

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview & Scrutiny Committee      **DATE:** 3<sup>rd</sup> July, 2008

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**WARD(S):** All

### **PART I** **FOR INFORMATION**

#### **PERFORMANCE, FINANCIAL & HUMAN RESOURCES MONITORING 2008/09 AND FUTURE OF BAR AT HAYMILL CENTRE**

##### **1      Purpose of Report**

This report highlights the Council's overall performance in financial and performance management. This month the report focuses on revenue and capital monitoring for the Council; in addition it outlines the financial risks facing the Council in 2008/09. The report also seeks members' views on the closure of the bar at the Haymill Centre.

##### **2      Recommendation(s) / Proposed Action**

The Committee is invited to comment on the following recommendations to the Cabinet:-

- a) That the report be noted.
- b) That the revised capital programme be approved.
- c) That the impact on the Prudential indicators be noted and borrowing limits be approved.
- d) That the decision to delay the current proposed sale of the existing Town Hall site due to market conditions be agreed.
- e) That the additional requirement for the Lea School development be linked to the corporate property funds, which will be transferred when the final amount has been confirmed.
- f) That the closure of the Haymill Bar be considered.

##### **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.

Performance and 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 Other Implications**

### (a) Financial

These are contained within the body of the report.

### (b) Human Rights & Other Legal Implications

While there are no Human Rights Act implications arising directly from this report, the authority is required to set and maintain an adequate level of balances. The Council operates within a legislative framework in the recruitment, employment and management of its workforce. The provision of workforce information ensures that our performance in areas can be monitored at a strategic level across the organisation.

## **5 Performance Management Framework**

- 5.1 During the 2008/09 financial year considerable work will be undertaken to improve Slough Borough Council's (SBC's) corporate planning capabilities to ensure the corporate and service plans drive resource allocation. From a financial perspective, resources need to follow priorities. This means having sufficient resources to direct into priorities as well as clarity about where the Council wants to invest and direct its resources.
- 5.2 The financial strategy has to work hand-in-hand with developing a robust and integrated business planning and performance management regime and there will be a strong overlap, with key actions in the business planning framework being mirrored in the financial strategy model. This will allow SBC to operate an integrated planning process.

### **Performance Management**

- 5.3 The 198 indicators in the new National Indicator Set will be collected and performance managed through PB Views Performance Management System which is being used by local authorities within Berkshire. The new National Indicator Set replaces the previous Best Value Performance Indicators. The LAA indicators have been selected from the National Indicator Set (and also include local indicators) and the Council will be assessed against its performance against all 198 indicators through the Use of Resources Assessment.
- 5.4 The Council's Performance Plan will be published by the end of June and will provide the outturn figures for the Best Value Performance Indicators – a revised 3 year Corporate Plan will be published following the administration's priorities.
- 5.5 Officers are currently aligning the budget setting and business planning process and a revised approach to Star Chamber and service planning will be introduced. This will include a corporate balance scorecard and strategic staircase at corporate and strategic levels.

A report detailing the Best Value Performance Indicator outturns for 2007/08 is available in the Members' Room. Alternatively a copy can be obtained from the Policy and Performance Team.

## **Financial reporting**

- 5.6 The Council's 2008/09 net revenue budget is £98m. This excludes the schools' budget of £89m which is funded through the Dedicated Schools Grant.
- 5.7 Appendix 2, to this report highlights the pressures and risks that have been identified. Work has already commenced on analysing the risks the Council faces this year and the July monitoring report will include a full risk analysis. This will also identify any necessary steps to manage in year pressures. This schedule will be reported to every meeting with an indicator of level of risk.
- 5.8 A number of the Council's services are demand led services for which budgets for 2008-09 have been set on known placements and client activity at a point in time. Clearly these areas are subject to constant review as client levels change and thus subject to pressures that are not directly controllable. It should be noted that Members agreed at the end of the 2007/08 financial year that sums should be set aside as part of the closure of 2007/08 to meet specific budget pressures that the Council would be facing during 2008/09.

