

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview & Scrutiny Committee

**DATE:** 3<sup>rd</sup> September 2009

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**WARD(S):** All

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

#### **PERFORMANCE AND FINANCIAL REPORTING FOR 2009/10**

##### **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, debt recovery, treasury management, capital and the revenue monitoring position to July 2009.

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

The Committee is invited to comment on the following recommendations to Cabinet:

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

- i. Performance management
- ii. Performance reward grant
- iii. Debt recovery
- iv. Treasury management
- v. Financial performance - capital
- vi. Financial performance – revenue

b) That the banking contract with the Co-operative Bank plc is extended for a further period of two years with the option to terminate after the first year (Section 5.23).

c) To consider and recommend to the Council to approve the capital allowance amounts as laid out in section 5.41.

d) To consider and recommend to the Council to approve the above borrowing limits as laid out in section 5.45.

##### **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 Benefits 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**

##### **Performance Management**

##### **Council Wide Balanced Scorecard – Quarter One Report**

- 5.1 The Council-wide Balanced Scorecard has been produced giving performance information relating to the last financial year. The purpose of the report is to inform Members of the Council's overall performance in critical service areas. The latest version can be seen in Appendix A. It is intended to use this report to highlight areas of good performance (green indicators) and where performance may need improvement (red indicators) including the proposed corrective measures to address such issues. Of the 60 indicators in the score card, 21 have a RAG status of green, 2 amber, 4 red and the remaining 32 have either not yet had targets set or have not had Q1 performance returned.

##### **Areas of significant improvement where performance has exceeded target include:**

- 5.2 **NI 16 Serious acquisitive crime rate.** Serious Acquisitive Crime rate decreased by 35.2% compared to the same quarter last year and was well within the quarterly target of 9.47 per 1000. Thames Valley Police comment that Operation Breaker has contributed to the improvement by reducing house break-ins by 19.3% during this first quarter.
- 5.3 **NI 192 Household waste reused, recycled and composted.** The recycling scheme has been changed from a black box scheme to a red wheelie bin scheme which has increased the volume of materials that can be collected.

The scheme has also been expanded to include plastic bottles and the voluntary green waste collection now includes all people that wish to participate. An additional member of staff has been employed at the Chalvey Civic Amenity Site to divert waste to the appropriate recycling container. These actions have been accompanied by a high profile publicity campaign that has had a significant impact on both the level of participation and the volume of waste collected for recycling.

- 5.4 **NI 193 Municipal waste land filled.** The increased recycling rate has had a positive impact on land fill and performance for the first quarter is well within target and significantly lower than 08/09 outturn.
- 5.5 **NI 65 Children becoming the subject of a Child Protection Plan for a second or subsequent time.** Remaining below the 15% target represents strong performance given the increase in child protection numbers. This indicates that protection plans are succeeding in reducing safeguarding concerns which prevent children from becoming the subject of a protection plan for a second or subsequent time.

**Areas that have red RAG status assigned are;**

- 5.6 **NI 8 Adult participation in sport.** Slough's 08/09 year end outturn of 18.9% has been revised downward to 15.96% following a review of the inclusion of lower intensity sport by Sport England. This has increased the gap between Slough and the all England average of 21.45% and the LAA target of 20.4%. Slough is performing at the bottom end of the lowest quartile nationally. The Slough Sport and Physical Activity Forum have developed an action plan to encourage wider participation across all age groups. This includes a successful bid for LPSA funding to increase gym membership, a targeted marketing campaign to increase frequency of use of sporting facilities and the promotion of free swimming for children and those aged 65 plus. Actions and progress is monitored by the Health and Wellbeing PDG.
- 5.7 **NI 20 – Assault with injury crime rate.** The Assault with Less Serious Injury rate has increased by 16% from the same period the previous year. Despite the increase, the overall severity of the violence in Slough is reducing and the following actions have been put in place:
- carrying out a review of actions taken against repeat Domestic Attack offenders (particularly medium risk)
  - tasking of hotspots through Local Policing Area Briefing System and bids for resources through Tactical Tasking Co-ordinating Group. Plans are in place to set up high visibility increased patrols during weeks of high levels of assaults in focussed areas (“Lockdown operations”)
  - carrying out a review of victim engagement in relation to Domestic Assault
  - ensure use of injunctions through National Centre for Domestic Violence are maximised (by ensuring power of arrest attached and enforced where necessary)
  - £15K of funding available from GOSE to tackle Domestic Attack related violence (with alcohol link). Bid being put together to include support for non-English speaking victims and victims

with no recourse to public funds. The Assault with Less Serious Injury rate has increased by 16% from the same period the previous year. Despite the increase, the overall severity of the violence in Slough is reducing and the following actions have been put in place:

- 5.8 **Local indicator: Average queue time for general enquiries (Call Centre - by phone)** The re-forecast target from 07/08 (3.5mins) to 1.5mins has proved optimistic, with the voicemail option resulting in people holding on for longer rather than leaving a voicemail as anticipated. A trial of removing the option to wait (i.e. compelling customer to leave a message or disconnect) is awaiting final management decision.
- 5.9 **Local Indicator: % of staff eligible for an appraisal with an appraisal in place in the year across all SBC.** Appraisals are an important part of staff advancement and development. Appraisal completion rates are reported by means of directorate statistics on a quarterly basis which in turn are reviewed at directorate SMT's. Managers are encouraged to ensure appraisal top sheets are returned to HR in order to provide a complete picture of the amount of appraisals being undertaken.

