

**CORPORATE
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 6**

DATE: 15 JULY 2013

DRAFT REVENUE AND CAPITAL OUTTURN 2012/13 (PRE-AUDIT)

Ward(s) All

Portfolio:

Councillor Towe – Resources

Summary of report

This report summarises the draft revenue and capital outturn position for the year ended 31 March 2013, subject to external audit, for services within the remit of the Corporate Scrutiny and Performance Panel.

Recommendation

To note that the draft 2012/13 year end financial position for services under the remit of the Corporate Scrutiny and Performance Panel, is a revenue underspend against budget of **£1.032m** (net of use of earmarked reserves/ carry forwards), and a capital underspend of **£473k** (net of approved carry forwards into 2013/14).

Background papers

Various financial working papers
Quarterly reporting to Scrutiny Panels throughout the year
2012/13 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the pre-audit financial position for 2012/13.

Signed:



Chief Finance Officer: James T Walsh

Date: 4 July 2013

Resource and legal considerations

The accounts were monitored and reported on as part of the budget guidelines and all entries into the final accounts have been undertaken in line with the required accounting guidance and standards.

Citizen impact

The budget is aligned with service activity within service plans within the directorate. Investment has been targeted at service improvement, stability and user demand.

Environmental impact

Services within the remit of this panel have a direct influence and impact on the environment.

Performance management

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget, wherever possible. Corrective action plans were put in place to mitigate overspends. Variances against budget are identified in the report.

Equality Implications

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

Consultation

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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1 Revenue Outturn 2012/13

- 1.1 The draft revenue outturn for 2012/13 for the services under the remit of the Corporate Scrutiny and Performance Panel is an underspend against budget of **£1.032m** (net of the use of earmarked reserves / carry forwards). This position is subject to external audit which will take place during July. Table 1 provides a summary by service, and a full analysis of the material variances is shown in **Appendix 1**.

Table 1 - Draft Revenue Outturn 2012/13					
Service	Annual Budget £	Year End Actual £	Year End Variance £	Use of Reserves / Approved carry Forward £	Variance Net of Reserves (Under)/ Overspend £
Benefits	1,038,699	1,286,862	248,163	(66,073)	182,090
Communications	846,273	821,663	(24,610)	(30,972)	(55,582)
Democratic Services	1,851,314	1,792,426	(58,888)	(11,980)	(70,868)
Customer Service	603,899	725,557	121,658	0	121,658
Electoral Services	649,970	609,889	(40,081)	0	(40,081)
Finance	4,850,642	4,490,320	(360,322)	(108,761)	(469,083)
Human Resources	3,513,285	3,428,517	(84,768)	(202,930)	(287,698)
Internal Audit	598,989	501,749	(97,240)	0	(97,240)
Legal	1,732,314	1,603,585	(128,729)	0	(128,729)
Programme Delivery	1,990,357	2,032,564	42,207	(125,754)	(83,547)
Revenues	2,552,482	2,458,986	(93,496)	(57,789)	(151,285)
Shared Services & Procurement	5,361,283	5,558,639	197,356	(298,844)	(101,488)
TOTAL	25,589,507	25,310,757	(278,750)	(903,103)	(1,181,853)
Proposed carry forwards from 2012/13 to 2013/14					149,427
TOTAL NET OF CARRY FORWARDS					(1,032,426)

- 1.2 The budget for 2012/13 included approved savings of £1.088m. £1.044m (96%) of these were achieved. Savings of £44k for review of mayoral transport were not fully achieved in year due to a delay in implementing the change to the service, however alternative action was taken to mitigate the impact of this.
- 1.3 The outturn includes net use of and transfer to reserves of £903k where approval was given by Cabinet for additional funds for specific services, which are summarised in **Table 2** below.

Table 2 - Analysis of 2012/13 Use of Earmarked Reserves		
Service	Amount £	Explanation
Carry Forwards from 2011/12		
Finance	(2,720)	Restructure of service
Revenues	(50,000)	Review of single persons discount scheme
Programme Delivery	(36,507)	Purchase of performance management software
Other Specific Reserves		
Democratic Services	(2,144)	Mayor's civic awards
Human Resources	(17,813)	Deprived Area Funding grant
Programme Delivery	(43,060)	Use of specific grant
Shared Services & Procurement	(100,000)	ICT external income
Resources	(193,185)	Pay and grading protection
Resources	(530,046)	Redundancy payments
Reserves and Windfall Income		
Finance	72,372	Insurance rebates
Total Use of Reserves	(903,103)	

