

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 17th September 2018

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WARD(S): All

PORTFOLIO: Councillor Nazir, Lead Member for Corporate Finance & Housing

PART I **NON-KEY DECISION**

REVENUE BUDGET MONITOR REPORT – 2018-19 (QUARTER 1)

1 Purpose of Report

This report provides Cabinet with an update on the financial position of the Council's revenue account as at the first quarter (April to June) of the 2018-19 financial year.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolved:

- a) That the reported and underlying financial position of the council as at the first quarter of the year be noted,
- b) That the management actions being undertaken by officers to reduce the budget pressures be noted,
- c) That the budget virements as explained in paragraph 6 and listed in detail in appendix D be approved, and
- d) That the write offs as requested in paragraph 7 be approved.

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

This report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of excellent governance within the Council helps to ensure that it is efficient, effective and economic in everything it does. It helps to achieve the corporate objectives by detailing how the Council is delivering services to its residents within the financial parameters of 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 THE CURRENT POSITION

5.1.1 Council Summary

At the end of Quarter 1, the Council's profiled budget for this period was **£30.251m** and the total net expenditure was **£29.293m**. This gives a variance of **-£0.959m** which is -3.17% of the profiled budget. The reasons for these variances are explained later in the report. This is summarised for each Directorate in the table below:

| SUMMARY - CURRENT POSITION | | | | |
|--|------------------------------|----------------------------|---------------------------------|------------------------------|
| Directorate | Revised Annual Budget | Year to Date Budget | Year to Date Expenditure | Year to Date Variance |
| | £'M | £'M | £'M | £'M |
| Adult & Communities | 39.832 | 10.938 | 10.809 | -0.129 |
| Children Learning & Skills | 30.224 | 9.006 | 8.939 | -0.067 |
| Regeneration | 9.222 | 2.303 | 1.198 | -1.105 |
| Finance & Resources | 7.546 | 5.417 | 5.749 | 0.331 |
| Chief Executive Office | 13.247 | 2.587 | 2.598 | 0.011 |
| Total | 100.072 | 30.251 | 29.293 | -0.959 |
| % of revenue budget under spent | | | | -3.17% |

The majority of the under spend to date, in the Regeneration directorate, relates to late and disputed invoices. We would expect these issues to be resolved by the time of the Q2 report.

5.1.2 Adult & Communities

The Directorate's profiled budget for this period was **£10.938m** and the total net expenditure was **£10.809m** this gives a variance of **£0.129m** which is 1.18% of the profiled budget. This is summarised in the table below:

| Directorate | Revised Annual Budget | Year to Date Budget | Year to Date Expenditure | Year to Date Variance |
|--------------------------------------|------------------------------|----------------------------|---------------------------------|------------------------------|
| | £'M | £'M | £'M | £'M |
| <u>Adults and Communities</u> | | | | |
| Safeguarding and Governance | 0.459 | 0.115 | 0.089 | -0.026 |
| ASC Management | 1.181 | 0.295 | 0.261 | -0.034 |
| Directly Provided Services | 2.137 | 0.534 | 0.473 | -0.061 |
| Mental Health Services | 4.205 | 1.051 | 0.852 | -0.199 |
| Learning Disability Services | 9.197 | 2.299 | 1.900 | -0.399 |
| North Locality | 3.561 | 0.890 | 1.176 | 0.286 |
| South Locality | 3.324 | 0.831 | 1.096 | 0.265 |
| East Locality | 4.417 | 1.104 | 1.409 | 0.305 |
| Reablement | 1.291 | 0.323 | 0.260 | -0.063 |
| Care Group Commissioning | 3.986 | 0.997 | 1.008 | 0.011 |
| Sub Total | 33.758 | 8.439 | 8.524 | 0.085 |

| | | | | |
|----------------------------|---------------|---------------|---------------|---------------|
| Public Health | | | | |
| Staffng | 0.476 | 0.119 | 0.055 | -0.064 |
| Project Work | 5.397 | 1.349 | 1.247 | -0.102 |
| Internal Recharges | 1.308 | 1.308 | 1.308 | 0.000 |
| Income | -7.793 | -1.948 | -1.890 | 0.058 |
| Sub Total | -0.612 | 0.828 | 0.720 | -0.108 |
| Communities | | | | |
| Community and Skills | 6.268 | 1.567 | 1.509 | -0.058 |
| Enforcement and Regulation | 0.418 | 0.104 | 0.056 | -0.048 |
| Sub Total | 6.686 | 1.671 | 1.565 | -0.106 |
| TOTAL | 39.832 | 10.938 | 10.809 | -0.129 |

The main variances between the profiled budget and the expenditure to date for Adults & Communities are on the care group commissioning and the care packages budgets within Reablement and the various localities. These variances arise due to the timing differences between when invoices are expected to be paid and the date they are actually processed in the ledger.

5.1.3 **Children Learning & Skills**

Children Learning & Skills profiled budget for the first quarter was **£9.006m** and the total net expenditure during this period was **£8.939m** this gives a variance of **£0.067m** which is 0.74% of the profiled budget. The main variance as at the end of the current quarter relates to the SCST service where there are some timing differences for some of the payments to the Trust that are recovered from specific grants. This is summarised in the table below:

| Directorate | Revised Annual Budget | Year to Date Budget | Year to Date Expenditure | Year to Date Variance |
|--|-----------------------|---------------------|--------------------------|-----------------------|
| | £'M | £'M | £'M | £'M |
| Directorate Services | 1.062 | 1.185 | 1.035 | -0.150 |
| Commissioning Partnerships & Performance | 0.073 | 0.018 | 0.021 | 0.003 |
| Slough Children's' Service Trust (SCST) | 24.117 | 10.144 | 10.386 | 0.242 |
| Early Years and Development | 2.201 | 0.985 | 0.835 | -0.150 |
| Access and Inclusion | 0.817 | 0.550 | 0.445 | -0.105 |
| School Effectiveness | 1.929 | 0.204 | 0.313 | 0.109 |
| Special Educational Needs & Disabilities | 0.362 | 0.004 | 0.014 | 0.010 |
| Sub Total | 30.561 | 13.090 | 13.049 | -0.041 |
| Dedicated Schools Grant (DSG) | -0.337 | -4.084 | -4.110 | -0.026 |
| TOTAL | 30.224 | 9.006 | 8.939 | -0.067 |

5.1.4 **Regeneration**

This Directorate's has a quarter 1 profiled budget of **£2.303m** and the total net expenditure during the corresponding period was **£1.198m** this gives a variance of **£1.105m**. The variance on Building Management relates to a number invoices that have been challenged and have therefore not been paid. Discussions to resolve these challenges are ongoing but will be resolved in the very near future.

The latest position is summarised in the table below:

| Directorate | Revised Annual Budget | Year to Date Budget | Year to Date Expenditure | Year to Date Variance |
|-----------------------------|-----------------------|---------------------|--------------------------|-----------------------|
| | £'M | £'M | £'M | £'M |
| Directorate Management Unit | -0.296 | -0.074 | 0.094 | 0.168 |
| Transport | 5.806 | 1.452 | 1.599 | 0.147 |
| Planning | 0.797 | 0.199 | -0.177 | -0.376 |
| Assets | -3.851 | -0.963 | -1.066 | -0.103 |
| Building Management | 3.975 | 0.990 | 0.170 | -0.820 |
| Other Regen | 0.132 | 0.033 | 0.074 | 0.041 |
| Strategic Housing Services | 1.201 | 0.302 | 0.248 | -0.054 |
| Neighbourhood Services | 1.458 | 0.364 | 0.256 | -0.108 |
| TOTAL | 9.222 | 2.303 | 1.198 | -1.105 |

5.1.5 Finance & Resources

The quarter 1 profile budget for Finance & Resources was **£5.417m** and the total net expenditure during this period was **£5.749m** this gives a variance of **£0.331m**. This is summarised in the table below:

| Directorate | Revised Annual Budget | Year to Date Budget | Year to Date Expenditure | Year to Date Variance |
|-------------------------------|-----------------------|---------------------|--------------------------|-----------------------|
| | £'M | £'M | £'M | £'M |
| Customer and Communications | 0.469 | 0.117 | 0.178 | 0.060 |
| Organisation Development & HR | 1.329 | 0.333 | 0.366 | 0.033 |
| Governance | 1.712 | 0.428 | 0.532 | 0.104 |
| Digital & Strategic IT | 0.553 | 0.138 | 0.415 | 0.277 |
| Corporate Resources | -5.074 | 1.619 | 1.866 | 0.247 |
| Strategy & Performance | 0.773 | 0.193 | 0.195 | 0.002 |
| Transactional Services | 7.891 | 2.589 | 2.197 | -0.392 |
| Corporate and Departmental | -0.107 | 0.000 | 0.000 | 0.000 |
| TOTAL | 7.546 | 5.417 | 5.749 | 0.331 |

The main variances relates to the Corporate Resources and Digital & Strategic IT services. The Digital & Strategic IT variance partly reflects the overspend on the annual budget being reported for this area.

