

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 15th September 2014

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WARD(S): All

PORTFOLIO: Councillor Rob Anderson, Commissioner for Finance & Strategy

PART I **KEY DECISION**

FINANCIAL & PERFORMANCE REPORT – Q1 2014-15

1 Purpose of Report

- To provide Cabinet with the latest forecast financial information for the 14-15 financial year.
- To summarise the Council's performance against the balance scorecard indicators to date during 2014-15
- To summarise the Council's performance on 'Gold' projects during 2014-15
- To identify any changes to the council's capital programme

2 Recommendation(s)/Proposed Action

- (a) The Cabinet is requested to resolve the following changes to the capital programme:
- i. Investment of £50k in the Municipal Bonds Agency
 - ii. Increasing the budget for an Extra Care Housing scheme over the existing budget in 2014-15 by £400,000 and £500k in 2015-16, with £805k of funding coming from Adult Social Care grant
 - iii. Inclusion of a previously approved traffic light scheme that was funded from a revenue reserve to be included in the capital programme
- (b) The Cabinet is requested to approve the virements and write offs contained within this report
- (c) The Cabinet to note the transfer of funds from the NHS to the Council in respect of the Better Care Fund
- (d) The Cabinet is requested to note the current financial forecast position, balanced scorecard and update on Gold projects.

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

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

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

The report indirectly supports all of the Community 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.

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.

The one specific item to bring to Cabinet's attention is the increase to the capital budget. Per the Council's constitution (part 4.6, section 7) any increase to the capital programme over 10% or £250,000 of a current scheme must be approved by Cabinet subject to the following three items. These have been considered to show that these respective approvals have occurred:

<i>Constitution</i>	<i>Investment in Municipal Bonds - £50k</i>	<i>Increase of existing extra care housing capital budget</i>	<i>Inclusion of traffic light scheme</i>
<i>1) No increase to the underlying revenue cost of the capital programme</i>	<i>Agreed – funded by the anticipated returns to the Treasury Management strategy and the risk mitigation around any losses to the £50k such as the agency having raised its expected capital requirement to create the agency</i>	<i>Agreed – funding to be sourced from ASC grant funding of £805k of the total £900k. The residual £95k will be added to the capital programme for 2015-16 for approval</i>	<i>Agreed – funding already in place; no increase in borrowing as capital programme is forecast to be 80% spent as so the revenue budget envelope for the programme will not be exceeded. Also mitigated by</i>

			<i>utilising the existing revenue reserve is required.</i>
<i>2) approved by CSB, s151 officer and commissioner</i>	<i>Agreed</i>	<i>Agreed</i>	<i>Agreed</i>
<i>3) Is reported to Cabinet</i>	<i>This report</i>	<i>This report</i>	<i>This report</i>

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal		
Property		
Human Rights		
Health and Safety		
Employment Issues		
Equalities Issues		
Community Support		
Communications		
Community Safety		
Financial – extra care housing	Nomination rights to the extra housing scheme	Revenue savings in future years via Extra Care housing of £500-600k per annum to be included in the MTFS
Municipal bonds agency		
Timetable for delivery		
Project Capacity		
Other		