## **Projected Outturn Position at 31<sup>st</sup> May 2008.**

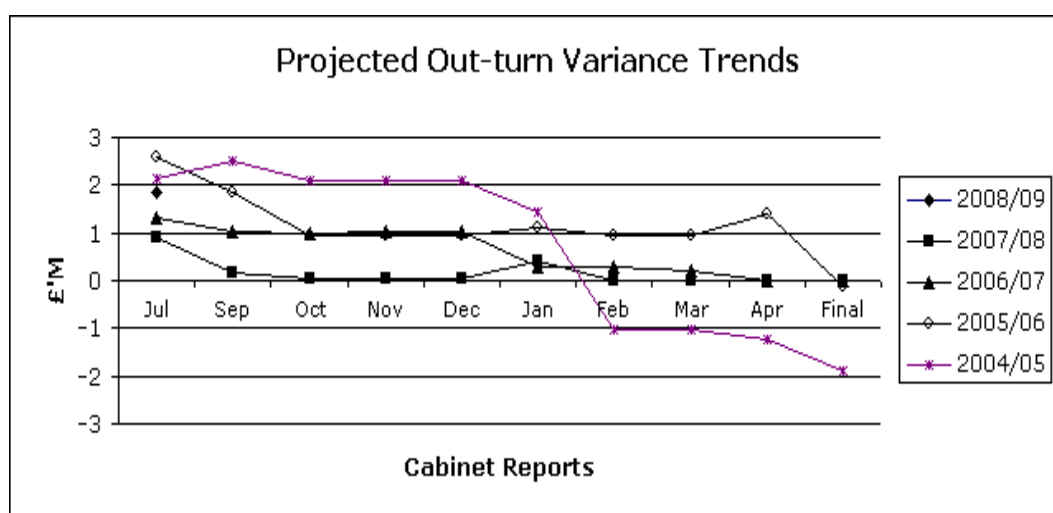
- 5.9 The Projected Outturn position is set out in Appendix 1 to this report; currently there is a projected overspend by Directorates of £1.85M, and a further £473,000 Corporate overspend making a total predicted overspend of £2.323M. This is primarily in Community and Wellbeing (CWB) and Green and Built Environment (GBE) who are anticipating a £950,000 and £720,000 overspend respectively. Corporately the Customer Service Centre has Business Process re-engineering savings of £473,000 to be achieved across the Council.
- 5.10 The area of volatility in CWB is primarily in the area of adult social care which is predicting an overspend of £764,000, with care packages for additional clients accounting for £495,000 and a further £161,000 for Langley Day Care Centre. Green and Built Environment pressures include £200,000 for grant shortfall in relation to concessionary fares and a potential further £200,000 for planning appeal costs. They are also predicting a further £227,000 overspend which is in relation to the volatility of waste volumes (including fridge disposals) and a potential delay in the Energy for Waste plant which would mean an increase in landfill costs.
- 5.11 Management action to address these overspends is being taken by Directorate Management Teams who are in the process of drawing up a list of proposals to balance their bottom line position and further information will be brought to Members at their next meeting. One option that members can consider is the closure of Haymill Bar, which is a pressure of £43,000 in the Community and Wellbeing Directorate.
- 5.12 **Table 1**, below illustrates the trends in Projected Outturn reported to Cabinet since July 2004/05.

**Monitoring Trends**

**Table 1**

**As Reported to Cabinet**

	Jul	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Final
2008/09	2.32									
2007/08	0.91	0.18	0.0425	0.034	0.034	0.407	0	0	0	-0.01
2006/07	1.30	1.03	1.00	1.02	1.02	0.30	0.30	0.20	0.00	0.00
2005/06	2.57	1.83	0.95	0.95	0.95	1.10	0.93	0.93	1.41	-0.12
2004/05	2.12	2.50	2.10	2.10	2.10	1.45	-1.04	-1.04	-1.24	1.90



5.13 The actual variance is high at this period as can be seen from the graph is similar to the position at this point in time in previous years.

**Human Resources**

5.14 HR monitoring information supports the development of policies, practices, systems and approaches to being an employer of choice, a learning organisation and ensuring employee well-being and safety, as well as influencing the development of management capability and capacity. The results are also used for external benchmarking and BVPI purposes. The Council continues to maintain a workforce that reflects the ethnic diversity of the population it serves and our BME as well as our disability profile continues to rise.

Appendix 3 to this report sets out the HR quarterly statistics for the period January to March 2008.

**CAPITAL PROGRAMME 2008-2009 to 2012-2013**

5.15 The capital financing system is underpinned by the CIPFA Prudential Code and Indicators with the aim of ensuring that the capital investment programme is affordable, prudent and sustainable. The Prudential Code requires the full Council



**SUMMARY OF CAPITAL PROGRAMME 2008 /2009**

**Provisional**

Line	Summary	2008/2009 March 2008 Approved Budget	2008/2009 July 2008 Draft Budget	2008/2009 Spend per Oracle to 12 June 08	2008/2009 Variance to Provisional Budget	% of Spend to Provisional Budget	2008/2009 Budget Committed to Date	2008/2009 Budget Profile to June
		£'000	£'000	£'000	£'000	%	£'000	£'000
	<b>EXPENDITURE</b>							
	<b>GENERAL FUND PROGRAMME</b>							
1	Community and Wellbeing	2,566	2,526	-28	-2,554	-1%	1,501	167
2	Education and Children's Services	14,542	16,804	1,762	-15,042	10%	5,382	3,028
3	Green and Built Environment	10,614	11,531	220	-11,311	2%	7,179	780
4	Green & Built Environment: Afford. Housing	2,223	2,547	0	-2,547	0%	457	0
5	Resources	12,738	11,669	213	-11,456	2%	360	413
6		<b>42,683</b>	<b>45,077</b>	<b>2,167</b>	<b>-42,910</b>	<b>5%</b>	<b>14,879</b>	<b>4,388</b>
	<b>HOUSING REVENUE ACCOUNT</b>							
7	Housing Revenue Account	12,822	21,309	751	-20,558	4%	2,968	2,791
8		<b>12,822</b>	<b>21,309</b>	<b>751</b>	<b>-20,558</b>	<b>4%</b>	<b>2,968</b>	<b>2,791</b>
9	<b>TOTAL CAPITAL PROGRAMME</b>	<b>55,505</b>	<b>66,386</b>	<b>2,918</b>	<b>-63,468</b>	<b>4%</b>	<b>17,847</b>	<b>7,179</b>