5.1.6 Chief Executive

The profile budget on the Chief Executive services for this period was **£2.587m** and the total net expenditure during this period was **£2.598m** this gives a variance of **£0.011m**. This is summarised in the table below:

| Directorate | Revised Annual Budget | Year to Date Budget | Year to Date Expenditure | Year to Date Variance |
|--------------------------------------|-----------------------|---------------------|--------------------------|-----------------------|
| | £'M | £'M | £'M | £'M |
| Local Welfare Provision | 0.275 | 0.069 | 0.040 | -0.029 |
| Improvement & Development Management | -0.094 | -0.023 | 0.000 | 0.023 |
| Executive's Office | 0.334 | 0.084 | 0.114 | 0.030 |
| Prevent | 0.000 | 0.000 | 0.000 | 0.000 |
| Environmental Services | 12.732 | 2.457 | 2.444 | -0.013 |
| TOTAL | 13.247 | 2.587 | 2.598 | 0.011 |

There are no significant current variances as at the end of the first quarter in this service area.

5.1.7 **Housing Revenue Account (HRA)**

At the end of Quarter 1, the HRA's profiled budget for this period was **-£3.697m** and the total net expenditure during this period was **-£5.374m** this gives a variance of **£1.677m**. This is summarised in the table below:

| Housing Revenue Account | Revised Budget | YTD Budget | Year to Date Expenditure | Year to Date Variance |
|--|----------------|---------------|--------------------------|-----------------------|
| | £'M | £'M | £'M | £'M |
| EXPENDITURE | | | | |
| Management Team (& Recharges) | 4.374 | 0.994 | 0.784 | -0.210 |
| Supported Housing | 0.030 | 0.006 | 0.001 | -0.005 |
| Tenant Services | 1.560 | 0.389 | 0.038 | -0.351 |
| Neighbourhood Housing Area North | 0.494 | 0.124 | 0.121 | -0.003 |
| Neighbourhood Housing Area South | 0.389 | 0.097 | 0.098 | 0.001 |
| Neighbourhood Housing Area East | 0.451 | 0.113 | 0.097 | -0.016 |
| Arears & Investigations | 0.515 | 0.129 | 0.108 | -0.021 |
| Customer Services | 1.174 | 0.294 | 0.431 | 0.137 |
| Neighbourhood Resilience & Enforcement | 0.324 | 0.080 | 0.038 | -0.042 |
| Housing Allocations | 0.061 | 0.015 | 0.016 | 0.001 |
| Tenants Participation Team | 0.246 | 0.062 | 0.052 | -0.010 |
| Lettings | 0.215 | 0.054 | 0.035 | -0.019 |
| Leaseholder Team | 0.220 | 0.054 | 0.044 | -0.010 |
| Housing Repairs | 8.550 | 2.149 | 0.930 | -1.219 |
| Loans, Bad Debt & Council Tax | 6.648 | 0.000 | 0.000 | 0.000 |
| Depreciation & Funding of Capital Projects | 11.946 | 0.000 | 0.000 | 0.000 |
| INCOME | | | | |
| Dwelling Rents | -31.537 | -7.278 | -7.422 | -0.144 |
| Garage Rents | -0.491 | -0.113 | -0.106 | 0.007 |
| Shop Rent | -0.635 | -0.158 | -0.146 | 0.012 |
| Other Rents | -0.800 | -0.115 | -0.078 | 0.037 |
| Leaseholder Service Charges | -0.869 | -0.205 | -0.073 | 0.132 |
| General Service Charges | -1.679 | -0.388 | -0.342 | 0.046 |
| Interest | -0.015 | 0.000 | 0.000 | 0.000 |
| Total | 1.171 | -3.697 | -5.374 | -1.677 |

5.2 THE FORECAST (YEAREND) POSITION

5.2.1 COUNCIL SUMMARY

The total 2018/19 approved net budget for the Council (net cost of services) is **£100.071m** and the total estimated net expenditure forecast for the year across all service areas is **£102.710m**. This represents a budget pressure of **£2.639m**. This however assumes in year savings of totalling £1.367m will be achieved during this year in order to arrive at this reported variance which is 2.64% of the approved budget. This latest position is summarised in the table below with full details shown in Appendix A.

| SUMMARY - FORECAST (YEAR END) POSITION | | | |
|---|-----------------------|-------------------------|---------------------------|
| Directorate | Revised Budget | Revised Forecast | Full Year Variance |
| | £'M | £'M | £'M |
| Adult & Communities | 39.832 | 40.833 | 1.000 |
| Children Learning & Skills | 30.224 | 30.799 | 0.575 |
| Regeneration | 9.222 | 10.207 | 0.985 |
| Finance & Resources | 7.546 | 7.589 | 0.043 |
| Chief Executive Office | 13.247 | 13.283 | 0.036 |
| Total | 100.071 | 102.710 | 2.639 |
| % of revenue budget over/(under) spent | | | 2.64% |

5.2.2 Budget Virements

Over the past three month budget transfers totalling **£0.459m** have been made. A total of £0.206m has moved between the Children Learning & Skills and the Regeneration Directorates. This represents the transfer of responsibility for the management of the buildings occupied by the council's children centres.

A further £0.253m has been transferred from the Chief Executive Service to Adults & Communities Directorate. This transfer completes the budget changes required for Regulatory Services following the recent council restructure.

5.2.3 Cabinet approval is formally sought for these changes in paragraph 5.2.2 above.

5.2.4 Housing Revenue Account (HRA)

The HRA has a planned budget deficit of **£1.171m** this will be funded using a contribution from housing reserves. At present, the account expected to spend as planned, which will result in a net expenditure of £1.171m and therefore no variance against the planned budget deficit.

5.2.5 Further details on the HRA are given in paragraph 5.4.18. The HRA is a statutory ringfenced account and any balances at the end of the year must be carried forward within this account to the next year.

5.2.6 This latest overall position is summarised in the table below.

| Details | Revised Budget | Current Expenditure | Projected Outturn | Variance |
|-----------------|----------------|---------------------|-------------------|----------|
| | £'M | £'M | £'M | £'M |
| HRA Expenditure | 37.197 | 2.793 | 37.197 | 0 |
| HRA Income | -36.026 | -8.167 | -36.026 | 0 |
| Total | 1.171 | -5.374 | 1.171 | 0 |

5.2.7 Dedicated Schools Grant

The total funding provided to the Council for school services within the DSG for 2018/19 is **£69.442m**. The latest forecast shows that this will be overspent by **£1.745m**. When the balance carried forward from 17/18 is taken into account, the DSG will have an estimated cumulative overspend of **£6.441m** at the start of 19/20. Further details are given in paragraph 5.3.17.

5.2.8 The DSG is also a statutory ring fenced account and any balances at the end of the year must be carried forward within this account to the next year. This latest overall position is summarised in the table below.

| DSG SUMMARY 2018/19 | | | | | | |
|--------------------------------|----------------|---------------|-------------------|------------------|-----------------|---------------|
| DETAILS | Revised Budget | Actuals (YTD) | Projected Outturn | Current Variance | Brought Forward | Carry Forward |
| | £'M | £'M | £'M | £'M | £'M | £'M |
| Central Services Schools Block | 0.901 | 0.123 | 0.901 | 0.000 | 0.000 | 0.000 |
| Early Years Block (EYB) | 15.304 | 3.826 | 15.304 | 0.000 | -0.818 | -0.818 |
| High Needs Block (HNB) | 17.842 | 9.739 | 19.587 | 1,745 | 5.514 | 7.259 |
| Schools' Block | 35.395 | 8.849 | 35.395 | 0.000 | 0.000 | 0.000 |
| Total | 69.442 | 22.537 | 71.187 | 1.745 | 4.696 | 6.441 |

5.3 ADULTS & COMMUNITIES

- 5.3.1 The Directorate's approved budget is **£39.579m**, since the start of the year this has increased by £0.253m because of the budget transfer for the management and support staff for Regulatory Services from the Chief Executive Service in keeping with the recent council restructure. This budget virement is included in the revised budget of **£39.832m** and is subject to approval by Cabinet.
- 5.3.2 The Directorate has an underlying budget pressure of **£1.703m**. This is the result of pressures within the Adult Social Care service due to the effect of inflation on the prices paid for care packages. There have been increases both in the numbers of clients being accepted for care as well as the length of time some clients are spending in receipt of care services.
- 5.3.3 The Adults Social Care service is exploring all means to reduce this budget pressure and ensure that final net expenditure by the end of the financial year is kept within the approved budget. As a result, a plan to reduce cost and maximise income is being developed. The current forecast however assumes these measures will only yield savings totalling **£0.703m** and together with a net underspend of **£0.025m** in the other service areas a budget forecast of **£1.000m** overspend is reported for the Directorate. A summary of the Directorate's latest budget position is shown below.

