

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 10th November 2010

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WARD(S): All

PART I **FOR COMMENT AND CONSIDERATION**

FINANCIAL AND PERFORMANCE MONITORING REPORTING FOR 2010/11

1. Purpose of Report

The report covers the revenue and capital monitoring position to September 2010.

This report highlights the Council's overall performance from delivery of service to financial management covering the period up to and including September 2010 against the following key areas:

- i. Revenue and capital monitoring position to September 2010 (Appendices A, B, C)
- ii. Performance monitoring against the Corporate Balanced Score Card and the LAA Balanced Score Card to September 2010 (Appendix D)

2. Recommendation(s) / Proposed Action

The Committee is requested to resolve:

- a) That the following aspects of the report be noted:
 - i. Performance and Project management
 - ii. Financial performance – revenue and capital

3. Key Priorities – Taking Pride in Slough and Making a Difference to Communities

The budget is the financial plan of the authority and as such underpins the delivery of the Council's key priorities through the financial year.

Budget monitoring throughout the financial year reflects on whether those priorities are being met and, if not, the reasons why, so Members can make informed decisions to ensure the Council remains within its available resources.

4. Community Strategy Priorities

This report indirectly supports the community strategy priorities. The maintenance of excellent governance within the council to ensure it is efficient, effective and economic in everything it does is achieved through the improvement of corporate governance and democracy and by ensuring good people and management practices are in place.

5. Other Implications

(a) Financial

These are contained within the body of the report.

(b) Risk Management

Supporting Information

6. Performance Monitoring Update

6.1 The attached **SBC Corporate Scorecard** (Appendix D) provides Members with an update on performance during the period from 1st April to 30th September 2010, drawing attention to:

- I. areas of exception
- II. areas of improved performance; and
- III. an assessment of where improvement actions are needed for performance to achieve end of year targets.

6.2 The report comprises of exceptions from both:

- a) the **Balanced Score Card**– which relates to performance indicators selected by CMT members to determine the organisation health of the Councils, and
- b) the **LAA Score card** - which relates to indicators in the LAA.

6.3 Future of Performance Reporting to Government

In a written statement to the House of Commons dated 13th October 2010, it was announced that the LAA Targets have come to an end and furthermore no payments will be made for Performance Reward

Grants for the 2008-11 LAA Targets. The minister also said that National Indicators used to monitor council performance will be replaced with an agreed single list of Whitehall data requirements for local government. New transparency arrangements will make sure councils remain accountable to local people.

While no detailed guidance has been released as of yet (as central government data requirements are under review), the increased activity of some regulatory bodies, like Ofsted, CQC and Defra, will mean we anticipate that the completion of statutory statistical returns will still be required of Local Government.

6.4 Gold Project Update

The summary below provides Members with an update on Councils Gold Project as at October 2010.

Period Summary

- Six highlight reports have been received.
- Two projects are Green across all status indicators, three projects have an overall Amber status, one has red status and four are unknown.
- No information has yet been received in regards to the Corporate Business Continuity project.

- It is recommended that the Planning for the Future programme is added as a gold project.

Council's Gold Project Highlight Reports

Culture, Learning & Library Service Transformation Programme
(including Library Services Transformation, Cultural Offer and Olympic, Sports & Leisure Offer)

**PROJECT
MANAGER**

Jackie Menniss, (C&W)

ALL WARDS

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
GREEN	GREEN	GREEN	GREEN	16/09/10

Key Points:

- Projects are delivered, on track or have been revised to more realistic timescales and the overall status is now green.

Adult Social Transformation Programme

**PROJECT
MANAGER**

Tracy Cartmell, (C&W)

ALL WARDS

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
AMBER	GREEN	AMBER	AMBER	10/10/10

Key Points:

Overall the project is moving well, however, these areas are amber:

- Mental Health pilot
- Enhanced ICS & Reablement - revised project outline/timeline being written
- The Information & Advice Strategy for the interim service directory and public information campaign.

Consultation papers for the new structure are due out w/c 25th October.

RECOMMENDATIONS:

- CMT agree to delegate corrective action to Project Board who are already taking steps to mitigate amber issues.

School Places in Slough

**PROJECT
MANAGER** (ECS)

ALL WARDS

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
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Key Points:

There are currently still 2 Project initiation documents (PIDs) behind this update (Primary Places and BSF); Now that the BSF programme has been officially cancelled, a combined PID will be created.

The current identified risks are:

- Funding at risk of claw back if not spent by Aug 11
- Demand rises further than anticipated before Sep 11
- Likely more than 4 new infant annexes required by Sep 11. However, all pupils were offered a place for Sept 10.

RECOMMENDATIONS:

- That the PMO is advised of the new Project Manager.
- That CMT give a deadline for the revised paperwork to be submitted.

Neighbourhoods & Community Facilities

**PROJECT
MANAGER** Keren Bailey (GBE)

**OF PARTICULAR INTEREST TO
CHALVEY, MANOR PARK AND
COLNBROOK & POYLE**

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
GREEN	GREEN	GREEN	GREEN	

Key Points:

- CMT have now agreed that the project should continue with the 3 pilot projects pending the wider council restructure. The project board will now meet (12/10) to agree deliverables for this.

Housing Futures (ALMO move)

**PROJECT
MANAGER**

Vijay McGuire (GBE)

ALL WARDS

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
AMBER	GREEN	AMBER	AMBER	01/08/10

Key Points:

- Draft Consultation Document developed for Housing Services Re-structuring - job Evaluation and matching completed with the Unions and Consultation document sent to CMT week commencing 27th September for sign off
- Document presented to CMT week commencing 4th October for final comment
- Housing Services Staff informed of consultation commencing 11th October; presentation being prepared
- Scheduled staff briefings set for 11th and 13th October - open to all Housing Staff
- 1:1's scheduled to ensure staff are given the opportunity to meet individually with AD of Housing/Head of Services
- Meeting held with Tenant Representative and advised of underlying principles relating to Housing Services Re-structuring; copy to be circulated 8th October 2010 as part of board approval
- Staff questions and concerns are beginning to appear - since the consultation announcement – system introduced to monitor and respond to all queries within a 24 hour turn around
- Expressions of Interest for staff have been agreed and finalised - due to be circulated to staff on 11th October
- Letters currently being prepared for all affected staff – will be hand delivered on Monday 11th October ahead of the document release
- Corporate Communications have been made aware of the Consultation Document Release on Monday 11th to avoid any possible adverse press coverage from staff resulting from changes to the Housing service
- Labour group has been notified of Consultation Document Release

2011 Census

PROJECT
MANAGER

Rob Wood (CE)

ALL WARDS

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
GREEN	AMBER	AMBER	AMBER	05/10/10

Key Points:

- Budget parameter still to be set. Awaiting for PCT contribution to determine global figure
- ONS approach to engagement only at high level – concerns that the plans from ONS are not as thorough as we would like. Two options include a) RW to double up with Census Area Manager on key meetings, particularly with key groups identified in the Community Plans; b) SBC get agreement from ONS if they can ‘go in’ after ONS have made contact and/or chase up ONS non-responses to contact.
- Identification of HMO list to improve the address register has become a significant area of work.

