

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 21st November 2016
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WARD(S): All
PORTFOLIO: Councillor Munawar, Commissioner for Finance & Strategy

PART I NON-KEY DECISION

FINANCIAL REPORT – Q2 2016-17

1 **Purpose of Report**

To provide Cabinet with the latest quarter 2 forecast financial information for the 2016-17 financial year.

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

The Cabinet is requested to resolve that the current financial forecast and the ongoing work by departments to reduce the overspend be noted.

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

The report indirectly supports all of the strategic 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.

The report helps achieve the corporate objectives by detailing how the Council is delivering the Council's budget in line with the approved budget.

4 **Other Implications**

(a) Financial

The financial implications are contained within this report.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	N/A	N/A
Property	N/A	N/A
Human Rights	N/A	N/A
Health and Safety	N/A	N/A
Employment Issues	N/A	N/A

Equalities Issues	N/A	N/A
Community Support	N/A	N/A
Communications	N/A	N/A
Community Safety	N/A	N/A
Financial	N/A	N/A
Timetable for delivery	N/A	N/A
Project Capacity	N/A	N/A
Other	N/A	N/A

(c) Human Rights Act and Other Legal Implications

None

(d) *Equalities Impact Assessment*

There is no identified need for the completion of an EIA

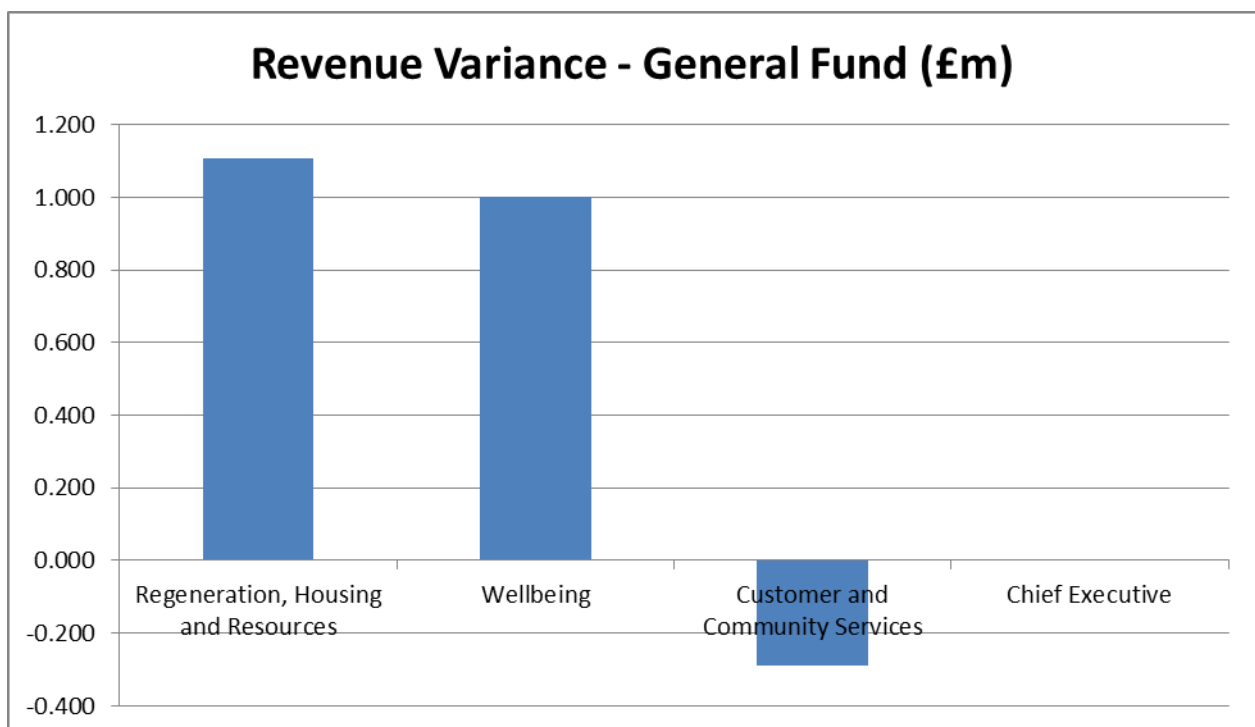
5 **Key Messages**

5.1 **Revenue – Forecast Outturn**

5.1.1 The Council is forecasting over spends of **£1.604m** as at month 6 after allowing for additional funding sources. The financial position has worsened compared to month 5, when the Council was forecast to over spend by **£1.416m**, and the previous Q1 Cabinet report which reported an overspend of £1.119m.

