

## **CORPORATE SCRUTINY AND PERFORMANCE PANEL**

**Agenda    Item**  
**No. 6**

**DATE:    17 JULY 2014**

### **REVENUE AND CAPITAL OUTTURN 2013/14 (PRE-AUDIT)**

**Ward(s)**                      All

#### **Portfolio:**

Councillor Bird - Leader of the Council

#### **Summary of report**

This report summarises the pre-audit revenue and capital outturn position for the year ended 31 March 2014, subject to external audit, for services within the remit of the Corporate Scrutiny and Performance Panel.

#### **Recommendation**

To note that the pre-audit 2014/15 year end financial position for services under the remit of the Corporate Scrutiny and Performance Panel, is a revenue underspend against budget of **£720k** (net of use of earmarked reserves and carry forwards), and a capital underspend of **£260k** (net of approved carry forwards into 2014/15).

#### **Background papers**

Various financial working papers  
Quarterly reporting to Scrutiny Panels throughout the year  
2013/14 Budget Book on Council's Internet and Intranet

#### **Reason for scrutiny**

To inform the panel of the pre-audit financial position for 2013/14.

#### **Signed:**



**Chief Finance Officer:** James T Walsh

**Date:**                      xxxxxx 2014

## **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 where possible, with any remaining variances against budget 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 2013/14

- 1.1 The pre-audit revenue outturn for 2013/14 for the services under the remit of the Corporate Scrutiny and Performance Panel is an overspend against budget of **£720k** (net of the use of earmarked reserves / carry forwards). This position is subject to external audit which will take place during July / August. Table 1 provides a summary by service, and a full analysis of the material variances is shown in **Appendix 1**.

<b>Table 1 – Pre-Audit Revenue Outturn 2013/14</b>					
<b>Service</b>	<b>Annual Budget £</b>	<b>Year End Actual £</b>	<b>Year End Variance £</b>	<b>Use of Reserves / Transfer to Reserves £</b>	<b>Variance Net of Reserves (Under)/ Overspend £</b>
Benefits	1,335,146	1,519,846	184,700	222,752	407,452
Customer Service	617,596	799,164	181,568	(117,742)	63,826
Housing	714,470	874,041	159,571	(280,550)	(120,979)
Revenues	2,556,781	2,617,443	60,662	(256,156)	(195,494)
<b>Sub Total Money Home Job</b>	<b>5,223,993</b>	<b>5,810,493</b>	<b>586,500</b>	<b>(431,696)</b>	<b>154,804</b>
Communications	663,330	598,853	(64,477)	(38,949)	(103,426)
Democratic Services	1,924,869	1,868,344	(56,525)	(5,417)	(61,942)
Electoral Services	327,321	280,249	(47,072)	16,062	(31,010)
Finance	5,135,436	4,672,769	(462,667)	180,008	(282,659)
Human Resources	3,365,120	3,392,360	27,240	(151,497)	(124,257)
Internal Audit	583,154	496,201	(86,953)	0	(86,953)
Legal	1,633,539	2,581,664	948,125	(1,049,368)	(101,243)
Procurement	345,717	478,745	133,028	(78,801)	54,227
Programme Delivery	1,615,545	1,942,557	327,012	(309,030)	17,982
Shared Services	5,623,478	5,369,022	(254,456)	(84,765)	(339,221)
<b>Sub Total Other Resources</b>	<b>21,217,509</b>	<b>21,680,762</b>	<b>463,253</b>	<b>(1,521,757)</b>	<b>(1,058,504)</b>
<b>Total Resources</b>	<b>26,441,502</b>	<b>27,491,255</b>	<b>1,049,753</b>	<b>(1,953,453)</b>	<b>(903,700)</b>
Targeted Council-Wide	(1,449,000)	0	1,449,000	0	1,449,000
Contract Negotiation Savings					
Central Costs (shown under Corporate)	2,929,687	2,936,887	7,200	(24,623)	(17,423)
<b>TOTAL</b>	<b>27,922,189</b>	<b>30,428,142</b>	<b>2,505,953</b>	<b>(1,978,076)</b>	<b>527,877</b>
Approved carry forwards from 2013/14 to 2014/15					192,000
<b>TOTAL NET OF CARRY FORWARDS</b>					<b>719,877</b>

- 1.2 The budget for 2013/14 included approved savings of £3.616m. £2.167m (60%) of these savings were achieved. Targeted council-wide contract negotiation savings of £1.5m were not achieved in full, with £1.449m remaining to be delivered. The Chief Finance Officer is currently leading the development of a work programme to accurately forecast the savings that can realistically be achieved in 2014/15.

- 1.3 The outturn includes use of and transfer to reserves of (£1.978m) where approval was given by Cabinet for additional funds during 2013/14 or to transfer funding to future years to meet the cost for specific services. These are summarised in **Table 2** below.