### Service Planning

- 5.10 The Quality Assessment of service plans has now almost been completed and service plans will be posted on the Intranet in the updated performance management site once they have been signed off by senior managers. A new tracking system for service plans has been developed and will be implemented once the final plans have been signed off with the first performance reports planned for September 2009.

### Performance Reward Grant

- 5.11 The 2<sup>nd</sup> generation Local Public Services Agreements were concluded on 31<sup>st</sup> March 2008. Following sign off the final position relating to the 12 targets and 28 sub-targets is set out overleaf:

Status	Number
Achieved	17
Partial achievement	1
Not achieved	4
Not yet known	6
<b>Total</b>	<b>28</b>

- 5.12 As a result Slough Borough Council were awarded the sum of £2,592,170.76 in the form of a Performance Reward Grant (PRG), half of which is deemed Capital and half deemed Revenue.
- 5.13 The Capital element has to be spent on capital projects.
- 5.14 At the steering group meeting of Slough Focus on 22<sup>nd</sup> February 2007 it was agreed to allocate £360k of the Revenue element of the PRG to the funding of an LSP manager (including support costs) for 3 years. The balance would then be distributed to each target area.

5.15 The allocations have been distributed and each project lead has been asked to monitor the spend on their respective projects.

5.16 The table below shows the current year-end projection for each project. As can be seen from the table, all projects are looking to have spent their allocations by the end of this year with the exception of one who have planned expenditure in 2010/11.

PDG	PDG Lead	Project Title	Project Lead	Allocation	Projected Yearend Position	Variance	Explanation of Variance
				£'000	£'000	£'000	
LSP Administration	Naveed Mohammed	LSP Administration	Naveed Mohammed	352.4	216.1	136.4	£96k in respect of 2008/09 / £120k in respect of 2009/10. The balance of £136k will be utilised in 2010/11.
Childrens Trust	Claire Pyper	Friday / Saturday Night Activities	Nicky Rayner	90.0	90.0	0.0	
		Work with young offenders not in education, employment or training	Shelley La Rose	25.0	25.0	0.0	
Climate Change	Denise Alder	Climate Change	Denise Alder	62.0	47.0	15.0	£5K spent so far in 2nd qtr. £15K to be spent on projects in 2010/11.
Community Cohesion	Rafiq Chohan	Community Cohesion Support Officer	Rafiq Chohan	45.0	45.0	0.0	
		Compact Participation Worker	Ramesh Kukar	45.0	45.0	0.0	
Health and Wellbeing	Jane Wood	Contingency Fund	Jane Wood	2.3	2.3	0.0	Funds currently being transferred to project lead (LSP Officer to update 4th Sept)
		Self-Directed Support	Tracey Morgan	85.0	85.0	0.0	ditto
		Health Activist at Home	Tracey Morgan	40.0	40.0	0.0	ditto
		Active Slough 2012	Rob Whitehouse	40.0	40.0	0.0	ditto
		Social Research and Marketing on Obesity and Fitness4Life	Nadia Barakat & Pip Colings	82.5	82.5	0.0	ditto
		Stop Smoking Service	Dawn Estabrook	10.0	10.0	0.0	ditto
		Nutritional and School Food Advisor	Ginny de Haan	50.0	50.0	0.0	ditto
Safer Slough	James Priestman	Mapping Officer	James Priestman	35.0	35.0	0.0	
		Various Projects	James Priestman	174.6	174.6	0.0	Projects identified
Skills, Employment and Enterprise	Rafiq Chohan	Support Officer for SEE PDG	Rafiq Chohan	45.0	45.0	0.0	
		Various Projects	Rafiq Chohan	112.3	112.3	0.0	
				1,296.1	1,144.8	151.4	