(c) Human Rights Act and Other Legal Implications

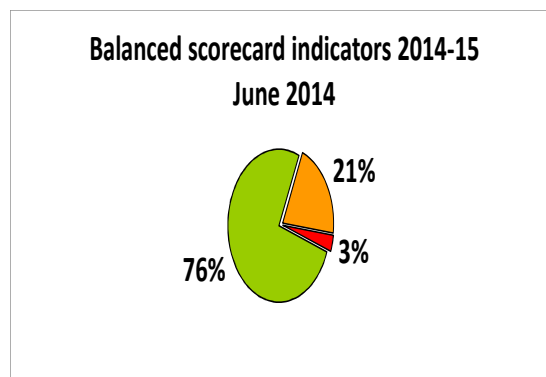
None

(d) Equalities Impact Assessment

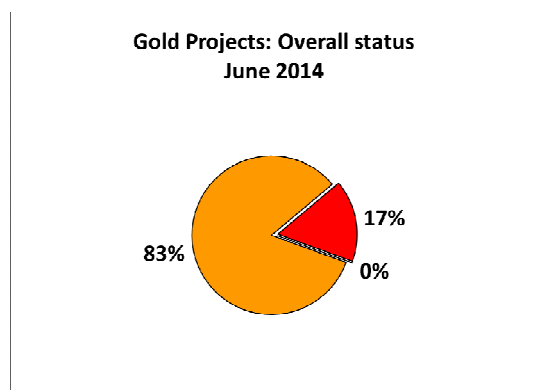
There is no identified need for the completion of an EIA

5 Supporting Information

- 5.1 The Council is forecasting overspend of £0.98m as at month 3. Without remedial action this will have a significant impact on the Council's General Reserves. However, at this stage of the year the Council should be able to take appropriate action to ensure that this position is mitigated in full or in part by the end of the financial year. This is a deteriorating position compared to month 2 when the Council reported potential £0.6m overspend. The main area showing budget variances is the Adult Social Care and Health Partnerships with a forecast overspend of £595k. In period 2 this service area was predicting a breakeven position. The Council is anticipating spending 80% of its revised capital programme for 2014/15.
- 5.2 The latest position for the Council's balanced scorecard demonstrates that at the end of June 2014 the Council's performance is as below:



- 5.3 Key areas of noteworthy concerns flagged as 'Red' status are:
- Percentage of Single Assessments completed and authorised within 45 working days (in month).
- 5.4 One new indicator was added this month to the Council's balanced scorecard for 2014/15. Number of families placed in Bed & Breakfasts (B & B's).
- 5.5 The summary of the six Gold projects as at June 2014 indicates that the overall status of five have been assessed as **Amber** and one as **Red**. None have been assessed as **'Green'**.



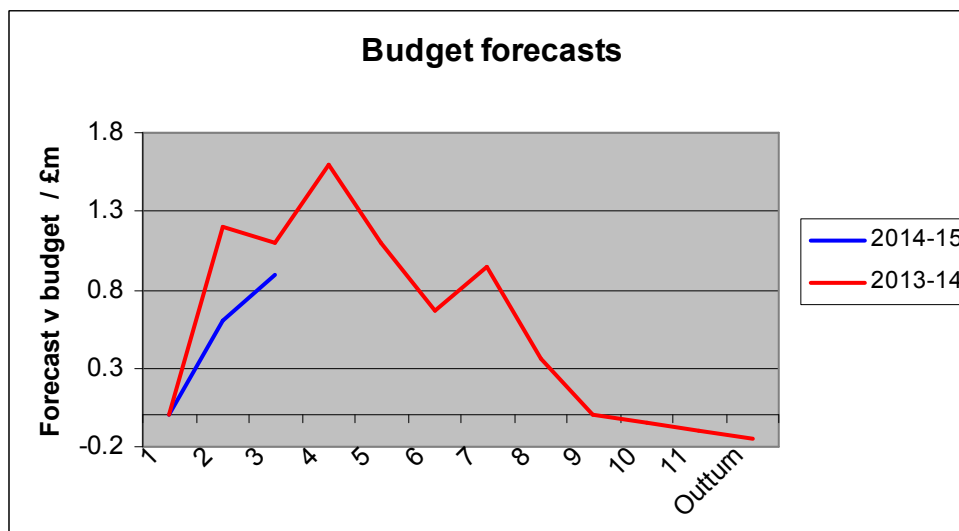
Executive Report

6 Introduction

- 6.1 This is the first report to Cabinet for the 2014-15 financial year in respect of the financial and performance position of the Council

