

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19th December 2016

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WARD(S): All

PORTFOLIO: Councillor Munawar, Commissioner for Finance & Strategy

PART I **NON-KEY DECISION**

FINANCIAL REPORT – MONTH 7 2016-17

1 Purpose of Report

- To provide Cabinet with the Month 7 (October) forecast financial information for the 16-17 financial year.
- To approve the write offs contained within this report.
- To approve the virements contained within this report.

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 over spend 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.

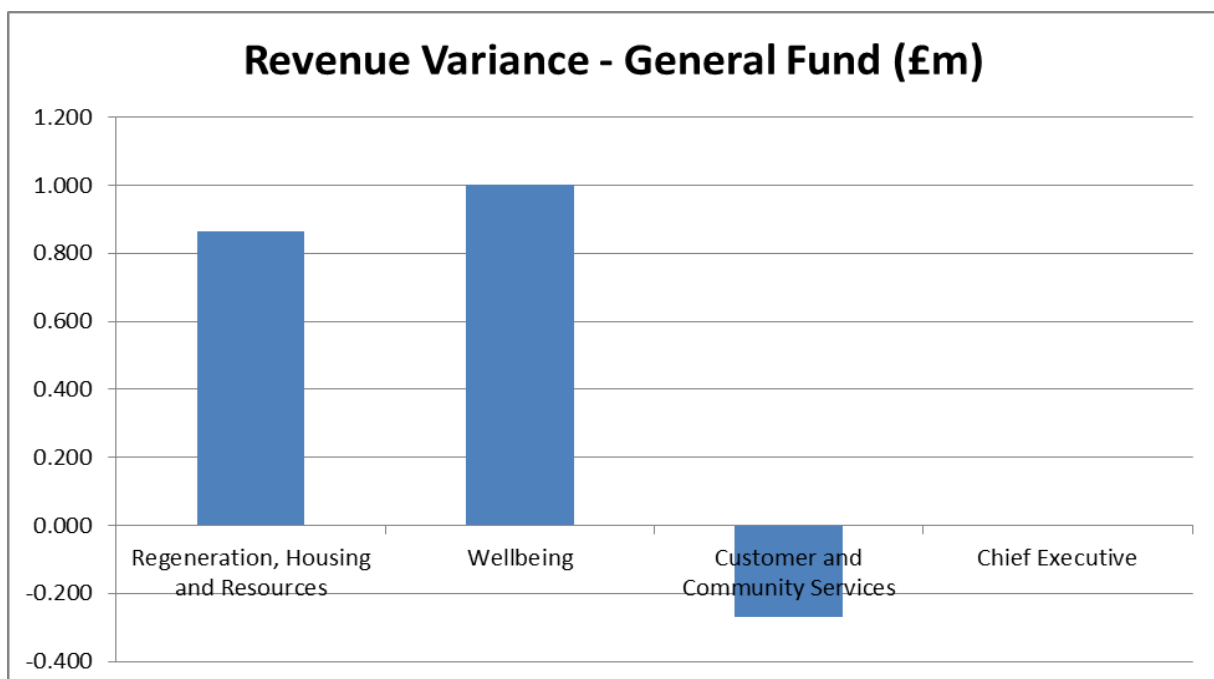
5 **Key Messages**

5.1 **Revenue – Forecast Outturn**

5.1.1 The Council is forecasting an over spend of **£1.596m** as at month 7 (October) after allowing for additional funding sources. The financial position is very similar to that reported in month 6, when the Council was forecast to over spend by **£1.604m**.