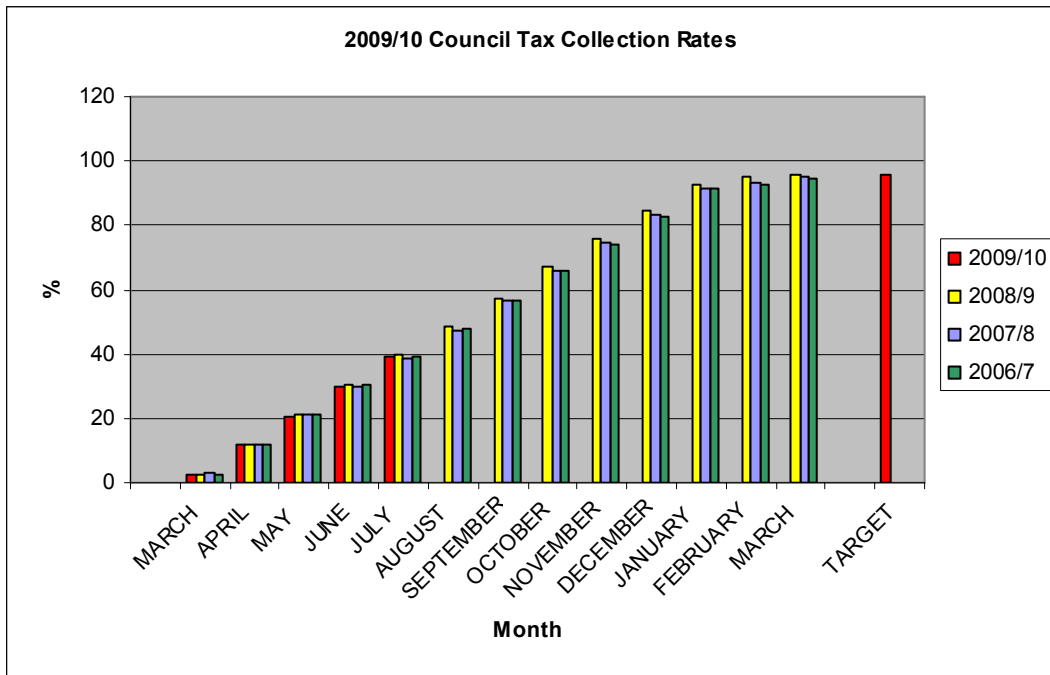
## Debt Recovery

5.17 As we work through 2009/10 this report will provide a regular update of the Council's overall debt position, focusing on Council Tax, NNDR (Business Rates) collection, and the Accounts Receivable System.

## Council Tax

5.18 Figure 1 overleaf shows collections as being very slightly reduced for this time of year, coming in at 39.2% by the end of July 2009 compared with previous year's rate of 39.6%. If this trend continues it will be difficult to achieve the same collection levels as in previous years. Work is ongoing to attempt to minimise the risk of this happening.

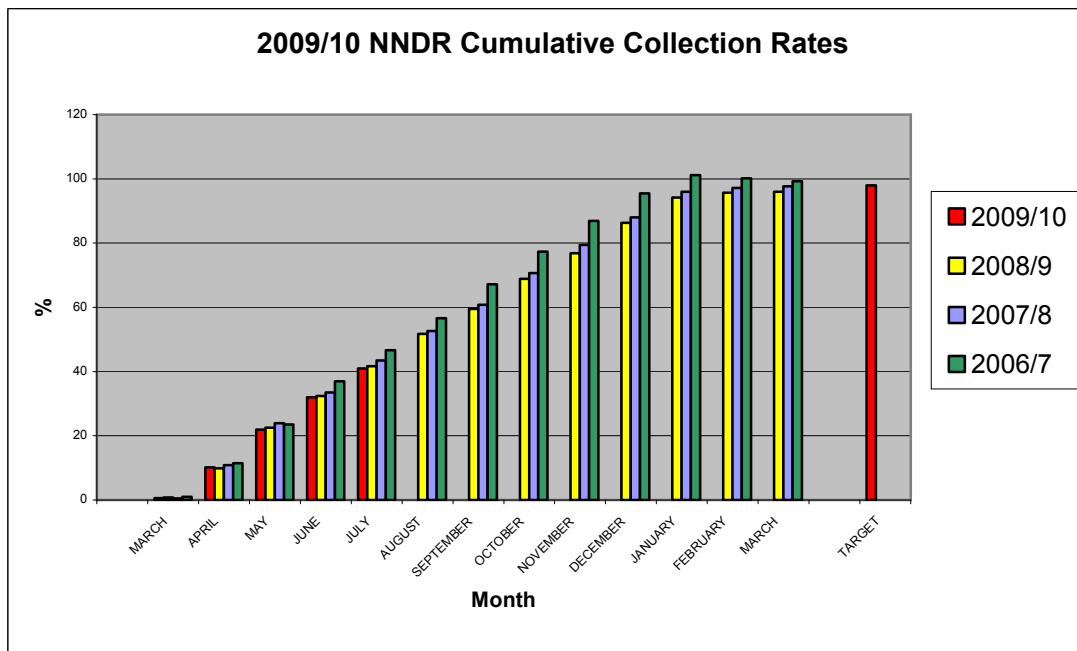
Figure 1



**NNDR**

5.19 Since the change in legislation for 2008/09 regarding the payment of full rates on empty premises NNDR collections have slowed down and continue to do so through the first half of 2009/10, as compared with the previous three years. This is shown in figure 2, overleaf. The net collectible debt currently stands at £90.5m (an increase of £3.1m from last year but an increase of £14.6m from 2007/08).

Figure 2



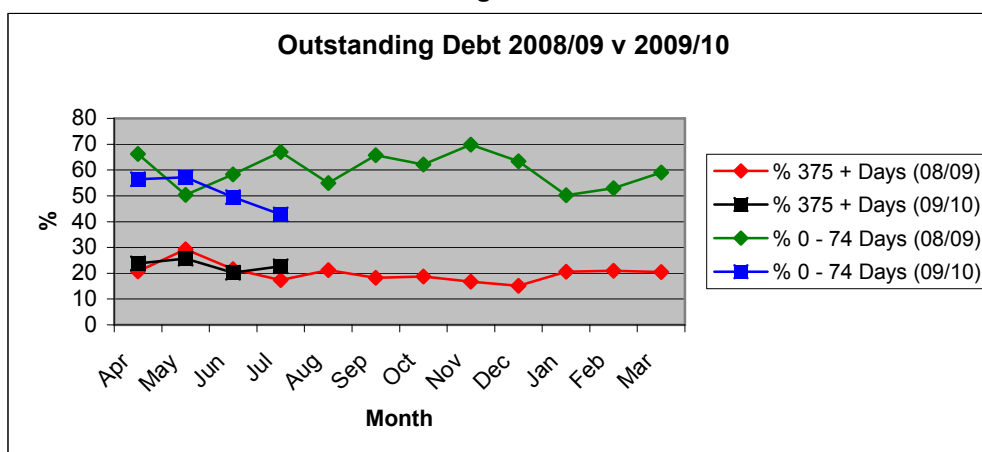
5.20 We are now attempting to collect higher amounts in an already difficult economic climate with more reminders being issued and more court cases being brought. This continues to place a significantly increased burden on the team.

