

11 FEBRUARY 2014

QUARTER 3 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 3 (April to December 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 the Resources directorate is an underspend of £355k, 1.33% of the net controllable budget. This forecast is after the use of £2.255m earmarked reserves and transfer to reserves, including windfall income of £1.172m.

In addition, the Central Cost allocation is currently a forecast underspend of £244k and the targeted council-wide contract negotiation savings of £1.452m are now under review and at present are forecast not to be achieved in full this year. Incorporating this into the position for the directorate overall leads to a forecast overspend of £853k.

The total Capital programme is £6.823m. An underspend of £1.371m is currently forecast, of which £992k 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: 31 January 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 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 Resources Scrutiny and Performance Panel (as at the end of December 2013) is an overspend of £853k (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 £2.381m (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 £200k 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 £1.529m 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 £1.452m relating to council wide contract negotiation 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 £'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	Windfall income £'000	Transfer to reserves £'000	Overall Net Variance £'000
Benefits	1,335	1,001	305	(696)	613	(722)	(71)	0	926	132
Customer Service	617	463	528	65	709	92	0	0	0	92
Housing	806	604	337	(268)	1,312	506	(653)	42	27	(78)
Revenues	2,557	1,918	1,808	(110)	2,548	(8)	(94)	0	0	(102)
Sub Total Money Home Job	5,315	3,986	2,978	(1,009)	5,182	(132)	(818)	42	953	44
Communications	663	497	415	(82)	600	(63)	0	0	0	(63)
Democratic Services	1,925	1,444	1,395	(49)	1,877	(48)	(7)	0	0	(54)
Electoral Services	307	216	213	(3)	307	0	0	0	0	0
Finance	5,200	3,900	3,661	(239)	4,914	(285)	0	139	0	(147)
Human Resources	3,365	2,524	2,531	7	3,370	5	(106)	0	38	(63)
Internal Audit	583	437	377	(61)	598	15	(30)	0	0	(15)
Legal	1,634	1,225	2,040	815	2,492	858	(837)	0	0	22
Programme Delivery	1,588	1,191	1,351	160	1,918	329	(402)	0	0	(73)
Procurement	386	290	383	93	493	107	(55)	0	0	52
Shared Services	5,684	4,264	4,146	(117)	5,627	(58)	0	0	0	(58)
Sub Total Other Resources	21,335	15,988	16,512	524	22,196	860	(1,437)	139	38	(399)
Total Resources	26,650	19,974	19,490	(485)	27,378	728	(2,255)	181	991	(355)
Council Wide Contract Negotiation Savings	(1,452)	(1,089)	0	1,089	0	1,452	0	0	0	1,452
Central Costs (shown under Corporate)	2,776	2,082	2,058	(24)	2,658	(118)	(126)	0	0	(244)
Total	27,974	20,967	21,548	580	30,036	2,062	(2,381)	181	991	853

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 December 2013) is on budget. **Table 2** shows a summary by scheme and **Appendix 3** shows the reasons for carry forward/variances.

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 Forward to 2014/15 £'000
<u>Mainstream</u>					
Risk management	100	1	50	(50)	0
Self-insured property damage	200	15	103	(97)	0
Aids and adaptations (statutory element)	1,775	486	1,725	(50)	(50)
Health through warmth and related Retro Fit schemes	805	177	290	(515)	(303)
Refurbishment and Improvement of remaining Housing Projects	31	28	31	0	0
Disaster recovery scheme	17	4	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	38	55	0	0
Essential Enhancement to Data Security Systems	60	6	40	(20)	0
Bring your own device security layers	70	9	35	(35)	(35)
Council wide IT planning rolling replacement and upgrade: Telephony & Upgrade of Windows	1,181	423	853	(328)	(328)
DRFS - Central storage expansion	28	26	28	0	0
DRFS - Exchange Upgrade	150	0	0	(150)	(150)
DRFS - Trent upgrade	124	124	124	0	0
DRFS - Document management	57	36	57	0	0
N3 Link for Public Health	15	0	15	0	0
WiFi in the Council House	22	13	22	0	0
Finance Direct/Oracle	166	0	40	(126)	(126)
Total Mainstream	4,915	1,386	3,544	(1,371)	(992)
<u>Non Mainstream</u>					
Investing in working smarter	340	0	340	0	0
Disabled facilities grant	1,356	1,356	1,356	0	0
Fuel Poverty Grant	212	212	212	0	0
Total Non Mainstream	1,908	1,568	1,908	0	0
Total Resources Capital	6,823	2,954	5,452	(1,371)	(992)

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	132
Customer Service	Temporary staff being used to cover long term sickness	92
Housing	Additional income - Housing standards & Improvements	(78)
Revenues	Underspend on salaries due to recruitment delays, maternity leave and VRT	(102)
Communications	Staff vacancies	(63)
Democratic Services	Underspend on salaries, printing and members expenses	(54)
Finance	Underspend on salaries due to delays in recruiting to vacant posts and underspend on training	(147)
Human Resources	Reduction in forecast training expenditure, £20k awaiting carry forward request	(63)
Internal Audit	Reduction in forecasted spend on Web Based Portal	(15)
Legal	Overspend on locum costs working on short term projects	22
Programme Delivery	Delay in recruiting to vacant posts as new structure is being finalised	(73)
Procurement	Under recovery of Agency Tax plus additional training costs	52
Shared Services	Delay in recruiting to vacant posts	(58)
Total Resources		(355)
Targeted Council-Wide Contract Negotiation Savings	Forecast unachievement of Council Wide procurement savings	1,452
Central Costs	Underspend on professional fees	(244)
Total		853

