

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 23rd June 2014

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WARD(S): All

PORTFOLIO: Rob Anderson (Leader & Commissioner for Finance)

PART I KEY DECISION

PROVISIONAL FINANCIAL & PERFORMANCE OUTTURN REPORT: 2013-14 FINANCIAL YEAR

1 Purpose of Report

To provide members with the provisional financial outturn information for the 13-14 financial year

To summarise the Council's performance against the balance scorecard indicators during 2013-14

To summarise the Council's performance on 'Gold' projects during 2013-14

2 Proposed Action

Cabinet is requested to resolve that the report be noted, including the key information, and that the items in e) and f) be approved:

- a) That the provisional revenue outturn for 2013-14 is a break even position. This is after allowing for a contribution of £150k to a future budget requirement reserve.
- b) That the provisional capital outturn is expenditure of £33.3m against the capital programme of £51.6m, with £16.7m reprofiled into the 2014-15 financial year
- c) That within the Council's balanced scorecard, 71% of indicators were green, with the following 'red' indicators:
 - a. % of Initial Assessments completed and authorised within 45 working days (in month) in Children's services.
 - b. Council Tax collection rate
 - c. Number of Households in temporary accommodation

- d) That 17% of Gold projects have progressed overall as 'green'. Of the six submitted highlighted reports, one has been assessed to have an overall status of Green, three at Amber and two at Red.

Cabinet is requested to approve:

- e) The revised 2014-15 capital programme to take account of re-profiling of previously approved 2013-14 projects into the 2014-15 programme; with a revised capital programme of £63.6m
- f) The Virements and write-offs detailed within the report

3 **The Slough Joint Wellbeing Strategy, the JSNA and the Corporate Plan**

3a. **Slough Joint Wellbeing Strategy Priorities**

The report indirectly supports all of the SJW Strategy priorities and cross cutting themes. The maintenance of excellent governance within the Council to ensure that it is efficient, effective and economic in everything it does is achieved through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

3b. **Corporate Plan 2013/14**

The report helps achieve the Corporate Plan objectives by detailing how the Council has performed against its priority outcomes, as evidenced in the performance balanced scorecard and Gold projects reporting, and in delivering the Council's budget in line with the approved budget.

4 **Other Implications**

(a) Financial

*The Financial implications are contained within this report, but in summary, the 2013-14 provisional outturn will maintain the Council's General Fund reserve at **£8.142m as at 31st March 2014***

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	None	None
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	none
Communications	None	none
Community Safety	None	None
Financial; Detailed in the report and above	As identified	None

Timetable for delivery; A number of capital projects will be reprofiled into the 2014-15 financial year	The capital programme will be closely monitored by the capital strategy group in 2014-15.	None
Project Capacity	None	None
Other	None	None

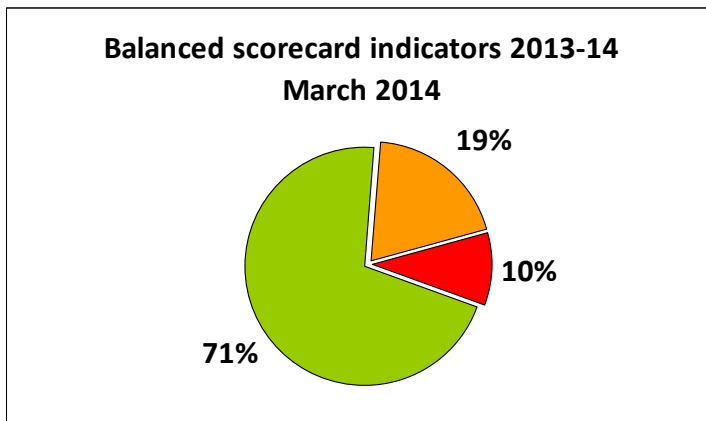
Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications identified.

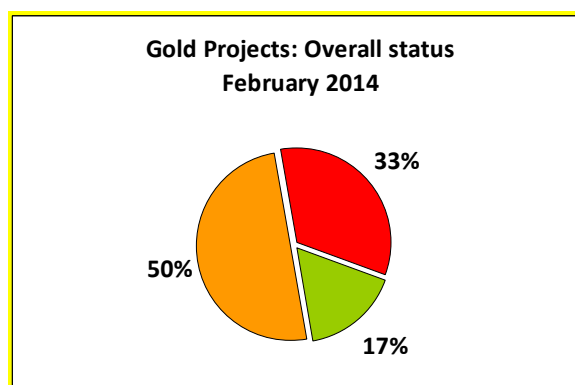
Equalities Impact Assessment – not required for this report.