	£'000	£'000	£'000
	<b>SOURCE OF FINANCING</b>		
	<b>GENERAL FUND PROGRAMME</b>		
10	Capital Grants & Contributions	10,052	13,591
11	Capital Fund	0	0
12	Prudential Borrowing	6,393	15,879
13	Capital Receipts	26,238	15,607
14		<b>42,683</b>	<b>45,077</b>
	<b>HOUSING REVENUE ACCOUNT</b>		
15	Capital Grants & Contributions	0	91
16	Revenue / Major Repairs Allowance	4,283	7,917
17	Prudential Borrowing (Including ALMO)	8,539	10,385
18	Capital Receipts	0	2,916
19		<b>12,822</b>	<b>21,309</b>
20	<b>TOTAL FINANCING</b>	<b>55,505</b>	<b>66,386</b>
	<b>SOURCES OF FUNDING</b>		
	M = Mainline Resources: Prudential Borrowing, Capital Receipts, Revenue Contributions & Major Repairs Allowance		
	G = Capital Grants and Contributions		

**Revised Capital Programme 2008-2009 to 2012-2013**

5.20 The Asset Management Group (AMG) has reviewed the 2007-08 capital programme outturn and considered business cases for those projects that require 2007-08 slippage to be carried forward into 2008-09. The revised 2008-09 to 2012-13 capital programme is set out in Appendix C.

5.21 As part of this review the currently assumed level of capital receipts have been reviewed and in light of market conditions it is recommended that the current Town Hall site is not marketed immediately, as had originally been assumed. The figures have been adjusted to reflect the receipt not being received later this financial year. Although this can be managed in the short term, this is not sustainable over a longer period of time.

5.22 The additional cost pressures of the Lea School were flagged up at an earlier cabinet and although the final additional cost is still to be fully quantified, sufficient sums within the corporate property fund will be earmarked to manage this.

## Capital Allowance and the Pooling of Housing Capital Receipts

5.23 The capital allowance is used to abate the amount of non-RTB housing capital receipts that have to be paid over to the Secretary of State. The 2007-08 actual capital spend and the 2008-09 to 2012-013 capital programme contain the following amounts of provision for affordable housing and the Housing Investment Programme that can be added to determine the total amount that can be claimed against the capital allowance. Cabinet is therefore requested to consider and recommend to the Council to approve the following amounts as capital allowance:

	2007/08 £M	2008/09 £M	2009/10 £M	2010/11 £M	2011/12 £M	2012/13 £M
<i>Capital Allowance</i>						
Affordable Housing	1.098	2.547	2.297	1.473	0	0
Improvement to Stock (HIP)	13.781	21.218	13.874	13.963	11.209	5.444
<b>Total Capital Allowance</b>	<b>14.879</b>	<b>23.765</b>	<b>16.171</b>	<b>15.436</b>	<b>11.209</b>	<b>5.444</b>

## Prudential Indicators

5.24 The Prudential Indicators required by the Code are designed to support and record Council's decision making. The table in Appendix D sets out the actual Prudential Indicators for 2007-08 and estimate for future years in respect of affordability, prudence, capital expenditure, external debt and treasury management.

5.25 Prudential Indicators 24 and 28 recommend total authorised limits for external debt and the operational boundary for external debt as follows:

<b>External Debt</b>	2007/8 Actual	2008/9 Est.	2009/10 Est.	2010/11 Est.	2011/12 Est.	2012/13 Est.
	£M	£M	£M	£M	£M	£M
<i>orised limit</i>	62.3	113.0	131.0	146.0	157.0	156.0
Operational Boundary	62.3	109.6	127.5	141.7	152.6	151.6

5.26 The Cabinet is requested to consider and approve the above borrowing limits.

## Risk Management

5.27 Attached at Appendix E is the current capital risk assessment

## **6. Conclusion**

Members will receive a joint summary report covering Resources and Performance Management at each meeting in 2008/09.

The main Financial Risks for 2008/09 have already been identified and the status will be reported regularly to Members. Directorates are compiling action plans to contain any pressures identified already on General Fund revenue budgets.

## **7. Appendices Attached**

- 1 Revenue Monitoring - Corporate Summary
- 2 Schedule of high risk and budget pressures 2008/09
- 3 HR quarterly statistics, January – March 2008

- A** Capital Programme 2008/09 – Spend to Mid-June 08
- B** Prudential Indicators to Mid-June 08
- C** Capital Programme 2008/09 – 2012/13
- D** Prudential Indicators 2007/08 – 2012/13
- E** Capital Programme Risk Assessment

**8. Background Papers**

- '1' Finance Detailed working papers are held in Central Finance and the relevant departments.
- '2' Performance working papers are held in the Policy and Performance section
- '3' HR data is held in the HR department