

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 25 February 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 reports 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 £5.394m. General Reserves balances are expected to be £4.055m 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 £5.561m slippage of the capital programme into 2010/11 but the remaining schemes totalling £49.150m are on target for 2009-10.

2. RECOMMENDATION: That:

i) This month's movements, £82k, in the revenue budget contained in paragraph 3.2 be approved.

ii) The provisional revenue and capital outturn figures, and approves the slippage of £5.561m as detailed in Appendix C be noted.

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. 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	87,083
Changes Approved up to December Cabinet	<u>1,915</u>
Changes Recommended for January Cabinet	
Budget Allocation to Planning to enable Haulage Route at Badnells Pit	29
Other	(3)
Allocation from Development Fund	
Commercial Manager Post funding allocation	44
IFRS Accountant Temporary Post funding allocation	12
Contribution from Economic Contingency Reserve	
Total changes for January Cabinet	<u>82</u>
New Service Expenditure Budget	<u>89,080</u>

3.3 The Children's Services Directorate has undergone a management restructure and budgets have been adjusted accordingly. Under the restructure the number of units has reduced from 4 to 3 and the Children's Services Commissioning Unit budget has been allocated to Resources. Whilst there is no overall increase in the total budget provision, there has been some realignment of budgets to reflect other services moving into other units within Children's Services. The net movement is set out below:

	Budget @ 17th December 2009 £'000	Budget Movement following CS Restructure £'000	Other Budget Movements £'000	Budget @ 29th January 2010 £'000
<u>Children's Services</u>				
Education & Childcare Services	786	2,987	5	3,778
Children's Services				
Commissioning	3,046	-3,046		0
Families & Young People	4,300	10		4,310
Safeguarding & Specialist Services	9,000	181	-5	9,176
Strategy & Management - now Children's Services Management	1,220	-191		1,029
<u>Resources</u>				
Procurement	507	59		566
Total	<u>18,859</u>	<u>0</u>	<u>0</u>	<u>18,859</u>

- 3.4 Where there is a distinct saving the current year's budget is reduced and the consequential saving diverted to a separate contingency fund. This month no further amounts were set aside. To date, a net £139k has been set aside this year.
- 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 Each Director has summarised their service pressures in Appendix A. However the key pressure remains on Children's Services, which is experiencing continued unprecedented demand for residential placements.

4. OVERALL POSITION

Overall Reserves are expected to stand at £5.394m (including the contingency reserve of £1.339m). This compares to an overall reserves position last month of £5.418m 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 has been outlined previously. We have now received £1,040m and as reported last month, 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	-161	-1,185
Closing Balance	2,592	1,339

5. CAPITAL

5.1 Capital Budget Movements

The approved 2009-10 capital budget stands at £54.495m.

	Exp £'000	Inc £'000	Net £'000
Approved Budget January 2010	54,495	(44,133)	10,362
Variances identified	216	(31)	185
Slippage to 2010/11	(5,561)	3,882	(1,679)
Projected capital programme 2009/2010	49,150	(40,282)	8,868

Variances to January are £216k compared to (-)£73k last month.

A further £5,561k (£604k last month) of slippage has accrued in January 2010 (details in Appendix C) and authority is sought to slip this to 2010-11.

Whilst reasonable explanations are available for each scheme that has slipped which range from the need to finalise external funding arrangements, agreeing scope with partners to concluding negotiations with planners, the level of slippage reported is of

concern. A review is underway to see if reporting can be simplified for managers so that more realistic cash flow projections can be achieved.

5.2 Overall Programme Status

The project statistics show the following position as at the end of January 2010. For comparison purposes the figures for January 2009 are also shown:

	09-10	08-09
Number of Schemes in Programme	517	468
Yet to Start	8%	6%
In Progress	33%	47%
(Of which Ongoing Annual Programmes e.g. Disabled Facilities Grant)	(7%)	(6%)
Completed	37%	33%
Devolved Formula Capital Grant schemes	15%	14%

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.

MONITORING REPORT FROM DIRECTOR OF CHILDREN'S SERVICES

DATE: 25th February 2010

PURPOSE

To update members on activity within the Children's Services Directorate during the period to January 2010.