REGENERATION: Britwell & Haymill

PROJECT
MANAGER

Neil Aves (GBE)

OF PARTICULAR INTEREST TO BRITWELL & HAYMILL

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
Red	Green	Red	Red	30/09/10

Key Points:

The project cannot be progressed in its current form prior to Comprehensive Spending Review, therefore no new expenditure is being committed until clarification on future funding options is received. Lack of funding from the HCA would prove fatal to delivery of the project for the foreseeable future. At present nothing can be done to mitigate this until the Review is announced and the implications understood.

RECOMMENDATIONS:

- That CMT review this project by the end of November once the outcome of the Review is known.

Timeline	Budget	Issues & Risks	OVERALL STATUS	Date Updated
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Key Points:

CMT should maintain a comprehensive overview of the projects which make up the Planning for the Future Programme. These include:

- Accommodation
- Duty Desk Review
- Workforce Planning
- Income and Debt Management (incorporating RIO)
- Values and Leadership
- Staff engagement and communications

RECOMMENDATIONS:

That regular Gold Project updates be considered on the inter-related projects which come under the Planning for the Future umbrella in order to:

- Facilitate communication and identify overlaps
- Maintain a progress check on timelines
- Keep a clear focus on benefits realisation for the whole Council
- Provide a clear and direct channel for CMT members to give guidance on any overlapping responsibilities and conflicting priorities
- Identify and deal with blockages that cross boundaries between the projects

7. Financial Reporting

7.1 The Council's net revenue budget for 2010/11 is £103.9m.

7.2 The Housing Services agreed net operating budget for 2010/11 is a surplus of £213k.

8. Projected Outturn Position as at 30th September 2010

8.1 There is currently a projected under spend position for the 2010/11 General Fund of £840k. This compares to a reported overspend at this stage last year of £860k reported as at end September 2009. Members should also note the possible emerging issues and opportunities in sections 6 and 7 respectively.

8.2 For the Housing revenue account there is currently a projected under spend position of £175k from the budgeted surplus position of £213k agreed at the start of the year. This shows a favourable movement of £713k from that reported last month.

8.3 The position is summarised in Table 1, overleaf, and detailed in Appendix A.

Table 1 - Projected as at 30th September 2010

Directorate	Gross Budget pre-Govt reduction	Govt Reduction	Gross Budget post-Govt reduction	Current Net Budget	Projected Outturn	Variance Over/(Under) Spend C = B - A	Change	Previously Reported
	£'M	£'M	£'M	£'M	£'M	£'M	£'M	£'M
Community and Wellbeing	51.504	(0.605)	50.899	36.990	36.915	(0.075)	(0.268)	0.193
Education and Childrens Services	180.555	(0.891)	179.664	24.533	24.225	(0.308)	(0.119)	(0.189)
Green and Built Environment	39.370	(0.646)	38.724	26.263	26.263	0.000	0.000	0.000
Central Directorates	87.857	(0.633)	87.224	22.396	22.278	(0.118)	0.022	(0.140)
Corporate	0.279	(0.140)	0.139	0.074	0.074	0.000	0.000	0.000
Total Cost of Services	359.565	(2.915)	356.650	110.256	109.755	(0.501)	(0.365)	(0.136)
% of revenue budget over/(under) spent by Services						-0.45%	-0.33%	-0.12%
Treasury Management	3.334	0.000	3.334	3.334	2.995	(0.339)	(0.269)	(0.070)
Contingencies & earmarked reserves	2.274	0.000	2.274	1.443	1.443	0.000	0.000	0.000
Area Based grant *	(12.663)	1.609	(11.054)	(11.054)	(11.054)	0.000	0.000	0.000
Total General Fund	352.510	(1.306)	351.204	103.979	103.139	(0.840)	(0.634)	(0.206)
% of revenue budget over/(under) spent in total						-0.81%	-0.61%	-0.20%
Capital Reductions		(0.407)						
Add back ABG income adj		(1.609)						
Total Govt Reductions		(3.322)						
Housing Services				(0.213)	(0.388)	(0.175)	(0.713)	0.538