5.1.2. The main reason for the increase in overspend is due to new pressures in the Regeneration, Housing and Resources Directorate. More detail is provided in paragraph 6.

5.1.3 The forecast outturn variance by Directorate is shown below.



5.1.4 The Housing Revenue Account for 2016/17 was originally expecting a deficit of £0.064m. As at the end of period 6 the forecasted net outturn is a surplus of £0.396m as shown below. The net variance is therefore £0.460m

HRA Revenue

Budget Monitoring - September 2016

Division	Annual Forecast		
	Budget	Forecast	Variance
	£m	£m	£m
HRA Expenditure	37.102	36.642	(0.460)
HRA Income	37.038	37.038	0
Total Operating Budget	0.064	(0.396)	(0.460)

5.2 Capital – Forecast Outturn

5.2.1 The overall consolidated capital programme (including the HRA and general Fund) for 2016/17 is £106.454m. As at the end of period 6 the forecast net outturn is £73.449m. The net variance is therefore £33.005m (31%). This is explained further in paragraph 7.

6 Revenue Expenditure

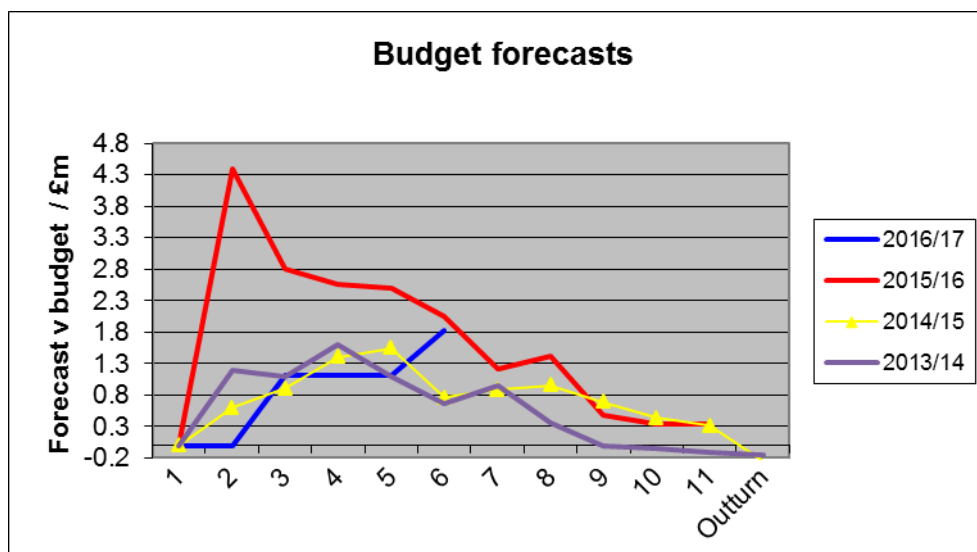
6.1 Period 6 Forecast Outturn by Directorate

Directorate	Net Current Budget	Projected Outturn	Variance: Over / (Under) Spend
	£'M	£'M	£'M
Wellbeing and Schools	59.957	60.957	1.000
Customer and Community Services	17.310	17.021	(0.289)
Regeneration, Housing and Resources	23.068	23.961	0.893
Chief Executive	3.844	3.844	0.000
Corporate	(0.445)	(0.445)	0.000
Total General Fund	103.734	105.338	1.604

Council Tax	48.691	48.691	0.000
Business Rates	30.000	30.000	0.000
Revenue Support Grant	24.243	24.243	0.000
Collection Fund	0.800	0.800	0.000
Corporate Financing	103.734	103.734	0.000

Net (Surplus)/ Deficit	0.000	1.604	1.604
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6.2 The table above shows the variances expected in each directorate. The budget forecasts compared to previous years can be seen below.