| Adult & Communities – Forecast Year End Summary | | | | | | | |
|---|----------------|---------------|-------------------|----------------------------|-------------------------|------------------|--------------------|
| DETAILS | Revised Budget | Current Spend | Projected Outturn | Underlying Budget Pressure | Planned In Year Savings | Revised Forecast | Full Year Variance |
| | £'M | £'M | £'M | £'M | £'M | £'M | £'M |
| Adult Social Care | 33.758 | 8.524 | 35.486 | 1.728 | -0.703 | 34.783 | 1.025 |
| Public Health | -0.612 | -0.212 | -0.612 | 0.000 | 0.000 | -0.612 | 0.000 |
| Community and Skills | 6.269 | 1.509 | 6.194 | -0.074 | 0.000 | 6.194 | -0.074 |
| Regulatory Services | 0.418 | 0.056 | 0.467 | 0.049 | 0.000 | 0.467 | 0.049 |
| Total | 39.832 | 9.877 | 41.536 | 1.703 | -0.703 | 40.833 | 1.000 |

5.3.4 Adult Social Care

This service has an underlying budget pressure of **£1.728m**. This is caused by pressure on its care budgets due to a combination of price inflation and an increase in demand. A summary of the service's budget position is shown below.

| Adult Social Care - Summary | | | |
|------------------------------|----------------|-------------------|---------------|
| DETAILS | Revised Budget | Projected Outturn | Variance |
| | £'M | £'M | £'M |
| Safeguarding & Governance | 0.459 | 0.457 | -0.002 |
| ASC Management | 1.181 | 1.181 | 0.000 |
| Directly Provided Services | 2.137 | 2.288 | 0.151 |
| Mental Health Services | 4.205 | 4.205 | 0.000 |
| Learning Disability Services | 9.197 | 9.489 | 0.292 |
| North Locality | 3.561 | 4.008 | 0.448 |
| South Locality | 3.324 | 3.533 | 0.209 |
| East Locality | 4.417 | 5.048 | 0.631 |
| Re-ablement | 1.291 | 1.291 | 0.000 |
| Care Group Commissioning | 3.986 | 3.986 | 0.000 |
| Sub Total | 33.758 | 35.486 | 1.728 |
| Recovery plan | 0.000 | -0.703 | -0.703 |
| Total | 33.758 | 34.783 | 1.025 |

5.3.5 A recovery plan is being prepared to address this position. At present, the service is forecasting that this recovery plan will generate savings of **£0.703m** resulting in a budget variance of **£1.025m**.

5.3.6 Public Health

This budget is fully funded by an external Government grant. It has planned spending commitments that are currently expected to be fully spent and therefore no budget variance is reported.

5.3.7 Most of these funds are committed on projects that are well established and where the expenditure commitment is known. The annual grant has been confirmed by the Government for the year and this is paid monthly. This is summarised in the table below.

| Public Health - Summary | | | |
|--------------------------------|-----------------------|--------------------------|-----------------|
| DETAILS | Revised Budget | Projected Outturn | Variance |
| | £'M | £'M | £'M |
| Staffing | 0.476 | 0.476 | 0.000 |
| Project Work | 6.062 | 6.062 | 0.000 |
| Internal Recharges | 1.867 | 1.867 | 0.000 |
| Income | -7.793 | -7.793 | 0.000 |
| Total | -0.612 | 0.612 | 0.000 |

5.3.8 Community & Skills

The Community & Skills service (which now includes the Wellbeing & Communities service) is forecasting an underspend of **£0.074m**. This is due to savings on its staffing budget caused by vacancies.

5.3.9 Restructurings with the Library service and elsewhere are taking place. Once these are completed a clearer picture should emerge of any budget variance. The current forecast assumes these restructures will be conducted within the existing budget resources.

5.3.10 Regulatory Services

The service is expected to overspend by **£0.049m**. This is due to a budget pressure of £0.085m on the CCTV service due to an expected shortfall of income. Discussions with the Police are ongoing and a new SLA may result which would help with this budget pressure. This is partly offset by savings due to staff vacancies in the Food Safety and Domestic Abuse service areas.

5.3.11 This area is also undertaking a restructure and once this has been completed any financial implications of this will be included in future budget reports.

5.3.12 Management Action

A budget recovery plan has been developed to address the estimated budget deficit within Adult Social Care. Details of this plan are regularly reviewed and will be reported and monitored on a monthly basis once these are finalised. The current estimated savings of £0.703m is not a ceiling and every effort will be made by the Director and his Service Leads to ensure that the Directorate gets as close as possible to break even.

5.4 CHILDREN, LEARNING & SKILLS (CLS)

5.4.1 The Directorate's **net** controllable Revenue Budget for 2018/19 *including* the Dedicated Schools Grant (DSG) is **£30.224m**.

5.4.2 The approved budget has changed by **£0.206m** since last month to reflect the permanent transfer of budgets relating to the building maintenance costs of the Early Years properties (Children Centres) to the Corporate Landlord budget. All associated costs have also been transferred. These budget changes are subject to approval by Cabinet but are included in the budgets reported below.

5.4.3 The total forecasted net expenditure for the year is **£30.799m** and therefore an overspend of **£0.575m** is currently reported. This is due to additional PFI costs. The MTFs for 19/20-21/21 will address this budget gap going forward. This latest position is summarised in the table below.

| Children, Learning & Skills - Summary | | | | | | | |
|--|----------------|---------------|-------------------|----------------------------|-------------------------|------------------|--------------------|
| DETAILS | Revised Budget | Current Spend | Projected Outturn | Underlying Budget Pressure | Planned In Year Savings | Revised Forecast | Full Year Variance |
| | £'M | £'M | £'M | £'M | £'M | £'M | £'M |
| Directorate Services | 1.062 | 1.035 | 1.854 | 0.792 | 0.000 | 2.646 | 0.792 |
| Commissioning, Partnership & Performance | 0.073 | 0.014 | 0.050 | -0.023 | 0.000 | 0.027 | -0.023 |
| Slough Children Services Trust | 24.117 | 10.385 | 24.117 | 0.000 | 0.000 | 24.117 | 0.000 |
| Access and Inclusion | 2.201 | 0.444 | 2.208 | 0.007 | 0.000 | 2.215 | 0.007 |
| School Effectiveness | 0.817 | 0.313 | 0.771 | -0.046 | 0.000 | 0.725 | -0.046 |
| Early Years and Development | 1.929 | 0.835 | 1.720 | -0.209 | 0.000 | 1.511 | -0.209 |
| Special Educational Needs | 0.362 | 0.014 | 0.416 | 0.054 | 0.000 | 0.470 | 0.054 |
| Sub-Total | 30.561 | 13.040 | 31.136 | 0.575 | 0.000 | 31.711 | 0.575 |
| DSG | -0.337 | -6.880 | -0.337 | 0.000 | 0.000 | -0.337 | 0.000 |
| TOTAL | 30.224 | 6.160 | 30.799 | 0.575 | 0.000 | 31.374 | 0.575 |

5.4.4 In addition to the PFI related budget pressure, there are other variations in the Special Educational Needs and Directorate Services areas which are overspending by £0.112m and £0.054m respectively. These are offset by underspends in the Early Years and Development Service of £0.209m. These variations are explained later in the report.

5.4.5 Directorate Services

This service area is reporting a budget pressure of **£0.792m**. This is due mainly to pressure on the council's contribution to its PFI schemes from the General Fund. The "affordability gap" written into the contract, which the Council must pick-up, is calculated at **£1.393m** for 2018/19. The associated General Fund budget is £0.433m giving a difference of £0.960m. When income from PFI efficiencies and other income is taken into account the funding gap reduces to £0.680m. In previous years a variety of one off funding has been used to offset this budget pressure. These do not exist for 2018/19. The Medium Term Financial Strategy assumes this budget pressure will be addressed from 2019/20 onwards.

5.4.6 Commissioning Partnership & Performance

The service is expected to underspend by **£0.023m**. This is due to lower than expected staffing costs.

5.4.7 **Slough Children Services Trust**

The total value of all the payments to be made to the Trust in the 2018/19 financial year is expected to be **£27.005m**. This excludes other payments that the Council will be making on behalf of the Trust for contractual reasons and then recover these the Trust at the end of the year. Last year these amounted to £1.327m.

5.4.8 The current approved budget available for the Trust is £24.117m with an additional £0.560m from other funding. A further £1.502m will be funded from various specific Grants including the DSG.

5.4.9 **Access and Inclusion**

The service has an underlying budget pressure of **£0.871m** due to increased demand on the Transport Service.

5.4.10 The Transport Service is experiencing ever increasing growth in demand. This is evidenced by an increase in the percentage of 1:1 journeys and an increasing number of SEN pupils accessing the service and a 50% increase in the number of journeys made outside of the borough. Plans are being prepared to seek to address these pressures and will be presented within the Quarter 2 report.

