

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview & Scrutiny Committee    **DATE:** 16th April 2009

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**WARD(S):** All

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### **PART I** **FOR CONSIDERATION & COMMENT**

#### **PERFORMANCE AND FINANCIAL REPORTING FOR 2008/09**

##### **1 Purpose of Report**

This report highlights the Council's overall performance from delivery of service to financial management. This month the report focuses on performance management, annual audit letter, diversity review, debt recovery and the revenue, treasury and capital monitoring position to January 2009.

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

The Committee is requested to note the following recommendations to Cabinet:

a) That the following aspects of the report be noted:

- i. Performance
- ii. Annual Audit Letter 2008
- iii. Diversity Review
- iv. Customer Service Centre Performance
- v. Human Resources – Qtr 3 Statistics
- vi. Agency and Consultancy Spend
- vii. Debt Recovery
- viii. Financial performance – revenue
- ix. Treasury Management
- x. Financial performance – capital
- xi. Lobbying

b) That the Cabinet is requested to resolve that the proposed revised investment limits for Nationwide Building Society and Lloyds Banking Group be approved

### **3 Key Priorities – Taking Pride in Slough and Making a Difference to Communities**

The budget is the financial plan of the authority and as such underpins the delivery of the Council's key priorities through the financial year.

Performance and budget monitoring throughout the financial year reflects on whether those priorities are being met and, if not, the reasons why, so Members can make informed decisions to ensure the Council remains within its available resources.

### **4 Other Implications**

#### **(a) Financial**

These are contained within the body of the report.

#### **(b) Human Rights & Other Legal Implications**

While there are no Human Rights Act implications arising directly from this report, the Authority is required to set and maintain an adequate level of balances. The Council operates within a legislative framework in the recruitment, employment and management of its workforce. The provision of workforce information ensures that our performance in areas can be monitored at a strategic level across the organisation.

Housing and Council Tax Benefit administration is governed by detailed statutory requirements.

All counter fraud enquiries and operations are carried out in compliance with the Human Rights Act, the Regulation of Investigatory Powers Act, Police and Criminal Evidence Act, and the Criminal Procedures and Investigations Act. The procedures developed from this legislation have been validated by the Council's Legal section

### **5 Supporting Information**

#### **i. Performance Management**

- 5.1 The new National Indicator Set (NIs) replaces the previous Best Value Performance Indicators. The LAA (Local Area Agreement) indicators have been selected from the National Indicator Set and agreed by GOSE. The agreed list was published at the end of May. The Council will be assessed against its performance against all 198 indicators through the Use of Resources Assessment.

- 5.2 At the point of sign-off in June 2008, a number of LAA targets (12) remained incomplete. As such there were elements of individual targets (baselines and incremental targets over the three-years) which still had to be negotiated and agreed. This was due to a number of factors including insufficient information being available at that stage (including the absence of Place Survey data [available in February 2009], the absence of data stemming from the TellUs survey [released in December 2008] and the series of definition related updates for those indicators originally designated as place holders.
- 5.3 Based on discussions held at the LAA Refresh/Review Development Group the following 3 indicators have been identified as being particularly vulnerable to the recession and will be subject to renegotiation with GOSE, these indicators are:
1. NI 16 Serious acquisitive crime
  2. NI 20 Assault with injury crime rate
  3. NI 152 Working age population claiming out of work benefits
- 5.4 The Council wide Balanced Scorecard has been produced giving performance information relating to the third quarter of the financial year. The purpose of the report is to inform Members of the Councils overall performance in critical service areas. The latest version can be seen in Appendix A.
- 5.5 It is intended to use this report to highlight areas where performance may need improvement (red indicators) and the proposed corrective measures to address such issues. Officers are currently aligning the budget setting and business planning process and a revised approach to service planning is currently being introduced across the Authority.

**Areas of Good performance:**

- 5.6 **Direct Payments** - Slough continues to provide increased choice and control to a significant number of clients and carers through provision of services via direct payments. As at February 2009 there were 362 service users and carers in receipt of direct payments. This level represents an increase of 110% since 07/08 outturn of 172 users. Early benchmarking provisionally shows we are performing well comparatively.
- 5.7 **Affordable Housing** - The Council is addressing the important issues facing the area in a sustainable way as can be seen by the targets for providing affordable housing. These are being exceeded, since the projected supply for 2008/09 of 199 homes is better than the target of 152 homes in the LAA.
- 5.8 **Recycling** – Recycling rates are recently showing noticeable improvement with performance in December reaching a rate of 31%. This represents an improvement on the recycling rate of 24 per cent in 2007/08 and recent trends suggest that the LAA target of 26 per cent will be met. With the projected increase in the recycling rate this means that the Council is in a strong position in respect of the Landfill Allowance Trading Scheme (LATS). Further work to improve the recycling service

for flats is being introduced to build on the 100 per cent kerbside collection rate. Also the Council promotes good practice through its work in schools. With three civic amenity sites in the Borough and well organised collection of trade and other waste in place, the Council has the opportunity to improve its position further in respect of waste minimisation.

**Areas requiring improvement:**

5.9 We have narrowly missed our 08/09 LAA target of 18.9% adults aged 16 plus participating in moderate and some light intensity sport and recreation for 30 minutes three or more days a week. Although this represents a slight drop against an outturn of 19.4% in 05/06, some of the other Berkshire authorities have seen larger reductions. Also please note that this is a survey (Active People Survey) based indicator administered by Sport England hence direct influence is more difficult. However the Slough Sport and Physical Activity Forum which has been set up have developed an action plan which caters for different ages and groups to encourage participation across the board. Other areas requiring improvement which are directly in our control include % undisputed invoices paid within 30 days, qtr 3 outturn 85.7%– target 90% and average queue time at my Council (front of house), where qtr 3 outturn was 58mins and the target is 30mins.

