

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 6th February 2017

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WARD(S): All

PORTFOLIO: Councillor Munawar, Commissioner for Finance & Strategy

PART I
NON-KEY DECISION

FINANCIAL REPORT – MONTH 9 2016-17

1 **Purpose of Report**

- To provide Cabinet with the Month 9 (December) forecast financial information for the 16-17 financial year.

- To approve the write offs contained within this report

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

The Cabinet is requested to resolve:

- (a) That the current financial forecast and the ongoing work by departments to reduce the over spend be noted.

- (b) That the write offs contained in section 9 of the report be approved.

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

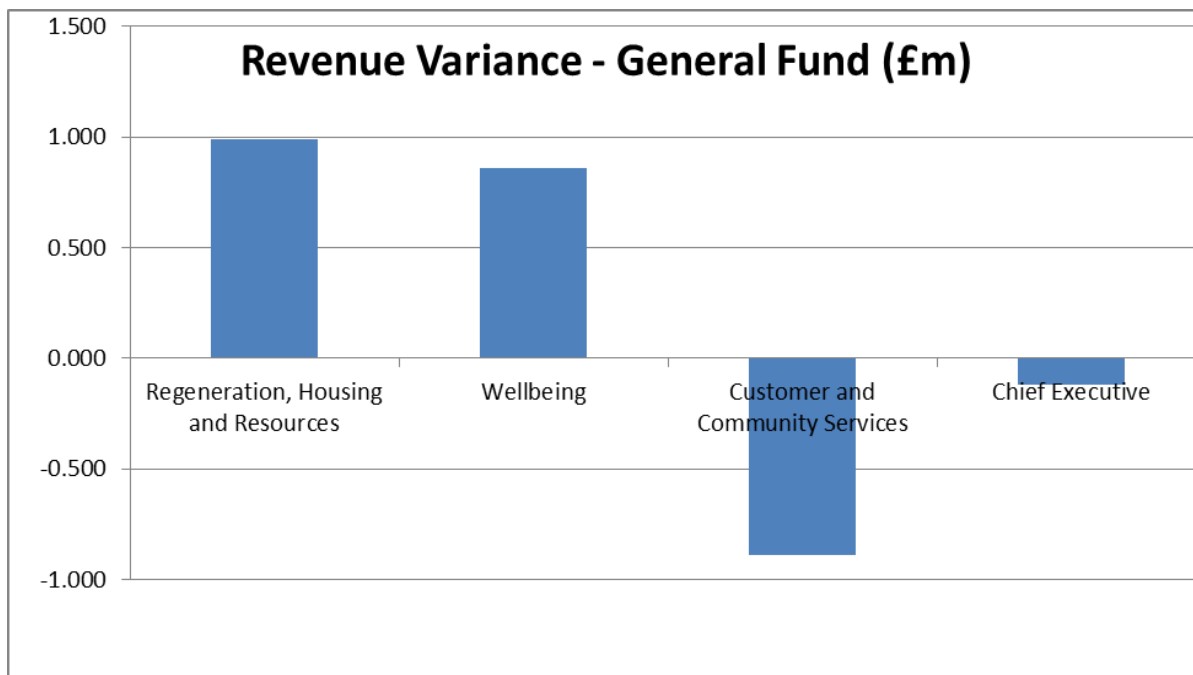
5 **Key Messages**

5.1 **Revenue – Forecast Outturn**

5.1.1 The Council is forecasting an over spend of **£0.837m** as at Month 9 (December) after allowing for additional funding sources. The financial position has reduced from the position reported in Month 8 (November), when the Council was forecast to over spend by **£0.917m**.

5.1.2. There has been a continued reduction in the forecasted overspend during Month 9. 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 9 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>	2,187	1,821	(366)
<i>Neighbourhood Housing Areas North/South/East/Resilience</i>	1,228	1,228	0
<i>Arears & Investigation</i>	511	511	0
<i>Tenant Participation</i>	270	270	0
<i>Housing Allocations/Lettings</i>	164	164	0
<i>Leaseholder Team</i>	249	249	0
<i>Housing Repairs</i>	8,500	8,500	0
<i>Management & Services</i>	5,309	5,215	(94)
<i>Loans and Bad Debt</i>	6,378	6,378	0
<i>Funding Of Capital Projects (RCCO)</i>	12,306	12,306	0
HRA Income	(37,038)	(37,038)	0
<i>Dwelling Rents</i>	(32,730)	(32,730)	0
<i>Garage Rents</i>	(489)	(489)	0
<i>Shop Rent</i>	(660)	(660)	0
<i>Other Rents e.g Ground, Wayleaves, Land</i>	(474)	(474)	0
<i>Leaseholder Service Charges Income & Chargeable Works</i>	(726)	(726)	0
<i>General Service Charges</i>	(1,934)	(1,934)	0
<i>Interest</i>	(25)	(25)	0
Total Operating Budget	64	(396)	(460)