5 Executive Summary

- 5.1 The Council provisional financial outturn for the 2013-14 financial year is break even after adjustments made to and from reserves. The Council has successfully contained the pressures it has faced and is allocating £150k to the future budget requirement reserve to help mitigate a small amount of the Government's funding reductions in future years. The main service areas to show an underspend are Adult Social Care and Education (non schools). The service area showing the most significant overspend is Children and Families.
- 5.2 The Council's capital programme for the 2013-14 year has been completed with 65% of the capital programme budget spent in the financial year. The major items of re-profiling are £4m on the Curve project, a significant amount of the Housing capital programme and the Crematorium / Cemetery project.
- 5.3 The latest position for the Council's balanced scorecard demonstrates that at the end of March 2014 the Council's summary performance against its balanced scorecard indicators is as below:



- 5.4 Key areas of noteworthy concerns flagged as 'Red' status are:
- Council Tax collection rate
 - Percentage of Single Assessments completed and authorised within 45 working days (in month) within Children's Social Care.
 - Households in temporary accommodation.
- 5.5 The summary of the Gold projects at March 2014 indicates that the overall status of one of these are **Green**, with three assessed as **Amber** and two as **Red**.



6 Supporting Information

Financial Performance - revenue

6.1.1 Summary

The 2013-14 financial year saw the Council contend with a further reduction in Central Government funding with a below inflationary rise in Council Tax. This year was also the first year that the Council had to deal with the volatility arising from being able to retain some of the risks and rewards from retaining a proportion of business rates. Against this backdrop of reducing funding for Council services the Council has performed strongly to achieve a breakeven position and maintain General Fund balances at previous year levels.

6.1.2 The Council had to contend with other additional externally driven pressures during 2013-14 that had not existed in previous years. The budget included a total expected budget savings programme of £9.4M, driven by funding reductions from Central Government. The changes to non-domestic rates and localisation of business rates have resulted in a fundamental shift in the way local government is financed. The changes have resulted in significant new risks to local authority resources that have needed to be incorporated into financial planning. In relation to Council Tax there has been a need to forecast the level of council tax support claims and ensure that overall Collection Rates held firm. Any additional income or shortfall from the above will materialise as a surplus or deficit on the collection fund and these will feed into the resources available to the Council the following year.

6.1.3 The most significant areas of deviation away from their budget were the Adult Social care, non schools education, Community and Skills and Children and Families services.

6.1.4 Wellbeing

There were also some internally driven pressures that the Council managed. There has been a significant overspend in the Children's and Families service of over £3m, and as detailed earlier in the financial year, the Council needed to set aside funds to ensure that the transactional services contract budget was sufficiently funded by the Council. The Council has successfully managed these pressures through a variety of means, and primarily through driving out savings from other services areas. There were also additional Government grants that were taken into consideration on revising the Council's net budget and review of the Council's earmarked reserves.

6.1.5 The Wellbeing Directorate is showing an overspend of £0.6m (1.0%), and within this is a significant pressure on the Children Looked After (Placement) budgets within Children and Families service. The total overspend within this service is £3.1m, although this is offset in part, by savings within the Adult Social Care service of £1.4m and Education (Non Schools) of £1.1m.

6.1.6 Customer and Community Services

Customer Services and IT is reporting a small underspend at year end. There is a favourable variance of £579k. The main reasons for this underspend are £40k administration underspend in the Local Welfare Provision, an £81k underspend in IT staffing vacancies, a £232k underspend in IT Growth bids and a £167k in IT contract savings.

- 6.1.7 Many of the underspends are one-offs that are unlikely to be repeated in future years or have already been 'captured' as 2014/15 savings targets and built into the 2014/15 budgets.
- 6.1.8 The favourable variance within the Community and Skills area is a result of staff vacancies in Youth Services and lower transport and associated costs. Additional income, staffing vacancies and lower utility and equipment costs from both the Cemeteries & Crematorium and the Parks & Open Spaces areas have also helped the Customer and Community Services directorate to increase the underspends for the year.
- 6.1.9 Within the Enforcement and Regulation team there is a small overspend as a result of funding pressures for the CCTV service, and Safer Communities Initiative. Various underspends on the NLIS contract fee, a surplus contribution from Building Control, and underspends in both Development Control and Environmental Protection, Licensing, Trading Standards has mitigated the expenditure pressures.

