



Decision maker:	Cabinet Member for Resources Portfolio
Subject:	Monitoring of the Second Quarter 2013/14 Revenue Cash Limits and Capital Programme
Date of decision:	5th December 2013
Report by:	Head of Financial Services (Written by Andrew Parry)
Wards affected:	ALL
Key decision:	No
Budget & policy framework decision:	No

1. Summary

- 1.1 This report compares the forecast revenue outturn 2013/14 with the cash limited budget for that year and the forecast capital expenditure with the approved capital programme and provides information to enable an understanding of the reasons for variances. It also lists the action to be taken to mitigate the effect of forecast overspends.

2. Purpose of report

- 2.1 To inform the Cabinet Member and Opposition Spokespersons of:
- The forecast revenue expenditure for the year compared with the cash limited budget.
 - The forecast capital expenditure against the revised capital programme for the Resources portfolio.

3. Recommendations

- 3.1 The content of this report be noted.

4. Background

4.1 Cash Limit 2013/14

	£'000s
Net Requirement	27,767
Less - Capital Charges	2,409
- Net Insurance Costs	(53)
- FRS17	860
- Employee Benefit Accruals	468
Controllable Cash Limit 2013/14	<u>24,083</u>

Forecast Outturn 2013/14

	£'000s	% of Budget
Actual Net Expenditure 1 Apr 2013 to 30 Sep 2013	11,261	46.76%
Forecast Net Expenditure 1 Sep 2013 to 31 Mar 2014	12,527	52.02%
Total Forecast Controllable Expenditure 2013/14	<u>23,788</u>	98.78%
Controllable Cash Limit	24,083	
Forecast Variance - (Under)/Overspend	<u>(295)</u>	1.22%

4.2 Appendices

- 4.3 An analysis of this Portfolio's variations from the revenue cash limit is attached at Appendix A.
- 4.4 An analysis of the Portfolio's capital expenditure for 2013/14 is attached at Appendix B.

5. Managers' Comments

(Please read in conjunction with the attached Appendix A)

Revenue Expenditure

The provisional forecast outturn for the Portfolio compared to the cash limit indicates a net underspend of £294,800.

- 5.1 Within the portfolio there are services whose budgets are deemed 'windfall' budgets by the City Council. These services are, Rent Allowances, Rent Rebates, Land Charges, Discretionary Non Domestic Rate relief and District Audit Fees. These 'windfall' budgets represent income and expenditure which is demand led and largely out of the control of budget managers. Consequently

any under or over spending is absorbed corporately. Excluding 'windfall' variances gives a net underspend on the Portfolio of £284,300, i.e. 1.22%.

Total Variance (under spend)	£ (295,000)
<u>Less</u>	
Rent Allowances and Rent Rebates	(19,200)
Land Charges	9,000
Audit Fees	(500)
<u>Net 'controllable' (under spend)</u>	<u>(284,300)</u>

5.2 The main areas of variance are as follows:

5.3 Item 1 Miscellaneous Expenses - forecast under spend £25,100

Included within Miscellaneous Expenses is the budget for trade union secondments. The profile of secondments in terms of staff time and cost is lower than the maximum allowable within the overall budget resulting in a forecast underspend of £24,800.

Item 2 HR, Legal and Performance – forecast overspend £80,600

5.4 At this stage of the year, Legal Services income is currently forecast to be lower than anticipated due, in part, to a shift towards corporately based enabling initiatives as opposed to income generating work from outside of the general fund such as through the Housing Revenue Account. Although this suggests an overspend in the short term, as work is undertaken on the displaced projects forecast income levels may improve in the future.

A full service review to increase efficiency, generate savings and thereby reduce the budget shortfall is currently in progress. Within legal services this process is complete and appointments have been made thereby removing the need for locum staff. Action to reduce costs within HR is concluding which will further mitigate overspends within this area.