**ii. Slough regains its three star rating**

5.10 Slough has recently received its final star rating under the comprehensive Performance Assessment and has regained its three Star rating. An extract of the position is shown below:

**Slough Borough Council Comprehensive Performance Assessment (CPA) scorecard 2008 - Overall performance for this Council**

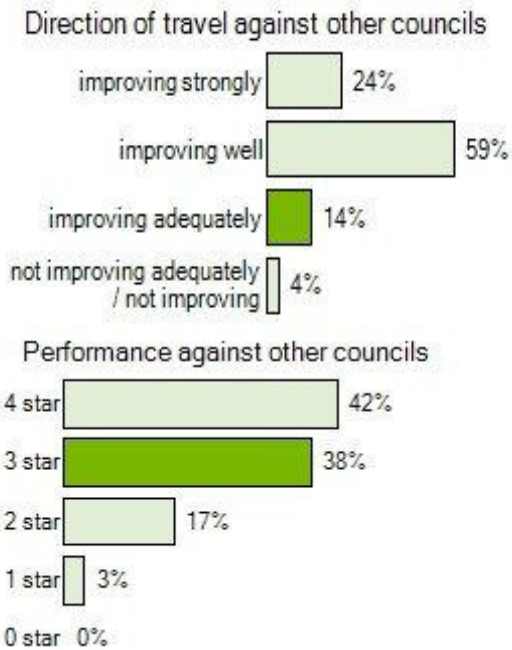
5.11 This is a council that is **improving adequately** and demonstrating a **3 star** overall performance



Improving Adequately



Three star performance



### Direction of travel

5.12 The progress Slough Borough Council has made in the last year:

Direction of travel	2005	2006	2007	2008
This assessment indicates the progress being made, or otherwise, to achieve Improvement.	improving well	improving well	improving adequately	<b>improving adequately</b>

5.13 The following summary has been provided to support the 2008 direction of travel assessment:

Slough Borough Council is improving adequately and is now much better placed to deliver improvements in future. It has maintained high standards in education. Outcomes in social care are excellent. Some poorer performing services have improved, including benefits, transport and housing. Customer services are better. Slough's increasingly diverse community gets on well together. Recycling rates have recently started to noticeably increase. The Council is actively addressing community safety issues but this is not yet reflected in good performance. Improvement has not always progressed as planned and has not been as fast as other councils in the past year. However, the Council has reorganised the way it works, strengthened dialogue with local people and is investing in areas that are important to them. It is developing better plans and investing in systems to support service delivery. The Council provides good value for money even though

available estimates of migrant numbers for calculating the population, upon which its funding is based, are acknowledged to be inadequate. Opportunities to significantly improve value for money through partnership working are actively being pursued.

### Use of resources

5.14 How Slough Borough Council manages its finances and provides value for money:

Use of Resources	2005	2006	2007	2008
We have assessed how well the Council manages its finances and provides value for money.	2	2	3	3

5.15 This use of resources judgement is drawn from five individual judgements provided by the Council's appointed auditor:

Auditor judgements	2008
Financial reporting	2
Financial management	3
Financial standing	3
Internal control	2
Value for money	3

### Service Performance

5.16 How Slough Borough Council's main services perform:

Service area	2005	2006	2007	2008
<b>Benefits</b> – The Council's performance in providing housing and council tax benefit services as assessed by the Department for Work and Pensions and is based primarily on achievement against the 2005 housing benefits/council tax benefits performance standards.	3	3	3	4
<b>Children and young people</b> - The Council's performance in providing children's services, such as children's education and social care. The joint assessment is made by the Commission for Social Care Inspection and Ofsted following a review of the Council's overall performance and key indicators.	3	3	3	3
<b>Culture</b> - The Council's performance in services, such as libraries and leisure, as assessed by the Audit Commission.	3	2	2	2

<b>Environment</b> - The Council's performance in services, such as transport, planning and waste, as assessed by the Audit Commission.	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Housing</b> - The Council's performance in community housing and, where applicable, housing management services, as assessed by the Audit Commission.	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>
<b>Social care (adults)</b> - The Council's performance in adult social care services. The assessment is made by the Commission for Social Care Inspection following a review of the Council's overall performance and key indicators	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>

### Corporate Assessment

5.17 How Slough Borough Council is run:

<b>Corporate assessment</b>	<b>2005-2008</b>
In assessing how the Council is run, the Commission considers what the Council, together with its partners, is trying to achieve; what the capacity of the Council, including its work with partners, is to deliver what it is trying to achieve; and what has been achieved?  Under CPA - The Harder Test, corporate assessments were undertaken once for each single tier and county council between 2005 and 2008.	<b>3</b>

5.18 From April 2009, the CPA will be replaced by the Comprehensive Area Assessment which will focus on how effectively local partnerships are working together to deliver local people's priorities.

### iii. Equalities and Diversity Peer Challenge Review March 2009 – Level 3 Status Attained

5.19 A Diversity Peer Challenge organised by the Improvement and Development Agency (IDeA) was carried out by its trained peers in March 2009.

5.20 The report satisfied the requirements of the Equality Standard for an external assessment at level 3. The Peer Challenge is designed to validate a council's own self-assessment at level 3 of the Equality Standard, by considering documentary evidence and by carrying out a series of interviews and focus groups with employees and other stakeholders.

5.21 The basis for the Peer Challenge is a benchmark which incorporates the set criteria of the Equality Standard at level 3. The benchmark focuses on four key areas: Leadership and Corporate Commitment; Community Engagement and Accountability; Service Delivery and Customer Care and Employment and Training.

5.22 The Peer Challenge is not an inspection; rather it offered an external assessment of the council's own judgement of itself against the Equality Standard benchmark, by critical friends who have experience of delivering an equality/diversity agenda in their own councils.

5.23 The Peers were:

Cllr Andy Matchet – Coventry City Council
Jane Brown- London Borough of Waltham Forest
Patricia Adley – Consultant Peer
Jessica Linacre – Stevenage Borough Council (Shadowing)

5.24 Following this Diversity Peer Challenge, the following conclusion was reached:

Slough Borough Council has completed a satisfactory self-assessment against the criteria for level 3 of the Equality Standard. Strengths and any areas for improvement identified by the peers are highlighted in the attached detailed report Appendix B.

5.25 Key findings of the report indicate that Slough Borough Council is in a strong position to further develop its policies and practices to attain Equalities and Diversity levels 4 and 5 respectively within the next 3 to 4 years

#### **iv. Customer Service Centre Performance**

5.26 With the exception of the foot fall, each of the attached reports is for the period 1<sup>st</sup> March 2008 to 28<sup>th</sup> Feb 2009.

#### **Ward analysis**

5.27 See appendix C i. This identifies where the customers that contact My Council live in the borough, cross referenced with the service they are accessing.

5.28 This report is used to help analyse areas of our community who are and are not accessing the various services, so we can consider looking at different ways of reaching the hard to reach group like areas that would benefit from remote site services. For example, if we saw a large volume of disabled people wanting blue badges in Cippenham, we might think about providing a one day a week blue badge service actually based in Cippenham.

#### **Ethnicity report**

5.29 See appendix C ii. This report breaks customers down by the original 4 strands, ethnicity, gender, age and disability.