9. Month on Month Movement in Variances

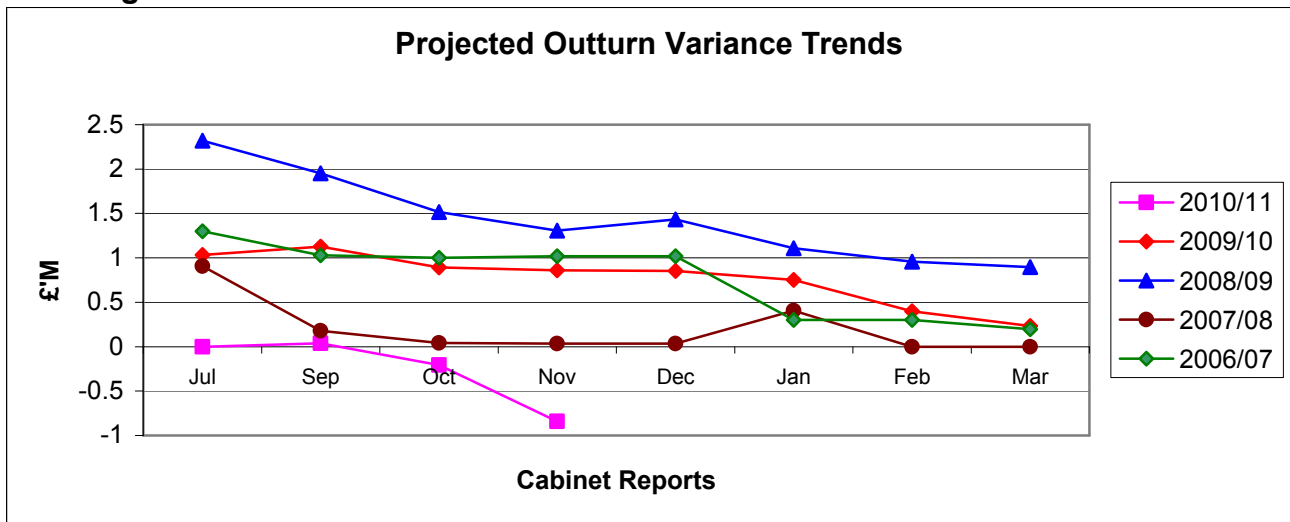
9.1 Community and Wellbeing are reporting an under spend position of £75k which is a favourable movement of £268k on the position reported last month. This change is mainly as a result of a change in reporting in respect of the implementation of Job Evaluation. Following the initial JE exercise a subsequent identification of a budget shortfall arising from the omission of some allowances and the outcome of successful reviews has up until now been included in the reported outturn as a budget pressure. However in order to be consistent with other departments budget reporting the variance in respect of this has now been removed. This accounts for a favourable movement of £253k. Other variances include savings arising reduced client activity saving £13k within Mental Health.

9.2 Education and Children's Services are reporting an overall under spend position of £308k which is a favourable movement of £119k on last months reported position. This fundamentally comprises a saving identified against contracts for the provision of Home to School Transport of £64k following a change in the cohort of children's journey requirements for the autumn term and a one-off saving of £43k against the Excellence in Clusters co-ordinator post following a secondment of the

post holder to the Head of Standards until the end of the year. There is continuing pressure on the budget in Children and Families due to the number of looked after children which has begun to stabilise, but is still subject to volatility. The budget pressure is due to a combination of placement costs, court fees, and contact visits. Work has already been undertaken to make savings to bring down the overspend in Children and Families, and use one-off savings in other areas of the Education and Children's Services budget to offset the projected overspend as a result of the rise in the number of looked after children.

- 9.3 Green and Built Environment** are continuing to report an overall break even position although have now identified a number of compensating variances fundamentally comprising pressures against Planning and Car Parking income offset by a reduction of £150k in levels of bad debt for Car Parking from a total provision of £343k and savings against staffing budgets. More details can be found in Appendix A. The department report a pressure arising due to a shortfall in the indexation costs associated with a number of major contracts, negotiations are ongoing with contractors in attempts to contain this pressure within existing resources but there is still a risk of a significant shortfall.
- 9.4 The Central Directorates** have reported an under spend position of £118k which is a small adverse movement of £22k from the position reported last month. The fundamental variance being the recognition of a £180k council wide procurement savings target (the actual savings are being identified and assumed across all service directorates) offset by further savings on the Corporate Repairs budget and a vacant energy manager post. Further details can be seen in Appendix A.
- 9.5 Treasury Management** are reporting an overall under spend position of £339k which is a favourable movement of £269k since last month. This comprises the following;
- 9.6 Treasury Management - Refinancing** are reporting an under spend of £104k. Members will recall that last month an under spend of £70k was reported arising from the refinancing of debts in connection with two existing loans due to mature in September and November next year. Since last month a further £34k saving has been secured in interest savings following further debt refinancing via the PWLB. Interestingly a couple of days after this refinancing, as part of the CSR, the PWLB rates increased by 1%.
- 9.7 Treasury Management - Impact of Capital re-programming.** As members will be aware from previous budget monitoring reports the re-profiling of the capital programme has been taking place together with the review of capital receipts. It is now evident that the impact of this re-profiling has identified savings of £235k in the current year. The overall size of the capital programme has not changed, this saving has occurred because of the re-profiling of when schemes will be undertaken. The component parts of the capital programme will be reviewed as part of the budget planning process, in order to manage the potential impact of pressures occurring in latter years, e.g. 2013/14 and beyond when re-profiled schemes come on line. In addition further work is currently taking place at the moment on the Minimum Revenue Provision (MRP) position. Members will be updated on the outcome of this in future budget monitoring reports.
- 9.8** Figure 1 below illustrates the monthly projected outturn positions over the last 5 years.

Figure 1



9.9 The Housing Revenue Account is projecting a £389k year end surplus which is a £175k addition to the £213k in year budgeted surplus approved by Cabinet for 2010/11. The current outturn projection represents a £713k improvement in the position reported last month (£538k deficit) the detail of which can be seen in Appendix A. This change has arisen from a reduction of £165k on housing repairs following a review of the assumed number of properties included in the Interserve repairs and maintenance contract together with confirmation of the annual indexation costs also attributable to the contract. Due to the late release of the 'Housing Subsidy Determination' the full value of the rent increase was not factored into the base budget and it is now estimated that this will generate an additional £267k. Following the recent completion of the final housing subsidy return for 2009/10 and the advance return 2010/11 it has been established that the amount payable to central government is £134k less than originally anticipated. In addition capital receipts of £75k relating to the disposal of garage sites and £72k redundant budgeted costs in respect of the former People 1st organisation have been identified. In overall terms, a new working balance carried forward at 31st March 2011 on the HRA is projected to be £9.397m.

10. Emerging Issues / Risks

Introduction

- 10.1** Although the headline position is showing a projected under spend position of £840k at this stage of the financial year it is important to note that a significant level of gross savings have had to be achieved incorporating the £3.3m of 'in-year reductions' as a result of the governments £6.2bn of reductions across the public sector.
- 10.2** Therefore the Council needs to be vigilant to ensure that the savings are delivered in full and in a timely fashion, i.e. during 2010/11. Appendix C details the areas of savings by directorate and their current status.
- 10.3** Consequently it is prudent to consider the option of delivering known 2011/12 savings early to begin to mitigate the risk of achieving the required savings target over the next 4 years, departments will be implementing those identified areas as opportunities arise during the remainder of the financial year.