## Accounts Receivable System

5.21 The Council currently has outstanding debts of £4.7m at the end of July 2009.

5.22 As shown in figure 3, below, of this £4.7m, approximately 43% is less than 75 days overdue, a significantly lower position than that reported for the same period last year, and approximately 23% is older than 375 days, slightly higher than that reported last year. The higher level of work carried out to manage the level of current debts has meant that court work needed on older debts has not been possible. Also, with regard to the older debts, there are a number awaiting consideration for write-off. There are also a small proportion of older debts subject to property charges.

Figure 3



## Treasury Management

5.23 The Council's current banking contract with the Co-operative bank is due to expire on 31st March 2010. The annual value of the core contract services is around £22,000 per year. The current contract has been in place for 7 years. Normally a new tender exercise would be carried before renewing or awarding a new contract. However, as the Council is currently engaged in proposal to enter into a shared services programme, which may result in a different and limited banking facility contract, it is proposed to extend the current contract for a further period of 2 years with the option to terminate it after first 12 months. This should provide sufficient flexibility and time span to enable the Shared Services project to progress without long term commitment to a new banking contract.

5.24 The Council's deposit with Heritable Bank including accrued interest to the date of Administration amounts to £2.579M. As previously reported to the Cabinet on 16th June 2009 (Agenda item 3), the Administrators to the Heritable Bank issued six monthly report on 17th April in which they forecast a recovery of between 70 and 80 pence in the pound, the first 15% of which was due to be paid in July 2009. £415,850 has now been received which is 16.13% of the amount due. The April report also indicated future dividend payments were to be 30% in July 2010, 15% in 2011 and 10% in 2012 and 2013. The Administrator's latest progress report dated 13th August indicates that a dividend of 10% is likely to be declared before the end of the calendar year.

5.25 Despite the current economic climate with the base rate (and the money market deposit rate) at a historical low, it is currently forecast that the treasury

management investment income target of £2.3M for 2009-10 will be achieved, partly due to decision taken over 12 months ago to place part of the investment portfolio on deposit for longer than 1 year. This was done to mitigate forecast reduction in future interest rates, although not at a historically low level. This will be kept under review and if the investment income exceeds the budget target, this will reported to the Cabinet as appropriate.

- 5.26 The Cabinet on 16th June 2009 (Agenda item 3) also approved changes to the Treasury Management Policy. For Members information deposits outstanding as at 17th August 2009 compared to individual counter party limits are set out over leaf.



## DEPOSITS OUTSTANDING AS AT 17th August 2009

Approved Counter Party - June 2009	Sovereign Risk	Fitch	Moody's	Approved Limit	Deposit O/Stand	Last Maturity
		LT ST	LT ST			
<b>BANKS</b>						
<b>Santander Group</b>				<b>£25M</b>		
- Abbey	UK	AA-	F1+ Aa3	P1 15,000,000	500,000	30/10/2009
- Alliance & Leicester	UK	AA-	F1+ Aa3	P1 10,000,000		
<b>Lloyds Banking Group</b>				<b>£25M</b>		
- Bank of Scotland	UK	AA-	F1+ Aa3	P1 12,500,000	9,449,000	CALL A/C
- Lloyds Bank	UK	AA-	F1+ Aa3	P1 12,500,000	8,500,000	15/12/2009
Barclays Bank	UK	AA-	F1+ Aa3	P1 25,000,000		
Clydesdale Bank	UK	AA-	F1+ A1	P1 10,000,000	1,000,000	19/10/2009
Co-op Bank	UK	A-	F2 A2	P1 10,000,000	5,000,000	30/09/2009
Heritable Bank				2,500,000	2,084,149	
HSBC	UK	AA	F1+ Aa2	P1 10,000,000	0	
Northern Rock	UK	A-	F1+ A2	P1 10,000,000	3,000,000	20/09/2010
Royal Bank of Scotland	UK	AA-	F1+ Aa3	P1 25,000,000	4,000,000	22/10/2009
Svenska Handelsbanken	SWE - AAA	AA-	F1+ Aa1	P1 10,000,000	0	
UK Debt Mangt Office					0	
<b>Sub Total - Banks</b>					<b>33,533,149</b>	
<b>Building Societies</b>						
<b>Nationwide Group</b>				<b>£25M</b>		
- Nationwide BS	UK	1		15,000,000	5,400,000	23/12/2009
- Derbyshire BS	UK			2,000,000	2,000,000	28/05/2010
- Dunfermline BS	UK			8,000,000	6,000,000	09/11/2010
Britannia BS	UK	2		10,000,000	2,000,000	28/08/2009
Coventry BS	UK	4		10,000,000	9,100,000	25/07/2011
Leeds BS	UK	8		10,000,000	3,200,000	20/11/2009
Norwich & Peterborough	UK	11		8,000,000	8,000,000	30/10/2009
<b>Sub Total - Approved Building Societies</b>					<b>35,700,000</b>	
<b>Counter Parties No Longer on the Approved Lists but Deposits Placed before June 2009</b>						
Yorkshire BS		3		0	3,900,000	19/11/2009
Chelsea Building Society		5		0	7,000,000	22/03/2011
Skipton Building Society		6		0	1,000,000	19/10/2009
West Bromwich BS		7		0	3,000,000	30/09/2009
Newcastle Building Soc		10		0	4,750,000	29/12/2009
Stroud & Swindon BS		13		0	5,000,000	18/02/2010
Nottingham Building Soc		14		0	2,000,000	18/02/2010
Progressive Building Soc		16		0	2,500,000	02/12/2009
Cumberland Building Soc		17		0	1,000,000	18/09/2009
Furness Building Society		19		0	3,000,000	07/10/2009
Saffron Building Society		25		0	1,300,000	05/10/2009
<b>Sub Total - Other Building Societies</b>					<b>34,450,000</b>	
<b>Total Deposits</b>					<b>103,683,149</b>	