## **Footfall**

5.30 See appendix C iii. This report can only be run for one day at time, not a date range, but it is what is used to examine the times people access our services, firstly so we can review opening times, but secondly so we can roster the staffing to fit with the busiest times.

5.31 A number of improvements to approach have recently been implemented at My Council to improve customer experience.

- The 24/7 self service system has going live, where either on the internet or by telephone individuals can walk themselves through some standard enquiries without the need to talk to a customer services officer. The aim of this is to free up their time to deal with the more complex queries.
- Secondly the telephone queuing systems has been changed, so if a client has to wait longer than 30 seconds, then the individual has the choice of continuing to wait, or leaving a message which will be responded to within 24hrs.

## **Top 50**

5.32 Members will recall that Council won an award to be in the top 50 customer services centres in the Country across both the public and private sector, following My Council being mystery shopped by 300 customers.

5.33 Detailed feedback was received across a broad range of category, for example, technical knowledge, timeliness, soft skills, which enable us to target our training this year in order to raise our standards and hopefully do better this year.

5.34 The programme has generated positive publicity both for the council and for Slough, contributing towards the 'Proud to be Slough' campaign, and has significantly contributed to the motivation of the team.

5.35 On the back of this officers at My Council have been invited to join various prestigious groups, eg Directors Club, Strategic Directors Club, which comprise of around 25 'leading experts' in customer service across all industries. Only around 4 other public sector organisations in the UK have senior managers on these groups which meet every quarter to discuss challenges and strategies within the customer service arena. This not only helps further enhances the reputation of SBC and the town, but also gives us an insight into new initiatives that others maybe undertaking.

## **v. Human Resources**

5.36 The HR statistical information attached in Appendix D outlines the HR Statistics for Quarter 3 (1<sup>st</sup> October – 31<sup>st</sup> December 2008).

5.37 In relation to this quarter's statistics areas to particularly note include:

**Turnover** – This continued to show a downward trend standing at 1.7% for quarter 3 (3% for the same period last year). With the current economic downturn it is anticipated that this trend will continue with a projected turnover figure for the year of 8.4%. Controlled recruitment activities restricting recruitment to statutory posts, services where minimum staffing have to be maintained and externally funded posts only will also have had an impact on this figure.

**Sickness Absence** – Sickness levels per FTE (2.5 days lost per FTE in quarter 3) show a positive downward trend. Continuing efforts from HR Business Partners in conjunction with line managers to manage absence/occupational referrals have positively impacted on this figure. The most prevalent reason for absence continued to be Infections. However, it should be noted that absence due to Infections/Chest/Respiratory/ Asthma are not uncommon at this time of the year and follow previous year trends.

Members will recall the particularly virulent flu bugs evident during the latter part of 2008 which created additional work for GPs and hospitals whose advice, particularly in the case of viral infection, had been to stay at home until recovered. The total salary cost to sickness was £271,094 for this quarter.

**Workforce Profile** – The number of staff from BAME backgrounds was augmented by 0.6% this quarter. The Asian or Asian British ethnic category saw the largest percentage increase in staff from 26.4% to 26.8%. The number of staff from a White background has continued a downward trend and current figures show -5.1% against the Slough Census Comparator (-4.5% last quarter).

The gender breakdown of the staff has remained relatively stable at 70:30 (Female/Male), with the percentage of female staff decreasing slightly by 0.1%.

The number of staff declaring a disability increased by 0.4% this quarter (total headcount of 111). Measures have been put in place to reduce the number of blanks/non disclosures reported. This has now reduced by 19.49% from the previous quarter.

**Vacancies** – Reported vacancy levels have dropped consistently across the authority. Work has continued to data cleanse the HR information system to ensure that surplus posts are deleted.

## **vi. Agency and Consultancy Spend 2008/09**

5.38 The levels of spend on agency and consultancy staff has always been contentious over the years and monitoring of it continues throughout the year. Having said this there are times when the Council is required to employ agency staff and consultants:

- Difficult to recruit to roles e.g. social workers and planners
- Grant funded posts, which are for fixed periods of time
- Minimum staffing levels, where a fixed number of people are required on duty
- Where specialist advice is required
- Where it is advantageous to have flexibility rather than have a permanent appointment
- Other project specific requirements such as training or fixed term roles

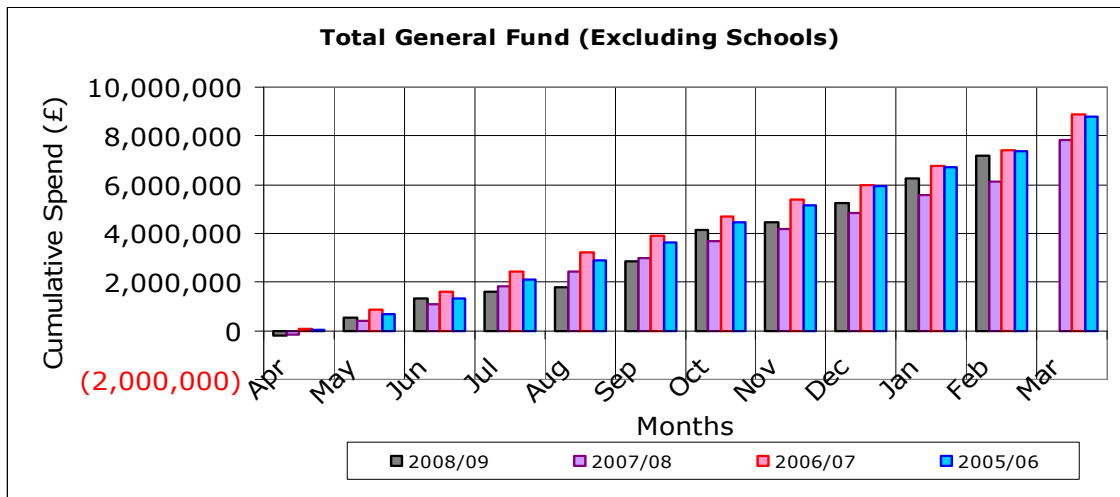
#### **Current Levels of Spend:**

5.39 The Council holds no specific budgets for agency staffing, it budgets for the Councils approved staffing level and then manages the total cost of permanent staff and agency staff within this envelope. The table beneath shows the level of spend versus the budgeted staffing levels, it can be seen the council is within its total staffing resources by over £1.1m.

