

CORPORATE SCRUTINY AND PERFORMANCE PANEL

**Agenda Item
No.**

DATE: 26 FEBRUARY 2013

QUARTER 3 FINANCIAL MONITORING POSITION FOR 2012/13

Ward(s) All

Portfolio:

Councillor Towe – Finance and personnel
Councillor Arif – Business support

Summary of report

This report summarises the predicted revenue and capital outturn position for 2012/13, based on the performance to the end of quarter 3 (April to December 2012), for services within the remit of the Corporate Scrutiny and Performance Panel.

Recommendation

To note that the 2012/13 forecast year end financial position for services under the remit of the panel is an underspend of £691k after the use of approved reserves and carry forwards. The capital budget is forecast to show an underspend of £527k, £352k of which will be requested to be carried forward to 2013/14.

Background papers

Various financial working papers
2012/13 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2012/13 for services within the remit of this panel.

Signed:



Chief Finance Officer: James Walsh

Date: 05.02.13

Resource and legal considerations

Services are required to manage their service within budget. Overspends may arise for a number of reasons including national economic and local factors. Further detail is provided within this report.

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. Corrective action plans will be put in place to mitigate overspends within service. 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

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

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1 Forecast Revenue Outturn 2012/13

- 1.1 The forecast revenue outturn for 2012/13 for the services under the remit of the panel (based on the position as at the end of December 2012) is an underspend against budget of £691k (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 forecasts and achievement of approved savings.
- 1.2 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances. The main reasons for the underspend are services continuing to hold posts vacant in advance of the requirement to make savings in future years and one-off savings arising from delays in appointing to vacant posts. This is mitigated in part by use of agency staff to cover short term staffing pressures in housing benefits and the first stop shop.
- 1.3 The predicted outturn includes use of reserves of £613k (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years.
- 1.4 In accordance with the council's medium term financial strategy, all income should be assessed in year and any surplus income received in excess of budget will be returned centrally. Income of £22k from risk and insurance and £81k from recovery of court costs have been classed as windfall income and will be transferred to reserves.
- 1.5 Within the services associated with the panel there are a number of risks totalling £47k which are not currently included within the above forecast as at this stage the risks are not certainties. If the risks become certainties then alternative action will need to be identified and it will be included in the monitoring report. A summary of the risk assessment is attached at **Appendix 2**.
- 1.6 Included within the directorate budget are approved 2012/13 new investments and savings, as approved by Cabinet on 23 February 2012, totalling £555k and £1.088m respectively. A full breakdown of these can be found in the 2012/13 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 management teams and in liaison with the relevant portfolio holder. The savings for review of mayoral transport (£44k) is not currently being achieved and is shown in the forecast outturn as an overspend. The saving for a joint admin pool in legal and democratic services (£35k) will be delivered via alternative actions. All other savings are on target.

Table 1 Forecast revenue outturn Quarter 2 2012/13

Service Area	Annual Budget £'000	Profiled Budget £'000	Actual To Date £'000	Variance to profiled budget £'000	Year End Forecast £'000	Year End Variance before reserves £'000	Use of reserves £'000	Transfer to reserves £'000	Variance after Use of Reserves £'000
Benefits	996	747	658	(89)	1,366	370	(230)	0	140
Business Solutions	0	0	(7)	(7)	0	0	0	0	0
Communications	799	599	588	(11)	776	(23)	(11)	0	(34)
Constitutional & Mayoral Service	1,792	1,344	1,330	(13)	1,786	(6)	(13)	0	(19)
Electoral Services	503	437	438	1	495	(8)	0	0	(8)
Finance	4,969	3,726	3,452	(274)	4,786	(183)	(22)	22	(183)
First Stop Shop	591	443	556	113	719	128	(10)	0	119
Human Resources	3,703	2,777	2,551	(226)	3,414	(289)	(21)	0	(310)
Internal Audit	598	448	351	(97)	502	(96)	0	0	(96)
Legal	1,580	1,185	1,149	(36)	1,518	(62)	0	0	(62)
Programme Delivery	1,827	1,370	1,267	(104)	1,861	33	(83)	0	(49)
Revenues	2,443	1,832	1,807	(25)	2,407	(36)	(58)	81	(13)
Shared Services & Procurement	5,303	3,977	4,195	218	5,295	(8)	(166)	0	(175)
Budget for monitoring purposes	25,104	18,886	18,336	(550)	24,923	(181)	(613)	103	(691)

2 Forecast Capital Outturn 2012/13

2.1 The forecast capital outturn for 2012/13 for the schemes under the remit of this panel (as at the end of December 2012) is an underspend of £527k, of which £352k will be requested to be carried forward to 2013/14. **Table 2** shows a summary by scheme.

Table 2 – Summary of Capital Programme – Quarter 2 2012/13					
Scheme	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Request for carry forward £'000	Year End Underspend £'000
Risk management	100	0	50	0	50
Self insured property damage	200	0	100	0	100
Increased productivity to be delivered by home working	85	28	55	(10)	20
Software to automate benefit application forms	9	0	9	0	0
Bloxwich library comms room	9	9	9	0	0
Disaster recovery scheme	220	102	220	0	0
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	77	16	77	0	0
European Directive - mapping	30	5	25	0	5
Network Internet and External Security essential maintenance and Upgrade	33	21	33	0	0
Replace essential Wide Area Network data circuits	92	1	50	(42)	0
Delivering - Right Fast and Simple	644	147	644	0	0
Finance Direct	187	21	187	0	0
Investing in working smarter	340	22	40	(300)	0
Total Capital	2,026	372	1,499	(352)	175

Appendix 1 - Reasons For Revenue Variations

SERVICE	REASON / EXPLANATION FOR VARIANCE	VARIANCE (Underspend) £'000
Human Resources	Holding posts vacant and reduced spend on training and development	(310)
Finance	Holding posts vacant	(183)
Shared Services and Procurement	Underspend on salaries due to recruitment delays	(175)
Internal Audit	Underspend on salaries due to recruitment delays and reduction in non-essential spend	(96)
Legal	Holding posts vacant	(62)
Programme Delivery	Holding posts vacant in advance of restructure of service	(49)
Communications	Maternity leave and reduction in non-essential spend	(34)
First Stop Shop	Use of agency staff and loss of blue badge income	119
Benefits	Use of agency staff to cover staffing pressures and transition of call centre work from external provider to in-house	140
	Other non material variances	(41)
TOTAL VARIANCE (UNDERSPEND)		(691)

Appendix 2 Financial Risk Assessment - Revenue Budget 2012/13

POTENTIAL RISK	LOWEST COST £'000	ASSESSMENT OF RISK	HIGHEST COST £'000	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £'000
Benefits - historically less reliance is placed on overpayment figures produced by the computer system at this stage of the year. There is a risk that the overpayment figures might fluctuate greatly at year end resulting in less income than is currently expected.	0	Low	100	Low	20
External staffing cover may be required for legal staff who are reviewing more cases following recent inspections	0	Medium	30	Medium	12
Loss of traded services contracts in human resources as schools change to academy status and take their business elsewhere	0	Medium	47	Medium	9
By-election may have to be scheduled if a member's seat becomes vacant	0	Low	30	Low	6
Total	0		207		47