

**CORPORATE
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 5**

DATE: 19 JULY 2012

DRAFT REVENUE AND CAPITAL OUTTURN 2011/12 (PRE-AUDIT)

Ward(s) All

Portfolio:

Councillor Towe – Finance and personnel
Councillor Arif – Business support services

Summary of report

This report summarises the draft revenue and capital outturn position for the year ended 2011/12, subject to external audit, for services within the remit of the Corporate Scrutiny and Performance Panel.

Recommendation

To note that the draft 2011/12 year end financial position for services under the remit of the Corporate Scrutiny and Performance Panel, is a revenue underspend against budget of **£998k** (net of use of earmarked reserves/ carry forwards), and a capital underspend of **£730k** (net of approved carry forward into 2012/13).

Background papers

Various financial working papers.
Quarterly reporting to Scrutiny Panels throughout year
2011/12 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the pre-audit financial position for 2011/12.

Signed:



Chief Finance Officer: James T Walsh

Date: 29 June 2012

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 2011/12

- 1.1 The draft revenue outturn for 2011/12 for the services under the remit of the Corporate Scrutiny and Performance Panel is an underspend against budget of **£998k** (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**.

Service	Annual Budget £	Year End Actual £	Year End Variance £	Use of Reserves / Approved carry Forward £	Variance Net of Reserves (Under)/ Overspend £
Finance	5,300,860	4,999,040	(301,820)	(81,400)	(383,220)
Revenues	2,473,398	2,305,091	(168,307)	149,322	(18,985)
Benefits	476,970	(244,029)	(720,999)	629,014	(91,985)
Internal Audit	583,908	415,090	(168,818)	(5,223)	(174,041)
Legal	1,626,070	1,563,827	(62,243)	(135,901)	(198,144)
Constitutional & Mayoral Services	1,893,460	1,794,216	(99,244)	(35,686)	(134,929)
Electoral Services	541,648	447,673	(93,975)	10,263	(83,711)
Human Resources	3,744,667	3,826,416	81,749	(76,859)	4,890
Communications	839,600	854,484	14,884	(11,895)	2,989
Business Solutions	0	43,407	43,407	(44,441)	(1,034)
Programme Delivery	2,001,306	1,871,432	(129,874)	(53,442)	(183,316)
Shared Services & Procurement	5,314,915	5,653,155	338,240	(74,572)	263,668
TOTAL CORPORATE	24,796,802	23,529,803	(1,266,999)	269,180	(997,819)

- 1.2 The budget for 2011/12 included approved savings of £2.225m. £2.117m (95%) of these were achieved with no issues and alternative savings were identified within to ensure the directorate met its overall target required.
- 1.3 The outturn includes net use of and transfers to reserves of £269k where approval was given by Cabinet for additional funds for specific services, and includes approved carry forwards from 2011/12 to 2012/13 where applicable. **Table 2** provides a summary of these.

Table 2 - Analysis of 2011/12 Use of Earmarked Reserves		
Service	Amount £	Explanation
Carry Forwards from 2010/11		
Legal	(20,000)	Staffing costs
Revenues	(28,000)	Fixed term post to oversee single person discount review 2011/12
Legal	(99,754)	Compensation costs
Human Resources	(26,729)	HR specialist TUPE projects 2011/12
Human Resources	(81,705)	Sickness Absence Centre
Human Resources	(150,117)	Redundancy and pension costs
Human Resources	(180,152)	Deprived Area Funding (DAF)
Business Solutions	(44,441)	RIEP funding
Benefits	(45,715)	Department of Work and Pensions income in advance
Various	(374,050)	Pay and grading protection costs
Approved Transfer to Reserves		
Revenues	134,987	Recovery of court costs
Benefits	105,803	Overpayment incentive grant
Benefits	506,745	Housing benefit overpayments
Electoral Services	13,684	Elections grant
Human Resources	315,979	HR specialist TUPE projects 2012/13
Legal	101	Refund of Business Rates
Shared Services and Procurement	72,000	Income received in advance
Benefits	70,000	Discretionary housing payments
Human Resources	50,000	Recruitability scheme
Constitutional and Mayoral Services	543	Mayors Civic Awards
Approved Carry Forwards to 2012/13		
Revenues	50,000	Single person discount review 2012/13
Total Use of Reserves	269,180	