5.4.11 **School Effectiveness**

The service area is forecast to overspend by **£0.103m** due to costs of the Statutory Assessments which are currently unfunded in the base budget. Officers are confident of seeking additional funding and service efficiencies to cover this pressure and expect a final outturn underspend of **£0.046m**.

5.4.12 **Early Years & Development**

The service is expecting to underspend by **£0.209m** due to a saving on staff costs due to vacancies. The service has a recruitment campaign and aims to recruit to all established posts by December 2018. This will mean there will be a period when some posts are not covered and hence the savings in staffing costs. Staff costs accounts for over 90% of the service's gross budget.

5.4.13 **Special Educational Needs & Disabilities (SEND)**

SEND is expected to overspend by £0.214m this is to cover the cost of 5 additional posts that are needed to cover key core functions. Plans have been put in place to reduce the pressure to **£0.054m**.

5.4.14 **Dedicated Schools Grant (DSG)**

The forecast for 2018/19 shows an estimated overspend of **£1.745m**. This is due to the High Needs Block spending more than the available funds. The overall position on the DSG expected at the end of the year is shown in the table below.

| DSG SUMMARY 2018/19 | | | | | | |
|--------------------------------|-----------------------|----------------------|--------------------------|-------------------------|------------------------|----------------------|
| DETAILS | Revised Budget | Actuals (YTD) | Projected Outturn | Current Variance | Brought Forward | Carry Forward |
| | £'M | £'M | £'M | £'M | £'M | £'M |
| Central Services Schools Block | 0.901 | 0.123 | 0.901 | 0.000 | 0.000 | 0.000 |
| Early Years Block (EYB) | 15.304 | 3.826 | 15.304 | 0.000 | -0.818 | -0.818 |
| High Needs Block (HNB) | 17.842 | 9.739 | 19.587 | 1.745 | 5.514 | 7.259 |
| Schools' Block | 35.395 | 8.849 | 35.395 | 0.000 | 0.000 | 0.000 |
| Total | 69.442 | 22.537 | 71.187 | 1.745 | 4.696 | 6.441 |

5.4.15 High Needs Block (HNB)

Over the past 2 years the council has overspent this budget. This is in keeping with the national picture. A recent survey by the Association of Directors of Children Services found that

- Nationally high needs block budgets were overspending by £140m.
- 80% of the LAs survey reported that they would overspend their HNB allocation
- Carrying this overspend forward was one of the 3 most popular means adopted by LAs in dealing with this problem.

5.4.16 A draft recovery plan was presented to the July 2018 Schools' Forum. However further work is needed on this to allow these plans to be quantified and the impact on the overspend calculated, the table below show the latest forecast.

| High Needs Block | Budget | Projected Outturn | Variance |
|---------------------------------------|----------------|--------------------------|-----------------|
| High Needs DSG | -18.666 | -18.666 | 0.000 |
| Council Contribution (PFI) | -0.310 | -0.310 | 0.000 |
| Schools Block Transfer | 0.724 | 0.724 | 0.000 |
| Central Block Transfer | 0.100 | 0.100 | 0.000 |
| Income Total | -18.152 | -18.152 | 0.000 |
| High Needs Funding Mainstream Schools | 12.729 | 12.963 | 0.234 |
| Alternative Provision | 0.659 | 0.659 | 0.000 |
| Independent Special Schools | 1.800 | 1.800 | 0.000 |
| Post 16 | 0.600 | 0.600 | 0.000 |
| Out-borough | 0.930 | 0.930 | 0.000 |
| Sub-Total High Needs Funded | 16.718 | 16.952 | 0.234 |
| Autism | 0.186 | 0.186 | 0.000 |
| Hard to Place Pupils | 0.267 | 0.267 | 0.000 |
| Sensory Impairment | 0.722 | 0.722 | 0.000 |
| Strategy for SEN & Inclusion | 0.182 | 0.182 | 0.000 |
| High Needs Inclusion | 0.946 | 0.946 | 0.000 |
| Sub-Total Centrally Retained | 2.303 | 2.303 | 0.000 |
| PFI Contribution (HNB) | 0.184 | 0.184 | 0.000 |
| PFI Contribution (Council) | 0.310 | 0.310 | 0.000 |
| Non Controllable | 0.149 | 0.149 | 0.000 |
| Budget shortfall | -1.512 | 0.000 | 1.512 |
| Sub-Total Other | -0.869 | 0.643 | 1.512 |
| Add carry forward from 2017/18 | | | 5.514 |
| Expenditure Total | 18.152 | 19.897 | 7.259 |
| Variance | 0.000 | 1.745 | 7.259 |

5.5 REGENERATION

5.5.1 The Directorate's revised budget is **£9.222m**. £0.206m has been added to the Building Management Service to reflect the permanent transfer of the budgets for building maintenance cost for the Early Years (children centres) properties from the CLS Directorate.

5.5.2 The Regeneration Directorate is expected to overspend by **£0.985m**. This is due to a significant budget pressure within the Homelessness service of £1.045m and the latest position is summarised below.

| Regeneration - Summary | | | | | | | |
|----------------------------|----------------|---------------|-------------------|----------------------------|-------------------------|------------------|--------------------|
| DETAILS | Revised Budget | Current Spend | Projected Outturn | Underlying Budget Pressure | Planned In Year Savings | Revised Forecast | Full Year Variance |
| | £'M | £'M | £'M | £'M | £'M | £'M | £'M |
| Directorate Management | -0.296 | 0.094 | -0.296 | 0.000 | 0.000 | -0.296 | 0.000 |
| Transport | 5.806 | 0.386 | 5.761 | -0.045 | 0.000 | 5.761 | -0.045 |
| Planning | 0.797 | -0.177 | 0.797 | 0.000 | 0.000 | 0.797 | 0.000 |
| Assets | -3.851 | -1.066 | -3.851 | 0.000 | 0.000 | -3.851 | 0.000 |
| Building Management | 3.975 | 0.170 | 3.775 | -0.200 | 0.000 | 3.775 | -0.200 |
| Other Regeneration | 0.132 | 0.074 | 0.107 | -0.025 | 0.000 | 0.107 | -0.025 |
| Strategic Housing Services | 1.201 | 0.248 | 2.456 | 1.255 | 0.000 | 2.456 | 1.255 |
| Neighbourhood Services | 1.458 | 0.256 | 1.458 | 0.000 | 0.000 | 1.458 | 0.000 |
| TOTAL | 9.222 | -0.015 | 10.207 | 0.985 | 0.000 | 10.207 | 0.985 |

5.5.3 Directorate Management Unit

This service is reporting a forecast of breakeven, shown below.

| Service | Revised Budget | Projected Outturn | Variance |
|------------------------------|----------------|-------------------|----------|
| | £'M | £'M | £'M |
| Directorate Management Unit | 0.364 | 0.364 | 0 |
| Directorate Corporate Saving | -0.660 | -0.660 | 0 |
| Total | -0.296 | -0.296 | 0 |

5.5.4 However there are some concerns about this forecast. The Directorate Management Unit has a budget of **£0.364m** and this covers the cost of the senior management team. This is expected to breakeven at present but will be reviewed when there is further clarity about the current temporary staffing arrangements. It also has budget reductions agreed in the past totalling **£0.660m** which have not yet been fully met.

This will be done by the Regeneration SMT and it is assumed that these savings will be delivered in full this year. However until these savings have been allocated and there are clear plans in place to deliver them, it remains a risk that this will not be fully achieved.

These savings are summarised in the table below:

| Saving | £'m |
|---|--------------|
| In 2015/16 agreed as "Efficiencies across the directorate". These were never allocated to service teams and remain unachieved | 0.171 |
| In 2016/17 agreed as "restructuring across the Directorate". These have also not been delivered | 0.189 |
| In 2017/18 savings agreed as "the creation of a dedicated SUR Team and capitalisation of costs". However, were delayed but was offset by one off "overage" investment returns in 2017/18. | 0.300 |
| Total | 0.660 |

5.5.5 Transport

The Transport area has a projected underspend of **£0.045m**.

| Services | Revised Budget | Projected Outturn | Variance |
|----------------------|-----------------------|--------------------------|-----------------|
| | £'M | £'M | £'M |
| Transport & Highways | 2.830 | 2.637 | -0.193 |
| Car Parks | 0.443 | 0.531 | 0.088 |
| Public Transport | 2.259 | 2.096 | -0.163 |
| Other Transport | 0.274 | 0.497 | 0.223 |
| Total | 5.806 | 5.761 | -0.045 |

5.5.6 There are a number of significant variances making up this total, these are as follows:

- **Transport & Highways** – an underspend of **£0.193m** is reported. This is due to savings from vacant posts estimated to be £0.085m and recharges from Capital and Access Fund above the level expected.
- **Car Parks** – is forecast to overspend by **£0.088m** due to an overall shortfall in the amount of income expected to be collected. The areas where income will be less than budgeted are On Street Parking and Hatfield which are expected to be £0.118m and £0.063m respectively less than planned. This is offset by Ground Level Car Park which will exceed its budgeted income target by £0.045m. Overall this will create a budget pressure of £0.136m but this is offset by some savings on maintenance charges.
- **Public Transport** – will underspend by **£0.163m** due to less expenditure expected to be spent on Concessionary Fares.
- **Other Transport** – is likely to overspend by **£0.223m**. This is due to Community Transport service area which is forecasting an overspend of £0.220m as a result of additional staff costs of £0.110m, higher leasing costs of £0.039m and lower income than budgeted of £0.039m.

