

CORPORATE SCRUTINY AND PERFORMANCE PANEL

**Agenda
Item No. 6**

22 OCTOBER 2013

QUARTER 2 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 2 (April to September 2013), for services within the remit of the Resources 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 **£834k** (net of use of earmarked reserves/ carry forwards), and a capital underspend of **£232k**, subject to year end Cabinet approval of £661k carry forwards to 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: 11 October 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.


Contact Officers:

Mohammed Irfan – Senior Accountancy Officer

 01922 652330


irfanm@walsall.gov.uk

Ross Hutchinson – Lead Accountant

 01922 658411

hutchinsonr@walsall.gov.uk

Lloyd Haynes – Senior Finance Manager

 01922 652340

haynesl@walsall.gov.uk

Revenue Outturn 2013/14

- 1.1 The forecast revenue outturn for 2013/14 for the services under the remit of the Resources Scrutiny and Performance Panel (as at the end of June 2013) is an overspend of £834k (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 £2.374m (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 £413k 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. There are currently £1.577m of savings identified as unachievable, £77k relating to the redesign of service in human resources where alternative actions are being identified in the resources directorate as a whole to offset this, and £1.5m relating to council wide procurement savings where the service is working with all directorates to identify actual savings that can be achieved in year.

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	670	6,825	6,155	1,241	(99)	0	(125)	327	104
Customer Service	619	310	352	43	740	120	0	0	0	120
Housing	806	403	190	(213)	1,288	481	0	(537)	27	(29)
Revenues	2,557	1,278	1,602	324	2,540	(17)	0	(94)	0	(111)
Sub Total Money Home Job	5,323	2,661	8,969	6,308	5,809	486	0	(756)	354	84
Communications	663	332	275	(56)	632	(31)	0	0	0	(31)
Democratic Services	1,924	962	904	(58)	1,875	(48)	0	0	0	(48)
Electoral Services	307	112	79	(33)	307	0	0	0	0	()
Finance	5,202	2,601	2,587	(14)	4,879	(322)	0	0	0	(322)
Human Resources	3,328	1,664	1,391	(273)	3,467	139	0	(122)	0	17
Internal Audit	583	292	258	(33)	613	30	0	(30)	0	0
Legal	1,634	817	1,115	299	2,460	826	0	(740)	0	86
Programme Delivery	1,590	795	901	106	1,940	351	0	(428)	0	(77)
Shared Services & Procurement	5,784	2,893	3,774	882	5,889	105	0	(173)	0	(68)
Sub Total Other Resources	21,015	10,468	11,284	820	22,062	1,050	0	(1,493)	0	(443)
Total Resources	26,337	13,127	20,253	7,126	27,871	1,534	0	(2,248)	354	(360)
Council Wide Procurement Savings	(1,500)	(750)	0	750	0	1,500	0	0	0	1,500
Central Costs (shown under Corporate)	2,776	1388	2966	1578	2,596	(180)	0	(126)	0	(306)
Total	27,613	13,765	23,219	9,454	30,467	2,854	0	(2,374)	354	834

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 £ k	Actual to Date £ k	Year End Forecast £ k	Year End variance £ k	Carry Forward to 2013/14 £ k
<u>Mainstream</u>					
Risk management	100	0	100	0	0
Self-insured property damage	200	0	200	0	0
Aids and adaptations (statutory element)	1,775	197	1,775	0	0
Health through warmth and related Retro Fit schemes	805	150	593	(212)	0
Refurbishment and Improvement of remaining Housing Projects	31	3	31	0	0
Disaster recovery scheme	17	12	17	0	0
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	59	0	59	0	0
Replace essential Wide Area Network data circuits	55	30	55	0	0
Essential Enhancement to Data Security Systems	60	0	40	(20)	0
Bring your own device security layers	70	8	30	(40)	40
Council wide IT planning rolling replacement and upgrade: Telephony & Upgrade of Windows	1,181	211	750	(431)	431
DRFS - Central storage expansion	28	0	28	0	0
DRFS - Exchange Upgrade	150	0	0	(150)	150
DRFS - Trent upgrade	124	120	124	0	0
DRFS - Document management	57	28	57	0	0
Finance Direct/Oracle	166	0	126	(40)	40
Total Mainstream	4,879	760	3,986	(893)	661
<u>Non Mainstream</u>					
Investing in working smarter	340	0	340	0	0
Disabled facilities grant	1,356	853	1,356	0	0
Fuel Poverty Grant	212	0	212	0	0
Gypsy & Travellers					
Total Non Mainstream	1,908	853	1,908	0	0
Total Resources Capital	6,786	1,613	5,894	(893)	661

Appendix 1 - Reasons For Revenue Variations

SERVICE	REASON / EXPLANATION FOR VARIANCE	VARIANCE £'000
Benefits	Overspend due to use of temporary staff to manage work pressures arising from Welfare Reform changes and adapting to new ways of working	104
Customer Service	Temporary staff being used to cover long term sickness and staff secondments	120
Housing	Additional income - Housing standards & Improvements	(29)
Revenues	Underspend on salaries due to recruitment delays, maternity leave, VRT and staff secondments	(111)
Communications	Staff vacancies	(31)
Democratic Services	Underspend on salaries, printing and members expenses	(48)
Finance	Underspend on salaries due to delays in recruiting to vacant posts and underspend on training	(322)
Human Resources	Recruitment of interim manager	17
Legal	Overspend on locum costs working on short term projects	86
Programme Delivery	Delay in recruiting to vacant posts as new structure is being finalised	(77)
Shared Services & Procurement	Delay in recruiting to vacant posts	(68)
Total Resources		(360)

Appendix 2 Financial Risk Assessment - Revenue Budget 2012/13

	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	TOTAL FINANCIAL EXPOSURE
POTENTIAL RISK	£ k		£ k	£ k
Benefits - Discretionary housing payments shortfall	n/a	Low	n/a	0
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
Internal Audit - Risk of additional audits required	50	Low	50	10
Procurement - Reduction of agency tax income	0	Low	100	20
ICT - Increase in professional fees	40	Medium	40	16
ICT - Increase in staffing costs	42	High	42	25
ICT - Security to council data	36	High	36	22
ICT - 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
Housing - supporting people reduction in funding	0	Low	40	8
Housing benefits income - less income due to changes in rents.	0	Medium	150	60
Total	858		1,198	413