<b>Description</b>	<b>Total Staff Budget</b>	<b>Permanent Staff Spend</b>	<b>Agency Staff Spend</b>	<b>Grant Funded Spend</b>	<b>Over / Under Spend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Centre</b>	20,165	18,040	1,740	0	(380)
<b>E&amp;CS</b>	17,457	14,152	1,572	459	(285)
<b>C&amp;WB</b>	16,157	13,076	2,836	80	(378)
<b>G&amp;BE</b>	9,350	7,900	2,100	760	(110)
<b>Total</b>	<b>63,129</b>	<b>53,168</b>	<b>8,248</b>	<b>1,299</b>	<b>(1,153)</b>

5.40 It can also be seen that of the total spend on agency approximately £1.3m is actually funded through grants rather than the main stream budget.

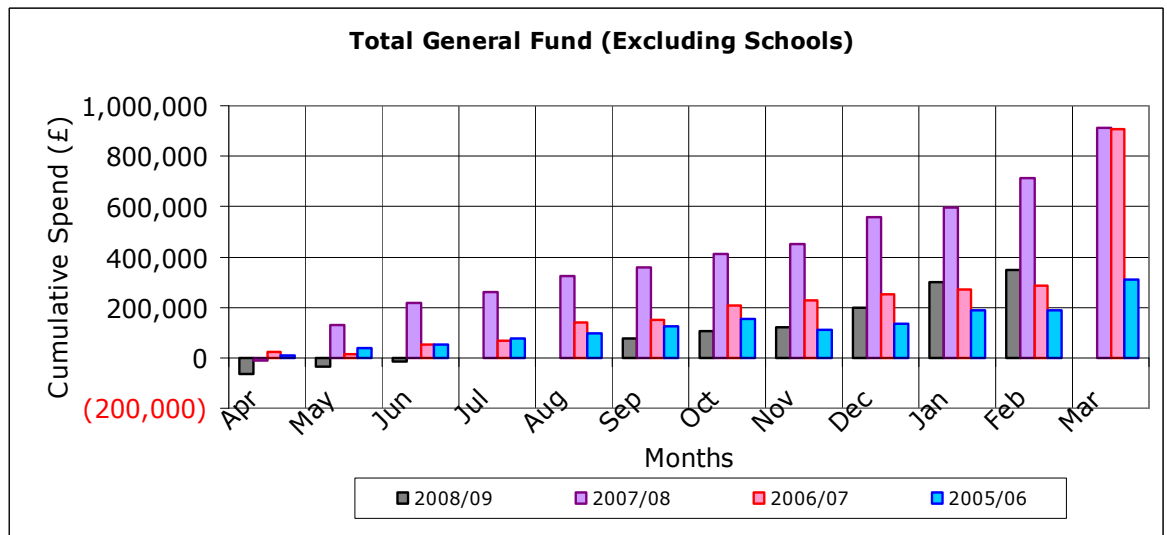
5.41 The graphs beneath show the cumulative levels of spend on agency and consultancy staff this year in comparison with previous years. Those attached at Appendix E i, break this down in the four main service areas, but due to the restructures that have taken place an exact comparison year on year will not necessarily be comparing like with like.



5.42 It can be seen from Graph that cumulative levels of agency spend in the current financial year are projected to be higher than last year, but lower than the two previous years. There are a number of specific reasons why this level of pressure has raised for current year:

- The running of the three care homes due for closure, where permanent staff are replaced with temporary staff to reduce the level of TUPE transfer to the new home provider.
- The on going pressure of existing hard to recruit to roles, such as Qualified Social Workers, Occupational Therapists, Housing Benefits Officers, IT and some new hard to recruit to roles such as planners, highways and transport staff.
- The need for interim directors for Community and Wellbeing and Education and Children's Services and a number of Assistant Director roles following the restructures.
- The continued expanding level of external funding that is time limited.
- Some staff costs are to be recharged to Capital schemes where appropriate
- Others can also be off set against additional income e.g. £200K of staff costs in G&BE are met by additional income typically in Highways.

5.43 It can be seen from Graph that cumulative levels of consultancy spend in the current financial year are projected to be lower than last year and the previous year. However in an organisation the size of Slough there will always be an on going need to bring in specialist support to help the organisation deliver its challenging agenda. A break down by directorate can be seen at appendix E ii.



### Action to Control the Level of Spend:

5.44 Actions plans are in place for key areas to enable directorate to reduce the level of agency spend, these include:

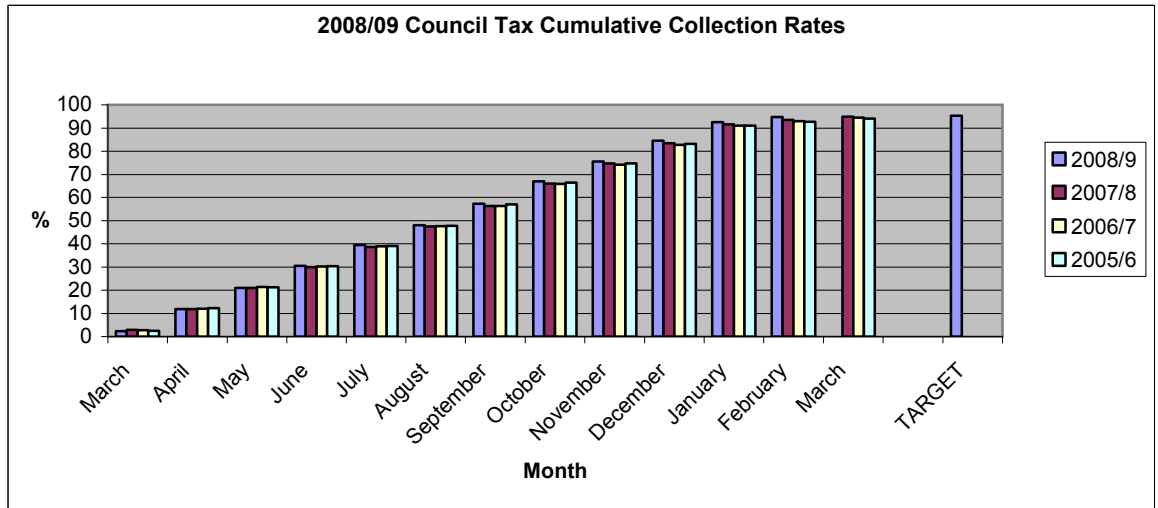
- Closure of Care Homes
- Transfer of temporary staff to permanent staff.
- Development of the Council's Work force plan to ensure the council is positioning itself for its future needs in terms of recruitment, retention and development of existing staff.