Item 6 Financial Services - forecast underspend £66,500

5.5 Due to ongoing saving requirements vacant posts will where operationally possible be held in anticipation of future efficiency requirements. This has resulted in a forecast under spend attributable to the staffing budget.

5.6 Item 8 AMS Design & Maintenance - forecast underspend £15,000

Allowance was made in the 2013/14 budget for the purchase of a new despatch van. Due to potential legislation changes introducing free school meals for all infant schools the purchase has been delayed pending a review of how this may affect future vehicle requirements.

5.7 Item 9 Property Services - forecast under spend £37,000

Difficulties associated with the recruitment of staff to review the Investment Property portfolio has resulted in a forecast underspend in the 2013/14 year. An appointment has now been made.

5.8 Item 18 Local Welfare Assistance Scheme - forecast under spend £96,500

Previously the Social Fund provided 'Community Care Grants' and 'Crisis Loans' but these were abolished by the government at the end of the 2012/13 financial year as part of its policy on Welfare Reform.

This has been replaced by The Local Welfare Assistance Scheme which is a limited fund which will only be used to support those in greatest need with the funding of emergencies and exceptional expenses. At present an underspend is forecast based on the claimant rate to date however given that the number and value of claims is subject to significant variation this position is kept under detailed review.

Item 19 Benefits Administration – forecast under spend £128,400

5.9 Due to on-going saving requirements vacant posts will, where operationally possible, be held in anticipation of future efficiency requirements. This has resulted in a forecast under spend in the staffing budget.

Item 22 Democratic Representation & Management - forecast overspend - £17,200

5.10 This budget heading comprises Twinning, Committee Meetings, Members Expenses, Members Support, Democratic Services, Monitoring Officer and Corporate Subscription Services.

An over spend of £12,800 is forecast against Members Expenses. Members qualify for only one responsibility payment even if multiple positions are held by an individual. During 2013/14 one additional regulatory chair and one additional opposition group spokesperson allowance has become payable since these posts are held by Members not already in receipt of allowance payments. In previous years variances in this area have been managed through under spends within other service areas. Work to identify similar action will be undertaken in 2013/14.

6. Summary

- 6.1 The overall forecast outturn position on the portfolio is a net underspend of £294,800 representing 1.22% of the total cash limited budget. Within this net position there are various other less significant under and overspendings as shown in Appendix A. In the 2014/15 Budget report approved by City Council on 12 November 2013, Budget guidelines and Financial Rules were updated to enable portfolios to retain in-year underspending in a Portfolio specific earmarked reserve. This reserve will be used, in the first instance, to cover; year end overspendings, budget pressures, contingent items and spend to save schemes. Once these instances have been satisfied, the reserve may be used for other developments or initiatives. The portfolio holder is responsible for approving any releases from their earmarked reserve in consultation with the Head of Finance & S151 Officer. Should the portfolio outturn remain underspent at the year end, the balance will be transferred to the Portfolio earmarked reserve.

7. Capital Programme

- 7.1 The revised capital programme has been updated to reflect the impact of new starts approved at the City Council budget meeting on 11th November 2013, further approved amendments, re-phasing of expenditure into future years and the removal of completed schemes.

The updated monitoring statement is attached at Appendix B.

- 7.2 New schemes approved at the City Council meeting and those added since 11th November 2013 are as follows:

Scheme Name	£,000
IS Data Centre Phase 2 (item 15)	150
IS Road Map (item 18)	200
Call Recording System (item 27)	90
Working Anywhere (item 28)	980
Commercial Letting of Brunel Wing (item 29)	600
World War 2 Memorial Guildhall Square (item 30)	97
PSN CoCo Compliance (item 31)	192
Replacement Emergency Generator (item 32)	145
Civic Office Ducting (item 33)	90

- 7.3 These new schemes have been incorporated into the latest capital monitoring statement (Appendix B) and are set out in more detail below together with details of any material changes to existing schemes.