5.5.7 Planning

There are no budget pressures forecast for the Planning service as a whole at present. There are small compensating variances on the Local Land Charges and Fleet Challenge service areas.

| Services | Revised Budget | Projected Outturn | Variance |
|------------------------|----------------|-------------------|--------------|
| | £'M | £'M | £'M |
| Local Land Charges | -0.071 | -0.071 | 0.009 |
| Planning Policy | 0.337 | 0.337 | 0.000 |
| Building Control | 0.057 | 0.057 | 0.000 |
| Development Management | 0.198 | 0.198 | 0.000 |
| Environmental Quality | 0.241 | 0.241 | 0.000 |
| Fleet Challenge | 0.035 | 0.035 | -0.009 |
| Total | 0.797 | 0.797 | 0.000 |

5.5.8 Assets

A breakeven position is reported across this service area as a whole for the current period.

| Services | Revised Budget | Projected Outturn | Variance |
|--------------------------------|----------------|-------------------|--------------|
| | £'M | £'M | £'M |
| Property Services | -0.526 | -0.526 | 0.000 |
| Asset Management | 0.069 | 0.037 | -0.032 |
| Commercial Properties | -0.339 | -0.360 | -0.021 |
| Age Concern | 0.208 | 0.308 | 0.100 |
| Capital Disposal & Feasibility | -0.213 | -0.213 | 0.000 |
| Strategic Acquisition Board | -3.055 | -3.055 | 0.000 |
| Property Management | -0.037 | -0.037 | 0.000 |
| Bus Station | 0.042 | -0.005 | -0.047 |
| Total | -3.851 | -3.851 | 0.000 |

5.5.9 There are however some concerns. The Strategic Acquisition Board budget includes savings of £0.570m and plans are being put together to deliver the additional income required.

5.5.10 Building Management

Building Management has an overall projected underspend of **£0.200m** because it is expected that income targets will be exceeded on some sites such as Britwell, Orchard Youth Centre and Manor Park Hall. This is summarised below.

| Services | Revised Budget | Projected Outturn | Variance |
|-----------------------------|----------------|-------------------|---------------|
| Landmark Place | 0.617 | 0.610 | -0.007 |
| Building Management | 0.227 | 0.227 | 0.000 |
| Facilities Management | 0.744 | 0.820 | 0.076 |
| St. Martins Place | 0.596 | 0.630 | 0.034 |
| Community Caretakers | 0.235 | 0.213 | -0.022 |
| Corporate Landlord Function | 1.556 | 1.275 | -0.281 |
| Total | 3.975 | 3.775 | -0.200 |

5.5.11 Other Regeneration

This is expected to underspend by **£0.025m** due to vacant posts in the Emergency Planning area.

| Services | Revised Budget | Projected Outturn | Variance |
|----------------------|----------------|-------------------|---------------|
| Economic Development | -0.071 | -0.071 | 0.000 |
| Emergency Planning | 0.203 | 0.178 | -0.025 |
| Total | 0.132 | 0.107 | -0.025 |

5.5.12 Strategic Housing Services

This service area is projected to overspend by **£1.255m**. This is because of the significant budget pressure on the Temporary Accommodation service area of **£1.045m** and an overspend on the Home Improvements service of **£0.210m** and is summarised in the table below.

| Services | Revised Budget | Projected Outturn | Variance |
|-------------------------------|----------------|-------------------|--------------|
| | £'M | £'M | £'M |
| Housing Allocations | 0.053 | 0.053 | 0.000 |
| Housing Revenues & Reviews | 0.097 | 0.097 | 0.000 |
| Temporary Accommodation | 0.108 | 1.153 | 1.045 |
| Housing Advice & Homelessness | 0.583 | 0.583 | 0.000 |
| Customer & Business Support | 0.141 | 0.141 | 0.000 |
| Home Improvements | -0.073 | 0.137 | 0.210 |
| Social Lettings | 0.037 | 0.037 | 0.000 |
| Strategic Housing | 0.226 | 0.226 | 0.000 |
| Total | 1.172 | 2.427 | 1.255 |

5.5.13 Temporary Accommodation

The budget pressure on the Temporary Accommodation (TA) service is due to the increase in homelessness numbers which are now above 450 households being accommodated. In comparison the TA numbers in 2014/15 were about 150. The service also had a significant overspend in the last financial year. The council has provided transformation funding that is to assist in new initiatives leading to service improvements and reductions in cost. James Elliman Homes Ltd. has been created and will invest up to £18m for accommodation that will provide extra units for temporary accommodation in the future. The Government has also provided Flexible Homeless Grants to assist with the crisis. A growth bid will be proposed for the homelessness area for 2019/20.

5.5.14 Home Improvements (HIA)

The HIA position is based on a projected income level that is proving difficult to achieve at its current levels of funding and capacity. The service is expected to make an income based expenditure of approximately £1.250m. However the current expenditure capacity with its available resources is about £0.700m. As a result there will be a shortfall in income of **£0.210m**.

5.5.15 Neighbourhood Services

The Neighbourhood Services for the general fund will break even. There are some underlying pressures in the Regulation and Enforcement areas however these are being contained through staff management and other initiatives. Consequently this service is currently forecasting a breakeven position as shown below.

| Services | Revised Budget | Projected Outturn | Variance |
|--------------------------|----------------|-------------------|--------------|
| | £'M | £'M | £'M |
| Caravan Parks | -0.085 | -0.085 | 0.000 |
| Enforcement | 0.335 | 0.335 | 0.000 |
| NET Team North | 0.213 | 0.213 | 0.000 |
| NET Team South | 0.207 | 0.207 | 0.000 |
| NET Team East | 0.258 | 0.258 | 0.000 |
| Neighbourhood Resilience | 0.558 | 0.558 | 0.000 |
| Total | 1.486 | 1.486 | 0.000 |

5.5.16 Housing Revenue Account (HRA)

The HRA is budgeted to spend **£37.197m** this financial year, with budgeted income of **£36.026** expected, this gives a planned net deficit budget for the HRA of **£1.171m**. This deficit will be made up by a planned contribution from the housing reserves.

The HRA is currently expected to be on target this year. The capital programme for new developments is being reviewed which could require more funding from the HRA but most of this funding is already included in the current forecast. This is summarised in the table below, with further details attached as [Appendix B](#).

| Details | Revised Budget | Projected Outturn | Variance |
|-----------------|----------------|-------------------|----------|
| | £'M | £'M | £'M |
| HRA Expenditure | 37.197 | 37.197 | 0 |
| HRA Income | -36.026 | -36.026 | 0 |
| Total | 1.171 | 1.171 | 0 |

5.6 FINANCE & RESOURCES

5.6.1 This Directorate's current net budget is **£7.546m** and it is forecasting a budget pressure of **£0.593m**. However the Directorate's senior management have committed to identify and deliver *in year* savings totalling **£0.550m** to mitigate and recover this position. Therefore an overspend variance of **£0.043m** is reported at this time.

