

CABINET

3 MARCH 2016

RESOURCES REPORT

Relevant Cabinet Member

Mr S E Geraghty

Relevant Officer

Chief Financial Officer

Recommendation

1. **The Cabinet Member with Responsibility for Finance (who is also the Leader of the Council) recommends that Cabinet:**
 - (a) **endorses his conclusions set out in the report concerning revenue budget monitoring up to 31 December 2015;**
 - (b) **notes and welcomes the proposal for Redditch to host a round of the Pearl Izumi Cycling Tour Series in May 2016;**
 - (c) **notes the current progress regarding the FutureFit programme;**
 - (d) **endorses his conclusions concerning capital budget monitoring up to 31 December 2015; and**
 - (e) **recommends Council to approve a £1.6 million addition to the Capital Programme to extend the ICT Replacement Programme for three years 2016/17 to 2018/19 and that the capital cash limits are updated accordingly.**

Introduction

2. The County Council spends over £300 million per year on services and has delivered savings and efficiencies of over £100 million since it commenced its transformation and change programme. With a greater focus on supporting the Corporate Plan and better outcomes for residents, it is pleasing to note that, at the end of December 2015, £21.7 million of the £27.5 million target for 2015/16 has been either delivered or confirmed as on target. The County Council remains focused on delivering the remainder of the savings and efficiencies plan.

3. Forecasting the year end outturn at the end of December, which takes into account nine months of actual expenditure and a forecast for the remaining three months, shows that despite facing significant cost pressures of around £5.8 million for Looked after Children, the Council's net cost pressure is £0.5 million or 0.2% of budget and this pressure is expected to be recovered by the end of the financial year.

4. The report also requests Council approval for a £1.6 million ICT Replacement Programme.

FutureFit Programme Update

5. The FutureFit savings programme target for 2015/16 is £27.5 million and at the end of December 2015, £21.7 million has been either delivered or confirmed as on target.

Around half of the remainder is at greater risk of not being delivered during the current financial year and work to mitigate this risk is being managed by the Corporate Business Board. Where savings are not being achieved as early as anticipated, Directorates are mitigating this by restraining costs in other areas or drawing support from their own earmarked reserves.

6. Recent highlights across the programme are:

- The Connecting Families Redditch early adopter programme has gone live at the beginning of January with a dedicated staff group working on the Redditch model and undertaking thorough multi-agency case reviews
- The contract for the provision and transformation of Transactional HR and Finance services was signed in December with the provider Liberata with a start date achieved of 1 February 2016 and with the contract delivery of £2.2 million savings over its term
- The upgrade and replacement of the County Council's Wide Area Network and Public Services Network has been successfully completed delivering over £0.2 million savings for the Council and over £0.5 million for Schools
- Take up of broadband fibre packages continues to rise and is now above 22% which has allowed the reinvestment of £3.25 million. Work on stakeholder engagement is underway which includes an open community survey to help inform any future extensions to coverage.

Revenue Budget Monitoring 2015/16 - Outturn Forecast as at 31 December 2015

7. The County Council's authorised cash limited budget for 2015/16 is £326 million. When taken together with the amount of money spent by the Council that is received through specific grants and miscellaneous income, the Council spends over £1 million per day on providing services to residents and service users.

8. The overall financial pressure forecasted at this point in the 2015/16 financial year is £0.5 million or 0.2% of the authorised cash limited budget.

9. This is a reduction of £1.8 million since last month due mainly to the implementation of the Minimum Revenue Provision policy change agreed by Full Council in January 2016 which will result in a £2 million reduction in these costs this year. There are also further savings from the Council's financing transactions budget due to low current and forecast interest rates and the active strategy to defer the need to take external borrowing. These increases are offset by setting aside £0.6m to fund a one year extension to the Councillor's Divisional Funds Scheme as approved by Cabinet at its last meeting in February 2016.

10. The forecast for 2015/16 includes utilising £0.5 million from the Public Health Ring-fenced Grant for qualifying expenditure and identifying £1.4 million of Earmarked Reserves where the need to retain funding for other services is no longer required.

11. It is expected that the overall financial pressure will be contained by the end of the financial year which will keep the budget within the overall £326 million cash limit.

12. Looking forward, it is likely that the Council will need to take some external borrowing to protect its cash position and to ensure prudent management in consideration of potential future increases in interest rates. This position will be kept under constant review and be advised by the Council's independent Treasury Management Advisors.

13. The most significant area of financial pressure all year has been the Looked after Children's placement budget which is forecasting a financial pressure of £5.8 million for 2015/16 which assumes the successful delivery of £0.6 million from an action plan for the

remainder of the financial year. This forecast has remained stable over previous months and follows careful and intensive management action to contain costs. The local forecast demand pressure within services for Looked after Children is consistent with that facing a number of other local authorities nationally.

14. The forecast cost pressure for Home to School Transport – Special Educational Needs provision has fallen to £0.5 million.

Pearl Izumi Tour Series – Redditch 26 May 2016

15. The Pearl Izumi Tour Series is anticipated to be returning to Worcestershire this year with Redditch once again hosting a stage of the popular and televised professional road cycling race. This would be another opportunity to promote World Class Worcestershire and bring visitors to Redditch, with the media focus allowing the area to be showcased in the best possible light.

16. The County Council would provide funding of up to £80,000 with contributions also being sought from partners towards these costs, and officers are undertaking due diligence on the details of the contract.

17. The funding allocation can be made from within the Council's existing financing transactions budget with no impact on cash limits and Cabinet is asked to note and welcome the proposed event.

Capital Programme Budget Monitoring - 2015/16 Forecast

18. The Council's capital expenditure at 30 December 2015 totals £96 million compared with the revised expenditure profile of £180 million.

19. The remainder of the financial year will see continued planned investment in the Energy from Waste scheme of around £33 million and continued investment in highways schools projects.

Capital Programme Addition – ICT Replacement Programme 2016/17 to 2018/19

20. The Council has completed a review of its computer and software requirements after taking careful account of future service delivery and operating procedures. It is proposed to extend the existing ICT Replacement Programme which is funded until 31 March 2016 for a further three years.

21. Cabinet is asked to recommend to Full Council the addition of £1.6 million to the capital programme, funded from the uncommitted headroom allocation for new starts. The programme will replace over 400 IT assets and software licencing arrangements and is integral to enabling the Council to operate and maintain its systems and processes.

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

- Previous Cabinet Resources Reports