

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 23rd January 2017

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WARD(S): All

PORTFOLIO: Councillor Munawar, Commissioner for Finance & Strategy

PART I NON-KEY DECISION

FINANCIAL REPORT – MONTH 8 2016-17

1 **Purpose of Report**

To provide Cabinet with the Month 8 (November) 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 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

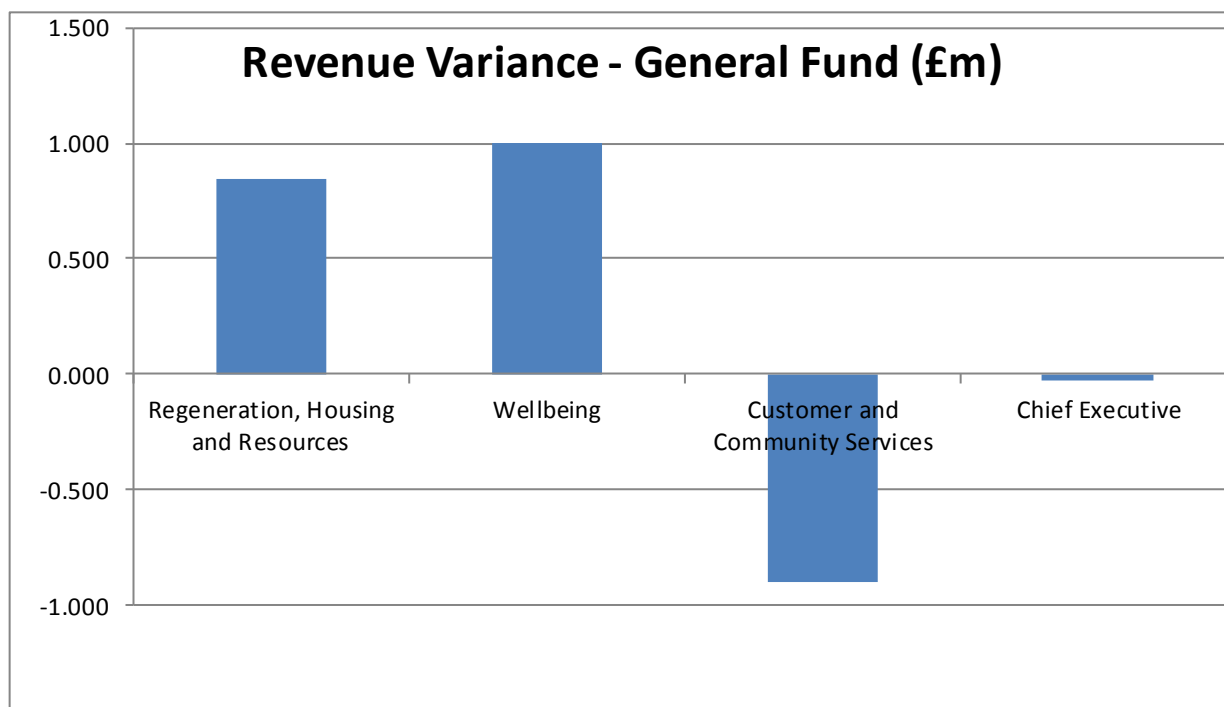
5 **Key Messages**

5.1 **Revenue – Forecast Outturn**

5.1.1 The Council is forecasting an over spend of **£0.917m** as at month 8 (November) after allowing for additional funding sources. The financial position has reduced to that reported in month 7 (October), when the Council was forecast to over spend by **£1.596m**.

5.1.2. There has been significant change in the forecasts during month 8. 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 8 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)