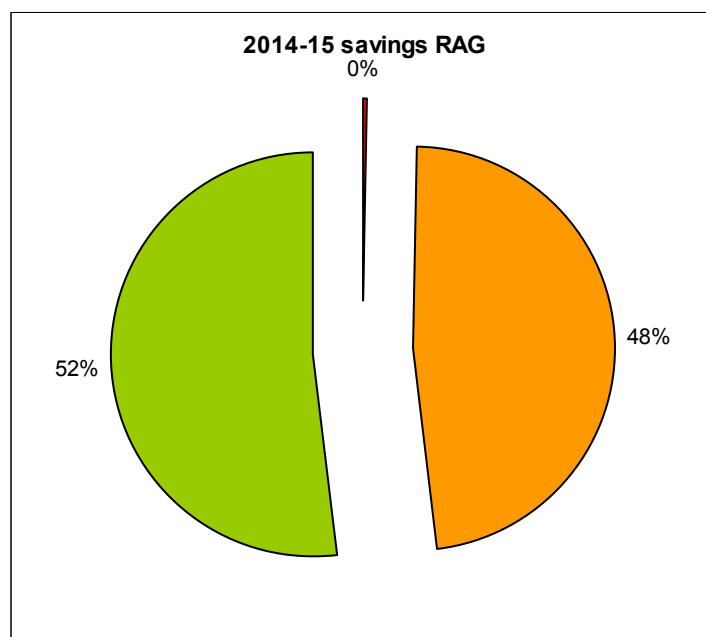
7 Financial Performance

- 7.1 The Council is forecasting overspend of £0.98m as at month 3. The main service areas showing variation from budget is Adult Social Care and Health Partnerships.



- 7.2 As at June 2014 the Customer and Community Services Directorate is forecasting an over spend position of £233k, predominantly due to re-profiling in the savings target for Phase 2 of the arvato contract with £200k of the Medium Term Financial Volatility reserve to be utilised at year end to smooth out the profile of the arvato phase 2 savings.
- 7.3 The Regeneration, Housing and Resources Directorate is forecasting an over spend position of £24k. This is due to a mix of increases in premises running costs for the corporate buildings, pressures within Asset Management partially offset by increased recharges on capital projects, and early savings from an 'Invest to Save' project.
- 7.4 Adult Social Care is now predicting to overspend by £525k. The overspend is due to a Mental Health service pressure of £395k, a result of historical growth numbers from 13/14 above the cash limit for 14/15, and a 200K pressure arising from the LD Change Programme due to savings slippage. In addition there are also substantial savings to be realised this year. Budget managers are being consulted regarding service plans to better monitor their budgets and monthly monitoring against savings would lead to robust working papers to reflect future outturns.
- 7.5 All of these are further detailed in appendix C.
- 7.6 The 2014-15 budget was set with over £12.5m of savings proposals included. Below is a graph summarising these savings proposals on a red, amber, green basis of their deliver. Even though it is only the end of quarter 1, just over half of the

savings are on track to be delivered. Any amber or red savings will be monitored closely to ensure that they move towards green status, and where they are red, amendments will need to be made to ensure a balanced budget going forward.



8 Virements

8.1 Virements during the first quarter of the current financial year were as follows

Service Area		Amount £'000	Reason
From	To		
Wellbeing	Customer and Community Services	77,500	Realignment of RPP Budget
Wellbeing	Regeneration, Housing and Resources	38,000	Transfer of post from Wellbeing to RHR
Trading Accounts	Regeneration, Housing and Resources	510,210	Consolidation of Insurance Budgets
Wellbeing	Customer and Community Services	113,800	Transfer of Transport budgets under savings review
Wellbeing	Customer and Community Services	15,000	Transfer of Transport budgets under savings review
Customer and Community Services	Wellbeing	5,000	Transfer of C028 staffing budget to Healthy Living NONRECURRENT

9. Council Performance

9.1 The latest available validated performance positions have been ascertained. This month, 29 performance indicators have been RAG rated – the majority at **Green** (22; 76%) or **Amber** (6; 21%). Those rated as Green or Amber - taken together - account for 97% of measures. One measure this month (3%) is **Red** rated as being off target by more than 5% in this report.