<b>Table 2 - Analysis of 2013/14 Earmarked Reserves</b>		
<b>Service</b>	<b>Amount (£)</b>	<b>Explanation</b>
<b>Use of Reserves</b>		
Benefits	(100,391)	Discretionary housing payments
Benefits	(381,805)	Redundancy and pension costs
Benefits	(36,000)	Working Smarter
Customer Service	(117,742)	Redundancy and pension costs
Housing	(63,583)	Redundancy and pension costs
Housing	(20,000)	Use of grant c/f - Rough sleepers
Housing	(28,702)	Use of grant c/f - Repossession grant
Housing	(75,694)	Use of grant c/f - Handyman grant
Housing	(31,567)	Use of grant c/f Preventing homelessness
Housing	(2,114)	Saving energy through Warm Homes
Housing	(43,100)	Use of grant c/f - refurbishment of homeless projects
Housing	(146)	Use of grant c/f - Prevention grant
Housing	(16,017)	New Homes Bonus
Housing	(28,328)	Reducing under occupancy
Revenues	(162,156)	Redundancy and pension costs
Revenues	(35,000)	Revenues restructure
Revenues	(59,000)	Development of capacity to support agile working
Communications	(38,949)	Redundancy and pension costs
Democratic Services	(5,417)	Mayors civic awards
Finance	(4,225)	Risk management training
Human Resources	(43,819)	Redundancy and pension costs
Human Resources	(7,066)	Use of grant c/f - Deprived Area Funding
Human Resources	(9,112)	Recruitability Scheme
Human Resources	(54,000)	Specialist TUPE projects
Human Resources	(20,000)	Provision of face to face counselling
Human Resources	(17,500)	Assisting management to deal with HR investigations
Legal	(58,021)	Enhancing Commissioning in Children's Services – Legal Support
Legal	(981,215)	Specialist legal advice
Legal	(10,132)	Redundancy and pension costs
Procurement	(23,790)	Redundancy and pension costs
Procurement	(55,011)	Contract review costs
Programme Delivery	(41,798)	Redundancy and pension costs
Programme Delivery	(255,232)	Working Smarter
Programme Delivery	(12,000)	Information Management Project
Shared Services	(92,865)	Redundancy and pension costs

Central Costs	(24,623)	Temporary staff costs for equal pay legal advice
Service	Amount (£)	Explanation
<b>Transfer to reserves</b>		
Benefits	740,948	Crisis Support Scheme – unspent 13/14 grant
Electoral Services	16,062	Maximising Registration – Elections
Housing	15,701	Housing improvement projects
Housing	13,000	Fuel Poverty Grant- Revenue (IFRS)
Shared Services	8,100	DEFRA Grant - Inspire new burdens funding
<b>Windfall Income</b>		
Finance	184,233	Additional traded services income
<b>Total Use of Reserves</b>	<b>(1,978,076)</b>	

1.4 Carry forwards are a means of recognising sound budget management by allowing the transfer of planned revenue underspends and / or achieved revenue savings, excluding the use of windfalls / unplanned underspends / savings from one year to the next. Approval for carry forward of under / overspend rests with Cabinet, based on the advice of the CFO, taking into consideration the corporate outturn position.

1.5 Total revenue carry forward requests of £192k were approved by Cabinet, and a breakdown is provided below –

- £184k - Extension of temporary staff contracts with My Money My Home My Job
- £8k - Provision of temporary staffing resources within Internal Audit

## 2 Capital Outturn 2013/14

2.1 The capital outturn for 2013/14 for the schemes within the remit of the panel is an underspend against budget of **£2.445m**, of which £2.185m has been approved for carry forward into 2014/15, resulting in a net underspend of **£260k**. **Table 3** below provides a summary by scheme.

**Table 3 – Pre-Audit Capital Outturn 2013/14**

<b>Service</b>	<b>Annual Budget £</b>	<b>Final Outturn £</b>	<b>Year End Variance £</b>	<b>Carry forward to 2014/15 £</b>	<b>Variance Net of c/fwds £</b>	<b>Comments</b>
<b><u>Council Funded Schemes</u></b>						
Risk management	3,315	3,315	0	0	0	
Self-insured property damage	29,678	29,678	0	0	0	
Aids and adaptations	2,122,578	1,581,050	(541,528)	541,528	0	The carry forward is required for current commitments which will be paid in the next financial year.
Health through warmth and related Retro Fit schemes	804,834	210,520	(594,314)	382,164	(212,150)	Government has 'back-tracked' on its commitment to force energy companies to spend funding on energy works and slipped the timescale on the funds that the Council allocated to supporting gap funding for energy company obligation work. £382k is not required in 2013/14 but will be needed in 2014/15.
Refurbishment and Improvement of remaining Housing Projects	31,012	2,755	(28,257)	0	(28,257)	These funds were returned centrally as the service was focussing on delivering larger capital projects in year
Disaster recovery scheme	17,249	17,237	(12)	0	(12)	
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	59,286	59,286	0	0	0	