BACKGROUND

The Children's Services Directorate budget is projected to incur additional expenditure of £1.024m, largely due to increased safeguarding costs. This reflects the outturn position after the allocation last month of £750k from Reserves and represents an increase of £55k on the £969k overspend reported last month, mainly due to an additional residential placement for a disabled child who has recently moved into the Borough. Details are attached (see note 25).

The change to the Children's Services approved estimate relates to the recent restructuring of Children's Services.

SPECIFIC AREAS FOR ATTENTION

LA funded Children's Services

Small increases in the independent foster care budget this month have been offset by a similar decrease in the internal foster care budget (as a result of four children leaving foster care placements).

Members will be aware that an element of the increased costs within Safeguarding has arisen from the high cost of agency social workers. The improved offer to social workers on the RBWM payroll means that the number of agency social workers has decreased from 17 (in November). I anticipate going into the new financial year with only five or six agency staff.

There is also an overspend regarding home to school transport of £14k compared to last month's estimate because of changes to route and escort arrangements for a small number of children with disabilities.

DSG

The DSG projected overspend does not impact on the Children's Services LA funded budget because any surplus or deficit is rolled forward into the following year. It is nevertheless encouraging to note that the last month's deficit of £795k is now estimated to be £424k, a reduction of £371k. This is mainly due to two factors:

- the recent notification of a £220k rates rebate for the charitable relief for some voluntary aided schools.
- an adjustment of £120k for the autumn and spring terms to the schools central contingency in respect of schools piloting the extension of the early years free entitlement. Schools offering full time places for 3 and 4 year olds have already been funded through the funding formula for the increase from 12.5 hours to 15 hours per week. The adjustment reflects the replacement of this funding by the ring-fenced standards fund grant for the extension to the free entitlement.

The Sensory Consortium Service will exceed its income targets by an estimated £36k. It is likely that there may be some underspends within the Specialist Inclusion Service: details will be confirmed next month.

MONITORING REPORT FROM DIRECTORS OF ADULT AND COMMUNITY SERVICES

DATE: 25th February 2010

PURPOSE

To update members on activity within the Adult and Community Services Directorates during the period to January 2010.

BACKGROUND

The Adult and Community Services Directorate budget is projected to be overspent by £29k. This is £32k more than the -£3k reported last month. This is due to a number of minor adjustments this month covering some of the Adult Social Care, Housing and Leisure budgets. The position on LIHA has slightly improved.

SPECIFIC AREAS FOR ATTENTION

The successful negotiations of a funds transfer from the PCT has provided resources to meet pressures arising from demand led services, the delivery of preventative services and the requirements of the externalisation project.

Generally Local Authorities manage services for people with learning disabilities under funding agreements known as Section 28A agreements, the Department of Health plans to fund the local Authority directly for this from 2011/12 and for a transitional funding transfer to take place in 2009/10 and 2010/11. The Local Authority and PCT are required to agree the sums in respect of the interim period. Locally this was difficult to achieve and only after protracted negotiations, and arbitration has agreement been reached. As a result of the successful conclusion to this process the Directorate will receive £237k above budget this year. A number of budget pressures, mainly staffing, have been identified in recent monitoring, which had not previously been projected, can be offset by the additional PCT income achieved. Action will be taken to ensure more accurate forecasting and projections of spend for 2010/11.

There are additional costs arising from heightened demand, over the winter period, for residential and domiciliary services, and cost of the management, for older people. There is a requirement to find the one-off costs associated with the project management and consultation in respect of the proposal to externalise some aspects of social care currently provided "in-house", and additional costs have been identified in respect of prevention schemes in partnership with Leisure Services.

There are no other significant issues to report this month.

MONITORING REPORT FROM DIRECTOR OF ENVIRONMENTAL SERVICES

DATE: 25th February 2010

PURPOSE

To update members on activity within the Environmental Services Directorate during the period to January 2010.

BACKGROUND

The changes identified in this month's Budget Monitoring Report reflect the effect of the adverse weather on car parking income, offset by staff savings and additional income from Commercial Estates.