9.2 Noteworthy Improvements

This month one of the indicators reported as **Red** in the previous report has improved to a **Green** target level of performance: this is the **number of stage 1 complaints made (across the council, including avarto)**. June 2014 saw 43 stage one complaints logged, a total for the year-to-date of 511, with a monthly average for this period of 42.6.

An increased number of complaints in April & May were linked to active canvassing and the local elections. The Council Tax service also saw a particularly pronounced increase in complaints, linked to end-of-year collection processes and a delay in responding to emailed enquiries.

Following specific complaint training council wide over the last year, departments are recognising and logging complaints, these figures therefore represent a significant improvement over historic patterns in the quality of SBC services, and / or a much improved communication to residents and service users of what they can realistically expect from each service interaction. Detailed Directorate and service-level complaints figures are circulated to target attention on those areas generating highest volumes of complaints.

9.3 **Noteworthy Concerns**

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

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

Current performance of 80.0% is a vast improvement on the March 2013/14 position of 50.9%

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.

Although we are seeing marked improvement in compliance with these timescales, almost 1-in-5 assessments were still not finalised within the 45 working day timescale. Target for this measure is demanding, at 100%.

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

9.5 **Average staff sickness rate (days lost per FTE)**

Year to date (June 2014) the average staff sickness rate increased to 8.6 days. Data is provided as a 'rolling year' position. Managers and Staff encouraged to use overall Balanced Scorecard diagnostically to focus on areas of high sickness.

9.6 **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. Two of the schools have been deemed to be making 'satisfactory progress' towards improvement in follow-up Ofsted judgements (Colnbrook and St Ethelberts). Foxborough is deemed to still 'require improvement'. Our Lady of Peace Junior has recently been inspected as 'require improvement'.

9.7 **Unemployment: Overall unemployment rate: proportion of resident population of area aged 16-64 claiming Job Seekers Allowance (JSA)**

JSA claimant rate in June fell to 2.2%, comprising 2,088 people. Slough's rate has historically been lower (better) than the GB average, but these values are now close.

The council and partners are seeking to increase employment opportunities and improve skills to secure a reduction in overall unemployment. Local value is historically better than nationally but remains high for the South East of England. The Council is continuing its work with partners to support the unemployed off unemployment benefit and back into the labour market. Our current activity is being delivered through 'Aspire for You' which includes community based Jobs Clubs, careers information, advice and guidance, CV and interview preparation support. The Business Community Start Up project support individuals that wish to develop their business idea and set up in business.

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

This has been previously reported.

9.9 Speed of Processing of Housing Benefit and Council Tax Support (previously 'Council Tax Benefit') claims:

(a) New Claims

(b) Change of Circumstances

Performance speeds within June have improved in comparison with May's position; however both measures remain in exception.

The cumulative performance for the year-to-date also misses the target for New Claims (target is 20 days) and for Changes of Circumstances (target is 10 days).

It is not unusual for the turnaround times to be higher at the beginning of the year as a large number of claims are submitted when main billing occurs.

The figures for this time last year at the end of June were 22 days for New Claims and 13 days for Change of Circumstance. The targets for last year of 20 days for New Claims and 10 days for change in circumstances' were achieved and we have no reason to suggest that they will not be achieved this year.

It must be noted that this is an annual target. SBC is working with our contracted deliverer of this service to improve Speed of Processing times.

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

This has been previously reported.

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

9.11 Council's Gold Project Update

9.12 The summary below provides Cabinet with an update on the Council's Gold Projects as at the 30th June 2014. Individual project progress reports have been made by Project leads, with endorsement from the Project Sponsor, and are provided in **Appendix E**.