5.1.2. There has been no significant change in the forecasts during month 7. More detail is provided in paragraph 6.

5.1.3 The forecast outturn variance by Directorate is shown below.



5.2 Housing Revenue Account

5.2.1 The Housing Revenue Account for 2016/17 was originally expecting a deficit of £0.064m. As at the end of period 7 the forecasted net outturn remains a surplus of £0.396m as shown below. The net variance is therefore £0.460m

Division	Annual Forecast		
	Budget	Forecast	Variance
	£ 000's	£ 000's	£ 000's
HRA Expenditure	37,102	36,642	(460)
<i>Tenant Services</i>	<i>2,187</i>	<i>1,821</i>	<i>(366)</i>
<i>Neighbourhood Housing Areas North/South/East/Resilience</i>	<i>1,228</i>	<i>1,228</i>	<i>0</i>
<i>Arears & Investigation</i>	<i>511</i>	<i>511</i>	<i>0</i>
<i>Tenant Participation</i>	<i>270</i>	<i>270</i>	<i>0</i>
<i>Housing Allocations/Lettings</i>	<i>164</i>	<i>164</i>	<i>0</i>
<i>Leaseholder Team</i>	<i>249</i>	<i>249</i>	<i>0</i>
<i>Housing Repairs</i>	<i>8,500</i>	<i>8,500</i>	<i>0</i>
<i>Management & Services</i>	<i>5,309</i>	<i>5,215</i>	<i>(94)</i>
<i>Loans and Bad Debt</i>	<i>6,378</i>	<i>6,378</i>	<i>0</i>
<i>Funding Of Capital Projects (RCCO)</i>	<i>12,306</i>	<i>12,306</i>	<i>0</i>
HRA Income	(37,038)	(37,038)	0
<i>Dwelling Rents</i>	<i>(32,730)</i>	<i>(32,730)</i>	<i>0</i>
<i>Garage Rents</i>	<i>(489)</i>	<i>(489)</i>	<i>0</i>
<i>Shop Rent</i>	<i>(660)</i>	<i>(660)</i>	<i>0</i>
<i>Other Rents e.g Ground, Wayleaves, Land</i>	<i>(474)</i>	<i>(474)</i>	<i>0</i>
<i>Leaseholder Service Charges Income & Chargeable Works</i>	<i>(726)</i>	<i>(726)</i>	<i>0</i>
<i>General Service Charges</i>	<i>(1,934)</i>	<i>(1,934)</i>	<i>0</i>
<i>Interest</i>	<i>(25)</i>	<i>(25)</i>	<i>0</i>
Total Operating Budget	64	(396)	(460)