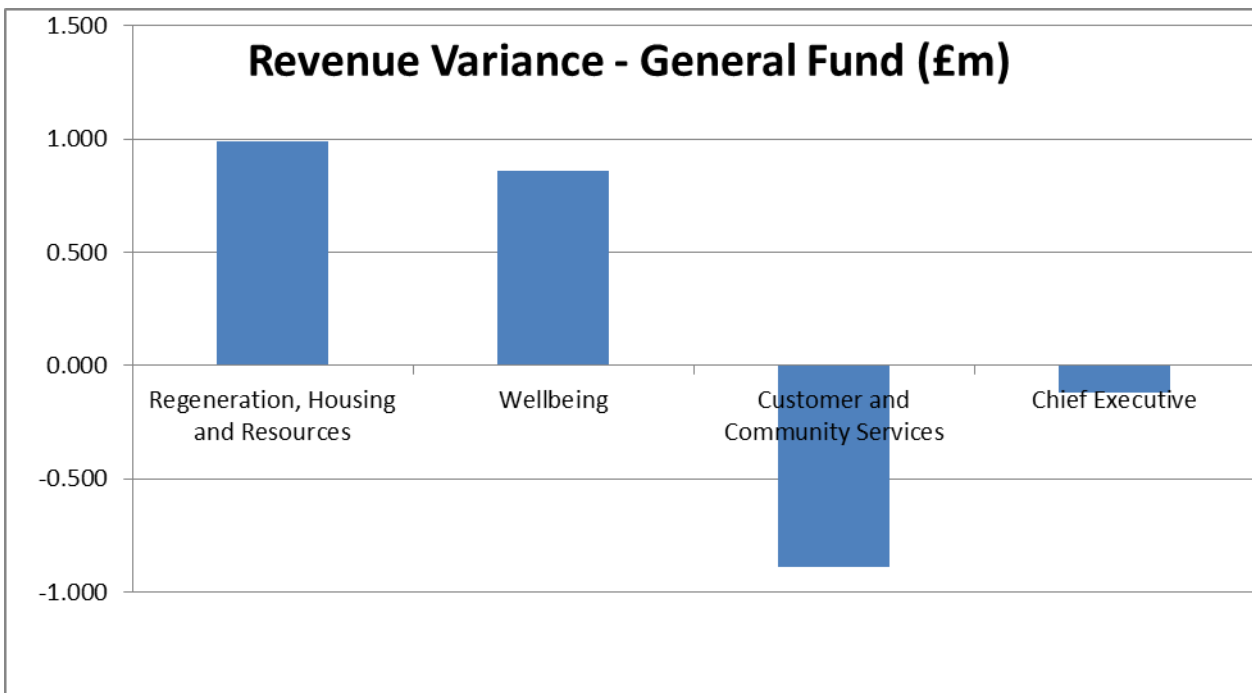
5.3 Capital – Forecast Outturn

5.3.1 The overall consolidated capital programme (including the HRA and general Fund) for 2016/17 is £133.794m. As at the end of period 9 the forecast net outturn has increased over the past month to £119.411m. The net variance is therefore £14.383m (11%). This is explained further in paragraph 7.