9.13 Monthly Period Summary

- 9.14 This report covers six Gold Projects in total; highlight reports have been received in time for this report from all.
- 9.15 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’ which was submitted in draft format.
- 9.16 Of the six submitted highlight reports, five have been assessed to have an **overall** status of **Amber** and one at **Red**. None have been assessed at **Green**.

For ‘Timeline’ one project has been evaluated at **Green** status, four at **Amber** and one at **Red**.

For ‘Budget’ four are assessed at **Green** and two at **Amber**.

For ‘Issues and Risks’ five has been evaluated at **Amber** and one at **Red**.

- 9.17 The ‘Safeguarding Improvement Plan’ project has been assessed as **Red** for Issues and Risks, Timeline and for the Overall Status of the project.

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

**Project Manager / Sponsor assessed status of Gold Projects as at:
30th June 2014**

Gold Project Name	Overall status	Timeline	Budget	Issues + Risks	Sponsor approval status	CMT recommendations
Accommodation & Flexible Working	AMBER	Amber	Amber	Amber	Approved	To support the project board with the proposed changes to working practices and promote these within your service areas.
Fit for the Future Programme	AMBER	Amber	Green	Amber	Approved	To take appropriate actions to address the above risks.
Learning Disabilities Change Programme	AMBER	Green	Green	Amber	Approved	To note the update and the continued red status for risk 4. This is a national issue that could impact on delivery. This situation is being monitored and the risk will be escalated if it continues.
Safeguarding Improvement Plan	RED	Red	Green	Red	Approved	1. CMT to discuss, challenge and support progress and proposed actions as appropriate. 2. CMT to discuss the more detailed data on agency /perm ratios , challenge actions to achieve good outcomes through the staff recruitment programme, and assist in problem solving as required. 3. CMT to ensure their respective areas of responsibility actively champion and support the delivery of cross council contribution to improvement, particularly though not exclusively in relation to corporate parenting responsibilities, LAC redesign, new workforce

						<p>strategy and housing options and service experience for care leavers & corporate parenting duties, and the availability of management information to support continuous improvement across the service and LSCB partnership.</p> <p>4. CMT endorse the improved risk status position of risk (4).</p> <p>5. CMT to note and stay appraised about the impact of uncertainty arising from the Dfe review on the retention of staff at all levels.</p>
School Places Programme	AMBER	Amber	Green	Amber	Approved	<p>1. There may be an urgent need to rent modular classrooms from September 2015 (subject to school approval) – this requires the support of resources to assist the delivery of these and CMT are asked to support this if required.</p> <p>2. There is a capacity and delivery issue - the present team will not be able to deliver the strategy without some additional staff. PMO being promoted and Asset Management currently developing permanent staffing structure. Continued support requested for putting in place an additional project manager for delivery of school projects for the short to medium-term.</p> <p>3. There are competing priorities for all non-school sites - there is a need to incorporate the allocation of sites into the overall Asset Management Strategy for the Council.</p>
The Curve	AMBER	Amber	Amber	Amber	Approved	<p>1. Note progress and activity on site.</p> <p>2. Note management of risks to project timeline and budget.</p>

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**

10 Write Offs

10.1 A net total of £181k has been written off during the first quarter of 2014/15. The majority of this total relates to NNDR debt although it has been offset by credit write offs. The write off across the council's services for the first quarter, including the reason for write off, can be summarised as follows

Reason	NNDR	Former Tenant Arrears	Sundry Debtors	Adult Social Care	Housing Benefits	Total
	£	£	£	£	£	£
Unable to trace	0	16,510	0	0	96,969	113,479
Uneconomical to pursue		3,953	1,635	533		6,121
Vulnerable Person		2,576		1,247	4,716	8,539
Deceased		857			27,464	28,321
Statute Barred		8,016		4,337	2,649	15,001
Bankruptcy					38,241	38,241
Absconded	178,549		4,997			183,546
Instruction from Client			2,573			2,573
Nulla Bona			274			274
Unable to Enforce			2,357	15,264		17,621
Dissolved	77,952					77,952
Proposal to Strike	95,206					95,206
Administration	251,859					251,859
Miscellaneous	193,957		560		4,155	198,672
Credit Balances	(856,455)					(856,455)
TOTAL	(58,932)	31,913	12,395	21,381	174,194	180,951