Directorate Specific

10.4 Community and Wellbeing:

- The department faces the potential pressure arising from a new independent residential facility where clients placed in there become ordinary residents and therefore a liability for the council. To date there has been no application for ordinary residence and the department is in negotiations with the proprietors to reduce/eliminate this risk. This area is being closely monitored and negotiations are ongoing with provider. Further updates will be provided when these are available.
- There are two Employment Tribunal claims within the Adult Social Care division that are currently in the preliminary court stages. These are being dealt with by Legal. Legal costs are currently forecast to be contained within budget, but the final legal costs could escalate over budget provision.
- There is an ongoing risk to the amount of Continuing Health Care (CHC) funding received from the PCT. The PCT are looking to awarding CHC from the date of assessment completion rather than the date of assessment. Further detailed calculations are needed but initial estimates suggest that if agreed, the authority would stand to lose funding of about £200k. SBC will strongly contest any change in practice should this arise and discussions are ongoing with the PCT.
- In addition, a result of closures and other budget pressures in local health economy. It is expected that the local authority will come under increasing pressures in relation to increased demand for social care. This is being closely monitored and further updates will be provided as appropriate.

10.5 Education and Children's Services:

- The level of client activity within the looked after settings of the Children & Families division continues to be volatile as demand levels remain buoyant.

10.6 Green and Built Environment:

- The economy remains a key risk for the directorate's income as outlined within 'Volatile Areas/Demand Led'.
- Climate change continues to impact on winter maintenance and subsequent repairs, flooding and grounds maintenance costs. Innovative measures to negate the impact are being sought.
- Proposed changes to the Housing Revenue Account ring fencing may result in further costs and expenditure being charged to the General Fund rather than HRA. While this may not happen within 2010/11 it is likely that any legislative change will be enforceable from April 2011 and, therefore, needs to be included in the Directorates PPRG submissions.
- Potential settlement from Employment Tribunal in Private Sector Housing
- A new/interim contract is still awaited from the Valuation team in respect of the bus station in order that a charge can be made. As a consequence no billing has taken place since November 2009. Currently it is estimated that income amounting to £60k is at risk.
- A number of highways properties that had been leased to Co-op Homes were handed back in December 2009. Details of the new management arrangements are still awaited from the Valuation team but there is concern that the income this generates is at risk unless this issue is quickly resolved. Currently it is estimated that income amounting to £30k is at risk.

All of these risks will be closely monitored and the impact clearly identified and reported as and when it is clear they are likely to become a reality.

10.7 Central Directorates:

- The current economic situation with regards to increasing pressure on Housing Benefits.

10.8 Housing Services:

- The proposed new structure for the Housing Services team has recently been released. The impact of this restructure in terms of efficiency savings and associated costs are currently being quantified and will be factored into the projected outturn for the service. At this stage it is expected that the new structure will create significant efficiency savings from 2011/12, with some costs associated with the restructure of positions to be factored into this year's budget.

11. Emerging Opportunities

Introduction

11.1 Note the requirement in paragraph 6.3 to take 2011/12 agreed savings early in 2010/11.

11.2 Whilst departments face emerging issues as identified above there are also opportunities that may emerge to mitigate any adverse financial occurrences. Whilst reliance should not be placed upon them and thus caution should be taken it should be noted that if they come to fruition they could have a favourable impact on the overall council position.

Directorate Specific

11.3 Community & Wellbeing

None identified at this stage.

11.4 Education & Children's Services

Within the Children & Families division current investigation into the terms and conditions of Sure Start funding is being explored with a view to offsetting social care costs for children aged under 5 where appropriate. Part of this strategy is currently taking shape.

A previously identified opportunity in respect of reducing foster care fees subject to Cabinet endorsement.

11.5 Green & Built Environment

- Maximise external grant funding opportunities by using 'Grant Finder' software to locate new grants but should be noted against a backdrop of reducing government grant.
- Option appraisals on shared service arrangements relating to regulatory services and building control
- Discussions with neighbouring councils are taking place to develop initiatives to help bring down waste management costs

- Developing the Highways Asset Management Plan will support whole life costing methodology on road and pavement resurfacing methodology and provide better value for money
- Recovery of assets and money through proceeds of crime by using a financial investigator to assist in criminal investigations

11.6 Central Directorates

- The re-alignment of Support Services will allow opportunities for savings across the current year to be implemented and so secure the full year effect in the next financial year.

11.7 Housing Services

- The chance to review the budgets and challenge the support costs and services provided to Housing Tenants by all other departments. Both the risks and opportunities will be reflected in the revised HRA budget for the 6 month position and thus incorporated in the budget build for 2011/12.
- The recent announcement of potential reforms to the Housing Revenue Subsidy system indicate potential flexibilities in how the Council may spend housing income. We will continue to monitor announcements in this area in order to quantify the effect on the HRA budget going forward.

12. Agreed Base Savings 2010/11

12.1 As members will be aware from the previous monitor to provide assurance that the recommendations around savings and growth agreed during the 2010/11 budget build process have been achieved a full list of growth and savings is attached as Appendix B to this report but an overall summary by department which indicates that growth and savings are on target for delivery is shown in the table below;

Departmental Growth & Savings Analysis 2010-11

Department	Growth Proposals				Savings Proposals			
	Target	Estimated Outturn	Variance	Status	Target	Estimated Outturn	Variance	Status
	£'000	£'000	£'000		£'000	£'000	£'000	
Community & Wellbeing	940	940	0	GREEN	-1,232	-1,232	0	GREEN
Education & Children's Services	959	959	0	GREEN	-1,333	-1,333	0	GREEN
Green & Built Environment	103	103	0	GREEN	-281	-281	0	GREEN
Resources	130	130	0	GREEN	-461	-461	0	GREEN
Improvement & Development	70	70	0	GREEN	-655	-655	0	GREEN
Chief Executive	0	0	0	GREEN	-89	-89	0	GREEN
Corporate	1,723	1,723	0	GREEN	-1,440	-1,440	0	GREEN
Total	3,925	3,925	0	GREEN	-5,491	-5,491	0	GREEN

13. In year savings 2010/11

13.1 Following the announcement made by the Department for Communities and Local Government (DCLG) on 10 June 2010 regarding permanent reductions to grant funding of £3.3m in the current financial year departments have identified a series of compensating savings to deliver this which was endorsed by Cabinet on 12 July 2010. Most of the reductions were made to grant funded streams but with the balance coming from core budgets. However sources of permanent funding to meet the overall reductions were short by £36k. The total number of staffing affected amounted to 4.6fte which will be a cost against the Council's central £750k contingency set aside for redundancies (after partnership commitments). To provide members with assurance that these are being achieved a full list of these savings is attached as Appendix C to this report but an overall summary by department is shown in the table overleaf;