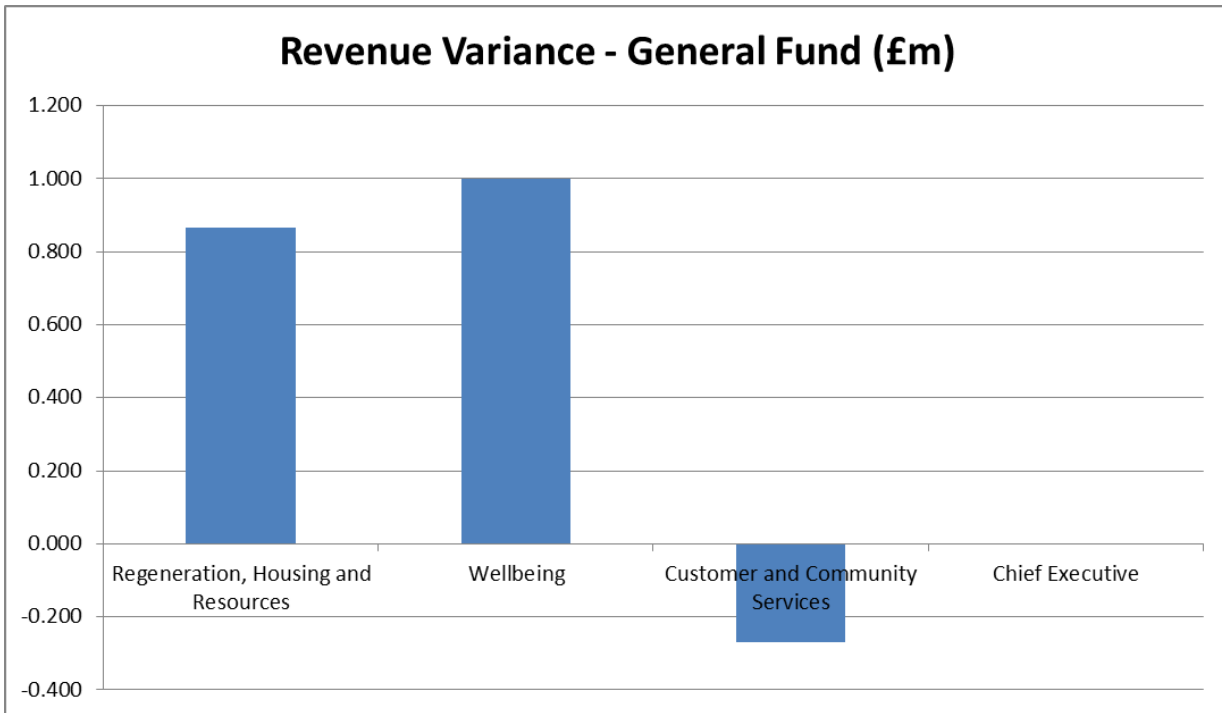
5.3 **Capital – Forecast Outturn**

5.3.1 The overall consolidated capital programme (including the HRA and general Fund) for 2016/17 is £111.727m. As at the end of period 7 the forecast net outturn has increased over the past month to £78.032m. The net variance is therefore £33.695m (30%). This is explained further in paragraph 7.

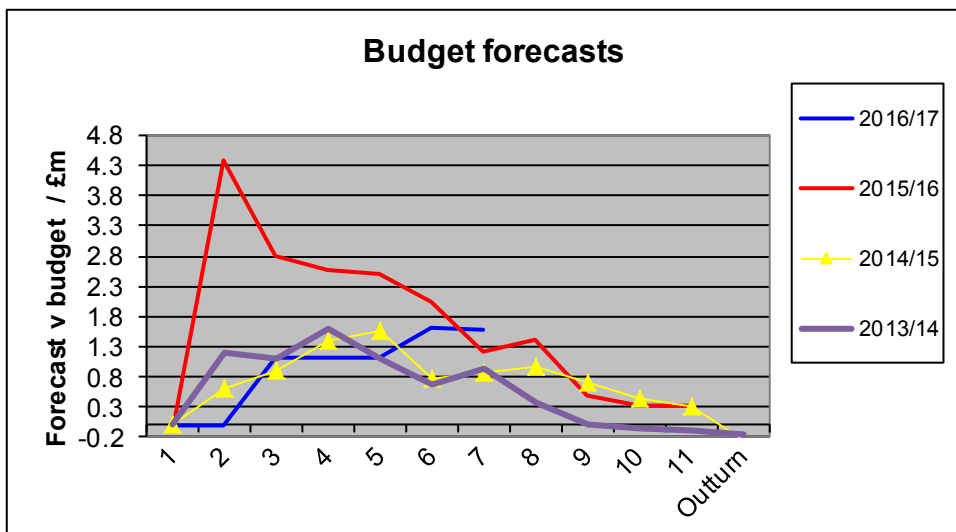
Executive Report

6 Revenue Expenditure

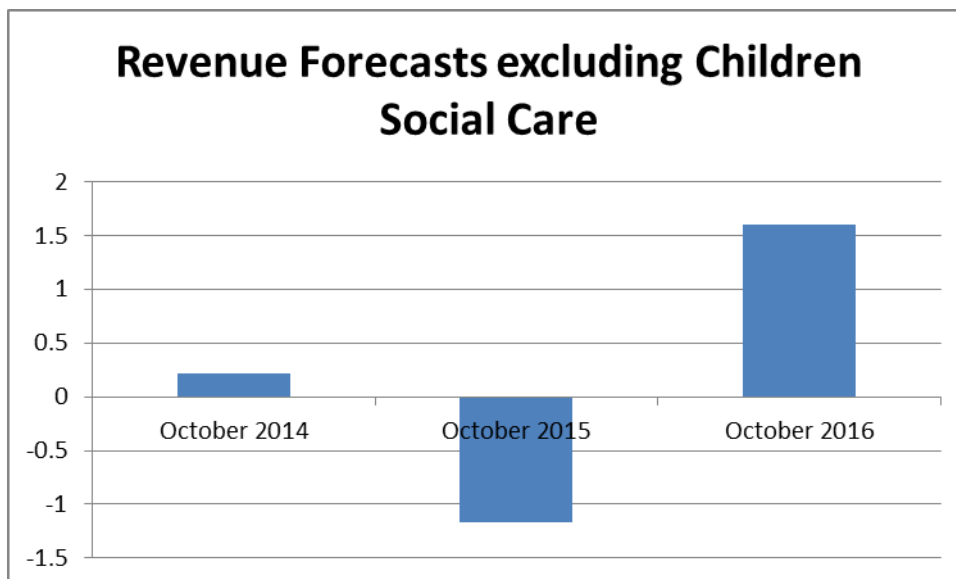
6.1 Period 7 Forecast Outturn by Directorate