11 Capital

Capital forecasts

11.1 The summary of capital expenditure as at month 3 on a consolidated and directorate basis can be shown as follows:

	Expenditure	June 2014	Projection
Directorate	Budget	Actual £000s	£000s
Slough Regeneration Partnership	10,999	752	10,999
Resources	9,501	299	9,133
Wellbeing	7,937	828	7,561
Chief Executive	76	0	76
Customer & Community Services	13,311	676	7,293
Housing Revenue Account	19,155	2,525	13,965
Total	60,979	5,080	49,027

11.2 The council has spent 8.33% of its available 2014-15 Capital Budget in the first three months of the year. Spend is traditionally low in the first 3 months of the financial year and the position will be further distorted by accruals being processed at the end of 2013-14. The latest projection is capital expenditure in 2014/15 of £49.027m against a revised budget of £60.979m. More detailed directorate narrative is attached as appendix B. The forecast spend is 80% of the overall capital programme.

- 11.3 The Council's capital programme has been revised to include re-profiling from the financial year into the 2014/15 financial year and the three changes below.

Changes to the Capital Programme

- 11.4 Cabinet are requested to recommend three key changes to the Council's capital programme. How this complies with the Council's constitution is detailed in the financial implications section of this report.

Municipal Bonds Agency

- 11.5 The first is the investment of £50,000 into the Municipal Bonds Agency (MBA). The Local Government Association (LGA) has been active in the past year in creating the MBA in response to perceived lack of capital funding sources available to Local Government. At present, the main source of capital funding for Local Government is the Public Works Loans Board (PWLB). The PWLB is part of Central Government and sets the rates at which it issues loans to Councils. In recent years, the PWLB rate has fluctuated in response to Government policy. To enable Local Government bodies to have greater certainty over their capital financing costs, the LGA have set up the MBA.
- 11.6 The MBA will issue bonds to the financial markets. These bonds will consist of the various capital financing requirements at the time of the different Councils. For example, ten Council may wish to each attract £20m of capital financing. At present, individually, £20m is not enough for the bond markets to be interesting in offering a good rate of return, and so these Councils would most likely turn to the PWLB. By combining the various Council's financing requirements a much greater bond can be issued. The MBA expects to offer bonds at below the prevailing PWLB rates and so Council's would receive lower capital financing costs, as so lower costs to the local taxpayer.
- 11.7 In order to finance the MBA start up, it is looking for Councils to provide start up funding. This expenditure would be capital in nature, and would be likely to see a return later in the decade. The benefit of the Council being part of the start up funding are twofold. Firstly, a successful MBA will mean lower capital financing rates available to Slough BC when it next refinances existing debt or uses new debt. Secondly, when, and if, the MBA becomes profitable, the Council will receive a dividend return on its investment.

Extra Care Housing

- 11.8 The August capital strategy board approved proposed capital expenditure of £1m towards extra care housing. There was originally £0.1m in the capital programme for this, but a final business case was approved outlining the requirement for a further £0.9m for an extra care housing scheme. The business highlighted ongoing revenue savings of £500-600k from 2016-17 from this capital investment. This meets the Capital Strategy principle of investing capital monies to generate ongoing revenue savings.
- 11.9 The Cabinet is being asked to contribute £500k capital funds in 2014/15 and a further £500k in 2015/16.

11.10 This scheme will be funded from £805k of grant funds from previous years allocated to Adult Social Care with the remaining £95k being funded from within the capital programme in 2015-16. As the capital programme is likely to spend 80% in total during the year there will not be an additional financial impact during the financial year. Also, the Council is identifying schemes that can be removed from the capital programme to make available additional scheme.

