

Decision maker: Cabinet Member for Resources Portfolio

Subject: Monitoring of the Second Quarter 2015/16 Revenue Cash Limits and Capital Programme

Date of decision: 21st January 2016

Report by: Director of Finance and Information Services

Wards affected: ALL

Key decision: No

Budget & policy framework decision: No

1. Introduction

- 1.1 This report compares the forecast revenue outturn 2015/16 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 reason 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 2015/16

	£000's
Net Requirement	24,457
Less;	
Capital Charges	(2,786)
Net Insurance Costs	(105)
FRS17	(860)
Employee Benefit Accruals	(468)
Controllable Cash Limit 2015/16	<u>20,238</u>

Forecast Outturn 2015/16

	£000's	% of Budget
Total Forecast Controllable Expenditure 2015/16	20,222	99.92%
Controllable Cash Limit	20,238	
Forecast Variance - (Under)/Overspend	<u>(16)</u>	0.08%

4.2 Appendices

4.3 Analysis of this portfolio's variations from the revenue cash limit is attached at Appendix A.

4.4 Analysis of the portfolio's capital expenditure for 2015/16 is attached at Appendix B.

5. Revenue Expenditure

(Please read in conjunction with the attached Appendix A)

5.1 The provisional forecast outturn for the portfolio compared to the cash limit indicates a net underspend of £16,500.

5.2 Within the portfolio there are services whose budgets are deemed 'windfall' budgets by the City Council. These services are, Rent Allowances, Rent Rebates, Discretionary Non-Domestic Rate relief, Land Charges and District Audit Fees (within Corporate Management). These 'windfall' budgets represent income and expenditure which is demand led and largely out of the control of budget managers. Consequently any under or overspending is absorbed corporately. Excluding 'windfall' variances gives a net overspend on the portfolio of £82,200 i.e. 0.41%.

5.3 Item 2 HR, Legal and Performance - forecast underspend £49,700

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements. A lower level of external fee income within legal services has slightly reduced the effect of this action on the forecast year end position. A review of legal income has been carried out and will show as being mitigated in the next quarters report.

5.4 Item 4 Customer & Community Services - forecast underspend £105,700

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements. Part of this underspending will be utilised to offset any ongoing overspend arising from an underachievement of income from the Lord Mayor's banqueting room budgeted within the Leader portfolio.

5.5 Item 6 Financial Service - forecast underspend £43,200

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements.

5.6 Item 7 Information Services - forecast underspend £11,500

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements.

5.7 Item 8 AMS Design & Maintenance - forecast overspend £234,600

Fee income during 2015/16 is forecast to be below target due to specification changes in a number of key projects which has delayed implementation. Non fee earning work is also taking a larger share of staffing resource than anticipated. This will be offset by the underspend within Landlords Maintenance (item 10).

5.8 Item 9 Property Services - forecast overspend £99,000

The overspend relates to an unachievable 2014/15 budget saving of £100,000.

This saving was approved on the assumption that by bringing together Property Business Partners located within other PCC Services into one Asset Management and Property Service, it would create efficiencies and result in a reduced level of staffing.

Following a Senior Management review, Members decided to split the Asset Management Service, so the saving was no longer achievable. An alternative saving proposal will need to be identified and remedial action implemented by the next quarter.

5.9 Item 10 Landlords Maintenance - forecast underspend £235,100

A recent assessment of maintenance needs for the remainder of 2015/16 suggest lower than anticipated works. Provided weather conditions remain within seasonal norms the underspend should be achievable without compromising maintenance requirements.

This underspend can be used to mitigate the overspend within Design & Maintenance (item 8).

5.10 Item 17 Local Welfare Assistance Scheme - forecast underspend £43,800

This scheme operated through a third party charitable organisation that supports local people in urgent need. Funding for 2015/16 was carried forward from the previous year to cover residual charitable payments and to support other initiatives aimed at vulnerable residents.

No further projects are funded from this source in 2015/16 resulting in residual budget within the current year.

5.11 Item 18 Benefits Administration - forecast underspend £20,000

Vacant posts have been held, where operationally possible, in anticipation of future efficiency requirements.

5.12 Item 22 Corporate Management - forecast overspend £280,000

Previously approved budget reductions relating to additional income from the Housing Revenue Account (HRA) had not been identified within the portfolio for the period covered by this report.

These un-realised savings are currently shown as an additional cost to the corporate management budget. Work to specify how this income can be realised has now been completed and the revised income charges to the HRA allocated across relevant services will be reflected in the next quarter's report.

6. Summary

6.1 The overall forecast outturn position on the portfolio is a net underspend of £16,500 representing 0.08% of the total cash limited budget. Within this net position there are various other less significant under and overspendings as shown in Appendix A.