6.3 The Council is forecasting overspend of £1.604m as at month 6. The quarter 1 budget monitor report was forecasting an over spend of £1.119m due mainly to increasing pressures on the Adult Social Care budget. In particular, increasing pressures on the domiciliary care budgets due to increasing levels of need for existing clients. This risk is still estimated to be about £1m by year end although the Department is actively trying to contain the costs. At the end of quarter 2 there are new pressures within the Housing and Environment and Assets, Infrastructure and Regeneration Services in the Regeneration, Housing and Resources Directorate, within the

6.4 Assets, Infrastructure and Regeneration is forecasting an over spend of £423k as at the end of period 2. The asset acquisitions programme is not as advanced as expected at this stage of the year therefore income generated as a result of purchasing fee earning assets is forecast to be lower than the budget. The service is actively pursuing new opportunities via the Council’s Strategic Acquisition Fund to generate additional revenue income for the Council. These over spends have been offset by total savings of £330k elsewhere within the directorate. An increase in building control and planning application fees will generate £187k additional receipts. In addition staff vacancies in the Transport service will contribute savings of £150k. Work is continuing within this directorate to minimise any potential overspends. The movements can be seen in the table below.

	£000s
Overspends	
Assets, Infrastructure and Regeneration – Asset Acquisition Income	760
Savings	
Assets, Infrastructure and Regeneration – Building Control/Planning Application Fees	(187)
Assets, Infrastructure and Regeneration – Transport vacancies	(150)
TOTAL	423

- 6.5 The RHR - Housing and Environment service is forecasting a new over spend. There is a total projected over spend of £470k in this service area. £400k is due to homelessness pressures on temporary accommodation costs. There will be a reduction of £45k in the social services grant receivable and capital recharges recovered for the Disabled facilities grant. In addition the service is facing a £25k agency staff pressure.

	£000s
Housing and Environment Overspends	
Temporary accommodation	400
Social Services Grant Receivable and Capital recharges	45
Agency Staff	25
TOTAL	470

Other Issues

- 6.6 Within the Customer and Community Services directorate a saving of £289k has been attributed to staff vacancies across this service area.
- 6.7 Compensation costs arising in Wellbeing and Community of £386k are estimated to be incurred due to early termination of leases to buildings associated with the Leisure Strategy. These monies will be capitalised and they have not been reported as a pressure in this monitor.
- 6.8 All services continue to work on their published action plans to ensure that all overspends and pressures are reduced. The current forecasted outturn can be seen in Appendix A.

7 Capital Expenditure

- 7.1 As mentioned above the Council expects to spend 69% of the total capital programme by the end of the 2016/17 financial year. The analysis of this spend is as follows.

	16-17 revised budget	Actual Sept 2016	Projected Outturn	Slippage %
Directorate	£000s	£000s	£000s	£000s
Resources	34,860	10,864	17,196	51%
Education and Wellbeing	24,002	2,435	23,702	1%
Customer & Community Services	23,306	3,334	11,007	53%
Chief Executive	33	24	33	0%
Housing Revenue Account	14,333	5,078	11,376	21%
Affordable Housing	9,920	1,696	10,135	-2%
Total	106,454	23,431	73,449	31%

- 7.2 As part of the configuration of the Capital Programme, and in order to assess the nature of the high level of slippage, a review of all capital projects are being carried out with service managers

8 Conclusion

- 8.1 The Council overspend is currently estimated to be £1.604m at year end. The Council is committed to delivering services on budget during 2016/17 and work is ongoing to reduce this forecasted financial position.

9 Appendices Attached

'A' - Summary revenue forecasts

10 Background Papers

'1' - Supporting working papers held in finance