Movement of scheme into the Capital Programme for 2014-15

11.12 In 2012/13 the Cabinet made the decision to allocated £1m of funding to a traffic light and junction improvements scheme from an underspend. In order to make the best use of scarce revenue resources, it is proposed to move an additional £311k expenditure into the capital programme, where it will require funding through internal resources, and to then release the revenue reserve to assist with the current financial pressures that the Council faces.

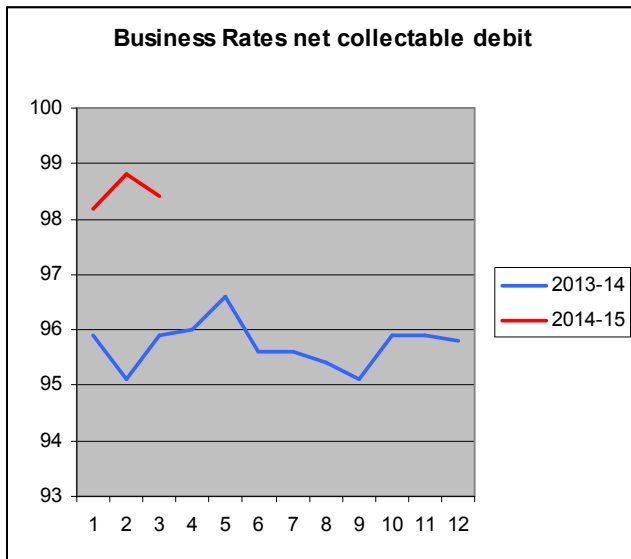
12 Income Monitoring

12.1 The Council set its budget in February 2014.

Funding	2014-15 budget setting / £m	2014-15 projection / £m	Variance / £m
Council Tax	43.85	44.08*	0.23*
Retained Business Rates	27.13	27.83	0.46*
Revenue Support Grant	32.47	32.47	0
Education services Grant	1.96	1.96	0
NHS monies to Support Social Care	2.36	2.36	0
New Homes Bonus	2.01	2.01	0
Other non-ringfenced grants	1.03	0.93	-0.1
Collection Fund	1.3	1.3	0

12.2 *It is important to note that due to the Collection Fund accounting arrangement in place within Local Government, any surplus on Council Tax income and retained Business Rates will be of benefit to the Council in the **next** financial year.

12.3 It is also important to note how volatile Business Rate income is, see the graph below



- 12.4 The Council is expected to receive £102k less Local Service Support Grant than the assumption at budget setting. This will be adjusted for in future years budget and the medium term financial strategy.
- 12.5 Cabinet are also asked to note income being received in respect of the Better Care Fund. A part of the Better Care Fund agreement between SBC and Slough Clinical Commissioning Group is the transfer of funding between the NHS and the local authority under a section 256 of the NHS Act 2006. For 2014/15 this involves the transfer of £2.362m from NHS England to SBC for the purpose of providing health and social care services. This funding is already committed as part of adult social care service plans. The Section 256 agreement has to be approved by the Slough Wellbeing board and a report is being taken to the 24th September 2014 meeting to confirm what the funding will be used for, the agreed outcomes and monitoring arrangements.
- 12.6 The £2.362m forms part of SBCs overall contribution to the Slough Better Care Fund of £5.612m in 2014/15 and £9.762m in 2015/16.

13 **Comments of Other Committees**

This report is due to the Overview & Scrutiny Committee before Cabinet.

14 **Conclusion**

There are a number of items for members to approve within this paper. In reference to the capital budget changes, these are anticipated to yield additional revenue savings to the Council in future years and assist with the use of capital monies to support ongoing revenue savings.

15 **Appendices Attached**

- 'A' - Summary revenue forecasts
- 'B' - Capital narrative
- 'C' - Revenue narrative
- 'D' - Balanced Scorecard
- 'E' - Gold projects summary