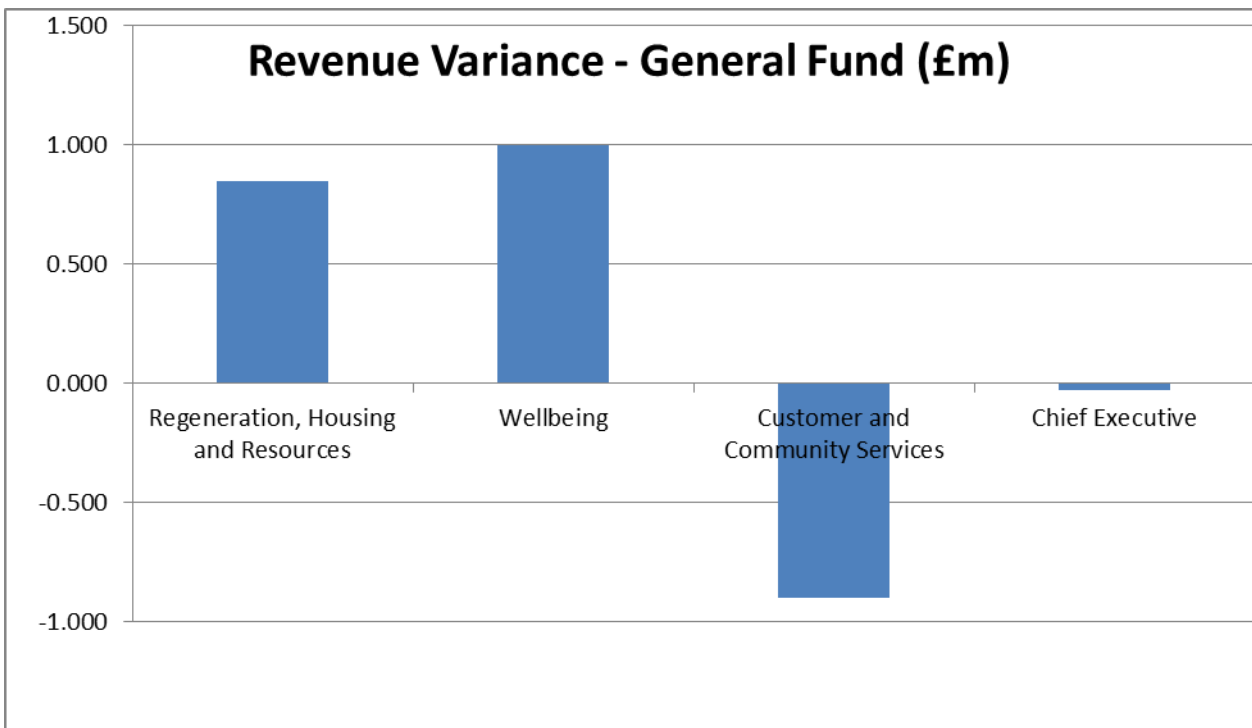
5.3 Capital – Forecast Outturn

5.3.1 The overall consolidated capital programme (including the HRA and general Fund) for 2016/17 is £135.837m. As at the end of period 8 the forecast net outturn has increased over the past month to £114.551m. The net variance is therefore £21.286m (16%). This is explained further in paragraph 7.