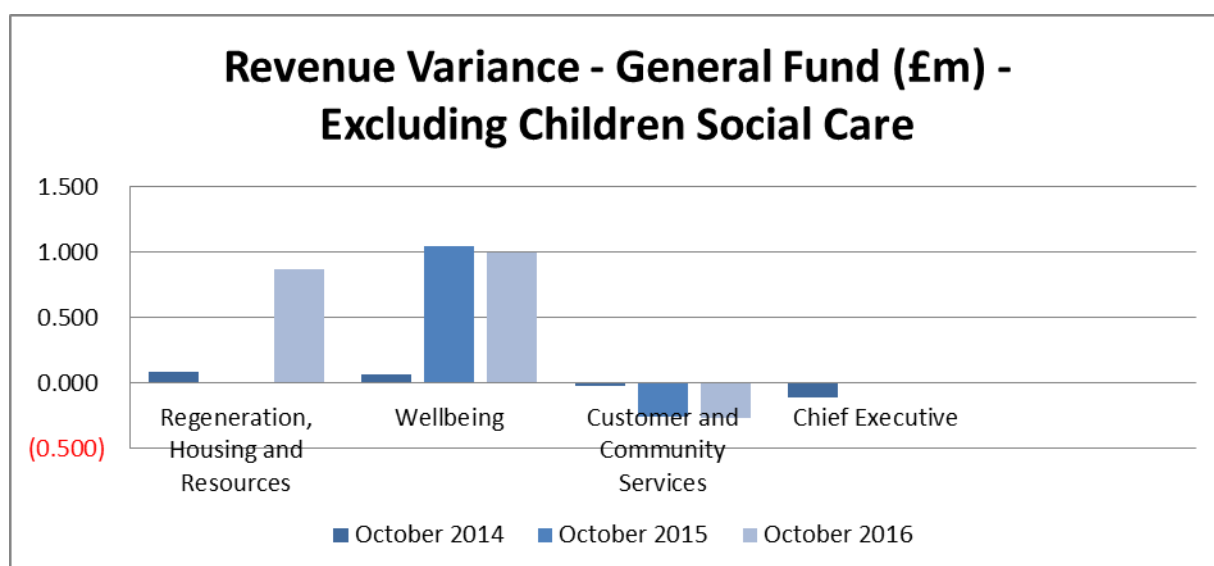
6.2 The table above shows the variances expected in each directorate. The budget forecasts compared to previous years can be seen below.



6.2.1 The chart shown above includes previous year overspends associated with Children Social Care that has since been transferred to Slough Children's Services Trust. When these overspends are removed the overall forecasts for the past three years can be summarised as below.



6.2.2 The performance of the directorates for the past 3 years can also be summarised as below.



6.3 The Council is forecasting an over spend of £1.596m as at month 7. The quarter 2 budget monitor report was forecasting an over spend of £1.604m due mainly to increasing pressures on the Adult Social Care budget. There were increasing pressures on the domiciliary care budgets due to increasing levels of need for existing clients. This risk remains constant at £1m by year end although the Department is actively trying to contain the costs. The service is scrutinising all areas of expenditure such as agency costs and imposing spend restrictions where possible. Other areas within the directorate are explored to try to find under spends that will help to reduce the financial pressure. In addition the service is trying to maximise Better Care Fund (BCF) and Public Health grants.