Departmental In Year Savings Analysis 2010-11

Department	In Year Savings Targets			
	Target	Estimated Outturn	Variance	Status
	£'000	£'000	£'000	
Community & Wellbeing	-605	-605	0	GREEN
Education & Children's Services	-891	-891	0	GREEN
Green & Built Environment	-646	-646	0	GREEN
Resources	-200	-200	0	GREEN
Improvement & Development	-308	-308	0	GREEN
Chief Executive	-125	-125	0	GREEN
Corporate	-140	-140	0	GREEN
Total - Revenue	-2,915	-2,915	0	GREEN
Green & Built Environment	-407	-407	0	GREEN
Total - Capital	-407	-407	0	GREEN
Total Savings	-3,322	-3,322	0	GREEN

14. Treasury Management

- 14.1 The Bank of England base rate has remained unchanged at 0.5% since 5th March 2009 and despite the inflationary pressures, the current market expectation is that the base rate will remain unchanged well into next financial year. The current money market rates are averaging 0.50% for 3 months, 0.85% for 6 months and 1.25% for 12 month deposits.
- 14.2 Despite additional Gilts issued to fund the Public Sector Borrowing Requirement (PSBR), short-dated Gilts have benefited from expectation of low interest rates as the UK economy struggled out of the recession and as a result, PWLB lending rates have been at a historical low levels, with the short dated Gilt yield lower than medium and long-dated Gilts yield. In addition, impending bank regulations and liquidity and capital requirements is likely to result in the Financial Services Authority forcing banks to buy more Gilts which could help slow the rise in yields during 2010-11. The coalition government's plans for reducing public sector debt, although seen as adversely impacting on the economy in the short term, have been welcomed by the markets and commentators such as the International Monetary Fund. However this does not impact on Slough's position because as previously agreed our borrowing requirement is to be funded by the reduction of the level of deposits.
- 14.3 The PWLB lending rates to local authorities were traditionally aligned to the Gilt Yield (Government cost of borrowing). However, as part of the spending review announced on 20th October, HM Treasury has increased the lending rate to Local authorities by 1% over the Gilt yield. Between 1st April and 20th October 2010, the PWLB rates ranged as overleaf compared to post spending review announcement;

Loan Period	High %	Low %	Post Spend Review %
5 years	3.18	1.97	2.73
10 years	4.33	3.16	4.09
25 years	4.72	4.04	5.08

- 14.4 In addition to the increase in PWLB interest rate, HM Treasury has also instructed PWLB to publish at the end of each month, beginning from 1st November 2010, a list of individual loans it has made to local authorities including the type, amount, term and rate applying to each loan.
- 14.5 The Council's capital financing policy as approved in December 2008 was to fund the capital programme by reducing the level of deposits and thus reduce the money market risks, both in terms of security and cost differential between the lending and borrowing rates. No new long term borrowing has been carried out during the year.
- 14.6 As referred to above, PWLB rates were at a historically low level and as a result, part of the Council's long term debt has been refinanced to generate revenue savings as already reported in this and the previous monthly financial monitoring report. In total, £26.46M of the debt was pre-maturely repaid and replaced with new loans totalling £24.0M with £2.46M repaid outright. As a result, the Council's long term debt currently amounts to £66.6M with the average rate of interest reduced from 4.75% to 4.23%. The resulting reduction in borrowing costs will be included within the treasury management revenue budget which is currently being revised and update as part of the revenue budget build process.
- 14.7 As referred to above, the base rate has remained unchanged during the year at 0.50% and the current 3 month money market rate averaging at around 0.70%, it is currently forecast that the treasury management investment income target of £1.1M for 2010-11 will be achieved, partly due to decisions taken 3 years ago to place part of the investment portfolio on deposit for longer than 1 year. This was done to mitigate forecast reduction in future interest rates. Subject to the capital programme rate of spend and spending profile and the general cash flow movements including receipt of grants and realisation of capital receipts, it is likely that the investment target will be exceeded. This will be kept under review and reported as part of the revenue budget build process. To ensure liquidity, no new investments have been placed for longer than 12 months.
- 14.8 There has been a growing concern regarding the current state of the Spanish economy and inevitably the banking sector. The Council has deposit of £1m remaining with Santander UK Plc, which matured on 21st October 2010. To mitigate future risks, the Council is not committed to any forward deals and new deposits with Santander have been suspended.
- 14.9 The Council's deposit with Heritable Bank including the accrued interest to the date of Administration (October 2008) amounted to £2.579M. The latest report from the Administrators indicates an improved recovery rate from maximum 80% to 85%. To-date £1.171M has been repaid by the Administrators with further repayments expected in 2011-12 and 2012-13 and possibly earlier.
- 14.10 The key Prudential Indicator included within the approved treasury management strategy is that of "Authorised Borrowing Limit" which under the Local Government Act 2003 must not be breached. The actual long term borrowing outstanding as at 20th October is £66.6M compared to approved limit (excluding PFI) of £96.0M.
- 14.11 The Council's treasury management activity for the period 1st April to 30th September has been carried out in within the limits and parameters set in the agreed treasury management policy statement. Investment deposits outstanding as at 30th September 2010 compared to individual counter party limits are set out below;