5.6.2 The main causes of the reported overspend are the significant budget pressures in Digital & Strategic IT of £0.302m resulting from new unbudgeted commitments but this is partially offset by savings within the Corporate Resources and Strategy and Performance service areas. The current summary is shown below.

| Finance & Resources - Summary | | | | | | | |
|-------------------------------|----------------|---------------|-------------------|----------------------------|-------------------------|------------------|--------------------|
| DETAILS | Revised Budget | Current Spend | Projected Outturn | Underlying Budget Pressure | Planned In Year Savings | Revised Forecast | Full Year Variance |
| | £'M | £'M | £'M | £'M | £'M | £'M | £'M |
| Customer & Communications | 0.469 | 0.178 | 0.499 | 0.030 | -0.030 | 0.469 | 0.000 |
| Organisation Development & HR | 1.329 | 0.366 | 1.423 | 0.094 | -0.094 | 1.329 | 0.000 |
| Governance | 1.712 | 0.532 | 1.748 | 0.036 | -0.081 | 1.667 | -0.045 |
| Digital & Strategic IT | 0.553 | 1.061 | 0.855 | 0.302 | 0.000 | 0.855 | 0.302 |
| Corporate Resources | -5.074 | 2.198 | -5.199 | -0.125 | 0.000 | -5.199 | -0.125 |
| Strategy & Performance | 0.773 | 0.195 | 0.684 | -0.089 | 0.000 | 0.684 | -0.089 |
| Transactional Services | 7.891 | 2.197 | 8.236 | 0.345 | -0.345 | 7.891 | 0.000 |
| Corporate and Departmental | -0.107 | 0.000 | -0.107 | 0.000 | 0.000 | -0.107 | 0.000 |
| TOTAL | 7.546 | 6.727 | 8.139 | 0.593 | -0.550 | 7.589 | 0.043 |

5.6.3 Customer & Communications

This area has an underlying budget pressure of **£0.030m** due to paying for temporary cover whilst a member of staff was on long term sick in the Information Governance team. However, a breakeven forecast is reported, on the assumption that the service will identify and implement in year savings to offset this budget pressure. The current position is shown below.

| Services | Revised Budget | Projected Outturn | Variance |
|------------------------|----------------|-------------------|--------------|
| | £'M | £'M | £'M |
| Information Governance | 0.072 | 0.072 | 0.000 |
| Media & Communications | 0.441 | 0.441 | 0.000 |
| Events | 0.003 | 0.003 | 0.000 |
| Fireworks | 0.011 | 0.011 | 0.000 |
| Printing | -0.057 | -0.057 | 0.000 |
| Total | 0.469 | 0.469 | 0.000 |

5.6.4 Organisation Development & Human Resources (OD&HR)

The OD&HR service is projected to breakeven.

5.6.5 Governance

The budget for the Governance service area has a projected underspend of **£0.045m**.

This is summarised in the table below.

| Directorate | Revised Budget | Projected Outturn | Variance |
|----------------------------|----------------|-------------------|---------------|
| | £'M | £'M | £'M |
| Law & Corporate Governance | 0.061 | 0.061 | 0.000 |
| Corporate Procurement Team | 0.316 | 0.209 | -0.107 |
| Committees Services | 0.793 | 0.76 | -0.033 |
| Elections | 0.226 | 0.393 | 0.167 |
| Electoral Registration | 0.087 | 0.035 | -0.052 |
| Mayoralty/Civic | 0.094 | 0.094 | 0.000 |
| Group Support | 0.135 | 0.115 | -0.020 |
| Total | 1.712 | 1.667 | -0.045 |

5.6.6 There will also be an overspend in the Elections service totalling **£0.158m**. This is due to a combination of income levels that will be **£0.120m** less than budgeted this year as it is a non-major election year and as well as **£0.031m** in extra staff costs due to the use of agency staff.

5.6.7 Digital & Strategic IT

This service is expected to have a significant budget pressure of **£0.302m** as a result of new and unbudgeted expenditure commitments for IT services. This is summarised in the table below.

| Service | Revised Budget | Projected Outturn | Variance |
|-------------------------------|----------------|-------------------|--------------|
| | £'M | £'M | £'M |
| Information Systems & IT | 0.362 | 0.664 | 0.302 |
| Systems Support & Development | 0.191 | 0.191 | 0.000 |
| Total | 0.553 | 0.855 | 0.302 |

5.6.8 The table below shows a full list of the planned expenditure against the budgeted resources for the IS&IT service area.

| Details | Budget | Cost | Variance |
|---|--------------|--------------|--------------|
| | £'M | £'M | £'M |
| Phoenix | 0.200 | 0.400 | 0.200 |
| Trustmarque - Agresso Hosting | 0.150 | 0.145 | -0.005 |
| Vodafone PSN | 0.012 | 0.020 | 0.008 |
| Pitney Bowes | | 0.007 | 0.007 |
| Protective Monitoring | | 0.036 | 0.036 |
| W2 Technical Refresh | | 0.025 | 0.025 |
| Frontier - (Chris21 Annual Maintenance) | | 0.031 | 0.031 |
| Total | 0.362 | 0.664 | 0.302 |

5.6.9 The most significant of the overspending areas are explained below

- **Phoenix** - An increase in the annual Agresso Licence fees by £0.200m; this is because of the increase in agresso users from 200 to over 1000.
- **Protective Monitoring** - New commitments totalling £0.092m comprising £0.036m for Protective Monitoring Support for Agresso, £0.025m relating to W2 Technical Refresh for SBC IT Systems and £0.031m Chris 21 (Payroll Software) annual maintenance fee.

5.6.10 Corporate Resources

Corporate Resources will now underspend by **£0.125m** due to a saving on the Insurance & Risk services budget. This is summarised below;

| Service | Revised Budget | Projected Outturn | Variance |
|------------------------------|----------------|-------------------|---------------|
| | £'M | £'M | £'M |
| Finance Miscellaneous | -0.097 | -0.097 | 0.000 |
| Corporate Finance | -3.057 | -3.057 | 0.000 |
| Insurance and Risk | 0.426 | 0.301 | -0.125 |
| Internal Audit | 0.078 | 0.078 | 0.000 |
| Investigations Unit | 0.042 | 0.042 | 0.000 |
| Directorate Corporate Saving | -2.466 | -2.466 | 0.000 |
| Costs and Confiscation | 0.000 | 0.000 | 0.000 |
| Total | -5.074 | -5.199 | -0.125 |

5.6.11 The Insurance & Risk Management budget is forecast to underspend as a result of recharging insurance costs to external leaseholders for commercial properties now owed by the Council.

5.6.12 This service now has the council wide savings totalling £1.826m within its budget. These savings are shown in the table below.

| Saving | £'m |
|---------------------------|--------------|
| Reduction in Agency Staff | 0.450 |
| Service Lead Reviews | 1.376 |
| Total | 1.826 |

5.6.13 These savings should be allocated to front line budgets throughout the council. Proposals are being finalised to agree the basis for the allocation of the agency staff saving, and this should be completed before the next budget report. Until these are allocated and the actions to give effect to the achievement of the savings are completed, there is the risk that the savings may not be fully achieved. An update will be provided in next report, until then the current forecast assumes that all these savings will be delivered in full.

5.6.14 Strategy & Performance

The area has a projected underspend of **£0.089m** due to staff vacancy savings. A restructure is expected in the service shortly and a clearer picture of the budget monitoring issues as they relate to staff will be known when this is completed.

| Service | Revised Budget | Projected Outturn | Variance |
|------------------------|----------------|-------------------|---------------|
| | £'M | £'M | £'M |
| Policy and Performance | 0.289 | 0.255 | -0.034 |
| Policy & Scrutiny | 0.484 | 0.429 | -0.055 |
| Total | 0.773 | 0.684 | -0.089 |

5.6.15 Transactional Services

Transactional Services is forecast to breakeven. However the service has a significant underlying budget pressure of **£0.345m** due mostly to savings related to the arvato contracts that are not being realised at present. These are explained in greater detail below. The current forecast assumes in year savings

totalling £0.345m will be identified, implemented and delivered this year to offset this underlying pressure. Further updates on this will be provided in future reports. The latest position is shown below:

| Service | Revised Budget | Projected Outturn | Variance |
|------------------------|----------------|-------------------|--------------|
| | £'M | £'M | £'M |
| Transactional Services | 7.891 | 7.891 | 0.000 |
| Total | 7.891 | 7.891 | 0.000 |

5.6.17 Arvato Phase 1 has budget pressures totalling **£0.170m**. This is made up of

- **£0.041m** - In-built contract savings,
- **£0.067m** – extra bank charges and reduction in legal income recovery;
- **£0.033m** - reduction in NNDR Admin subsidy and the contribution from Government for Cost of collecting the business rates totalling £0.105m, partly offset by a £0.072m increase in Housing Benefit Admin Support grant.
- **£0.028m** resulting from a reduction in income from schools driven by the conversion of maintained schools into academies; there are currently 18 schools out of the initial 52 maintained schools. (This has not been matched by a reduction in the payment to arvato).

5.6.18 Arvato Phase 2 also has a in-built contract saving of £0.250m of which only £0.069m has so far been achieved. This shortfall is also offset by a one off prior year income of £0.020m which leaves a structural budget deficit of **£0.161m**.

5.6.19 Management Action

The Finance & Resources Directorate has the following actions:

- a) Develop and implement in year cost saving measures to offset the underlying budget pressure in the Customer & Communications service area including the possibility of the severance payment being funded from a corporate reserves.
- b) Agree and put into effect savings during the current year totalling £0.094m to offset the current underlying budget pressure within the OD&HR service.
- c) Address the structural budget imbalance within the OD&HR and Law & Governance.
- d) Implement savings during the current year totalling £0.081m to offset the underlying budget pressure within the Law & Governance service.
- e) Implement savings to offset the underlying budget pressure of £0.345m within Transactional services
- f) Address long term the possible contract savings within the arvato contracts

5.7 CHIEF EXECUTIVE SERVICES

5.7.1 The approved budget for this service area has changed from **£13.500m** to **£13.247m** since the start of the year as a result of the transfer of staffing budgets for the management and support staff for Regulatory Services to Adults &

Communities. This budget virement is included in the revised budgets shown below and is subject to approval by Cabinet.