7.4 Item 15 IS Data Centre Phase 2

Following the successful completion of the new IS datacentre, a limited reworking of the accommodation space is required. Works will comprise, creation of an operations space, kitchen, meeting area, secure storage, build areas and printing facilities. Funding is through a £150,000 revenue contribution from the Information Service revenue budget.

7.5 Item 18 IS Road Map

The IS road Map supports a rolling programme of IT infrastructure renewal spanning current and future financial years. Funded through a series of contributions from the Information Services revenue budget, it provides for known items that are essential for the council to continue its business. A further £200,000 contribution has been included in the 2014/15 period.

7.6 Item 27 Call Recording System

Existing call recording systems have reached an age where they are unsupportable and beginning to cause operational issues. In order to maintain the quality of service provided by the City Help Desk and to ensure that the Council meet legislative requirements for telephone payments, a replacement software system is required.

7.7 Item 28 Working Anywhere.

Linking with the Council's transformation agenda, the Working Anywhere project will equip the Council with an ICT infrastructure to enable increased flexibility in the physical location that employees can work from. It will subsequently support the release of the Brunel Wind (item 29) and further enhance employees interface with the ICT environment.

It is anticipated that the scheme will complement the accommodation plan and as such, will be driven by its implementation schedule.

7.8 Item 29 Commercial letting of Brunel Wing.

Separation of the Civic Offices Brunel Wing from the remaining Civic Offices will be achieved through the establishment of a security door system, infrastructure changes and upgrading of lifts within core 5. This will enable the wing to be let commercially, thereby delivering savings to the Council's general fund.

In addition to any tangible cash savings this scheme complements the Council's corporate priorities by helping to regenerate the economic offering within the city centre and Guildhall Square.

It is anticipated that all works will be completed by the end of 2014/15.

7.9 Item 30 World War II memorial Guildhall Square

Managed by the World War II Memorial Trust this scheme aims to ensure the names of all Portsmouth residents killed during the Second World War are included on a memorial.

The scheme covers both service and civilian names. Currently service names A through to Scott have been installed. The cost of this has been met from fundraising and donations. This capital scheme aims to complete the names.

7.10 Item 31 PSN CoCo Compliance

Controls set by the Public Sector Network (PSN) Authority to access secure government systems such as those relating to benefit data from the Department for work and pensions are becoming incompatible with existing arrangements. As such, this scheme will procure and implement the necessary software and hardware to maintain secure connection to Government Systems.

7.11 Item 32 Replacement Emergency Generator

Following recent tests during the Civic Offices closedown the original 1970's generator proved unable to maintain the IT Data Centre, CCTV / Traffic control systems and telephones concurrently during a power failure. These systems have been identified by the Civil Emergency Team as essential in supporting a minimum service level.

In order to comply with Civil Emergency requirements, a new generator will be installed during 2014/15 able to exceed minimum power requirements.

A further benefit of enhanced electricity security will be the Information Services increased ability to sell services to other organisations.

7.12 Item 33 Civic Offices Ducting

Duct work within the Civic Offices has not been cleaned since construction of the building. A build up of dirt has affected the performance of the buildings ventilation system through clogging mechanisms and heat exchangers.

Work to clean ductwork, realign dampers and reconfigure problems areas will improve the buildings ventilation and air quality.

7.13 The re-phasing of expenditure and the changes reported above have resulted in the revised estimate for 2013/14 increasing from £5,083,371 to £5,327,037.

8. Equality impact assessment (EIA)

8.1 An Equality Impact Assessment is not required as there are no proposed changes to services, policies, or procedures included in the recommendations.

9. Legal implications

9.1 The City Solicitor has formally considered this report for legal issues.

10. Head of Finance's comments

10.1 This report represents the forecast outturn position on the Resources portfolio's approved revenue and capital budgets as at the end of September 2013.

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Signed Head of Financial Services

Appendices:

- A Revenue Outturn Statement**
- B Capital Monitoring Statement**

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Service Budget monitoring files	CRS Accountancy team

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Cabinet Member for Resources on 5th December 2013

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Signed by: Cabinet Member for Resources