1.4 Carry forwards are a means of recognising sound budget management by allowing the carry forward of planned revenue underspends and / or achieved revenue savings, excluding the use of windfalls / unplanned underspends / savings. This is dependent on achievement of planned service delivery targets / outcomes and a balanced position council wide at year end. Approval for under / overspend carry forwards rests with Cabinet, on the advice of the CFO. Total revenue carry forward requests of £149k are recommended for approval, and a breakdown is provided below –

- £50k - Upgrade of human resources management system
- £18k - Caseworker in human resources to support front line services
- £59k - Develop capacity for agile working in revenues following implementation of Working Smarter guidelines
- £22k - Support for transition of education team within finance

1.5 The main reasons for the underspend position for services within the remit of the Panel are as follows:

- Posts were held vacant by services to meet savings in 2013/14 with delays in recruiting to vacant posts within internal audit, legal services and programme delivery as services considered the necessity of filling posts on a like for like basis.
- Reduction of expenditure on supplies and services due to more efficient use of in-house facilities such as meeting rooms, print and design, catering services and provision of training. Spend on professional fees, such as external audit fees, was significantly lower than previous years.

- There were overspends within benefits and customer service relating to use of agency staff to cover duties while existing staff were seconded to the Working Smarter project.
- A full analysis of variances is shown in **Appendix 1**.

2 Capital Outturn 2012/13

- 2.1 The capital outturn for 2012/13 for the schemes under the remit of this panel is an underspend against budget of **£1.449m**, of which £975k has been approved to be carried forward into 2013/14, resulting in a net underspend of **£473k**. **Table 3** provides a summary by service.

Table 3 - Draft Capital Outturn 2012/13					
Service	Annual Budget £	Final Outturn £	Year End Variance £	Carry forward to 2013/14 £	Variance Net of c/fwds £
<u>Council Funded Schemes</u>					
Bloxwich library	9,447	9,447	0	0	0
communications room					
Disaster recovery scheme	220,241	202,992	(17,249)	17,249	0
Delivering - Right Fast and Simple	794,000	285,148	(508,852)	358,852	(150,000)
ICT - European Directive mapping	29,700	29,699	(1)	0	(1)
ICT - Server Upgrades	77,415	18,129	(59,286)	59,286	0
Benefits - home working	84,523	37,821	(46,702)	0	(46,702)
ICT – essential network maintenance	33,000	33,450	450	0	450
ICT - Replacement of essential Network Connections	92,400	58,141	(34,259)	34,259	0
Risk management	100,000	575	(99,425)	0	(99,425)
Benefits – software	9,257	0	(9,257)	0	(9,257)
Self-insured property damage	200,000	31,619	(168,381)	0	(168,381)
Total Council Funded	1,649,983	707,021	(942,962)	469,646	(473,316)
<u>Prudential Borrowing schemes</u>					
Finance Direct/Oracle	186,500	20,899	(165,601)	165,601	0
Total Prudential Funded	186,500	20,899	(165,601)	165,601	0
<u>Externally Funded Schemes</u>					
Investing in working smarter	340,000	0	(340,000)	340,000	0
Speedmaster - Print Room	9,650	9,650	0	0	0
Total Externally Funded	349,650	9,650	(340,000)	340,000	0
TOTAL	2,186,133	737,570	(1,448,563)	975,247	(473,316)

Appendix 1 - Reasons for revenue variations

Service	Reason/explanation for variance (+/-£25k)	Variance £
Benefits	Use of agency staff to cover staffing pressures due to secondments and cost of bringing the external call centre in house	182,090
Communications	Underspend due to vacant posts and underspend on supplies and services	(55,582)
Democratic Services	Underspend mainly due to reduced expenditure on member allowances	(70,868)
Customer Service	Overspend on agency costs as staff supporting Working Smarter objectives	121,658
Electoral Services	Reduced spend on police commissioner elections	(40,081)
Finance	Delays in recruiting to vacancies, reduction in supplies and services expenditure and additional income from the transition of education services.	(469,083)
Human Resources	Posts being held vacant in advance of savings next year	(287,698)
Internal Audit	Delays in recruiting to vacant posts and efficient use of supplies and services budgets	(97,240)
Legal	Vacant posts and income received from planning applications	(128,729)
Programme Delivery	Vacant posts being held pending restructure of service	(83,547)
Revenues	Underspend on salaries, cashiers service and printing costs	(151,285)
Shared Services and Procurement	Vacant posts being held pending restructures in ICT and Procurement	(101,488)
TOTAL VARIANCE		(1,181,853)