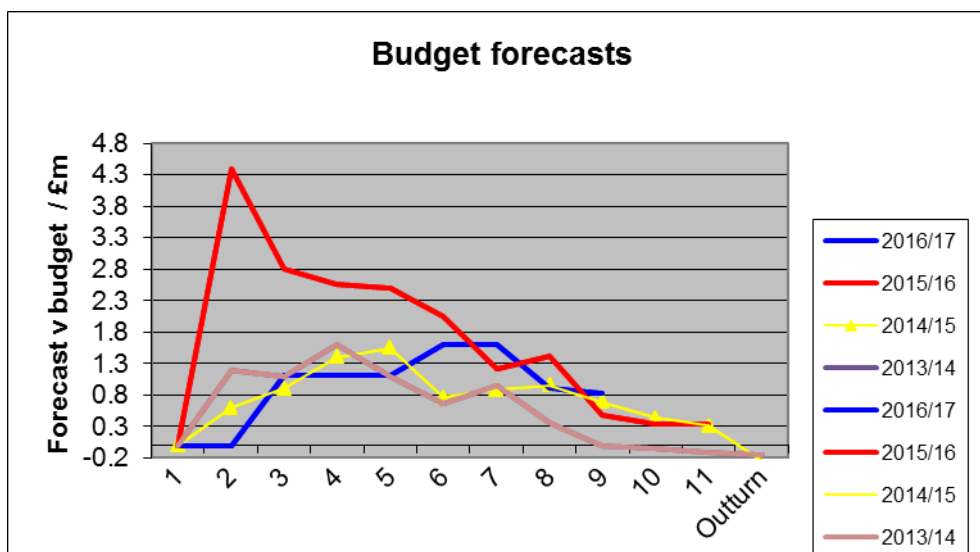
Executive Report

6 Revenue Expenditure

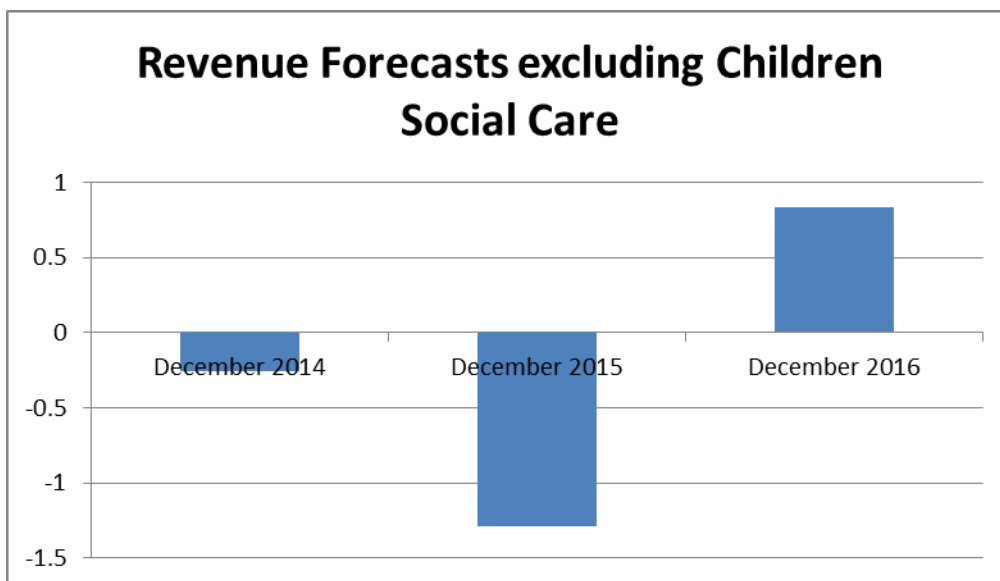
6.1 Period 9 Forecast Outturn by Directorate



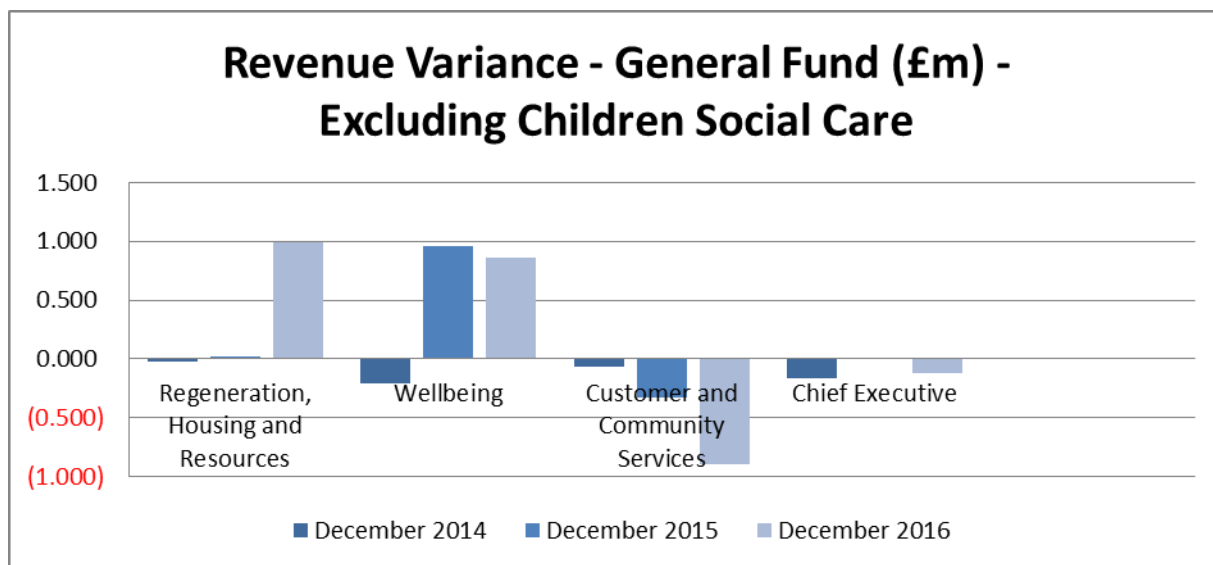
6.2 The table above shows the variances expected in each directorate. The budget forecasts compared to previous years can be seen below.