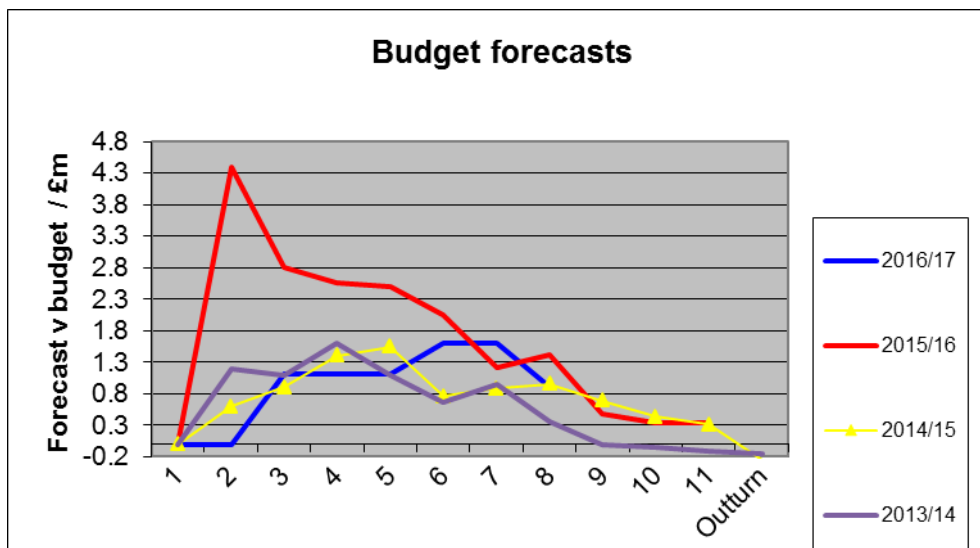
Executive Report

6 Revenue Expenditure

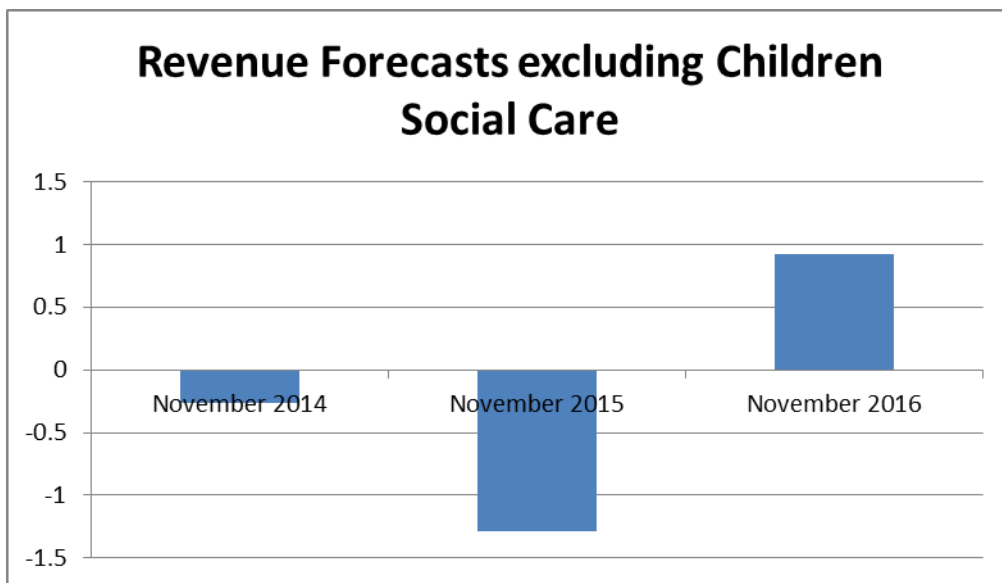
6.1 Period 8 Forecast Outturn by Directorate



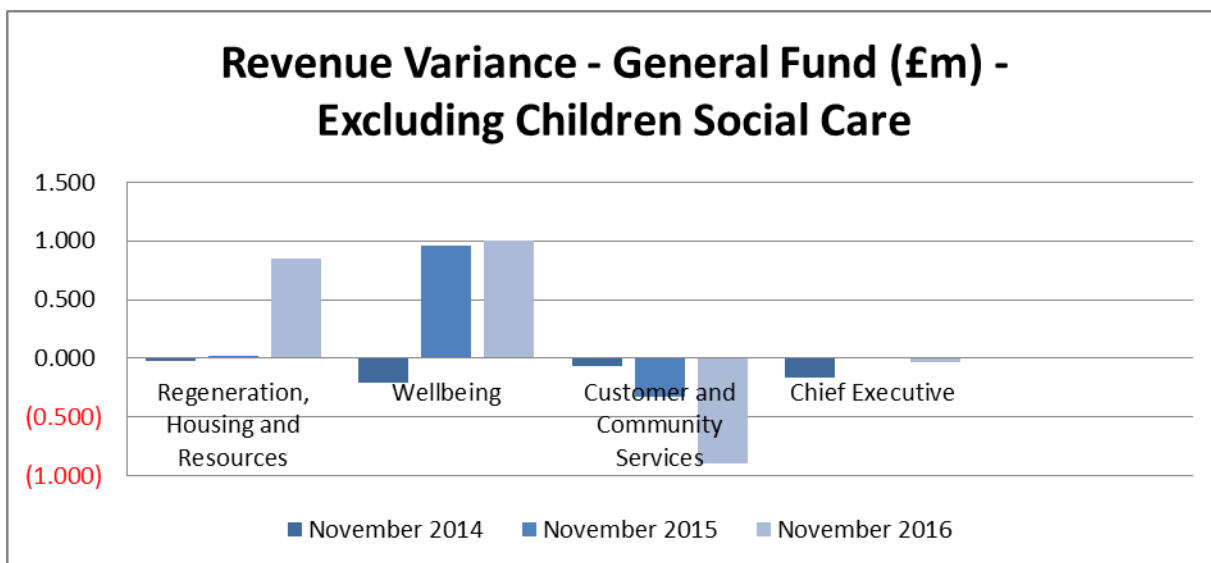
6.2 The table above shows the variances expected in each directorate. The budget forecasts compared to previous years can be seen below.



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 3 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 £0.917m as at month 8 (November). The month 7 budget monitor report was forecasting an over spend of £1.596m 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 continues to try to contain the costs within existing budgets. 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 under spend of £27k as at the end of month 8. The previous month monitor was showing an overspend of £423k so the November monitor is showing improvement. There is a £710k pressure within the asset acquisitions programme. The ability to meet the annual income target is dependant on income generating assets becoming available within the strict criteria approved by cabinet. Asset management continues to explore the potential to make further acquisitions within the current financial year which will reduce the pressure. An increased volume of work on capital projects, mainly in respect of schools and leisure, has generated additional income which can be used to offset against the cost of two additional project managers. This equates to a saving of £587k. Since last month a more detailed analysis of the percentage recharge to capital has identified further savings of £400k, which is due to the acceleration of high value contracts in schools and leisure. In addition there has been a reduction in spend on concessionary travel due to a reduced offer from 24 hours to 9.30am – 11pm, saving £150k. The movements can be seen in the table below.

