

CORPORATE SCRUTINY AND PERFORMANCE PANEL

**Agenda
Item No. 7**

12 SEPTEMBER 2013

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2013/14

Ward(s) All

Portfolios: Cllr C Towe - Resources

Executive Summary:

This report summarises the predicted revenue and capital outturn position for 2013/14, based on the performance for quarter 1 (April to June 2013), for services within the remit of the Corporate Scrutiny and Performance Panel.

Recommendations:

To note that the draft 2013/14 year end financial position for services under the remit of the Resources Scrutiny and Performance Panel, is a revenue overspend of **£167k** (net of use of earmarked reserves/ carry forwards), and a capital underspend of **£205k** which will be requested to be carried forward for 2014/15.

Background papers:

Various financial working papers
2013/14 Budget Book on Council's Internet and Intranet.

Signed:



Chief Finance Officer: James Walsh

Date: 29 August 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 are put in place to mitigate overspends. Variances against budget are identified in the report.

Equality Implications:

Has an Equality Impact Assessment been carried out? No
Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

Consultation:

Senior managers within the services have been consulted and have signed off the forecast as accurate.

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Revenue Outturn 2013/14

- 1.1 The forecast revenue outturn for 2013/14 for the services under the remit of the Corporate Scrutiny and Performance Panel (as at the end of June 2013) is an overspend of £167k (net of the use of earmarked reserves). The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year end forecast and achievement of approved savings.
- 1.2 Where overspends are predicted, managers are tasked to identify remedial action that can be made within service, and to report as part of a directorate action plan. All options will continue to be explored throughout the financial year so as to minimise any forecast overspends within service, and to manage additional risks as they arise.
- 1.3 The predicted outturn includes use of reserves of £1.994m (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years.
- 1.4 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances.
- 1.5 Within the services associated with the panel there are a number of risks, totalling £1.935m which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring as overspends. If the risks become certainties then alternative action will need to be identified or it will be included in the monitoring report as overspends. A summary of the risk assessment is attached at **Appendix 2**.
- 1.6 Included within the directorate budget are approved savings of £3.616m as approved by Cabinet on 21 February 2013. A full breakdown of these can be found in the 2013/14 corporate budget book. Any savings that are not able to be achieved in year are required to have alternative savings identified and are managed closely through the services divisional management teams and in liaison with the relevant portfolio holder. The only saving flagged as unachievable is £77k for redesign of service in human resources however alternative actions are being identified in the resources directorate as a whole to offset this.

Table 1 – Forecast Revenue Outturn 2013/14 at Head of Service level

Service	Annual Budget £ k	Profiled Budget £ k	Actual to Date £ k	Variance to profiled budget £ k	Year End Forecast £ k	Year end Variance before reserves £ k	Action Plan £ k	Use of Reserves £ k	Transfer to reserves £ k	Overall Net Variance £ k
Benefits	1,340	335	64	(271)	1,511	171		(40)		131
Customer Service	619	155	201	46	748	129				129
Housing	792	198	(41)	(239)	1,280	488		(506)	18	0
Revenues	2,474	619	651	32	2,557	83		(94)		(11)
Sub Total Money Home Job	5,225	1,307	875	(432)	6,096	871	0	(640)	18	249
Communications	657	164	181	17	664	7				7
Democratic Services	1,924	481	453	(28)	1,881	(43)				(43)
Electoral Services	307	58	28	(30)	307	0				0
Finance	4,805	1,201	1,351	150	4,693	(112)				(112)
Human Resources	3,178	795	1,065	270	3,369	191		(122)		69
Internal Audit	583	146	137	(9)	613	30		(30)		0
Legal	1,577	394	685	291	2,321	744		(660)		84
Programme Delivery	1,710	427	450	23	2,003	293		(362)		(69)
Shared Services & Procurement	4,270	1,068	2,191	1,123	4,432	162		(180)		(18)
Sub Total Other Resources	19,011	4,734	6,541	1,807	20,283	1,272	0	(1,354)	0	(82)
Total	24,236	6,041	7,416	1,375	26,379	2,143	0	(1,994)	18	167
Central Costs (Shown under Corporate)	2,830	708	557	(151)	2,280	(550)		(67)		(617)

2 Forecast Capital Outturn 2013/14

- 2.1 The forecast capital outturn for 2013/14 for the schemes under the remit of this panel (as at the end of June 2013) is on budget. **Table 2** shows a summary by scheme.