6.4 Assets, Infrastructure and Regeneration is forecasting an over spend of £423k as at the end of month 7. 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 but they have not had an impact on the overall forecast to date. These over spends have been offset by total

savings of £330k elsewhere within the directorate and additional savings will be identified in following monitoring reports. 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 over spends. 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 total projected over spend of £442k in this service area. Work in the past month has reduced this overspend by £28k. £397k 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

	£000s
Housing and Environment Overspends	
Temporary accommodation	397
Social Services Grant Receivable and Capital recharges	45
TOTAL	442

- 6.6 Within the Customer and Community Services directorate a saving of £269k has helped to offset over spends elsewhere in the Council. There are vacancies throughout the Learning and Community and Contracts, Commissioning and Procurement services and these are resulting in forecasted savings. These staffing savings have been partly offset however by additional agency costs within transactional services. This area has also received a reduction in the DWP administration grant received in the current year. The directorate can be summarised as follows.

	£000s
Customer and Community Services	
Learning and Community	(142)
Wellbeing and Community	(48)
Transactional Services	250
Contracts/Commissioning and Procurement	(329)
TOTAL	(269)

6.7 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 70% of the total capital programme by the end of the 2016/17 financial year. The analysis of this spend as at month 7 is as follows.

	Revised 16-17 Budget	Actual October 2016	Projected Outturn	Slippage %
Directorate	£000s	£000s	£000s	£000s
Resources	34,860	13,636	19,995	43%
Education and Wellbeing	26,665	2,552	19,026	29%
Customer & Community Services	25,916	10,013	16,773	35%
Chief Executive	33	24	33	0%
Housing Revenue Account	14,333	6,788	12,070	16%
Affordable Housing	9,920	2,250	10,135	-2%
Total	111,727	35,263	78,032	30%

7.2 As part of the reconfiguration 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. Most of the capital projects have now been reviewed and the 5 year capital programme is currently being reprofiled and will be reported in full to cabinet at the January meeting.

8 Virements

8.1 There have only been 2 Virements during the current financial year to date and the were as follows

Directorate		Amount	Reason
From	To	£	
Regeneration, Housing and Resources	Wellbeing	16,300.00	Budget wrongly allocated to Corporate Landlord.
Customer and Community Services	Regeneration, Housing and Resources	54,534.00	Transfer of Change Control (SMP Reception) budget from Arvato back to SBC

9 Write Offs

9.1 A net total of £1.086m has been written off during the first seven months of 2016/17. The largest area of write offs total relates to NNDR debt (£0.657m). The overall total has been reduced as there have been some credit write backs. The write off across the council's services for the first 6 months, including the reason for write off, can be summarised as follows. The write offs below are requested for approval.

Reason	NNDR	Council Tax	Former Tenant Arrears	Housing Benefit	Total
	Value £	Value £	Value £	Value £	Value £
Unable to trace / Absconded	172,971.96	108,699.23	98,570.21	777.12	381,018.52
Vulnerable persons			97.97		97.97
Deceased		172,969.98	12,278.12	4,331.41	189,579.51
Statute Barred / Unable to Enforce		71,189.35	31,109.14	2,586.83	104,885.32
Bankruptcy				760.31	760.31
Dissolved / Proposal to Strike / Liquidation / Receivership / Administration	483,983.68				483,983.68
Misc. (incl uneconomical to pursue)	196,659.02	1,370.00	10,200.52	5,886.16	214,115.70
Credit Balances	-196,658.31	-91,551.11			-288,209.42
	<u>656,956.35</u>	<u>262,677.45</u>	<u>152,255.96</u>	<u>14,341.83</u>	<u>1,086,231.59</u>

10 Conclusion

10.1 The Council over spend is currently estimated to be £1.596m 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.

11 Appendices Attached

'A' - Summary revenue forecasts

12 Background Papers

'1' - Supporting working papers held in finance