6.1.10 Resources, Housing and Regeneration

Resources, Housing and Regeneration Directorate is reporting an overall underspend of £1.215M. These underspends have been predominantly generated in the Housing and Environment and the Estates and Regeneration services

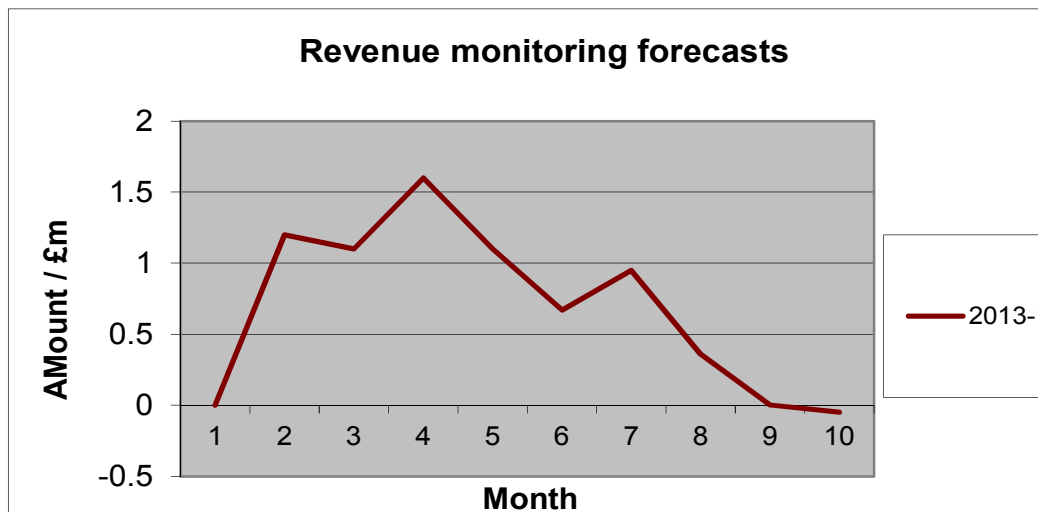
- 6.1.11 The 2013 Amey profit share and the Lakeside EFW credit has resulted in the Housing and Environment underspend.

- 6.1.12 The under spend position of £735k within Estates and Regeneration comprises a underspend in Property services due to a shift in planned corporate repairs and maintenance to only emergency repairs and maintenance. Facilities & Corporate Landlord renegotiated their contracts during the year and reviewed the recharge to the HRA for the use of Landmark Place. The Highways Engineering team held numerous vacancies and imposed a recruitment freeze pending Highways/Transport Services merger.

6.1.13 Chief Executive

The Chief Executive's directorate is showing an expected underspend of £245k. Savings throughout the directorate in line with savings with action plan targets enabled the directorate to contribute their share to the overall reduction of overspends.

- 6.1.14 As a result of the items mentioned above the revenue financial performance forecasting shows initial overspends continuing to increase at the start of the financial year. At its highest point there was a forecast overspend of £1.6m. This was gradually reduced during the remainder of the year with a series of action plans and management action so that the actual spend at year end reflected the expected budgetary position.



6.1.15 Housing revenue Account

The Housing Revenue Account finished the year with a surplus of £72k against an expected deficit of £5,515k. The main positive outturn variances to note for the HRA were lower interest rates, property costs and management costs along with additional receipts from dwelling rents, interest on balances and chargeable works. Offsetting the above were reduced receipts from garage rents and service charges and the setting aside of £4m for future housing provision.

6.1.16 The achieved surplus of £72k has been set aside in general HRA balances

6.1.17 The Council's outturn on non distributed costs is showing an overspend of £1.4m. Higher than expected daily balances as a result of the capital programme underspends mentioned in this report has meant that Treasury Management has earned more interest than expected. Interest earned is not unfortunately as high as it might have been in previous years as interest rates have continued to remain very low. Trading surpluses have been higher than forecast. There have been a number of pressures within this area; as mentioned above the Council needed to fund the transactional services contract and it came from the previous contingency found in this budget heading, the Council also needed to finance inflationary cost pressures and additional pension contributions to catch up previous year's service costs within the pension fund. Though there were additional grant receipts in respect of the Education Services Grant as part of the rebased net budget, and the Council has reviewed and released some previously earmarked reserves, there remained a net cost pressure on this line for 2013-14.