In addition to above deposit limits, the Council may invest £10M in Gilts.  
Deposits in UK based foreign banks limited to 30% of total Deposits.

5.27 The Co-operative Bank Plc and the Britannia Building Society each had an approved limit of £10M. However, they have merged with effect from 1st August 2009 with the Co-operative Group being the senior partner. As is normally the case when mergers are announced, the rating agencies either place the counter parties on a rating watch or down grade until the merger is established and settled. Not surprisingly, Co-operative Bank's rating has been

down graded a notch from A to A-. It is proposed to reduce the overall limit for the merged group to £15M.

- 5.28 The credit ratings as measured by Fitch Ratings and Moody's Ratings are also summarised below:

RATINGS DEFINITIONS	Fitch		Moody's	
	Long Term	Short Term	Long Term	Short Term
Extremely Strong Grade	AAA	F1+	Aaa	P-1
Very Strong Grade	AA+/AA-	F1+	Aa1/Aa3	P-1
Strong Grade but susceptible to adverse conditions	A+/A-	F1+/F2	A1/A3	P-1/P-2
Adequate Grade	BBB+/-	F2/F3	Baa1/3	P-2/P-3
Speculative Grade to Vulnerable and Default	BB+ to D	B to D	NP(Not Prime)	BB+ to D

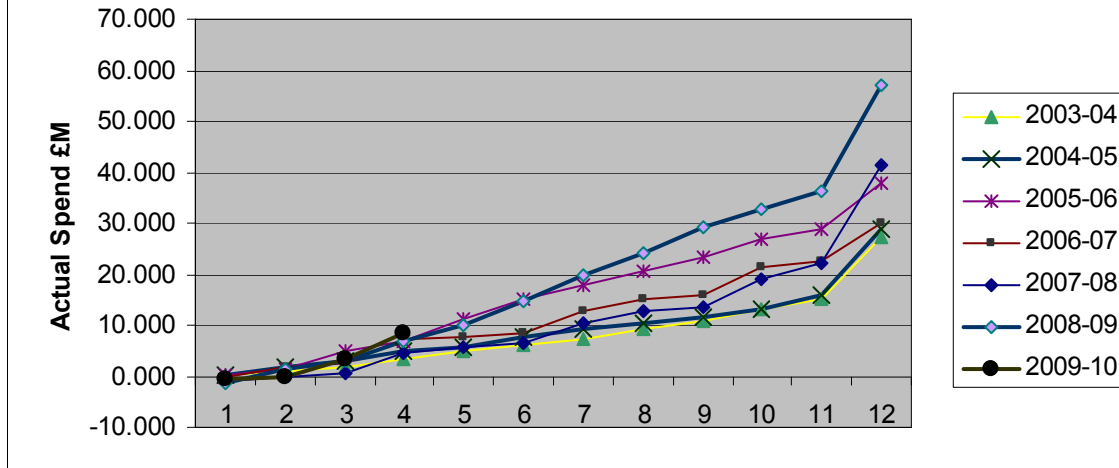
#### Capital Programme 2009/10 to 2013/14

- 5.29 As Members will be aware the Capital financing system is underpinned by the CIPFA Prudential Code and Indicators with the aim of ensuring that the capital investment programme is affordable, prudent and sustainable. The Prudential Code requires the full Council to set and where necessary, revise the prudential indicators on the recommendation of the Section 151 Officer.
- 5.30 The capital programme is reviewed and adjusted during the year to ensure it is delivered within affordable capital.

#### 2009-2010 Capital Programmes Monitoring to 31<sup>st</sup> July 2009

- 5.31 The actual capital spend to the end of July 2009 is summarised below with details on the "High value/Priority" schemes shown in Appendix B. These also show the 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 the 31<sup>st</sup> March 2010".

### Monthly Capital Spend 2003-2009



5.32 Prudential Indicators as at the end of July 2009 are set out in Appendix C.

5.33 The current level of committed budget for the General Fund Account is 30.4% and for the HRA is 70.4%. The actual spend to date is comparable for this period to the previous years as shown graphically below. Traditionally, expenditure takes place in the latter part of the financial year.