- 5.7.2 This area is projected to overspend by **£0.036m**. This is due to the budget for the Chief Executive office overspending by £0.036m as a result of staffing costs. The rest of the services in this area including Environmental Services and the DSO are currently not forecasting a variance as can be seen in the table below.

| Chief Executive Services - Summary | | | | | | | |
|---|-----------------------|----------------------|--------------------------|-----------------------------------|--------------------------------|-------------------------|---------------------------|
| DETAILS | Revised Budget | Current Spend | Projected Outturn | Underlying Budget Pressure | Planned In Year Savings | Revised Forecast | Full Year Variance |
| | £'M | £'M | £'M | £'M | £'M | £'M | £'M |
| Local Welfare Provision | 0.275 | 0.040 | 0.275 | 0.000 | 0.000 | 0.275 | 0.000 |
| Improvement & Development | -0.094 | 0.000 | -0.094 | -0.001 | 0.000 | -0.094 | -0.001 |
| Executive's Office | 0.334 | 0.114 | 0.370 | 0.036 | 0.000 | 0.370 | 0.036 |
| Prevent | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Environmental Services | 12.732 | 2.444 | 12.732 | 0.000 | 0.000 | 12.732 | 0.000 |
| TOTAL | 13.247 | 2.598 | 13.283 | 0.036 | 0.000 | 13.283 | 0.036 |

5.7.3 Environmental Services

This area is projected to spend to budget as can be seen in the table below. There is a £0.122m pressure on Grounds Maintenance but this is compensated for by a combination of savings being £0.056 from Cleansing, £0.057m from Waste and Environment and £0.009 from Domestic Refuse services. The details are as shown in the table below

| Service | Revised Budget | Projected Outturn | Variance |
|--------------------------|-----------------------|--------------------------|-----------------|
| | £'M | £'M | £'M |
| Waste Management | 3.763 | 3.763 | 0.000 |
| Chalvey Transfer Station | 1.583 | 1.583 | 0.000 |
| Cleansing | 1.948 | 1.892 | -0.056 |
| Public Conveniences | 0.029 | 0.029 | 0.000 |
| Domestic Refuse | 4.374 | 4.365 | -0.009 |
| Grounds Maintenance | 0.742 | 0.864 | 0.122 |
| Waste & Environment | 0.294 | 0.237 | -0.057 |
| Total | 12.733 | 12.733 | 0.000 |

However there is a potentially significant pressure in the Waste Management service due to an increase in the contract cost. This is currently under consideration by service management and therefore not included in the current outturn. A further update will be provided on this in the next budget report.

5.7.4 DSO

At present the DSO is projected to breakeven with a total expenditure budget of £11.924m and a compensating recharge budget of -£11.924m from the client service areas. This is shown in more detail in the table below.

| DETAILS | Staff | Non-Staff | Total Costs | Income | Net Cost |
|--------------------------|--------------|--------------|---------------|----------------|--------------|
| | £'m | £'m | £'m | £'m | £'m |
| Waste & Cleansing Refuse | 4.324 | 1.728 | 6.053 | -8.618 | -2.565 |
| Grounds Maintenance | 1.671 | 1.017 | 2.688 | -2.248 | 0.441 |
| Highways Maintenance | 0.413 | 1.045 | 1.458 | -1.059 | 0.399 |
| General Admin | 0.829 | 0.896 | 1.726 | 0.000 | 1.726 |
| TOTAL | 7.237 | 4.686 | 11.925 | -11.925 | 0.000 |

5.8 SAVINGS

5.8.1 As part of its budget plans at the start of the year the Council committed to revenue savings of **£7.042m**. The latest position in relation to these savings is shown in the table below.

| RAG SAVINGS SUMMARY | | | | |
|---------------------|----------------|----------------------|----------------------|------------|
| Directorate | Savings Agreed | Amount Saved to date | On Track to be Saved | %age Saved |
| | £'m | £'m | £'m | |
| Adult & Communities | 1,273 | 398 | 875 | 31% |
| Regeneration | 2,563 | 0 | 2,563 | 0% |
| Finance & Resources | 3,206 | 1,072 | 2,134 | 33% |
| TOTAL | 7,042 | 1,470 | 5,572 | 21% |

5.8.2 At present the forecast is that the council will achieve savings at least equal to the amount agreed at the start of the year, with all Directorates on track to make their savings.

5.8.3 **£5.493m** of the total savings have already been assessed as “Green” – meaning these savings have either been delivered already or are confidently on track to be fully delivered. The remaining **£1.549m** are assessed as “Amber”.

| RAG SAVINGS SUMMARY | | | | |
|---------------------|--------------|--------------|--------------|--------------|
| Directorate | GREEN | AMBER | RED | Total |
| | £'m | £'m | £'m | £'m |
| Adult & Communities | 0.032 | 1.241 | 0.000 | 1.273 |
| Regeneration | 2.563 | 0.000 | 0.000 | 2.563 |
| Finance & Resources | 2.898 | 0.308 | 0.000 | 3.206 |
| TOTAL | 5.493 | 1.549 | 0.000 | 7.042 |

5.8.4 Full details are shown in Appendix C

6 VIREMENTS

6.1 The following virements have been prepared since the last quarter.

- a) **£0.206m** from Children, Learning & Skills to Regeneration, and
- b) **£0.253m** from Chief Executive Services to Adult Social Care

6.2 Cabinet is requested to approve the transfer of budgets between the services shown in accordance with the financial procedure rules. Full details are shown in Appendix D.

7 WRITE OFFS

7.1 Write offs totalling **£520,017.99** have been agreed over the past 3 months. Cabinet is requested to approve these write offs in accordance with the council's financial procedures rules.

7.2 The write off for the Sundry Debtor of £0.225m relates to Network Rail. The background and reason for this write off is as follows: In 2012 the Crossrail delivery team started work on 6-7 bridges in Slough; one of the sites was the Uxbridge Road rail bridge. The contractor ran into trouble in terms of the structure of the bridge together with bad programming as a result the council levied a S74 fine amounting to £375k. The fine was disputed by Crossrail and discussions to find an arrangement acceptable to all sides have dragged on until this year. Eventually the Council and Network Rail (acting on behalf of Crossrail) went into mediation to seek a solution. The Council offered a reduction that was not acceptable to Network Rail and a second meeting was arranged. At this meeting a settlement of £150k was agreed. The write off is required because the council had taken into its accounts in an earlier year the full value of fine initially levied of £0.375m. The write offs proposed are detailed in the table below.

| WRITE-OFF SCHEDULE | | | | | | |
|---|-------------------|--------------------|-----------------------|------------------------------|-------------------------|-------------------|
| 1st Quarter 2018/19 | | | | | | |
| Reason | NDR | Council Tax | Sundry Debtors | Former Tenant Arrears | Housing Benefits | Total |
| | £ | £ | £ | £ | £ | £ |
| Unable to trace/ Absconded | 36,159.18 | 42,888.55 | | 479.77 | 1,072.37 | 80,599.87 |
| Vulnerable persons | | 3,702.13 | | | 100.38 | 3,802.51 |
| Deceased | | 0.37 | | 3,327.37 | 19,309.58 | 22,637.32 |
| Statute Barred/Unable to Enforce | | | | 42,385.64 | | 42,385.64 |
| Bankruptcy | | | | | 8,089.52 | 8,089.52 |
| Dissolved/Proposal to Strike/Liquidation/Administration | 114,841.39 | | | | | 114,841.39 |
| Miscellaneous (including uneconomical to pursue) | 5,987.00 | 0.02 | 225,000.00 | 622.42 | 18,350.86 | 249,960.30 |
| Credit Balances | -304.70 | -1,993.86 | | | | -2,298.56 |
| TOTAL | 156,682.87 | 44,597.21 | 225,000.00 | 46,815.20 | 46,922.71 | 520,017.99 |

8 CONCLUSIONS

- 8.1 The current General Fund revenue position for the Council is a favourable variance of **£0.959m**.
- 8.2 The General Fund revenue position for the Council as forecast at the end of the financial year is an over spend of **£2.639m**.
- 8.3 The forecast for the Council's Housing Revenue Account (HRA) is a planned net expenditure of **£1.171m** which will be funded from specific housing reserves.
- 8.4 The DSG is expected to overspend by **£1.745m** and have a cumulative net overspend of **£6.441m** by the end of the year
- 8.5 Management actions are being prepared and implemented to address some of the underlying budget issues raised in the report.