5.45 The Council has an ongoing need to use agency and consultancy staff to support it in delivering the services to residents and the agenda of change it is working on. However along side this the Council is currently producing its work force strategy which will look at the future needs of the organisation, the policies and procedures required, the training and organisational development to move existing staff and the recruitment and retention to support getting and keeping staff.

## vi. Debt Recovery

### Council tax

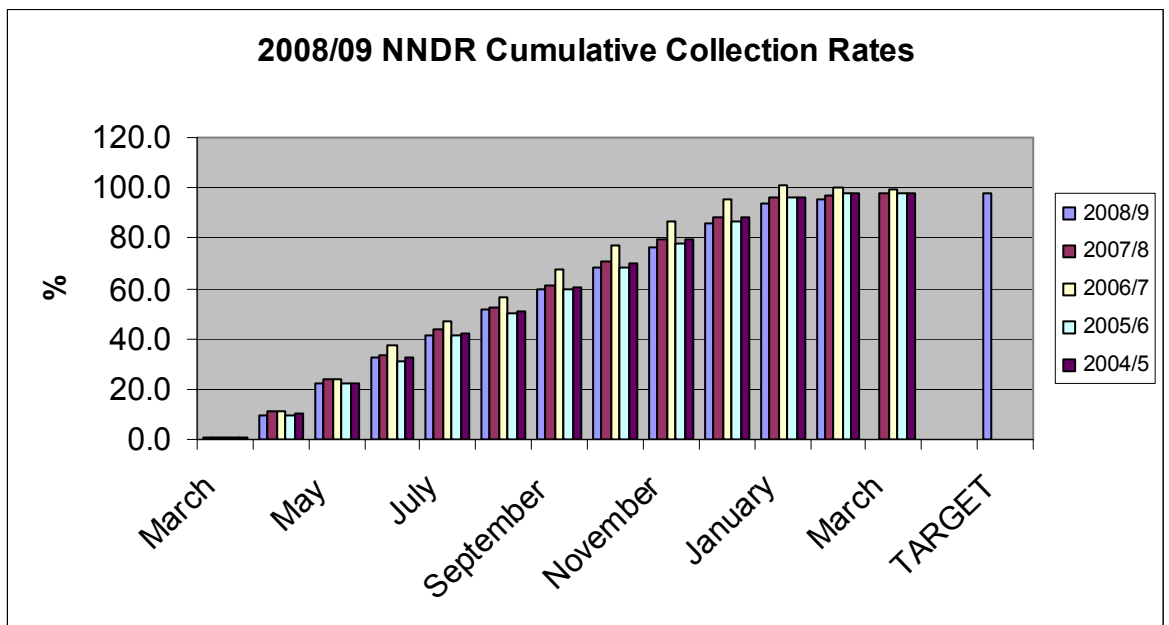
5.46 Collection is continuing to show an improved position for this time of year compared with previous years, coming in at 94.7% by the end of February 2009. This year's performance is currently an improved in-year collection rate compared to previous years. If this trend continues it will result in an improved final position, although the current world economic situation may impact on individuals continuing ability to pay.



### NNDR

5.47 Collections continue to slowdown this period, as compared with the previous four years. This may be due to resistance to the change in legislation for 2008/09 regarding the payment of full rates for empty premises.

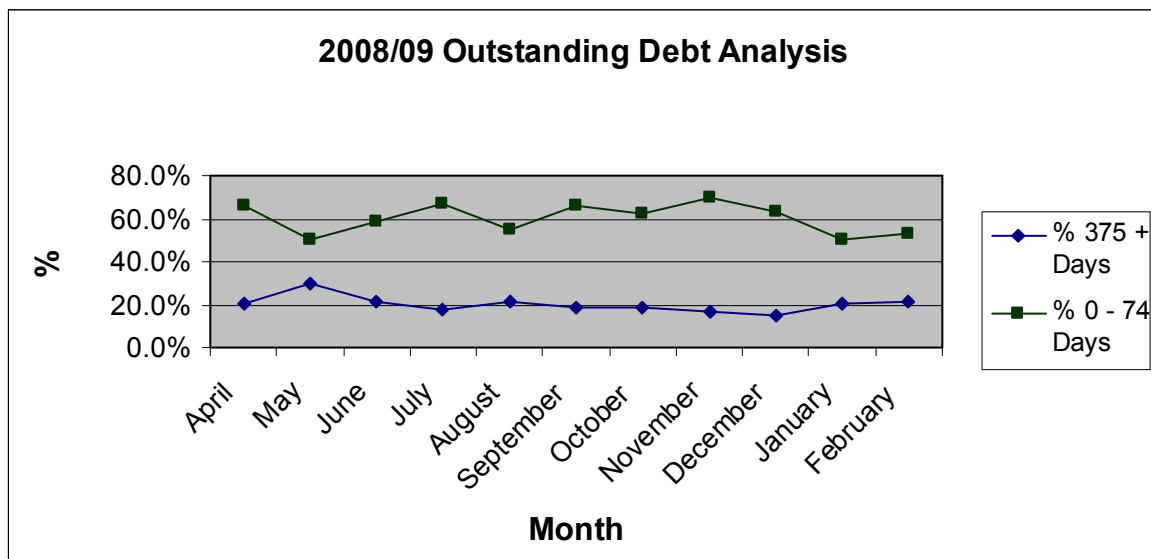
5.48 This has resulted in the amount of net collectable debt increasing by £12.2m from the previous year. This continues to place a significantly increased burden on the team and officers are reviewing the actions that can be taken to try and turn this situation round.



5.49 With respect the **Accounts Receivable** system, the Council currently has outstanding debts of £4m at the end of February 2009

5.50 Of this, approximately £2.1m is less than 75 days overdue representing 52.9% of the total outstanding debt and approximately £840k is older than 375 days representing 21% of the total outstanding debt.

5.51 **Comparison with previous years to be added**



**viii. Financial reporting**

5.52 The Council's 2008/09 net revenue budget is £98m. This excludes the schools' budget of £89m which is funded through the Dedicated Schools Grant.

**Projected Outturn Position at 28<sup>th</sup> February 2009**

5.53 There is currently a projected under spend by Directorates of £240k, a reduction of £510k from that reported to Cabinet on 9<sup>th</sup> March 2009.

5.54 Corporate pressures stand at £450k making a total projected overspend of £210k. The Projected Outturn position is analysed in Table 1 below.