#### SUMMARY OF CAPITAL PROGRAMME 2009 /2010

Line	Summary	Provisional				% of Spend to July 09 Budget	2009/2010 Budget Committed to date	2009/2010 Budget Profile to Sept.	2009/2010 Budget Profile to Dec.	2009/2010 Budget Profile to March
		2009/2010 March 2009 Approved Budget	2009/2010 July 2009 Provisional Budget	2009/2010 Spend per Oracle to July 09	2009/2010 Variance to July 09 Budget					
	<b>EXPENDITURE</b>	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
	<b>GENERAL FUND PROGRAMME</b>									
1	Community and Wellbeing	3,940	2,006	9	-1,997	0%	457	386	1,113	1,985
2	Education and Children's Services	8,182	12,843	2,612	-10,231	20%	7,857	4,387	6,459	11,407
3	Green and Built Environment	10,848	9,478	1,488	-7,990	16%	1,025	2,104	4,527	8,601
4	Green & Built Environment: Afford. Housing	2,637	2,462	164	-2,298	7%	1,269	87	298	1,269
5	Resources/Improve & Development/C. Executive	11,341	15,669	2,260	-13,409	14%	2,315	3,150	4,424	8,697
6		<b>36,948</b>	<b>42,458</b>	<b>6,533</b>	<b>-35,925</b>	<b>15%</b>	<b>12,923</b>	<b>10,114</b>	<b>16,821</b>	<b>31,959</b>
	<b>HOUSING REVENUE ACCOUNT</b>									
7	Housing Revenue Account	13,534	23,203	1,799	-21,404	8%	16,345	5,813	11,063	16,345
8		<b>13,534</b>	<b>23,203</b>	<b>1,799</b>	<b>-21,404</b>	<b>8%</b>	<b>16,345</b>	<b>5,813</b>	<b>11,063</b>	<b>16,345</b>
9	<b>TOTAL CAPITAL PROGRAMME</b>	<b>50,482</b>	<b>65,661</b>	<b>8,332</b>	<b>-57,329</b>	<b>13%</b>	<b>29,268</b>	<b>15,927</b>	<b>27,884</b>	<b>48,304</b>

Line	SOURCE OF FINANCING	Provisional		
		£'000	£'000	£'000
	<b>GENERAL FUND PROGRAMME</b>			
10	Capital Grants & Contributions	3,351	10,173	1,204
11	Direct Revenue Funding	0	1,342	0
12	Prudential Borrowing	29,260	25,423	5,081
13	Capital Receipts	4,337	5,520	248
14		<b>36,948</b>	<b>42,458</b>	<b>6,533</b>
	<b>HOUSING REVENUE ACCOUNT</b>			
15	Capital Grants	0	0	0
16	Contributions	0	96	0
17	Revenue / Major Repairs Allowance	4,795	4,842	1,799
18	Prudential Borrowing (Including ALMO)	8,539	15,539	0
19	Capital Receipts	200	2,726	0
20		<b>13,534</b>	<b>23,203</b>	<b>1,799</b>
21	<b>TOTAL FINANCING</b>	<b>50,482</b>	<b>65,661</b>	<b>8,332</b>

SOURCES OF FUNDING  
M = Mainline Resources: Prudential Borrowing, Capital Receipts, Revenue Contributions & Major Repairs Allowance  
G = Capital Grants and Contributions

### Revised Capital Programme 2009-2010 to 2013-2014

5.34 The Asset Management Group (AMG) has reviewed the 2008-09 capital programme outturn and considered business cases for those projects that require 2008-09 slippage to be carried forward into 2009-10. The revised 2009-10 to 2013-14 capital programme is set out in Appendix D.

5.35 As part of this review the currently assumed level of capital receipts have also been reviewed, particularly in light of the economic market conditions.

### Capital Allowance and the Pooling of Housing Capital Receipts

5.42 The capital allowance is used to abate the amount of non-RTB housing capital receipts that have to be paid over to the Secretary of State. The 2008-09 actual capital spend and the 2009-10 to 2013-14 capital programme contain the following amounts of provision for affordable housing and the Housing Investment Programme that can be added to determine the total amount that can be claimed against the capital allowance.

5.43 Cabinet is therefore requested to consider and recommend to the Council to approve the following amounts as capital allowance:

	2008/09 £M	2009/10 £M	2010/11 £M	2011/12 £M	2012/13 £M	2013/14 £M
Capital Allowance						
Affordable Housing	0.913	2.462	1.235	1.940	0.210	0
Improvement to Stock (HIP)	19.596	23.203	6.623	10.869	5.104	5.090
<b>Total Capital Allowance</b>	<b>20.509</b>	<b>25.665</b>	<b>7.858</b>	<b>12.809</b>	<b>5.314</b>	<b>5.090</b>

### Prudential Indicators

5.44 The Prudential Indicators required by the Code are designed to support and record Council's decision making. The table in Appendix E sets out the actual Prudential Indicators for 2008-09 and estimate for future years in respect of affordability, prudence, capital expenditure, external debt and treasury management.