6.2 Since 2013/14 portfolio underspends have been retained in a portfolio specific earmarked reserve. This reserve is to be used initially to cover future 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 the earmarked reserve in consultation with the Director of Finance and Information Services & S151 Officer.

- 6.3 Since the last meeting of this portfolio, the following applications have been approved from the portfolio reserve:

	£
Audit analytical software	8,500
Development of an Intend dashboard	6,500
IT module to enable self serve	16,800

- 6.4 To date there is an uncommitted balance on the reserve of £738,400. Any non-windfall underspend achieved by the portfolio at the end of the current year will be added to the reserve and conversely any overspend will need to be met from it.

7. Capital Programme

(Please read in conjunction with the attached Appendix B)

- 7.1 The capital programme has been updated to reflect the impact of new schemes, further approved amendments, re-phasing of expenditure and the removal of completed schemes.

7.2	<u>Forecast Outturn 2015/16</u>	£000's	£000's
	Total Revised Budget 2015/16		6,234
	Actual Net Expenditure 1 Apr 2014 to 30 Sep 2015	1,740	
	Forecast Net Expenditure 1 Oct 2015 to 31 Mar 2016	<u>4,494</u>	
	Total Forecast Expenditure 2015/16		6,234
	Forecast Variance - (Under) / Overspend		<u>(0)</u>

- 7.3 Additions since the start of 2015/16 year:

Scheme Name	£000's
IS Road Map (item 11)	156
Super Connected Cities (item 21)	380
Guildhall Capital Works (item 13)	360
Working Anywhere (item 16)	50
Web Phase 2 / Channel Shift (item 25)	46
Utilities Management (item 26)	26

- 7.4 The provisional forecast outturn for the portfolio capital programme compared to the approved budget is a net breakeven position.

Schemes which have materially altered the capital programme are described in more detail below.

7.5 Items 1,3 and 7 Landlords Maintenance/Major repairs - re phase £918,300

Further to a review of ongoing commitments within the Asset Management and Property Services department a number of schemes contained within the Landlords maintenance and Major repairs remit have revised completion dates falling in 2016/17 as opposed to 2015/16.

Significant movements from 2015/16 to 2016/17 include;

Works to the Square Tower, Round Tower and Arches casements. This is to fit more accurately with the overall arches re development.

Electrical distribution improvements within the Civic Offices must be completed in line with the refurbishment of the Data Centre Accommodation (item 9) which will complete in 2016/17.

Less urgent repairs to the Omega centre and Southsea castle have been delayed to allow a focus on the fitting of photo voltaic panels include within Utilities Management (item 26) which must be completed before government subsidies for solar power are reduced.

7.6 Item 13 Guildhall Capital Works - additional approval £359,500

Additional funding through a revenue contribution from the Planning, Regeneration and Economic Development (PRED) Portfolio has been added to the existing Guildhall works budget.

The new funding will contribute specifically to auditorium air conditioning improvements and front portico repairs.

7.7 Item 16 Working Anywhere - additional approval £50,000

This scheme will equip the council with an Information and computer technology (ICT) infrastructure that fully supports the move of services to mobile and flexible working arrangements.

Costs associated with the relocation of the Coroners Service from the Guildhall and integrating it as a council administered function are being funded from within the revised capital programme to be approved by City Council on February 9th. The new facility in the Civic Offices will offer a better experience to distressed relatives attending the Coroner's service in the City. The cost of the Coroner's service is shared with HCC.

7.8 Item 25 Web Phase 2 / Channel Shift - additional funding £46,100

Funded from the Resources portfolio reserve this additional funding will enable enhancements within the Revenues and Benefits Service which should generate ongoing revenue savings.

The funding will be used to purchase software which can automate data collection and routine clerical checking process alongside improved accuracy and quality. This will assist the service in both saving money and in dealing with more complex benefit claimant cases.

7.9 Item 26 Utilities Management - re-phase £506,000 and additional funding £26,000

Recent changes in government policy will from January 2016 reduce the subsidy available on electricity generated from new photovoltaic (PV) panel installations.

The Utilities Management scheme is heavily weighted towards the installation of PV panels on council assets. Scheduled works have been brought forward to ensure all planned PV projects complete before the January 2016 deadline.

Residual funds held within the carbon management reserve have been allocated to this project to ensure the maximum number of PV panels can be fitted prior to the subsidy change.

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.

Director of Finance's comments

9.2 This report represents the forecast outturn position on the Resources portfolio's approved revenue and capital budgets as at the end of September 2015.

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Signed by: Director of Finance and Information 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 21st January 2016

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Signed by: Cabinet Member for Resources