees.
5. Overall the Directorate remains at a projected £20k under target and is continuing to monitor all areas of spend.

All as reported to Cabinet on 17th December

Capital Budget

A request for a supplementary estimate of £75k will be made to Cabinet to cover the impact of repairing roads and footways damaged by the extreme weather conditions.

MONITORING REPORT FOR RESOURCES DIRECTORATE

DATE: 28th January 2010

PURPOSE

To update members on activity within the Resource's Directorate during the period to December 2009.

BACKGROUND

The Resources Directorate reports an overspend against approved estimate of £219k, which is no change from November 2009

The approved estimate has decreased since November from £12,453k to £12,384k.

There has been an increase in the Procurement budget of £25k as a result of a contribution from the development fund to cover the costs of an advertising audit. The Customer Service Centre has received a virement of £7k from Environmental services for additional Green Waste telephony requirements. In addition there was a budget reduction of £91k to reflect the 2009/10 pay inflation adjustment. Finally £10k was vired to Children's services from Corporate IT, along with associated costs, to cover a software licence.

SPECIFIC AREAS FOR ATTENTION

Revenue

- In order to improve the in year collection rate for Council Tax it has been necessary to make use of additional resources in the form of Agency staff. We are struggling to contain this within the existing budget, although we are going to keep reviewing it to try and mitigate this pressure, and currently this could result in an anticipated overspend of £80k. By employing these people it will help to reduce any potential future years collection fund deficit, which the Royal Borough would otherwise have to tax for.
- Due to the current economic conditions the Housing Benefit team have seen their workload increase due to both existing and new claimants. In order to meet targets it has been necessary to make use of Agency staff in processing these claims, leading to an anticipated overspend of £50k. As with the council tax, we will be looking at ways of mitigating this pressure throughout the rest of the financial year.
- The Customer Service Centre is currently reporting an overspend of severance costs of £9k, which were incurred whilst dealing with staffing performance issues in April and May. It is also facing potential pressures due to a spate of short-term and long-term sickness, which is being actively managed.
- Local Land Charges are currently reporting an overspend of £80k. The continued impact of the downturn in the housing market means that it is anticipated that the budgeted income levels will not be achieved.

MONITORING REPORT FOR POLICY, PERFORMANCE & PLANNING

DATE: 28th January 2010

PURPOSE

To update members on activity within Policy, Performance and Planning during the period to December 2009.

BACKGROUND

There is a projected overspend of £50k in Policy, Performance and Planning, an increase of £10k from November 2009, mainly due to falling income levels in Planning & Building Control.

There has been a decrease of £36k in the approved estimate since November from £6,201k to £6,165k. This is due in part due to a supplementary of £7k to cover the severance costs of the Developing Connections team, which was a result of a 2009/10 savings decision. In addition there was a budget reduction of £43k to reflect the 2009/10 pay inflation adjustment.

SPECIFIC AREAS FOR ATTENTION

Revenue

Planning Services are reporting that due to the continued economic downturn there is a small increase of £10k in the overspend of £40k, as reported to December Cabinet

Throughout the year, savings have been identified to help offset the projected shortfall in Planning and Building Control Income, due to the economic downturn.

The Head of Planning is pleased to report the announcement of a higher level of Housing Planning and Delivery Grant than anticipated. The total grant allocation for 2009/10 is £164k, of which nominally £53k relates to Capital and £111k for Revenue. This exceeds the revenue budget for HPDG by £51k, and is likely to be used to fund any deficit in Planning Services at year end, particularly in relation to Building Control.