DEPOSITS OUTSTANDING AS AT 30th September 2010

Approved Counter Party	Sovereign Risk	Fitch		Moody's		Approved Limit (£)	Deposit O/Stand
		LT	ST	LT	ST		
BANKS							
Santander Group	UK	AA-	F1+	Aa3	P-1	25,000,000	1,000,000
Lloyds Banking Group						£25M	
- Bank of Scotland	UK	AA-	F1+	Aa3	P-1	12,500,000	2,927,000
- Lloyds Bank	UK	AA-	F1+	Aa3	P-1	12,500,000	12,500,000
Barclays Bank	UK	AA-	F1+	Aa3	P-1	25,000,000	0
Clydesdale Bank	UK	AA-	F1+	A1	P-1	10,000,000	0
Co-op Bank	UK	A-	F2	A2	P-1	15,000,000	13,400,000
Heritable Bank						1,800,000	1,436,190
HSBC	UK	AA-	F1+	Aa2	P-1	10,000,000	0
Northern Rock	UK	A+	F1+	A2	P-1	10,000,000	7,700,000
Royal Bank of Scotland	UK	AA-	F1+	Aa3	P-1	25,000,000	17,500,000
Svenska Handelsbanken	SWE - AAA	AA-	F1+	Aa2	P-1	10,000,000	0
UK Debt Mangt Office							0
Sub Total							56,463,190
Building Societies							
Nationwide Group	UK	AA-	F1+	Aa3	P-1	25,000,000	2,000,000
Coventry BS	UK	A	F1	A3	P-2	10,000,000	6,700,000
Leeds BS	UK	A	F1	A2	P-1	10,000,000	2,200,000
Sub Total							10,900,000
Counter Parties No Longer on the Approved Lists - Deposits Placed before June 2009							
Yorkshire / Chelsea BS	UK	A-	F2	Baa1	P-2	0	4,000,000
Total Deposits							71,363,190

In addition to above deposit limits, the Council may invest £10M in Gilts.
Deposits in UK based foreign banks limited to 30% of total Deposits.

14.12 As a result of the debt refinancing carried out, the Council's estimated borrowing rate for 2010-11 has been reduced from 4.96% to 4.47%. Under the Housing Act 1985, the Council is allowed to add 0.25% to the borrowing rate to recover administrative costs. The Council's Mortgage Interest Rate for the remainder of 2010-11 will therefore be 4.72% (previous rate 5.21%)

15. Capital

15.1 The overall council capital programme is £127m for the period 2010/11 to 2016/17. The programmed spend for 2010/11 is £59m which is a reduction of £9m on that previously reported.

15.2 Members will recall that the total capital spend for 2009/10 was £30m and in view of this it is highly unlikely that the programmed spend of £59m in the current year will be delivered. In preparing the proposed revised capital programme, departments and AMG have considered the overall capital strategy and service priorities to enable delivery of the Council's business plans and within projected resources available, at a prudent and sustainable level. The overall asset management strategy is currently being reviewed and is expected to be reported to the December 2010 Cabinet,

following which, the capital programme will be further reviewed and revised and reported back as part of the 2011-12 budget process. Council's future revenue business plans will also impact on the capital programme as any change/s to the service provision could result in either a capital asset being identified as surplus to requirement and therefore potential additional capital receipt or additional capital required to upgrade an asset to enhance the service provision. These will also be considered and reviewed as part of the budget build process.

- 15.3 The overall programmed spend for the HRA capital programme is £10.8m for 2010/11. Following the decision to bring back Housing Services "in-house", the Council will no longer receive supported ALMO borrowing for future years. Housing Officers are therefore currently reviewing the remainder of future years' HRA capital programme to ensure how best it can be delivered within the available HRA resources to meet the Decent Homes target. This will be reported by the Housing Department once the review is completed including the element of the capital programme that is the responsibility of the leaseholders.

16. Building Schools for the Future

- 16.1 Members will recall that as part of the PPRG process for 2010/11 a growth sum of £161k was included in the Education & Children's Services budget for the LA's share of costs for the implementation of the Building Schools for the Future (BSF) programme. Following the change in central government and the termination of this programme this budget is no longer required and CMT have agreed to reduce the Education & Children's Services cash limit by this amount and place the sum into central contingency for alternative uses to be determined. This correct accounting practice is also applied to school specific funding which has also been returned to the schools DSG.

17. Withdrawal of statutory guidance on petitions

- 17.1 The Department for Communities and Local Government is withdrawing '*Listening to communities: Statutory guidance on the duty to respond to petitions*' with effect from 24 September, which means that LA's will now have more discretion to decide they approach petitions locally. The petitions requirements in Chapter 2, Part 1 of the Local Democracy, Economic Development and Construction Act 2009 necessarily remain in force unless or until they are repealed by fresh primary legislation. This includes the requirement to provide a facility for people to make e-petitions which will come into effect on 15th December this year. Local authorities will be paid for the new burden through the area based grants process this financial year, with the first payment on 15th October. The officer leading in this area has indicated that £3,250 would be required to meet a shortfall in the budget for the annual licence fee for the Modern.Gov and that the actual administration of the Petitions Scheme is being picked up within existing resources. CMT have agreed to fund this £3.3k increase from the additional ABG allocation of £9.6k which will be made available to the authority and note the unallocated balance of £6.3k.

18. Conclusion

- 18.1 The position as at the end of September 2010 leaves an overall headline under spend position of £840k against the General Fund revenue account. Against the Housing revenue Account the position as at the end of September 2010 leaves an overall headline under spend position of £175k. Close scrutiny is required from the Directorate management teams to ensure 100% delivery and thus not weaken the base budget position for 2011/12 and beyond.
- 18.2 The General Fund capital programme is indicating a total programmed spend of £59m in the current year against £127m for the period 2010/11 to 2016/17. The Housing Capital Programme is showing a total programmed spend of £10.m for 2010/11. Housing Officers are currently reviewing the remainder of future years' HRA capital programme to ensure how best it can be delivered within the available HRA resources to meet the Decent Homes target. This will be reported by the Housing Department once the review is completed including the element of the capital programme that is the responsibility of the leaseholders.

Summary Variance Analysis

For the Period Ended: 30th September 2010

Community & Wellbeing

Service Area	Total Variance £'000	Explanation
Community Services and Adult Social Care	-16	<p>New This month: The movement of £267k is due to a change in reporting previous pressures following JE reviews and shift allowances that are not yet included in base budgets. Also there has been to reduced forecast on client activity of £14k for CASCADE within the Mental Health Service.</p> <p>Previously Reported: +£251 The main budget pressure remains overspends on residential placements but this is offset partly by savings on the nursing care, internal day and other care budgets.</p>
Learning Skills and Cultural Engagement	22	<p>New This month: No Change.</p> <p>Previously Reported: +£22k Due mainly to extra consultancy costs offset by increases in lettings income.</p>
Personalisation, Partnership and Commissioning	-1	<p>New This month: Minor revisions to staffing forecasts.</p> <p>Previously Reported: Nil</p>
Central Management	-80	<p>New This month: No change</p> <p>Previously Reported: -£80k Due to the anticipated underspends on non pay inflation provision.</p>
Total Variance	-75	

Appendix A (Cont.)