SPECIFIC AREAS FOR ATTENTION

Revenue Budget

1. Licensing Income is remaining steady and above the target despite the economic climate with a revised estimated surplus of £60k.
2. There is a budget pressure of £130k for a substantial fall in car parking income in late December and January due to the adverse weather conditions.
3. The supplementary estimate of £100k to cover the impact of severe weather conditions on the road network for additional salt and gritting costs and fallen trees has been built into the Approved Estimate for Highways, but current indications are that there will be an additional pressure of £50k for snow clearance, salt supplies and pothole repairs.
4. Additional rent and back rent from Commercial and Industrial Estates has helped offset the pressure of empty properties.
5. Overall the Directorate remains at a projected £30k under target and is continuing to monitor all areas of spend.

Capital Budget

The supplementary estimate of £75k to cover the impact of repairing roads and footways damaged by the extreme weather conditions has been built into the Approved Capital Estimate. .

KEY ACHIEVEMENTS

Work has started to address the issues of pothole repairs following the adverse weather conditions both by the internal team and contractor.

A Planning Application has been submitted for Home Park Car Park Extension

The Planning Application for the Bridge Link to Windsor Dials has been recommended for approval

A Contractor has been appointed for the Windsor & Eton Relief Road and the scheme is progressing

Highways Surfacing contract of £1.25m and covering 80 schemes has now been completed.

MONITORING REPORT FOR RESOURCES DIRECTORATE

DATE: 25th February 2010

PURPOSE

To update members on activity within the Resources Directorate during the period to January 2010.

BACKGROUND

The Resources Directorate reports an overspend against approved estimate of £400k, which is an increase of £181k from December 2009.

The approved estimate has increased since December from £12,384k to £12,511k.

There has been an increase in the Procurement budget of £59k as a result of the transfer of the Contract Management Team from Children's Services. The Strategic Director of Resources has received a transfer of £44k from the Development Fund to cover the costs of the Commercial Managers post. The Accountancy budget has increased by £24k, (£12k as a result of a transfer from the Development Fund to cover the costs of an IFRS Accountant, and a further £12k was a transfer from Adult and Children's Services to fund an internal Accountancy restructure).

SPECIFIC AREAS FOR ATTENTION

Revenue

- Council Tax. 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, at present collection rates are above target for the year generating a potential £246K of income. We are still struggling to maintain this within existing budgets but we are continuing to look for ways across the directorate to mitigate the pressure. By maintaining the collection rate we mitigate the risk of an increase in collection fund deficit, which we would have to tax for in future years.
- Housing Benefits. Due to the current economic climate the housing benefit team have seen their workload continue to increase, due in part to changes to existing claims, up 36 more per month and new claims 4 per month. We are continuing to look for ways to reduce the overspend, but at present the volumes are still increasing. In addition we have a need to retain agency staff to cope with increased volume, resulting in a predicted overspend of £49k
- Customer Service Centre. Continues to report an over spend of £11k as a consequence of dealing with staff performance issues in April and May 2009.
- Local Land Charges income is currently reporting a over spend of £95k due to the downturn in the housing market, it is still forecast that income levels for 09/10 will not be achieved.
- Street Naming and Numbering. There has been a reduction in the demand for the service resulting in a predicted drop of income in the order of £15k.

MONITORING REPORT FOR POLICY, PERFORMANCE & PLANNING

DATE: 25th February 2010

PURPOSE

To update members on activity within Policy, Performance and Planning during the period to January 2010.

BACKGROUND

There is a projected overspend of £10k in Policy, Performance and Planning, a reduction of £40k from December. The reduction is mainly due to staff savings and an increased level of Planning Delivery Grant to offset the falling income levels in Planning and Building Control.

The approved estimate has increased by £29k to £6,194k since December due to a budget allocation to Planning to enable the haulage route at Badnells Pit.

SPECIFIC AREAS FOR ATTENTION

Revenue

It has been necessary for the Authority to purchase a copyright license, which has led the Corporate Management budget to overspend by £10k. In year savings have been identified by the Chief Executive to offset some of this cost.

Planning Services have managed to contain last months projected overspend of £50k despite the reducing levels of Planning and Building Control Income due to the continued economic downturn and adverse weather conditions.

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

As reported last month £50k of the higher level of Housing Planning and Delivery Grant will be used to help fund any deficit in relation to Building Control.