<b>Service</b>	<b>Annual Budget £</b>	<b>Final Outturn £</b>	<b>Year End Variance £</b>	<b>Carry forward to 2014/15 £</b>	<b>Variance Net of c/fwds £</b>	<b>Comments</b>
Replace essential Wide Area Network data circuits	55,380	38,435	(16,945)	16,945	0	Project delay awaiting decision on future of several sites that need upgrading
Essential Enhancement to Data Security Systems	60,000	25,512	(34,488)	14,488	(20,000)	Spend is reliant on Government's public sector network submission to ensure compliance with government standards. Awaiting report to be published.
Bring your own device security layers	70,000	16,535	(53,465)	53,465	0	Project slipped six months due to staff shortage. Estimated project completion now November 2014.
Council wide IT rolling replacement and upgrade: Telephony & Windows 7	1,180,959	643,262	(537,697)	537,697	0	Project delays due to work prioritisation. Focus was on completing full council upgrade to Win 7 by March 31 2014. This may cause delay in other elements of the project into 2014/15 such as telephony and storage
DRFS - Central storage expansion	28,021	28,021	0	0	0	
DRFS - Exchange Upgrade	149,594	16,025	(133,569)	133,569	0	Scheme delayed due to prioritisation of other schemes. Team working at full capacity to deliver other time pressured projects.
DRFS - Trent upgrade	123,903	123,915	12	0	12	
DRFS - Document management	57,334	57,334	0	0	0	
N3 Link for Public Health	0	0	0	0	0	
WiFi in the council house	21,954	21,954	0	0	0	

<b>Service</b>	<b>Annual Budget £</b>	<b>Final Outturn £</b>	<b>Year End Variance £</b>	<b>Carry forward to 2014/15 £</b>	<b>Variance Net of c/fwds £</b>	<b>Comments</b>
Finance Direct/Oracle	165,601	0	(165,601)	165,601	0	Funding to be spent on planned upgrades to Oracle and Qlikview in 2014/15.
<b>Total Council Funded</b>	<b>4,980,698</b>	<b>2,874,834</b>	<b>(2,105,864)</b>	<b>1,845,457</b>	<b>(260,407)</b>	
<b><u>Externally Funded Schemes</u></b>						
Investing in working smarter	340,000	0	(340,000)	340,000	0	Planned spend on refurbishment of first stop shop and developing capacity for agile working. A request has been submitted to Walsall Partnership to formally transfer this funding to 2014/15.
Disabled facilities grant	1,355,717	1,355,717	0	0	0	
Fuel Poverty Grant	212,150	212,150	0	0	0	
<b>Total Externally Funded</b>	<b>1,907,867</b>	<b>1,567,867</b>	<b>(340,000)</b>	<b>340,000</b>	<b>0</b>	
<b>TOTAL</b>	<b>6,888,565</b>	<b>4,442,701</b>	<b>(2,445,864)</b>	<b>2,185,457</b>	<b>(260,407)</b>	



## Appendix 1 – Explanation of 2013/14 Revenue Variations by Service

Service	Reason / explanation for variance	Variance £
Benefits	This is mainly in relation to pressures on housing benefits relating to an increase in expenditure for vulnerable clients where full costs are not reimbursed through housing benefit subsidy.	407,452
Customer Service	Mainly in relation to the use of temporary staff to cover long term sickness and staff secondments where there were no backfill arrangements.	63,826
Housing	Staffing underspends arising from delays in recruitment and costs being funded from capital due to work in support of capital schemes, and the more efficient provision of repairs, alterations and maintenance services to residents.	(120,979)
Revenues	Planned holding of vacant posts in advance of a restructure of My Money My Home My Job, and smaller underspends on printing, cash collection and bank charges.	(195,494)
Communications	Mainly in relation to delays in recruitment to vacant posts.	(103,426)
Democratic Services	Small underspends on salaries, printing and members expenses.	(61,942)
Electoral Services	Mainly in relation to reduced printing costs for the service.	(31,010)
Finance	Underspend mainly relates to a planned process of holding vacant posts to support the council wide overspend position and in advance of the implementation of savings proposals for 2014/15delays in recruiting to vacant posts and reduction in training expenditure.	(282,659)
Human Resources	Holding posts vacant and staff leaving early in relation to agreed savings for 2014/15.	(124,257)
Internal Audit	Mainly due to underspend on salaries due to vacancies and delays in implementing planned ICT upgrades which will now to take place in 2014/15.	(86,953)
Legal	Underspend on salaries as a result of one-off work by staff which was funded via reserves.	(101,243)

<b>Service</b>	<b>Reason / explanation for variance</b>	<b>Variance £</b>
Procurement	Mainly in relation to under recovery of agency contract recharges, and additional costs associated with training	54,227
Programme Delivery	Mainly related to termination costs within Business Solutions	17,982
Shared Services	Mainly in relation to year end adjustments to account for the cost of various prepayments, such as the new Microsoft licensing agreement, and additional recharges for support provided in year to other Council services which in total amounted to (£521k). This was offset in part by an overspend in print and design due to a shortfall in internal income generation and pressures on the corporate photocopier budget of £114k in total, and £68k of pressures in the post room due to one off costs relating to the previous financial year	(339,221)
Targeted Council-Wide Contract Negotiation Savings	Under achievement of council wide contract negotiation savings	1,449,000
Central Costs (shown under Corporate)	Mainly related to small underspends on professional fees for external audit costs	(17,423)
<b>TOTAL VARIANCE</b>		<b>527,877</b>