Education & Childrens Services

Service Area	Total Variance £'000	Explanation
Children and Families	337	<p>New This month: There has been a net saving of £2k across services supporting Looked After Children. This comprises 2 clients leaving care saving £28k (FYE saving of £69k), and client movement between settings saving £4k (FYE saving £14k) offset by placement extensions costing £30k (FYE pressure £22k).</p> <p>Previously reported: A gross pressure of £834k mainly due to rising client numbers, extensions to placements and changes in the 'type' of placement across Looked After settings had been offset by an under spend of £245k across other services including Adoption Allowances, Childcare Lawyers and the cost of Leaving Care.</p> <p>At Cabinet, a reduction in foster care fees for Slough foster carers to a similar level to those paid by neighbouring authorities was agreed and has now been identified, saving £50k in 2010-11. The full year effect of this saving in 2011-12 is expected to be £250k.</p> <p>In addition, a reduction in the number of social workers in Children and Families by 9 posts (6 agency and 3 establishment), saving £200k in 2010-11 with a full year saving of £400k in 2011-12 was agreed. Current work is under way to look at raising thresholds for children in need, referring parents to services available in the community (e.g. Parenting, Children's Centres), enhancing use of Sure Start services for younger age group. Between November and March, Sure Start funding will be used to enhance the triage and social care duty systems focussing on vulnerable families with children under 5, with longer term plans being put in place following detailed information about Sure Start funding available in 2011-12.</p>
Youth	-95	<p>Previously reported: Youth and Support to Young People is one of the areas being looked at for 2011.12 to implement savings. A saving of £95k has been identified against Positive activities guns, gangs and knife crime within the PAYP funding stream against a total Youth budget of £1.6m.</p>
Inclusion	-156	<p>Previously reported: Reduced client activity based upon need have been identified for children with disabilities saving £66k. A staff vacancy from July within Services for Children with Learning Difficulties/Disabilities will save £20k, a full year saving of £40k following a review of the staff structure for this service. A review of shift patterns at Breakaway Children's Home has saved £30k, equivalent to £45k in a full year. The claw back of unspent direct payment allowances has saved £15k and the PCT funding 1 client's home care cost for the year saving £25k, previously expected from within SBC resources.</p>
Raising Achievement	-271	<p>New This month: A one-off saving of £64k has been identified within Home to School Transport due to the renegotiation of contracts for the Autumn school term pupil requirements. A vacancy covered by agency and a secondment within the Attendance Service will produce a net saving of £10k.</p> <p>Previously reported: The deletion of the Assistant Director post for Raising achievement from 1st October will save £54k (£108k in a full year). A saving of £100k on Youth Opportunity funding has been identified, mainly due to the removal of the ring fencing restriction and ability to offset against core expenditure. Innovative use of Sure start grant to offset officer time within the Early Years service has saved £95k and there has also been a staff saving of £14k within Services to Schools in respect of maternity leave. This has been offset by a net pressure of £66k within the School Improvement Service due to a shortfall in income generation.</p>
Strategic Support	-80	<p>Previously reported: Reduced activity levels in accessing the Assessment Centre for the provision of education need assessment for children arriving from abroad will save £50k. A saving of £30k based on the current level of liability for teacher's premature retirement payments is expected.</p>

Schools (ABG Services)	-43	New This month: The Excellence in Cluster Coordinator has been seconded to the vacant Head of Standards post from 1 st September until the end of the financial year; the Coordinator post will not be back filled saving a one-off £43k.
Total Variance	-308	

Appendix A (Cont.)

Green & Built Environment

Service Area	Total Variance £'000	Explanation
Resources & Bus Support	0	No new variances reported
Env Services & Quality	+20	<p>New this month: The crematoriums previous gas supplier had identified that an incorrect multiplier was used when calculating gas usage. As a consequence E-On are now claiming a backdated amount of £40k. As this was the supplier's error payment had been disputed, however, the Council's liability has now been confirmed. This pressure is partially offset by £20k additional income generated through the Citizenship service as a result of an increase in the number of applicants.</p> <p>Previously Reported: Pressure at present still exists with the Environmental Services Contract although Slough Enterprise has agreed to lower the inflationary uplift from 4.8% to 3% reducing the pressure to £206k, but this is still awaiting formal agreement. Negotiations continue with the latest meeting attended by directors from both SBC and Slough Enterprise held on the 9th September. This identified some additional proposals but overall negotiations continue and are not finalised as yet. This will be kept under constant review as part of the ongoing monitoring process and until appropriate compensating savings are found. Slough Enterprise invoices continue to be paid at last year's rate.</p>
Public Protection	-83	<p>New this month: A detailed review of staffing budgets including filling vacant posts with either permanent or temporary staff or the use of agency staff has been undertaken, and savings of £103k identified as a result. This is partially offset by two separate pressures each of £10k relating to outstanding fee invoices from RSPCA relating to 2009/10 and expenditure incurred in dealing with the clearance of abandoned trailers.</p> <p>Previously Reported: The Licensing Service has identified additional income of £21k across a range of its functions and this together with a projected under spend on CCTV/Careline employee costs mitigates the organic produce imports income pressure of £36k previously identified.</p> <p>A significant fall in the number of organic produce imports has resulted in a pressure of £36k against the income target for their verification. Work is ongoing to identify savings from within the Public Protection budgets to mitigate this pressure and a growth proposal will be submitted for next year's budget in respect of this item.</p>
Transport & Planning	+87	<p>New this month: The Parking Enforcement Manager has now completed a review of all sources of car park income and identified an in year pressure of £150k due in the main to increased competition from private and illegal car parks, and the economic downturn. In order to mitigate this pressure the level of required bad debt provision set aside for both the current and previous years' outstanding debts has also been reviewed identifying a greater level of collection than anticipated and projections indicate that there is adequate funding to enable £150k of the provision to be returned to the car parks revenue account to offset the identified pressure. A further car park pressure of £30k relating to an invalid rent increase for a tenant leaseholder - Hatfield MSCP, backdated to September 2009 has also been identified – this issue needs to be resolved in the base budget.</p> <p>Current projections indicate a significant shortfall of £100k in the amount of planning fee income which is due to a lack of major applications being received. It is this element of the service that produces the bulk of the fee income and although the position could change over the next few months it is considered prudent to report the position as it is currently perceived.</p> <p>A detailed review of staffing budgets including filling vacant posts with either permanent or temporary staff or the use of agency staff has been undertaken, and savings of £43k identified as a result.</p>