	£000s
Overspends	
Assets, Infrastructure and Regeneration – Asset Acquisition Income	710
Savings	
Assets, Infrastructure and Regeneration – Partnerships and Contracts additional income generation	(587)
Assets, Infrastructure and Regeneration – Concessionary Travel	(150)
TOTAL	(27)

6.5 The RHR - Housing and Environment service is forecasting a total projected over spend of £873k in this service area. The past month has seen this overspend increase from £470k. The number of homeless households having to be placed in temporary accommodation has almost doubled when compared to budgeted levels. Officers are working on securing long term “family” accommodation and the setting up of Slough Homes to provide a secure supply of “cheaper” accommodation. There is also a net pressure of £68k due to a reduced profit share received from the environmental services contract.

	£000s
Housing and Environment Overspends	
Temporary accommodation	805
Environmental Services – lower profit share received	68
TOTAL	873

6.6 Within the Customer and Community Services directorate a saving of £900k 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 previous pressure of £288k on the leisure services budget within the estates and Regeneration Division, associated with the decision on the temporary ice rink has been reviewed and this is now likely to be £37k. The directorate can be summarised as follows.

	£000s
Customer and Community Services	
Learning and Community	(530)
Wellbeing and Community	37
Improvement and Development	(81)
Transactional Services	0
Contracts/Commissioning and Procurement	(325)
TOTAL	(899)

6.7 All services continue to work on their published action plans to ensure that all overspends and pressures are reduced further and a break even position is achieved by the year end. The current forecasted outturn can be seen in Appendix A.

7 Capital Expenditure

7.1 As mentioned above the Council expects to spend 84% of the total capital programme by the end of the 2016/17 financial year. This is an improvement on last month and indeed the past few years. The analyses of this spend as at month 8 is as follows.

	Revised 16-17 Budget	Actual October 2016	Projected Outturn	Slippage %
Directorate	£000s	£000s	£000s	£000s
Resources	54,335	39,615	59,473	-9%
Education and Wellbeing	26,665	4,372	19,026	29%
Customer & Community Services	26,927	10,607	13,935	48%
Chief Executive	33	0	24	27%
Housing Revenue Account	17,957	8,432	16,708	7%
Affordable Housing	9,920	2,385	5,385	46%
Total	135,837	65,411	114,551	16%

7.2 The reconfiguration, prioritisation review of the capital programme is nearing completion. In order to assess the nature of the high level of slippage, a review of all capital projects is being carried out with service managers, concentrating on re-profiling, and prioritisation using the Prioritisation Matrix ratified by the Capital Strategy Board (CSB).

This review has identified:

- Projects with of slippage which require re-profiling
- Projects which are no longer required, or which should be re-assessed and a need business case brought to CSB

7.3 The Complete GF capital Programme can be seen in Appendix B

8 Virements

8.1 There have been no Virements during period 8.

9 Write Offs

9.1 A net total of £168k has been written off during period 8 (November). The largest area of write offs total relates to NNDR debt (£138k). The write off across the council's services for period 8, including the reason for write off, can be summarised as follows. The write offs below are requested for approval.

Reason	NNDR	Adult Social Care	Housing Benefit	
	Value £	Value £	Value £	Value £
Unable to trace / Absconded			13,797.15	13,797.15
Vulnerable persons			855.50	855.50
Deceased			6,282.28	6,282.28
Statute Barred / Unable to Enforce			7,981.80	7,981.80
Bankruptcy			532.41	532.41
Dissolved / Proposal to Strike / Liquidation / Receivership / Administration	130,065.89			130,065.89
Misc. (incl uneconomical to pursue)	7,633.02	481.62	652.30	8,766.94
	<u>137,698.91</u>	<u>481.62</u>	<u>30,101.44</u>	<u>168,281.97</u>

10 Conclusion

10.1 The Council overspend is currently estimated to be £0.917m at year end. This is a reduction of £679K during period 8. The Council remains committed to delivering services on budget during 2016/17 and work is ongoing to reduce this forecasted financial position further.

11 Appendices Attached

- 'A' - Summary revenue forecasts
- 'B' - GF Capital Programme

12 Background Papers

- '1' - Supporting working papers held in finance