Directorate	Current Budget B	Projected Outturn C	Variance Over/(Under) Spend D = C - B	Variance Over/(Under) Spend Cab (9.03.09)	Movement
	£'M	£'M	£'M	£'M	£'M
Education and Childrens Services	25.646	25.096	(0.550)	(0.530)	(0.020)
Community and Wellbeing	31.170	31.640	0.470	0.460	0.010
Green and Built Environment	26.130	25.940	(0.190)	0.180	(0.370)
Central Directorates	24.924	25.074	0.030	0.150	(0.120)
Corporate	(0.205)	(0.205)	0.000	0.000	0.000
<b>Total Cost of Services</b>	<b>107.665</b>	<b>107.545</b>	<b>(0.240)</b>	<b>0.260</b>	<b>(0.500)</b>
<b>% of revenue budget over/(under) spent by Services</b>			<b>-0.22%</b>	<b>0.24%</b>	
Treasury Management	(1.625)	(4.625)	(3.000)	(3.000)	0.000
Contingencies & earmarked reserves	0.117	2.117	2.000	2.000	0.000
Corp pressures and savings	0.000	1.700	1.700	1.700	0.000
Area Based grant	(7.597)	(7.597)	0.000	0.000	0.000
<b>Total</b>	<b>98.560</b>	<b>99.140</b>	<b>0.460</b>	<b>0.960</b>	<b>(0.500)</b>
<b>% of revenue budget over/(under) spent in total</b>			<b>0.47%</b>	<b>0.97%</b>	

5.55 Full details of variances to budgets by Directorates are set out in Appendix F to this report.

### **Movement in Variances Month on Month**

5.56 **The Directorate of Education and Children Services** are reporting an underspend of £551k, representing a favourable change of £84k compared to last month. There are movements in variances across all their services but the most significant are:

- Raising Achievement – A small pressure within the Advisory Service budget is being offset by projected savings within the Student Support Team and Home to School Transport to give a net increase in savings of £21k;
- Inclusion – An increase within Family Supports Services has been more than offset by savings identified within the other Inclusion service areas resulting in a projected net increase in savings of 32k;



- Resources, Commissioning & Performance – Deliberate management action to target and reduce or delay areas of non essential and discretionary spend have identified small one off savings of £9k;

Schools Services – The late release of additional ABG funding and a number of activities not undertaken has culminated in a projected underspend of £25k in this area.

5.57 **Community and Wellbeing's** overspend position has increased overall by £28k, with an increase in pressures from Adult Social Care and Cultural & Community Engagement being partially offset by savings from Business Support, Commissioning & Contracts;

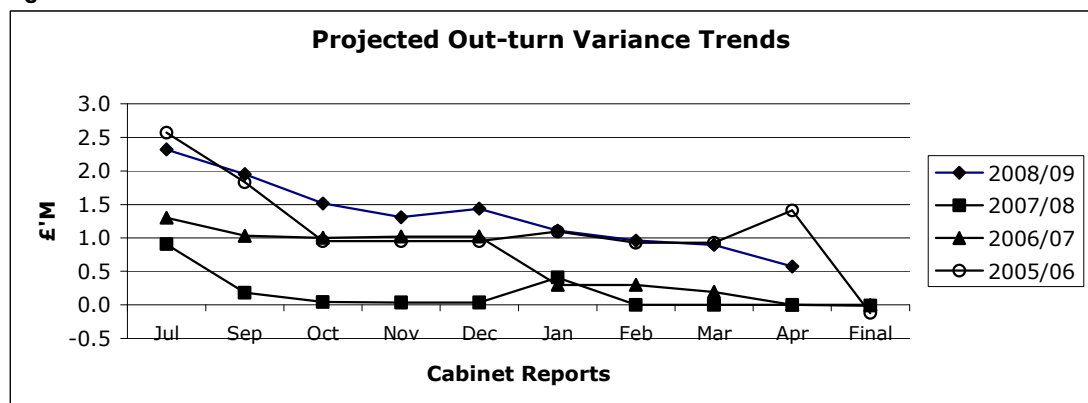
5.58 **Green and Built Environment** are now reporting an underspend of £190k. Changes from the previous month reflect further staffing savings through vacancies and the practice of delayed recruitment, along with savings around grounds maintenance and parks, where severe weather caused a curtailment of scheduled work. Expenditure has generally been suppressed and recruitment delayed, wherever possible, in order to maximise council balances. Also, reduced demand for concessionary fares as a result of recent poor weather, plus the impact of the red bins/recycling scheme have realised unexpected savings.

5.59 **LABGI:** GBE are also reporting reduced spend in relation to HMO surveys and the cost of Community Wardens. This will release approximately £30k (tbc) back to the LABGI reserve for use on other schemes as approved by Members;

5.60 **Central Directorates** are reporting an overspend of £30k with a number of savings showing across a range of service to deliver this improved reporting position since last month.

5.61 Figure 1 below illustrates the trends in Projected Outturn reported to Cabinet since July 2005/06.

Figure 1



## **Emerging Issues**

- 5.62 The investigation into the previously reported issue regarding payment of utilities charges in respect of the Slough Schools PFI project is still ongoing. However the evidence that has been collected so far would suggest that there will be a favourable outcome for Slough BC. However until finalised it is prudent to keep this as an active issue in the budget monitoring report as any adverse variance will impact on both the Council's and Schools current reported outturn position.
- 5.63 The arrival of 12 Asylum Seekers (11 claiming to be under 18) on the evening of 24th March will have only a minor impact in the current year but will potentially have a significant financial impact on the 2009-10 budget. It is too early to provide an accurate costing as assessments need to be undertaken including the determination of the age of the arrivals, many of which are in dispute. However a prudent estimate based on the continuation of the accommodation and services provided upon arrival would be a full year cost in the region of £170k. This does not include any compensating grant entitlement as the eligibility of the individuals is still to be determined. However with such a significant influx in a single occurrence any grant entitlement will be offset by the cost of additional staff that will be required to support these clients.
- 5.64 Winter Pressures: As highlighted earlier in the year, seasonal pressures in admission from hospital and within the community continue to adversely affect the care packages budget. With the acute hospitals now at critical the service is experiencing increasing demand from patient discharges which has meant that the department has not been able to meet the cost saving policy of "1 in 1 out".
- 5.65 Cost Shunting: There is clear evidence that the PCT are reviewing care packages that they currently fund with a view to passing these back to SBC.
- 5.66 Service Risks: Pressures on front line services are emerging due to posts being held vacant to deliver savings in line with the 'Management Action Plan'. This has already resulted in some increases in staff agency expenditure where this has been necessary to ensure effective service delivery.
- 5.67 The impact of the new concessionary travel scheme in 2008/09 has led to a projection of costs for 2009/10 which has been reflected in a successful bid for additional funding. The red bin rollout has had an impact on landfill waste costs, although the scheme is still in its infancy. Negotiation of better rates with the contractor and less landfill volume may deliver savings which could help to partly offset new pressures in the service area. The service impact of enhancing the recycling scheme will also need to be monitored. New pressures across the directorate are currently being finalised and are to be discussed at Senior Management Team in April 2009.