		<p>Previously Reported: The options appraisal in respect of the future of car parks has been completed and transport officers are now reviewing the recommendations contained within the report in order to ascertain the next steps and overall financial impact.</p>
Hsg Strategy & Renewal	-24	<p>New this month: A detailed review of staffing budgets including filling vacant posts with either permanent or temporary staff or the use of agency staff has been undertaken, and savings of £24k identified as a result.</p> <p>Previously Reported: Thames Water have recently identified that no waste water charge in respect of the Poyle Caravan Park has been made for a number of years. This has resulted in a 'one off' pressure of £9k although it is possible that an element of this cost can be passed on to the tenants. Any resultant balance will be absorbed within the services overall budget.</p>
Total Variance	0	

Appendix A (Cont.)

Central Directorates

Service Area	Total Variance £'000	Explanation
Improvement & Development	0	<p>New This month: The latest estimate of the level of recoverable court costs in respect of NNDR cases indicates that a reduction of income of £6k will occur against a total expectation of £46k. A review of court costs recoverable in respect of Council Tax cases is currently being undertaken.</p> <p>Previously Reported: A total of 15 vacancies across the department some backfilled with agency cover and the provision of overtime payments result in a net saving of £40k. These savings are offset by pressures arising from an income shortfall of £14k arising from the NNDR pool.</p>
Chief Executive	(3)	<p>New This month: An ongoing Corporate pressure relating to subscriptions is now reflected here £32k. This will need to be addressed as part of the 2011/12 budget build. This has been partially mitigated by vacancies in the Chief Executive's Office currently being held for the year equivalent to 0.6 FTE</p> <p>Previously Reported: The recruitment to a post at a lower grade than previous employee, a vacancy for 1 month and a member of staff on maternity leave result in staff budget savings of £14k. An increase in the level of advertising income saves £4k.</p>
Resources	(115)	<p>New This month: A refund for the overpayment of childcare vouchers during 09/10 has resulted in a one-off saving of £19k. In addition a favourable outcome in respect of an estimated accrual made at the end of 2009-10 for outstanding childcare voucher and recruitment advertising costs has resulted in a one-off saving of £31k; The latest estimate from RBWM in respect of added years pensions liabilities for former employees indicates a potential overspend of £4k, this position will continue to be reviewed. The latest review of Corporate Repairs Schedule is showing a further reduction in spend of £77k. A reduction in training spend, saving £1k and income from meeting refreshments saving £11k. Increased one-off costs relating to the Asset Management Review will amount to £18k. Recognition of a £180k council wide procurement savings target will be offset by savings being identified across all directorates. To date reductions in energy costs already reflected in front line outturns will be further supplemented by other contractual reductions including postage and telephony. This is partially offset by the use of one-off monies originally set aside to employ an Energy Manager £49k which will now be held vacant for the remainder of the year. A Budget realignment exercise in respect of procurement savings will take place as part of the 2011/12 Budget to ensure the ongoing savings are allocated across all directorates.</p> <p>Previously Reported: Reduced staffing costs of £13k along with anticipated under spends on running costs of £74k are offset by a shortfall in budgeted income of £19k. A total of 12.5 vacancies across the department, some filled by temporary staff, generate a net saving of £139k. A saving of £241k is expected against the Corporate Repairs budget by restricting maintenance to essential items only and by re-procuring support contracts, e.g. water hygiene inspection. These savings are offset by the following pressures:</p> <p>Reduced level of eligible salary recharges to the capital programme of £207k due to the reduced work on capital and other projects. A one-off pension charge relating to 09/10 for £46k has arisen following the late receipt of an invoice in respect of the added years pension liability for former employees. The anticipated loss of rental income from empty commercial properties and industrial starter units will result in a pressure of £75k. The reduced demand for land charge searches arising from the economic downturn together with recent legislative changes announced in respect of property searches have identified a total budget pressure of £58k. The legislative element estimated at £20k will be on-going for future years;</p> <p>The latest estimated cost of accommodation and running costs for Age Concern in Slough is highlighting an overspend of £40k. Savings have arisen from the vacancy of Deputy Borough Secretary to be held for the year of £95k offset by the cost of interim arrangements for the same period of £65k. The review of supplies and services expenditure within Corporate Property & Valuation has saved £10k. The balance of overspend will be managed within the cash envelope to give a breakeven position.</p>
Total Variance	-118	

Appendix A (Cont.)

Housing Services

Service Area	Total Variance £'000	Explanation
Housing Repairs Fund	280	The allocation of the management element of the Council's repairs contract with Interserve constitutes a contractual commitment of £455k for 2010/11 (previously reported as £445k). Following review, it has been established that there is a reduced requirement for the 'guaranteed sum' element of the contract due to a reduction in indexation and the number of properties originally assumed in the charge. This represents a £221K reduction from the previous month's variance. Other minor increases to the projected outturn amount to £46K. Previously reported : + £445K
Dwelling Rents	-267	Due to the late release of the Housing Subsidy determination, the increase in average rent of approximately 1% was not factored into the base budget. This variance represents the increase in dwelling rents expected due to this rise. Previously reported : NIL
Non Dwelling Rents	-75	A number of capital receipts below the council's de-minimus relating to disposal of garage sites have been identified, giving rise to additional non dwelling income. Previously reported : NIL
Housing Subsidy	-44	Following the recent submission and audit of the 2nd Advance Housing Subsidy claim for 2010/11 and the Final Claim for 2009/10, there is a net difference of £44K to the projected negative subsidy payable in the current year. This emanates largely from changes in the stock nos. and the archetype breakdown on the portfolio. The Council is required to pay subsidy on the basis that housing income exceeds expenditure in this area. Previously reported : + 90K
Housing Service	-72	As part of a review of all housing budgets, some costs associated with (the former) People 1st organisation have been identified as no longer required. These include External Audit Fees; Management Board Administration; and recruitment costs. Further such instances will be identified in due course as a review of the HRA is concluded. Previously reported : NIL
Other variances under £50K (net)	3	There is an identified reduction of £3k in the interest receivable on the Sale of Council Houses.
Total Variance	175	