6.1.18 These figures are all provisional at present; the final figures will be included as part of the Council's Financial Statements which will be published on its website by the 30th June 2014 in draft format. The provisional outturn detailed in this report is unlikely to move significantly by the time the Financial Statements are finalised. The Financial Statements will be externally audited by BDO during the summer 2014 and the externally auditor's report will be presented, along with the final set of Financial Statements to the Audit Committee in September 2014.

Financial Performance - Capital

6.1.19 The Council has reprofiled a number of capital schemes from 2013/14 into 2014/15 for a variety of reasons with further detail on the progress against the capital programme by directorate in the directorate appendices attached to this report.

6.1.20 Overall, the Council spent 65% of the approved Capital Programme for 2013/14. The majority of programmes not spent in 2013/14 (16.7M) will be re-profiled into the 2014/15 financial year thus increasing the notional size of the 2014-15 capital programme.

6.1.21 The capital spend can be summarised as follows:

Directorate	Expenditure		
	Budget	Actual £000s	% Expend v Budget
Slough Regeneration Partnership	4,346	4,257	97.94%
Heart of Slough	820	621	75.76%
Resources (excluding Heart of Slough)	9,710	6,990	71.99%
Wellbeing	8,717	8,764	100.54%
Chief Executive	61	335	549.65%
Customer & Community Services	6,543	2,627	40.14%
Housing Revenue Account	21,381	9,752	45.61%
Total	51,578	33,346	64.65%

6.1.22 Write offs

The final quarter write offs can be summarised as followed

Reason	NNDR	Former Tenant Arrears	Sundry Debtors	Housing Benefits	Total
	Value £	Value £	Value £	Value £	Value £
Unable to trace		218,390.90	8,646.21	80,712.48	307,749.59
Uneconomical to pursue		3,516.31	1,169.94		4,686.25
Vulnerable persons		3,645.81	8,335.77	1,141.94	13,123.52
Tenant no estate / no NOK		25,730.25			25,730.25
Statute Barred		28,421.15	2,737.66		31,158.81
Bankruptcy	20,078.59			14,201.40	34,279.99
Absconded	344,606.44		855.48		345,461.92
Dissolved	362,335.83				362,335.83
Proposal to Strike	130,119.66				130,119.66
Statute Debarred	98,130.96				98,130.96
Admin Error		11,434.95	148.78	745.16	12,328.89
Liquidation	32,850.33				32,850.33
Administration	123,069.34				123,069.34
Receivership	587,030.83				587,030.83
Misc.	126,115.91		26,173.64	75.72	152,365.27
Credit Balances	(43,102.31)				(43,102.31)
Deceased				29,749.11	29,749.11
	1,781,235.58	291,139.37	48,067.48	126,625.81	2,247,068.24

The net write offs total £2,247,068. Gross write offs were £2,290,171 although this amount was offset as £43,102 of credit balances were also written off. 79% of the write offs relate to business rates and the major reasons for write off was

- Unable to trace (14%)
- Absconded (15%)
- Dissolved (16%)
- Receivership (26%)

6.1.23 Virements

Virements during the fourth quarter of the current financial year were as follows:

Service Area		Amount £	Reason
From	To		
Appropriations	Wellbeing	150,750	Release of LD Transfer Reserve
Contingency	Chief Executive	10,000	Transfer to Project Code
Trading Accounts	RHR	66,750	Re-alignment of Insurance Budget
Treasury Management and Appropriations	Wellbeing and RHR	6,562,380	Closedown transfer re: Leases and PFI
CCS	Appropriations	31,090	Reserve Movement Correction
Wellbeing	Sources of Finance	3,677,500	Closedown Transfer re: PFI Grant budget
Appropriations	All Directorates	1,579,980	Release of Reserves
Wellbeing	Appropriations	285,550	Schools Capital Contributions
All Directorates	Appropriations	1,216,970	Closedown Transfer re: 2013/14 Carry Forwards
Contingency and Appropriations	All Directorates	4,095,060	Closedown Transfer re: Corporate Budget Allocations

Council Performance

6.2 The latest available validated performance positions have been ascertained. This month, 32 performance indicators have been RAG rated – the majority at **Green** (23; 72%) or **Amber** (6; 19%). Those rated as Green or Amber - taken together - account for 91% of measures. Three measures this month (9%) are **Red** rated as being off target by more than 5% in this report.

6.2.1 Noteworthy Improvements

This month one of the indicators reported as **Amber** in the previous report has improved to a **Green** target level of performance: this is the **percentage of Adult Safeguarding Alerts that led to a strategy meeting**. During February, the proportion of safeguarding referrals requiring progression to strategy meetings returned to the target tolerance (at 30%).