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

- Services holding posts vacant in advance of planned restructures within benefits, revenues and programme delivery to enable delivery of future years savings.
- Other services such as legal, finance and internal audit have not recruited to posts pending the completion of the pay and grading process or have faced difficulties recruiting to posts due to the uncertain economic climate.
- Although many services within the remit of this panel are underspending, there were overspends arising in print and design due to under achievement of income from internal and external sources. These overspends were predicted over the course of the year and corrective action plans were identified in other services to mitigate the overspends arising.
- Full analysis of the variances is shown in **Appendix 1**.

- 1.5 The impact of the recession has caused pressures on income targets which is anticipated to continue to affect income levels going forward. This has been recognised as part of the budget setting process for 2012/13, with £416k investment approved to adjust the following income budgets
- £300k amendment to the print and design external income target to mitigate ongoing shortfall
 - £116k was approved to mitigate against the reduction in housing benefit administration grant

2 Capital Outturn 2011/12

- 2.1 The capital outturn for 2011/12 for the schemes under the remit of this panel is an underspend against budget of **£1.953m**, of which **£1.223m** has been approved to be carried forward into 2012/13, resulting in a net underspend of **£730k**. **Table 3** overleaf provides a summary by scheme.

Table 3 - Draft Capital Outturn 2011/12					
Service	Annual Budget £	Final Outturn £	Year End Variance £	Slippage to 2012/13 £	Variance Net of Slippage £
<u>Mainstream Resources</u>					
Risk management	187,240	42,249	(144,991)	0	(144,991)
Self-insured property damage	345,252	237,189	(108,063)	0	(108,063)
Increased productivity to be delivered by home working	150,000	65,477	(84,523)	84,523	0
Software to automate benefit application forms	9,257	0	(9,257)	9,257	0
Bloxwich library communications room	9,447	0	(9,447)	9,447	0
Disaster recovery scheme	140,000	17,759	(122,241)	122,241	0
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	182,436	105,021	(77,415)	77,415	0
Delivering - Right Fast and Simple	500,000	0	(500,000)	394,000	(106,000)
Total Mainstream	2,137,631	467,695	(1,055,937)	696,883	(359,054)
<u>Unsupported Borrowing</u>					
Finance Direct/Oracle	720,000	162,716	(557,284)	186,500	(370,784)
Total Unsupported Borrowing	720,000	162,716	(557,284)	186,500	(370,784)
<u>Non Mainstream Resources</u>					
Investing in working smarter	340,000	0	(340,000)	340,000	0
Total Non Mainstream	340,000	0	(340,000)	340,000	0
TOTAL CORPORATE	3,197,631	630,411	(1,953,221)	1,223,383	(729,838)

Appendix 1 - Reasons for revenue variations

Service	Reason/explanation for variance (+/-£25k)	Variance £
Finance	Holding posts vacant and savings on external audit costs	(383,220)
Revenues		(18,985)
Benefits	Underspend on printing, car allowances and general running costs	(91,985)
Internal Audit	Posts remained vacant due to difficulties in recruitment	(174,041)
Legal	Holding posts vacant and salary savings arising from maternity leave	(198,144)
Constitutional & Mayoral	Posts held vacant prior to pay and grading outcome, underspend on supplies and services, underspend on members costs due to time delay in replacing members	(134,929)
Electoral Services	Underspend on materials and postage costs	(83,711)
Human Resources and Development		4,890
Communications		2,989
Business Solutions		(1,034)
Programme Delivery	Holding posts vacant in advance of restructure of service	(183,316)
Shared Services and Procurement	Under achievement of income from internal and external sources in print and design	263,668
TOTAL VARIANCE		(997,819)