- 5.68 This is also a potential pressure in relation to former leases on Wellington house and the costs of delapidations. Notice has been served on the Council of potential charge, larger than anticipated, with no supporting evidence that officers are currently challenging and as the position becomes cleared provision will need to be made in the accounts and this will be drawn to members attention.
- 5.69 Finally officers are currently in discussion with the External Auditors around the closure of accounts and accounting treatment of certain transaction. Members may recall that the accounts had to be smoothed last year to spend the rent free periods given on properties over the life of the lease. Well this year we are in discussions around the provision for redundancy payments. The auditors have flagged that they would like this provision made in the current financial year. Officers maintain that until people are finally writing too confirming their personal position that nothing is finally decided and that provision does not therefore have to be made until that point in time. Further discussions will happen during the closedown process.

### Virements

- 5.70 In accordance with the Financial Procedural rules, virements require the approval of officers and Members.
- 5.71 One virement was processed during February 2009, for the value of £42k. This related to the budget build for additional Area Based Grants received during 2008/09.
- 5.72 The cumulative virement position by directorate as at the 28th February 2009 is given below:

**Figure 2**

<b>DIRECTORATE</b>	<b>VIREMENTS TO DATE (£)</b>
Education & Childrens Services	(514,620)
Community & Wellbeing	(1,194,650)
Green & Built Environment	1,304,530
Central Directorates	5,392,820
<b>Total Services</b>	<b>4,946,030</b>
Contingencies, Reserves & Other	(4,946,030)
<b>Total</b>	<b>0</b>

### ix. Treasury Management

- 5.73 The Council's deposit of £2.5M with Heritable Bank, now in administration, was reported to the Cabinet on 4th December (Agenda item 3) and the Cabinet agreed to set aside £1M of treasury management surplus to fund potential impairment. The administrator for Heritable Bank has informally reported to the Creditors Committee that

he expects to be able to make a “material” dividend to the creditors. However, due to commercial confidentiality, he is not able to quantify the amounts until he makes a formal statement in April, which is likely to include timing of dividend payment.

5.74 The latest treasury management monitoring assumes a charge of £750K against the impairment reserve made up of £500K for capital (20%) and £250K for lost interest as required by the Accounting Regulations. The interest element will be credited back to the Income and Expenditure account in the following two financial years.

5.75 In addition to the £250K balance available from the impairment reserve account, treasury management Income and Expenditure account is projecting an in-year surplus of £3.3M, compared to £3.0M previously reported. The variance is due to the combination of improved cash flow profile (as result of capital spend levels reported within this report) and the money market rates, which despite the reduction in base rate to 0.5% and Government interventions and rescues, still carry a premium ranging from 35 to 100 basis points for different periods of deposit. The overall projected in-year saving is therefore £3.55M.

5.76 The Cabinet on 4th December 2008 also approved a revised treasury management policy, which allowed for deposits in banks rated “AA(+/-)”, Irish Banks rated “AA(+/-)” and covered by the Irish Government guarantee and top 20 building societies ranked by assets. Although no new deposits have been placed with Irish Financial Institutions since July 2008, the Council currently has total deposits of £5M. £3M with Bank of Ireland (due to mature on 26th July 2010) and £2M with EBS Building Society (£1M, due to mature on 31st March and 22nd April 2009). Although both institutions have retained short term highest rating of F1+ (purely on the basis of Irish Government Guarantee), the long term ratings have been down graded to “A” for Bank of Ireland and “BBB” for EBS Building Society. In addition, Fitch Ratings has placed Ireland’s sovereign rating on “Rating Watch Negative” and the capital markets seem to have lost confidence in the Irish Governments ability to manage the downturn in the national economy. This is reflected in interest rate that the Irish Treasury having to pay to raise new national debt, which has risen from 5.56% in mid-February to 5.87% in mid-March, highest for any Euro country. The long term deposit of £3M with Bank of Ireland has therefore been recalled prematurely. The £2M deposit with EBB Building Society is due to mature within the next 4 weeks and has therefore been kept until maturity. The Bank of Ireland deposit was placed when the interest rates were in excess of 6.75% and therefore, early repayment will impact on 2009-10 and 2010-11 treasury management budget. However, any adverse impact will be contained within the overall treasury management budget.

5.77 The Council also has £7M deposited with Dunfermline Building Society, which was ranked 12th by assets in UK and following the nationalisation of Royal Bank of Scotland and Halifax Bank of Scotland, was the biggest

financial institution in Scotland with close involvement with the Devolved Government's social housing delivery. It has been reported that Dunfermline Building Society (DBS) has and is likely to incur future losses arising from its commercial property portfolio and its exposure to the American sub-prime mortgages. As a result, the Financial Services Authority has determined that DBS' Core Tier 1 ratio to be below the financial threshold required and as result core parts of DBS, including retail and wholesale deposits have been transferred to Nationwide Building Society.