Across the whole of the 2013-14 period to date, this value also remains on target tolerance (at 35%).

6.2.2 Noteworthy Concerns

The following indicators were rated **RED** this month as being more than 5% adrift of their currently defined target values:

6.2.2.1 Council Tax collection rate: Percentage of total amount due for 2013-14 collected to date

No collection profile (a modelled projection of how much of the annual total is to be collected during each month) for 2013-14 was been agreed between Slough Borough Council and the transactional services provider but this will be in place for 2014-15.

Nonetheless, the total collected by end of March (94.8% against a desired minimum of 96% for the full year) has raised concerns for the overall Collection Rate of 98%. There was a significant drop in the total monthly collection in December compared to the rest of the year, and this continues to impact on the overall collection figures.

A detailed report outlining the actions to be taken to recover the position has previously been provided to CMT. One of the issues impacting on collection is the introduction of the national Council Tax Support scheme in April 2013; this resulted in a number of people who had previously not been expected to pay Council Tax (their bills were covered in full by benefits) now having to pay 20% of the due payment themselves. Collection in these circumstances was expected to be problematic, especially in the first year of the scheme.

The Collection Rate in respect of Claimants not on the Council Tax Support scheme has increase from 95.3% in the previous year to 95.7% during 2013-14.

6.2.2.2 % of Single Assessments completed and authorised within 45 working days (in month) *Provisional data:*

From 14th October 2013 Children & Families moved to the Single Assessment (as per Working Together 2013) which has a timescale compliance of no more than 45 working days; at this point the previous dual approach of Initial and Core Assessments ceased.

Less than one-third of single assessments completed during March (65.6%) were finalised within the 45 working day timescale. Target for this measure is demanding, at 100%.

The service area had built up a backlog of incomplete assessments, and focused effort has now finalised a large number of these (a total of 280 assessments were completed in February, 203 having exceeded the permitted timescale).

6.2.2.3 *Number of households in temporary accommodation*

This has increased from the previous month to 99; however, no placements are being made into Bed & Breakfast accommodation.

The following 6 indicators were rated **AMBER** this month as being more than 5% adrift of their currently defined target values:

6.2.2.4 Percentage of calls to My Council that were abandoned by the caller rather than queuing (in the month)

Rated as amber as the abandoned calls position rose to 25.9% from the 16.4% value obtained in January.

Despite not formally agreeing a numeric improvement target, this service had been delivering a significantly improved response rate.

Factors behind the increased rate in February include:

- additional contacts presented to the CSC due to the Housing Allocations Policy changes;
- additional Council Tax reminders and finals due to reduced collection in previous month;
- Public Information Line (Flooding) – 2 Customer Service Advisers were seconded to support this 9-5 Monday to Friday for a week.

6.2.2.5 Number of Slough primary schools in special measures or with notice to improve

Four Slough Primary schools are in this category. Work is underway between the council and school leadership teams to address concerns raised and implement improvement activity at individual schools. Three of the schools have been deemed to be making 'satisfactory progress' towards improvement in follow-up Ofsted judgements (Colnbrook, St Ethelbert's and Willow). Foxborough is deemed to still 'require improvement'.

6.2.2.6 Prevalence of childhood obesity at start of primary school (Reception) as measured by the NCMP

This has been previously reported.

6.2.2.7 The percentage of household waste sent for reuse, recycling or composting.

This has been previously reported.

6.2.2.8 Percentage of municipal waste sent to landfill.

This has been previously reported.

6.2.2.9 Crime rates per 1,000 population: Violence against the person

This has been previously reported.

The Full Corporate Balanced Scorecard is provided as **Appendix D**.

Council's Gold Project Update

6.2.3 The summary below provides Cabinet with an update on the Council's Gold Projects as at the 31st March 2014. Individual project progress reports have been made by Project leads, with endorsement from the Project Sponsor, and are provided in **Appendix E**.

6.2.4 Monthly Period Summary

6.2.4.1 This report covers six Gold Projects in total; highlight reports have been received in time for this report from all.

6.2.4.2 Of the six project highlight reports submitted, all have been confirmed as agreed and authorised by the Project Sponsors with the exception of 'Fit for the Future Programme' project which is in draft.

6.2.4.3 Of the six submitted highlight reports, one has been assessed to have an overall status of 'Green', three at 'Amber' and two at 'Red'.

For 'Timeline' two projects have been evaluated at 'Green' status, two at 'Amber' and two at 'Red'.