9 Appendices Attached

- 'A' - General Fund Revenue Summary
- 'B' - HRA Account Summary
- 'C' - Savings Review
- 'D' - Detailed List of Virements

10 Background Papers

- '1' - Supporting working papers held in finance

Appendix B – HOUSING REVENUE ACCOUNT

| Housing Revenue Account Expenditure | Revised Budget | Projected Outturn | Variance |
|--|----------------|-------------------|----------|
| Management Team (& Recharges) | 4.374 | 4.374 | 0 |
| Supported Housing | 0.03 | 0.03 | 0 |
| Tenant Services | 1.56 | 1.56 | 0 |
| Neighbourhood Housing Area North | 0.494 | 0.494 | 0 |
| Neighbourhood Housing Area South | 0.389 | 0.389 | 0 |
| Neighbourhood Housing Area East | 0.451 | 0.451 | 0 |
| Arears & Investigations | 0.515 | 0.515 | 0 |
| Customer Services | 1.174 | 1.174 | 0 |
| Neighbourhood Resilience & Enforcement | 0.324 | 0.324 | 0 |
| Housing Allocations | 0.061 | 0.061 | 0 |
| Tenants Participation Team | 0.246 | 0.246 | 0 |
| Lettings | 0.215 | 0.215 | 0 |
| Leaseholder Team | 0.22 | 0.22 | 0 |
| Housing Repairs | 8.55 | 8.55 | 0 |
| Loans, Bad Debt & Council Tax | 6.648 | 6.648 | 0 |
| Depreciation & Funding of Capital | 11.946 | 11.946 | 0 |
| Sub Total | 37.197 | 37.197 | 0 |

| Housing Revenue Account Income | Revised Budget | Projected Outturn | Variance |
|--------------------------------|----------------|-------------------|----------|
| Dwelling Rents | 31.537 | 31.537 | 0 |
| Garage Rents | 0.491 | 0.491 | 0 |
| Shop Rent | 0.635 | 0.635 | 0 |
| Other Rents | 0.8 | 0.8 | 0 |
| Leaseholder Service Charges | 0.869 | 0.869 | 0 |
| General Service Charges | 1.679 | 1.679 | 0 |
| Interest | 0.015 | 0.015 | 0 |
| Sub Total | 36.026 | 36.026 | 0 |

APPENDIX C

| SAVINGS SUMMARY - 2018/19 | | | | | | | |
|---------------------------|-------------------------|----------------|----------------------|----------------------|--|-------|--|
| Directorate | Service | Savings Agreed | Amount Saved to date | On Track to be Saved | Savings Item | RAG | Comments |
| A&C | Adult Social Care | 32 | 32 | 0 | Redesign of supported employment service | GREEN | |
| A&C | Adult Social Care | 200 | | 200 | Continuing Health Care (transfer of funding responsibility from NHS) | Amber | |
| A&C | Adult Social Care | 150 | 50 | 100 | Re-assessments to reduce Personal Budget levels | Amber | |
| A&C | Adult Social Care | 150 | 54 | 96 | Direct Payment recoupment | Amber | |
| A&C | Adult Social Care | 100 | 12 | 88 | Increase in income (for those not currently paying) | Amber | |
| A&C | Adult Social Care | 200 | | 200 | Vacant posts (one off) | Amber | Keep vacant for 18/19 where possible |
| A&C | Communities and Leisure | 323 | 250 | 73 | Leisure Services - leisure contract management savings | Amber | Savings only going to be £250K on Leisure Contract |
| A&C | Communities and Leisure | 88 | | 88 | Make the Curve self funding | Amber | |
| A&C | Regulatory Services | 30 | | 30 | Review of management structure to delivery the SAFE services or other alternative delivery | Amber | On going, not yet finished |
| | | 1,273 | 398 | 875 | | | |

| Directorate | Service | Savings Agreed | Amount Saved to date | On Track to be Saved | Savings Item | RAG | Comments |
|-------------|------------------------|----------------|----------------------|----------------------|--|-------|----------|
| Regen | Regeneration Delivery | 583 | 0 | 583 | Asset Management - Rental Income- Increase rent for Crown Court 65k, Strategic acquisitions 115k and commercial properties rents | GREEN | |
| Regen | Building Management | 350 | 0 | 350 | Recharging of Staff Time to Capital Projects - to generate more income through recharging more staff time to Capital. | GREEN | |
| Regen | Planning | 8 | 0 | 8 | At least a 35% reduction in subsidy through additional income from discretionary work, expected increase in application numbers off the back of local plan review/growth agenda and review of fees and charges. | GREEN | |
| Regen | Planning | 11 | 0 | 11 | Reduction in subsidy - from income from pre-application and increased planning application numbers | GREEN | |
| Regen | Neighbourhood Services | 82 | 0 | 82 | Review of management structure to delivery the SAFE services or other alternative delivery | GREEN | |
| Regen | Planning | 4 | 0 | 4 | Reducing specialist consultancy support by training existing staff to undertake both petroleum licensing and environmental permitting. | GREEN | |

| Directorate | Service | Savings Agreed | Amount Saved to date | On Track to be Saved | Savings Item | RAG | Comments |
|-------------|------------------------------|----------------|----------------------|----------------------|---|-------|---|
| Regen | Building Management | 10 | 0 | 10 | Additional income - Maximise Use of Office Space - Embed flexible and mobile working to get better use of office space. Develop commercial approach to floor space at SMP through external lettings. | GREEN | |
| Regen | Environmental Services | 204 | 0 | 204 | Environmental Services Review | GREEN | |
| Regen | Strategy & Performance | 54 | 0 | 54 | Deletion of Policy Support for Children Services | GREEN | |
| Regen | Building Management | 5 | 0 | 5 | FM Contracts Review - Review all FM Contracts to establish if savings can be made. | GREEN | |
| Regen | Planning | 2 | 0 | 2 | Re-negotiate landfill monitoring contract | GREEN | |
| Regen | Regeneration Delivery | 700 | 0 | 700 | Strategic Acquisition board | GREEN | Full year effect of 2017/18 investments |
| Regen | Building Management/Planning | 150 | 0 | 150 | Charging Staff time to capital | GREEN | |
| Regen | All Regeneration | 200 | 0 | 200 | Income Generation | GREEN | |
| Regen | Planning | 50 | 0 | 50 | LED Lighting - HRA Contribution | GREEN | |
| Regen | All Regeneration | 100 | 0 | 100 | Sponsorship of Town Centre assets | GREEN | |
| Regen | Neighbourhood Services | 50 | 0 | 50 | Income generation through delivery of a licencing service for private landlords, housing associations etc | GREEN | |
| | | 2,563 | 0 | 2,563 | | | |

| Directorate | Service | Savings Agreed | Amount Saved to date | On Track to be Saved | Savings Item | RAG | Comments |
|-------------|--------------|----------------|----------------------|----------------------|--|-------|---|
| F&R | Governance | 25 | 25 | 0 | Delete vacant level 5 post & Savings related to AD for procurement | GREEN | |
| F&R | Governance | 122 | 122 | 0 | Legal Service - delete Vacant posts | GREEN | |
| F&R | Finance | 60 | 60 | 0 | Audit fee reductions | GREEN | |
| F&R | Finance | 225 | 225 | 0 | Increased Treasury Management returns | GREEN | |
| F&R | Council Wide | 640 | 640 | 0 | 2017/18 Senior Management Restructure | GREEN | This saving has been built into the current year budgets so is fully met. |
| F&R | Council Wide | 450 | 0 | 450 | Reduction in Agency Staff | GREEN | |
| F&R | Council Wide | 1,376 | 0 | 1,376 | Service Lead Reviews | GREEN | |
| F&R | All F&R | 308 | 0 | 308 | Restructure of Finance and Resources | Amber | |
| | | 3,206 | 1,072 | 2,134 | | | |

| RAG LEGEND | |
|--------------|--|
| GREEN | Delivered or on track to be delivered in full |
| AMBER | Partial delivery or likely to not be delivered in full |
| RED | Will not be implemented or likely to be not be implemented |

APPENDIX D – SUMMARY OF VIREMENTS

| Virement Ref | Reason for Budget Adjustment | Adults & Communities | Chief Executive Service | Children, Learning & Skills | Regeneration | Grand Total |
|---------------------|---|---------------------------------|--------------------------------|--|---------------------|--------------------|
| PL-375 | Transfer of staff from CEx to A&C | 252,900 | -252,900 | | | 0 |
| PL-378 | Transfer of Income Recharge from CEx to A&C | -168,000 | 168,000 | | | 0 |
| PL-380 | Reallocation of Children Centre Income | | | -2,600 | | -2,600 |
| PL-381 | Reallocation of Children Centre Income | | | 2,600 | | 2,600 |
| PL-384 | Transfer of responsibility for the management of the buildings occupied by the council's children centres | | | -205,830 | 205,830 | 0 |
| PL-385 | Correction of PL-378 above | 168,000 | -168,000 | | | 0 |
| Grand Total | | 252,900 | -252,900 | -205,830 | 205,830 | 0 |