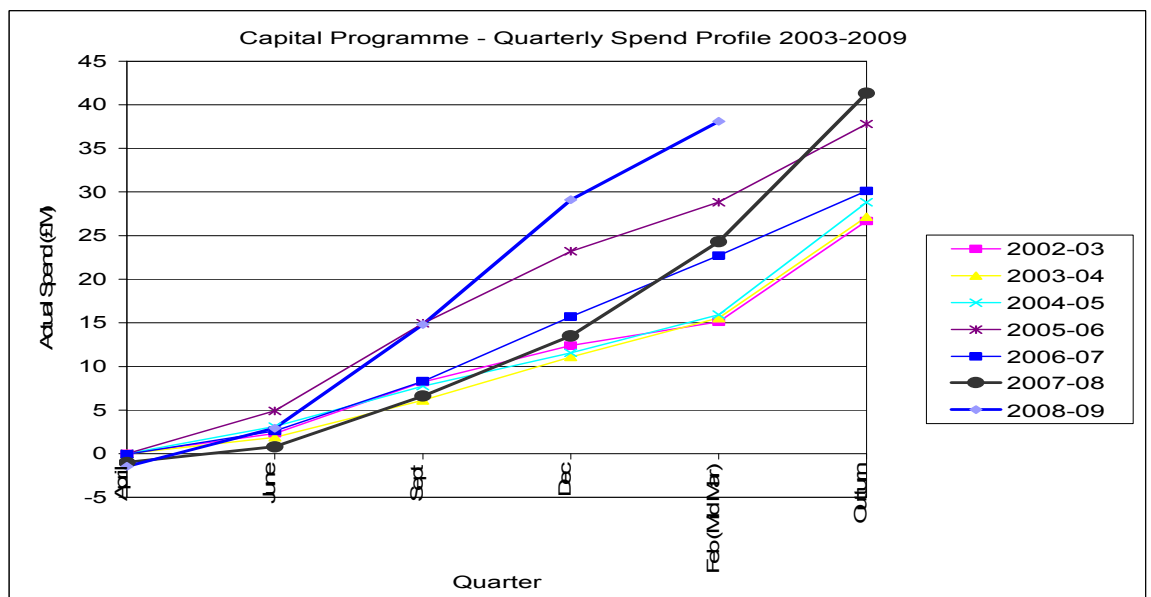
- 5.78 The Council has existing deposits with Nationwide Building Society. The transfer of deposits from Dunfermline Building Society will take the total deposit with the Nationwide Group to above the current approved limit of £10M. Nationwide is the biggest building society in the UK and its current long term rating is "AA(-)" with short term rating at F1+. It is therefore proposed to increase the overall limit to £20M. Lloyds Banking Group was created following the merger of Lloyds TSB and the Halifax Bank of Scotland. Following capital injection by the central government, Lloyds Banking Group is now 65% owned by the State and the long term rating has changed to "AA(-)" with short term rating to F1+. Whilst the total short term (call account) deposit with the group is below the current approved limit of £10M, it is proposed to increase the overall group limit to £20M, split into £10M for the "call account" deposits and £10M for fixed term deposits, mainly less than 12 months. This would provide the necessary flexibility and avoid having to place deposits with much smaller building societies.
- 5.79 The Audit Commission on 26th March published results of its in-depth examination of local authorities' deposits in the Icelandic banks. The report, "Risk and Return" is some 60 pages long and contains various recommendations for Central Government, CIPFA and local authorities to improve treasury management processes with emphasis on risk management. In summary, the Commission reports that the majority of Councils acted properly in managing their investments and were alert to the risks. However, the report also describes 7 local authorities as "negligent" during the days leading up to the collapse of the Icelandic banks on 7th October 2008. The report also found that most local authorities with exposure to Icelandic banks had been following the CIPFA code. However, the Code should be strengthened in areas such as emphasising the need to consider risks associated with countries or sectors as well as institutions. A fuller summary of findings and recommendations can be found in Appendix G.
- 5.80 CIPFA is expected to issue a revised treasury management code and guidance later this summer which will include findings of the Audit Commission and recommendations from the Communities and Local Government Select Committee. This will be reported to the Cabinet at later date, including implementation of recommendations and changes to the Council's treasury management policy.

## x. 2008-2009 Capital Programmes Monitoring to 13th March 2009

5.81 The actual capital spend to Mid March 2009 is summarised below with details on the “High value/Priority” schemes shown in Appendix H. These also show a profile of the budget and the level of capital budget committed to-date. The definition of committed budget is “where the contract has been let and the value of either goods or services will be delivered by 31st March 2009”. Prudential indicators as at 13th March 2009 are set out in Appendix I.

5.82 The current level of committed budget for the General Fund account is 80% and for the HRA is 83%. The actual spend to date is higher than average for this period in comparison to previous years as shown graphically below. The profiles of spend show that the majority of the expenditure will occur in the last half of the year. Usable Capital Receipts of £0.635 million for General Fund and £1.031 million for Housing have been received this year to date. Following the Cabinet agreement on the 2nd March 2009, at the end of this financial year the General Fund Programme will include spend for the purchase of the leasehold interest in St Martin’s Place.

5.83 In order to enable the feasibility of the Canal basin project to commence a £100k is to be taken out of the Britwell regeneration budget. Once the outcome of the Britwell consultation is concluded and the scheme has been revised, the funding of it will need to be reviewed. It is highly likely that this level of funding will need to be put back into the project in future years. Again the future program will need to be reviewed subject to the outcome of the canal basin feasibility project. If the scheme is to be taken forward this will need building into the future program, and if the scheme does not proceed then the feasibility costs will need to be charged back to the revenue budget.



## **xi. Lobbying**

5.84 The Council continues to position its self ahead of other Council's in relation to the use of inaccurate population statistics in determining the allocation of local authority funding. Formal and informal meetings are being held with minister to ensure that the problems Slough is experiencing are know and to try and influence any potential sources of funds that may become available.

5.85 The are three aims to the current lobbying strategy:

- To try and secure any short term funds available
- To try and influence the next three year settlement
- To try and position Slough for the next census

5.86 Officers continue to gather evidence and keep supporting documents up to date and in the spirit of maintaining Slough's position ahead of other affected authorities and to support the first two, it is recommended that two pieces of research are updated. The first is in relation to a survey of migrant residents and reasons for still coming and or staying in Slough and the second is the impact on Community Cohesion.

5.87 Recent notification of the Migration Impacts fund have been given out, £3.5m has been provided for the South East over the next two years, and bids are currently being produced in conjunction with our LSP partners as required, to submit against this pot of money.

5.88 In August the 2008 Mid Year Population estimates and the population projections will be produced. Following the Improving Migration and Population Statistics group that the ONS have been leading it is our understanding that a number of revised approaches are going through a Q&A process. The chosen approach will be used to produce revised 2008 Projections in time for the three year settlement and it is important that Slough influences then chosen methodology as much as possible.

5.89 The Census pilot was carried out in Slough in March and once officers have received feedback from the ONS, then this will be fed back to members. On the back of this and the proposed improvements to the 2008 Population projections officers will be arranging meetings with the ONS to discuss the implications for Slough and the overall learning.

## **6. Conclusion**

Members have received a joint summary report covering Resources and Performance Management at each meeting during 2008/09. This report will continue to be developed into 2009/10 to in line with Member requirements.

## **7 Appendices Attached**

**A**      Balanced Scorecard

- B** Equalities and Diversity Peer Review
- C** Customer Service Centre Performance
- D** HR Statistics
- E** Agency and Consultancy Spend
- F** Schedule of Directorate Variances to Budget 2008/09
- G** Audit Commission Report: Risk and Return
- H** Capital Monitoring Programme 2008/09
- I** Prudential Indicators as at 13<sup>th</sup> March 2009

## **8 Background Papers**

- '1' Finance Detailed working papers are held in Corporate Finance and the relevant departments.