For 'Budget' five are assessed at 'Green' and one at 'Amber'.

For 'Issues and Risks' one has been evaluated at 'Green' status, three at 'Amber' and two at 'Red'.

One project ('Accommodation & Flexible Working') has been assessed as 'Green' for all aspects.

6.2.4.4 The 'Safeguarding Improvement Plan' project has been assessed as 'Red' for Issues and Risks, Timeline and for the Overall Status of the project. The anticipated end date for this project has now been extended by two years, to March 2016.

The Fit for the Future Programme project has been assessed as 'Red' for Issues and Risks and for the Overall Status of the project.

Fuller details are provided in the table beneath, and in the Appendix D.

**Project Manager / Sponsor assessed status of Gold Projects as at:
31st March 2014**

Gold Project Name	Overall status	Timeline	Budget	Issues + Risks	Sponsor approval status
Accommodation & Flexible Working	GREEN	Green	Amber	Green	Approved
Fit for the Future Programme	AMBER	Amber	Green	Amber	Approved
Learning Disabilities Change Programme	AMBER	Green	Green	Amber	Approved
Safeguarding Improvement Plan	RED	Red	Green	Red	Approved
School Places Programme	AMBER	Amber	Green	Amber	Approved
The Curve	AMBER	Amber	Amber	Amber	Approved

N.B. Arrows show direction of change in Rag rating since the last Project Highlight report

↓ Indicates a reduction in status

↑ Indicates an improvement in status

No arrow indicates maintained status since last report

The individual Gold Project Updates are provided as **Appendix E**

6.3 Budget position for 2014-15

6.3.1 The Council continues to face a difficult financial climate for the 2014-15 financial year and beyond. The 2014-15 budget includes over £12m of savings, which will be monitored regularly throughout the year, as well as continued demand for Council wide services. Volatility on income sources remain, with the Business Rates scheme now in place having a real impact on the Council's future financial position, and the Council now facing the financial risk of appeals to Business Rates valuation, which will be likely to increase during 2014-15 as the Government is encouraging the Valuation Office to clear the backlog of outstanding appeals.

6.3.2 Against this backdrop of increased financial volatility and reduced resources, it is important for there to be relevant reserves in place. As part of closing the 2013-14 financial year, the Council has reviewed and re-configured some of its reserves to deal with future pressures. A summary of the key reserves is highlighted below; these are still under review, and the finalised listing will be included in the Council's Financial Statements for 2013-14. The protection of the General Fund reserve remains key to ongoing financial stability:

Reserve	Amount as at 31.3.2014 £m	Commentary
General Fund	8.1	Remains at the same level as 2012-13. The minimum level assessed by section 151 officer in the 2014-15 budget setting process was £7.3m
Children's Social Care reserve	2.4	Required to fund the one-off pressures arising from the investment made in the 2014-15 budget to recruit more social workers
Transformation Fund	1.0	Required to fund transformational activity on an 'invest to save' basis to deliver on-going revenue savings in future budget
Financial Volatility Reserve	1.6	The purpose of this is to mitigate short term pressures (either from Business Rate/ CTX volatility or budget pressures) by its use and so delay the impact of these pressures to enable more long term planning into the Council's budgets
Collection Fund	1.2	This is the balance that will be used in the 2014-15 budget. As at the time the budget was, it was assumed this figure would be £1.3m.
Economic Risk Fund	0.6	To mitigate the impact of future restructuring costs on the organisation as it seeks to deliver further savings

7 **Comments of Other Committees**

n/a

8 **Conclusion**

Overall the Council is reporting no change to the General Fund reserves as a result of the 2014-15 financial year. There has been a contribution of £150k to the Future Budget Requirement Reserve. A number of capital projects will be re-profiled into the 2014-15 financial year thus increasing the capital budget for 2014-15. Overall Council performance has flagged up some areas of red performance, most notably in the area of assessments completed in Children's services. The Council will also need to increase its focus on improve Council Tax Collection Rates to assist in mitigating the impact of future spending reductions from Central Government. Of the six Gold projects one has been assessed to have an overall status of Green. Three are assessed at Amber and two at Red.

9 **Appendices Attached**

- 'A' - Revenue Financial Performance summary
- 'B' - Capital Financial Performance summary
- 'C' - Capital Carry Forwards
- 'D' - Balanced Scorecard
- 'E' - Gold projects detailed updates

10 **Background Papers**

Financial detail provided from the Council's financial ledger