Table 2 – Summary of Capital Programme – 2013/14					
Service	Annual Budget £'000	Actual to Date £'000	Year End Forecast £'000	Year End variance £'000	Carry fwd to 14/15 £'000
<u>Mainstream</u>					
Risk management	100	0	100	0	0
Self-insured property damage	200	0	200	0	0
Aids and adaptations	1,775	176	1,775	0	0
Health through warmth and related Retro Fit schemes	805	281	805	0	0
Refurbishment and Improvement of remaining Housing Projects	31	(29)	31	0	0
Disaster recovery scheme	17	11	17	0	0
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	59	0	59	0	0
Wide Area Network data circuits	55	9	55	0	0
Essential Enhancement to Data Security Systems	60	0	60	0	0
Bring your own device security layers	70	8	35	(35)	35
Council wide IT planning rolling replacement and upgrade: Telephony & Upgrade of Windows	1,181	0	1,181	0	0
Delivering – Right, Fast and Simple	359	19	229	(130)	130
Finance Direct/Oracle	166	0	126	(40)	40
Total Mainstream	4,878	475	4,673	(205)	205
<u>Non Mainstream</u>					
Investing in working smarter	340	10	340	0	0
Disabled facilities grant	1,356	134	1,356	0	0
Fuel Poverty Grant	212	0	212	0	0
Gypsy & Travellers	20	0	20	0	0
Total Non Mainstream	1,928	144	1,928	0	0
Total Resources Capital	6,806	619	6,601	(205)	205

Appendix 1 - Reasons For Revenue Variations

SERVICE	REASON / EXPLANATION FOR VARIANCE	VARIANCE £'000
Benefits	Use of temporary staff to manage work pressures arising from Welfare Reform changes and adapting to new ways of working	131
Customer Service	Overspend due to use of temporary staff as a result of long term sickness and staffing cover required while adapting to new ways of working	128
Democratic Services	Underspend on salaries, printing and members expenses	(42)
Finance	Underspend on salaries due to delays in recruiting to vacant posts and underspend on training	(112)
Human Resources	Recruitment of interim manager	69
Legal	Overspend on locum costs	85
Programme Delivery	Delay in recruiting to vacant posts as new structure is being finalised	(68)
	Other non material variances	(24)
TOTAL VARIANCE		167

Appendix 2 Financial Risk Assessment - Revenue Budget 2012/13

	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	TOTAL FINANCIAL EXPOSURE
POTENTIAL RISK	£'000		£'000	£'000
Benefits - Discretionary housing payments shortfall	n/a	Low	n/a	0
Communications - Income shortfall	5	Medium	19	8
Electoral Services - Shortfall in funding to deliver individual registration	30	Low	30	6
Electoral Services - Possible additional by-election	30	Low	30	6
Finance - Shortfall in right to buy income	0	Low	50	10
Finance - Rise in insurance premiums	100	Low	100	20
Finance - Uncertain interest rates	250	High	250	150
Human Resources - Failure of payroll server	200	Low	200	40
Human Resources - Loss of income from traded services	75	Medium	75	30
Human Resources - Training programme	38	Low	38	8
Internal Audit - Risk of additional audits required	50	Low	50	10
Legal - Reduction of income from planning applications	20	Medium	20	8
Legal - Loss of income from traded services	40	Medium	40	16
Procurement - Slippage on achievement of savings	500	High	1,500	1,500
Procurement - Reduction of agency tax income	0	Low	200	40
Information Technology - Increase in professional fees	40	Medium	40	16
Information Technology - Increase in staffing costs	42	High	42	25
Information Technology - Security to council data	36	High	36	22
Information Technology - Additional training costs	60	Low	60	12
Print and design - Increase in professional fees	20	Medium	20	8
Council wide - Employment tribunals	n/a	n/a	n/a	0
Council wide - Slow economic recovery	n/a	n/a	n/a	0
Total	1,536		2,800	1,935