5.45 Prudential Indicators 24 and 28 recommend total authorised borrowing limits for external debt and the operational boundary for external debt as follows:

<b>External Debt</b>	2008/9 Actual	2009/10 Est.	2010/11 Est.	2011/12 Est.	2012/13 Est.	2013/14 Est.
	£M	£M	£M	£M	£M	£M
Authorised Limit	72.5	84.0	124.0	142.0	134.0	133.0
Operational Boundary	72.5	79.7	81.2	136.4	130.4	129.4

### Financial reporting

5.46 The Council's net revenue budget for 2009/10 is £102.6m. This excludes the schools' budget of £92m funded through the Dedicated Schools Grant.

## Projected Outturn Position at 31st July 2009

5.47 There is currently a projected overspend for 2009/10 of £1.1m giving an increase of £237k from that reported last month. This position coupled with the possible pressures arising from the emerging issues in paragraph 6 aligned to additional client activity across social care, possibly intensifying particularly with the forthcoming winter months must seriously question the likelihood of a balanced budget at the year end.

5.48 The position is summarised in Table 1, below, and detailed in Appendix F.

Table 1 - Projected as at 31st July 2009

Directorate	Current Budget	Projected Outturn	Variance Over/(Under) Spend	Change	Previously Reported
	B	C	D = C - B		CMT (29th July 2009)
	£'M	£'M	£'M	£'M	£'M
Community and Wellbeing	33.326	34.027	0.701	0.420	0.281
Education and Childrens Services	25.116	25.076	(0.040)	(0.140)	0.100
Green and Built Environment	26.927	27.009	0.082	(0.035)	0.117
Central Directorates	22.923	22.955	0.032	(0.358)	0.390
Corporate	(0.085)	0.265	0.350	0.350	0.000
<b>Total Cost of Services</b>	<b>108.207</b>	<b>109.332</b>	<b>1.125</b>	<b>0.237</b>	<b>0.888</b>
<b>% of revenue budget over/(under) spent by Services</b>			<b>1.04%</b>	<b>0.22%</b>	<b>0.82%</b>
Treasury Management	3.544	3.544	0.000	0.000	0.000
Contingencies & earmarked reserves	(0.810)	(0.810)	0.000	0.000	0.000
Area Based grant *	(8.312)	(8.312)	0.000	0.000	0.000
<b>Total</b>	<b>102.629</b>	<b>103.754</b>	<b>1.125</b>	<b>0.237</b>	<b>0.888</b>
<b>% of revenue budget over/(under) spent in total</b>			<b>1.10%</b>	<b>0.23%</b>	<b>0.87%</b>

\* Included in Directorate base budgets

## Month on Month Movement in Variances

5.49 Community and Wellbeing have reported an increase in their overspend of £420k from that reported last month to give a projected overspend of £701k. The worsening in the forecast is due to the Senior Management Team (SMT) reconsidering the likelihood of achieving previously assumed savings. Compensating areas to reduce spend and meet the shortfall are being looked at by SMT, these will be incorporated in future monitors when available.

- Residential & Nursing Care - Five savings initiatives with a combined total of £391k have been designated as high risk and have now been excluded from the monitor. As a result the net expenditure in this area has increased. The saving initiatives are:

- (a) Rigidly apply eligibility criteria £60k;
- (b) Review all care packages £125k;
- (c) Review Care Packages (transition) £105k;
- (d) Care Packages (non-transition) £50k and
- (e) Reduce care packages through fee negotiation £51k.

- Further pressures of about £222k, relating to the impact of growth from last winter have also been added. This was previously reported as an emerging pressure relating to Care UK and estimated at £400k. This has been offset by a contingency of £130k that was set aside to cover costs relating to the new Oak House block contract leaving a net pressure of £92k.
- Home Care - This budget pressure has reduced by a net of £116k. New savings totalling £190k has been identified and included. This has more than offset the pressure caused by excluding some high risk savings totalling £74k.
- Day Care - Two separate plans to reduce expenditure on Day Care services have now been rated at unlikely to happen and taken from the service budget forecast. The plans are:

- (a) Redesign Wexham Day Care Services £25k and
- (b) Reduce Langley Transport budget £20k.

In addition there has been a new pressure due to the contract to provide day care services with Age Concern for £7k.

5.50 Education and Childrens Services are currently reporting a reduction in their overspend of £140k to give a net projected underspend for the year of £40k. However, it should be noted that this favourable position takes into account the release of corporate funds and Migration funding to mitigate demographic pressures and alleviate social work case loads without which the position would be in the region of £0.5m overspent. Divisionally, the main variances are:

- Children & Families – Increases in client activity across Internal Fostering and Kinship care cost £157k (3 Clients). An increase in Family Group Conference activity costs £11k. These are partially offset by income of £63k arising from a placement extension of a Windsor & Maidenhead Child in Mallards children's home (full year income generation although one-off is £120k) and favourable change in Asylum support following the re-assessment of a child's age saving £11k. Costs expected for children in care and leaving care have not materialised to the level suggested, saving £80k;
- Inclusion – Increased home care and school holiday support to Children with Disabilities costs £22k, offset by savings of £10k from Health Improvement team from reduced requirement to procure and distribute promotional and educational media and materials;
- Raising Achievement – Income received in return for work undertaken for the Arts Council has been increased by £15k this financial year and is expected to be on-going for the foreseeable future. The revised plan for the provision of

Early Years extended schools activities shows an overall saving of £49k. This may only be one-off as future grant funding for this will reduce.