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 £0.837m as at Month 9 (December). The month 8 budget monitor report was forecasting an over spend of £0.917m 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 but has been reduced down to an expected £0.859m by year end. The Department continues to try to contain the costs within existing budgets but there are some savings initiatives shown below in the report that are underway but not yet fully achieved. The service is scrutinising all areas of expenditure such as agency costs and imposing spend restrictions

where possible. Other areas within the directorate are being 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), Public Health grants and possible Invest to Save initiatives.

- 6.4 Assets, Infrastructure and Regeneration continues to forecast an under spend of £27k as at the end of month 9, the same as at the end of period 8. There remains 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. 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 higher projected over spend of £1,015k in this service area. The past month has seen this overspend increase from £873k due to the inclusion of a corporate pension adjustment which is currently being examined. Although the number of homeless households having to be placed in temporary accommodation has almost doubled when compared to budgeted levels, officers have been working hard to seek to contain costs via working on securing long term “family” accommodation and the setting up of Slough Homes to provide a secure supply of “cheaper” accommodation – it is expected that the benefits of these initiatives will be seen in future monitoring reports. 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	947
Environmental Services – lower profit share received	68
TOTAL	1,015

6.6 Within the Customer and Community Services directorate there has been little change since last month. A saving of £891k 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's current position 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	(333)
TOTAL	(891)

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 89% of the total capital programme by the end of the 2016/17 financial year. The analysis of this spend as at Month 9 is as follows.

	Revised 16-17 Budget	Actual December 2016	Projected Outturn	Slippage %
Directorate	£000s	£000s	£000s	£000s
Resources	58,354	21,441	63,883	-9%
Education and Wellbeing	20,382	18,662	18,706	8%
Customer & Community Services	27,148	6,697	14,312	47%
Chief Executive	33	0	24	27%
Housing Revenue Account	17,957	10,105	17,101	5%
Affordable Housing	9,920	3,256	5,385	46%
Total	133,794	60,185	119,411	11%

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

8 Virements

8.1 There have been no Virements during period 9.

9 Write Offs

9.1 A net total of £592k of has been written back onto accounts during period 9 (December). Whilst there were some write offs of both NNDR (£36k) and Housing Benefit (£53k) debt there was £707k of council tax credits written back into accounts during the period. These credit balances have been investigated as far as possible and no trace of persons or alternative debts have been found. The write backs and offs across the council's services for period 9, including the reason, can be summarised as follows. They are requested for approval.

Reason	NNDR	Council Tax	Former Tenant Arrears	Housing Benefits	Total
	Value £	Value £	Value £	Value £	Value £
Unable to trace / Absconded	24.66			16,021.73	16,046.39
Vulnerable persons			748.58	105.50	854.08
Deceased			5,947.60	17,751.18	23,698.78
Statute Barred / Unable to Enforce			18,168.64	6,690.77	24,859.41
Bankruptcy				9,261.19	9,261.19
Nulla Bona (Returned from Bailiff)					
Dissolved / Proposal to Strike / Liquidation / Receivership / Administration	25,706.35				25,706.35
Misc. (incl uneconomical to pursue)	10,626.45		1,501.23	3,136.26	15,263.94
Credit Balances	-103.20	-707,559.93			-707,663.13
	36,254.26	-707,559.93	26,366.05	52,966.63	-591,972.99

10 **Conclusion**

10.1 The Council overspend is currently forecast to be £0.837m at year end. This is a reduction of £80K during period 9. The Council remains committed to delivering services on budget during 2016/17 and a break even position is expected at year end.

11 **Appendices Attached**

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

12 Background Papers

- '1' - Supporting working papers held in finance