Appendix 2 Financial Risk Assessment - Revenue Budget 2013/14

	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	TOTAL FINANCIAL EXPOSURE
POTENTIAL RISK	£'000		£'000	£'000
Electoral Services - Possible additional by-election	30	Low	30	6
Finance - Rise in insurance premiums	100	Low	100	20
Finance - Uncertain interest rates	104	High	104	63
Human Resources - Failure of payroll server	93	Medium	93	37
Internal Audit - Risk of additional audits required	50	Low	50	10
ICT - Increase in professional fees	40	Medium	40	16
ICT - Increase in staffing costs	18	High	14	8
ICT - Security to council data	36	High	36	22
ICT - Additional training costs	10	Low	10	2
Print and design - Increase in professional fees	20	Low	20	4
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	8	2
Housing benefits income - less income due to changes in rents.	0	Low	50	10
Total	501		555	200

Appendix 3 – Capital Programme 2013/14							
Service	Annual Budget £'000	Actual to Date £'000	Year End Forecast £'000	Year End variance £'000	Carry Forward to 2014/15 £'000	Year end variance £'000	Reason for carry forward/variance
<u>Mainstream</u>							
Risk management	100	1	50	(50)	0	(50)	Forecast revised based on current levels of spend and known commitments, however due to the uncertain nature of this scheme this will be kept under review.
Self-insured property damage	200	15	103	(97)	0	(97)	Forecast revised based on current levels of spend and known commitments, however due to the uncertain nature of this scheme this will be kept under review.

Service	Annual Budget	Actual to Date	Year End Forecast	Year End variance	Carry Forward to 2014/15	Year end variance	Reason for carry forward/variance
	£'000	£'000	£'000	£'000	£'000	£'000	
Aids and adaptations (statutory element)	1,775	486	1,725	(50)	(50)	0	Costs transferred to DFG grant to utilise first before capital allocation. Current forecast takes into account commitments raised in the housing system. £50k carry forward is required for current commitments which will be paid in the next financial year. Due to nature of activity, demand will be kept under review.
	805	177	290	(515)	(303)	(212)	Government has 'back-tracked' on forcing energy companies to spend their cash on energy works and slipped the timescale the funds that we were going to allocate to supporting gap funding for energy company obligation work are unlikely to be required in 2013/14 now but will be needed in 2014/15 - £330k. £212k corporate accounting adjustment.
Refurbishment and Improvement of remaining Housing Projects	31	28	31	0	0	0	

Service	Annual Budget	Actual to Date	Year End Forecast	Year End variance	Carry Forward to 2014/15	Year end variance	Reason for carry forward/variance
	£'000	£'000	£'000	£'000	£'000	£'000	
Disaster recovery scheme	17	4	17	0	0	0	
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	59	0	59	0	0	0	Clarification received from ICT that capital allocation will be spent by year end.
Replace essential Wide Area Network data circuits	55	38	55	0	0	0	
Essential Enhancement to Data Security Systems	60	6	40	(20)	0	(20)	Spend is reliant on Government's public sector network submission to ensure compliance with government standards. Waiting for report to come out in December. When report comes out need to target areas that have failed the compliance standards for example if revs and bens fail they won't be able to transfer data to central government
Bring your own device security layers	70	9	35	(35)	(35)	0	Project slipped six months due to staff shortage. Estimated project completion now Nov 2014.

Service	Annual Budget	Actual to Date	Year End Forecast	Year End variance	Carry Forward to 2014/15	Year end variance	Reason for carry forward/variance
	£'000	£'000	£'000	£'000	£'000	£'000	
Council wide IT planning rolling replacement and upgrade: Telephony & Upgrade of Windows	1,181	423	853	(328)	(328)	0	Project delays due work prioritisation. Focus is 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	26	28	0	0	0	
DRFS - Exchange Upgrade	150	0	0	(150)	(150)	0	Scheme delayed due to prioritisation on other scheme delivery.
DRFS - Trent upgrade	124	124	124	0	0	0	Full allocation spent. Further Trent costs funded in Smarter Workplaces ICT capital. Balance to be replenished in 2014/15 via a capital bid.
DRFS - Document management	57	36	57	0	0	0	
N3 Link for Public Health	15	0	15	0	0	0	This connection is essential to public health, social care, childrens services and other Council staff to be able to access Core NHS Systems. Core NHS Systems are not available across the internet due to the nature of the data.
WiFi in the Council House	22	13	22	0	0	0	

Service	Annual Budget	Actual to Date	Year End Forecast	Year End variance	Carry Forward to 2014/15	Year end variance	Reason for carry forward/variance
	£'000	£'000	£'000	£'000	£'000	£'000	
Finance Direct/Oracle	166	0	40	(126)	(126)	0	Spend this year on upgrades to finance system
Total Mainstream	4,915	1,386	3,544	(1,371)	(992)	(379)	
Non Mainstream							
Investing in working smarter	340	0	340	0	0	0	Developing capacity for agile working in the workforce
Disabled facilities grant	1,356	1,356	1,356	0	0	0	
Fuel Poverty Grant	212	212	212	0	0	0	
Total Non Mainstream	1,908	1,568	1,908	0	0	0	
Total Resources Capital	6,823	2,954	5,452	(1,371)	(992)	(379)	