- Strategy, Information and Resources – The successful utilisation of devolved school grants in relation to supporting the Assessment Centre for primary aged school children has resulted in a one-off saving of £40k. The extension of the existing SLA with schools to include the recovery of the cost of the EMS license fee has generated a saving of £62k, work continues looking to make this a permanent saving.

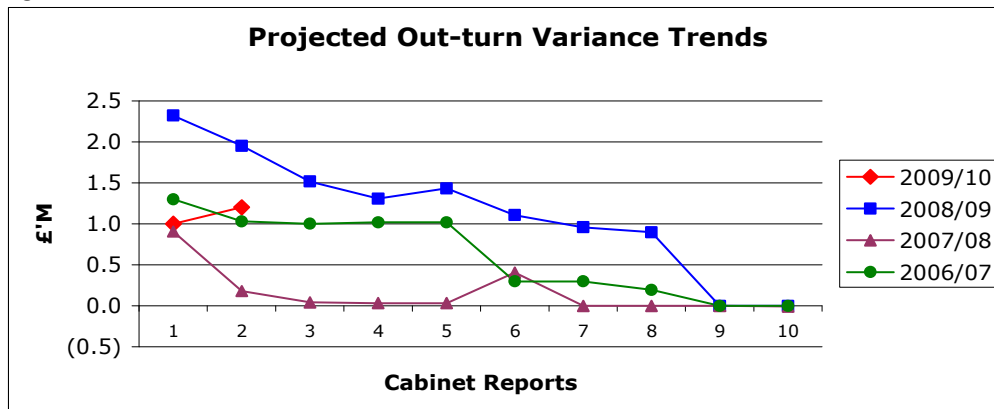
5.51 Green and Built Environment have reported a reduction in their overspend of £35k to give a projected overspend position of £82k. This has been due to a saving on concessionary fares against the prior year's provision of £25k (reported last month as an emerging issue) and the removal of a potential pressure on income from Citizenship Ceremonies of £10k.

5.52 The Central Directorates have reported a reduction in their position of £8k, to give a projected overspend of £382k. This has been due to projected savings from the management of vacancies. The central directorate look to 'hold' vacant posts as a basis of managing this overspend.

5.53 A Corporate pressure has emerged this month, being the assessment of the Business Process Re-engineering (BPR) savings relating to the Customer Service Centre now being unachievable (£350k).

5.54 Figure 1 overleaf illustrates the monthly projected outturn positions over the last 4 years. This shows, by comparison, the current projected position remaining the second highest outturn at this stage of the year.

Figure 1



### Emerging Issues / Risks

5.55 Although the headline position is showing a projected overspend of £1.1m, it is important to note there are emerging issues which may result in a positive or negative impact on the variance. These risks should not be underestimated and at this stage of the year should be seen as a significant factor in the council looking to achieve a year end break-even position

#### 5.56 Community and Wellbeing:

- New potential saving – It is likely there will be a new saving in relation to a Mental Health residential client, the value of which could be as much as £100k. The details of this will become clearer over coming weeks.

#### 5.57 Education and Childrens Services:

- As previously reported a client placed into a residential setting last month at an estimated £90k for the current year had absconded. His whereabouts is still unknown and due to the time that has elapsed a saving of £8k will now be realised. However Officers still anticipate that their whereabouts will be determined and they will be re-placed with an expected total cost of £82k this year. A further update will be confirmed next month;
- Difficulty in recruiting to the Child and Adolescent Mental Health (CAMHS) worker posts have resulted in an extended vacancy period giving potential savings of £90k (currently undeclared) within the Behaviour and Attendance service. These will be partially filled by agency cover but no firm plans have yet been received to confirm the likely outcome in respect of this budget.

#### 5.58 Green and Built Environment:

- The red bin recycling scheme has had an impact on landfill waste costs. This may result in savings which could help to partially offset any pressures in the service area;
- Higher levels of activity in the Housing Needs area as a result of the economic recession are evident, although any financial impact is still unclear at this stage this may result in an adverse impact on revenue;
- An issue from 2007/08 surrounding VAT liabilities on Home Improvement Agency fee income has yet to yield a demand for payment from HMRC. Should this not come to fruition, a saving of £34K may be achieved.

### **Management Action**

5.59 The position as at the end of July 2009 leaves an overall pressure for the Authority of £1.1m which needs to be contained by the year end.

5.60 Directorate action plans were presented in detail to CMT on 20th May 2009 and a summary budget report on 19<sup>th</sup> August 2009 and these form the basis and backdrop to achieving a breakeven position.

### **Virements**

5.61 In accordance with the Financial Procedural rules, virements require the approval of officers and Members.

5.62 There have been no virements requiring Member approval since the last report (dated 2<sup>nd</sup> July 2009).



## **6 Conclusion**

The joint Performance Management report will continue to be developed during 2009/10 in line with Member requirements.

## **7 Appendices Attached**

- A**     Balanced Scorecard Qtr 1 09/10
- B**     Capital Programme Monitoring 09/10
- C**     Prudential Indicators – July 2009
- D**     Revised Capital Programme – 09/10 to 13/14
- E**     Prudential Indicators – 08/09 to 13/14
- F**     Schedule of Directorate Variances to Budget 09/10

## **8 Background Papers**

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