

2018/19 Revenue Financial Performance: Resources Directorate Outturn Report

1. Outturn Review

| Resources | Current Net Budget | Forecast (under)/over spend | | | | | Change from Last Quarter |
|-------------------------|-----------------------|-----------------------------|----------------|------------------|-----------------|--------------|--------------------------------|
| | | Quarter One | Quarter Two | Quarter Three | Month Eleven | Year End | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Chief Executive | 787 | 0 | (75) | (77) | (77) | (78) | (1) |
| Commissioning | 1,016 | 0 | (46) | (46) | (46) | (31) | 15 |
| Customer Services & ICT | 3,027 | (3) | (104) | (98) | (109) | (179) | (81) |
| Finance & Property | 1,070 | (260) | (314) | (303) | (349) | (293) | 10 |
| Human Resources | 1,478 | 0 | (52) | (33) | (24) | (39) | (6) |
| Legal Services | 1,047 | 0 | (36) | (16) | (90) | (98) | (82) |
| Strategic Support | 2,317 | (17) | (40) | (40) | (45) | (39) | 1 |
| Resources | 10,742 | (280) | (667) | (613) | (740) | (757) | (144) |

- 1.1 The Directorate outturn position is £757k underspent which is 6.9% of the net budget of £11m and a variance of £144k to the forecast position at Quarter Three.
- 1.2 The Directorate reports on a quarterly basis, although an update of the outturn forecast was produced at Month Eleven to reflect a significant shift in the Legal Service's reported surplus – an additional £74k.
- 1.3 The main item which contributed to the Directorate overall underspend, was the savings of £0.6m achieved in response to the corporate slowdown. This is shown by Service in the table below.

| ¹ Slowing Down Savings 2018/19 | Total |
|--|------------|
| Service | £000 |
| Chief Executive | 77 |
| Commissioning | 46 |
| Customer Services and ICT | 110 |
| Finance and Property | 126 |
| Human Resources | 40 |
| Legal Services | 133 |
| Strategic Support | 41 |
| Total | 572 |

- 1.4 Property Investment Income exceeded budget at year end by £312k. This was an increase of £62k on the forecast at Quarter Three. Savings have arisen as the

¹ Note that savings are shown gross and pressures within the services can mean that the service overall underspend is lower than this figure.

estimated provisions for maintenance, voids and the ²Minimum Revenue Provision (MRP) are less than predicted earlier in the year. Also, £199k of in-year voids were covered by contributions from the original property vendors. The council has invested £38m in commercial property out of a total budget of £100m. This investment has primarily been made to generate income to support the provision of council services.

- 1.5 Legal disbursements proved to be the main significant pressure on the Resources Directorate budget in 2018/19, being £100k overspent against budget at year-end. The disbursements overspend is largely due to the adverse decision in the LRIE Court of Appeal case and the cost of a number of planning inquiries. The overspend includes the abortive costs in respect of one planning inquiry which was due to take place last year, but which was adjourned until 1 January 2019 as a result of the late service of evidence by a 3rd party. This budget is primarily used to fund the cost of external lawyers who are instructed to represent the Council in matters that are before the higher courts. This is considered later in the report.

2. 2018/19 Savings and Income Generation Programme – RAG

- 2.1 The Resources Directorate savings and income generation programme is summarised in the following table:

| | 2018/19 | | | Achieved |
|-------------------------|--------------|--------------|-----------|------------|
| | Target £k | Green £k | Red £k | |
| Resources | £k | £k | £k | |
| Customer Services & ICT | 247 | 247 | 0 | 100% |
| Commissioning | 0 | 0 | 0 | |
| Finance & Property | 741 | 741 | 0 | 100% |
| Human Resources | 120 | 120 | 0 | 100% |
| Strategic Support | 159 | 111 | 48 | 70% |
| Legal | 60 | 60 | 0 | 100% |
| Total | 1,327 | 1,279 | 48 | 96% |

- 2.2 Strategic Support:

Of the £68k income target for the graphics team, £48k remains RED at year end. This was due to reduced internal demand for the services of the imagery and graphics design team realising only £20k of the budgeted income. A successful pressure bid of £48k has been added to the 2019/20 budget. Other in-year savings identified within the service mitigated this pressure during 2018/19.

3. Risks for the future

3.1 Legal Services

The legal disbursements budget was overspent in 2018/19. This remains an ongoing risk area. A risk reserve of £50k was available to support the disbursements budget in 2018/19, this has been increased to £100k for 2019/20.

Other potential and ongoing budget risks in legal services include:

² The MRP is an annual charge to the revenue account which will, over the life time of any borrowing be sufficient to repay the principal of that borrowing as it falls due.

- Ongoing and future legal challenges/ Judicial Reviews
- Increase in the number of planning inquiries

3.2 Strategic Support

Reduced demand for Local Land Charges Services, reflecting reduced volumes of property transactions, had a small adverse impact on the council's income in 2018/19 of £4k. This demand led service is vulnerable to economic conditions that are outside the control of the council and future pressures may still arise

4. Transformation Funding

The Directorate has been awarded transformation funding of £527k in 2017/18 and £210k in 2018/19. The projects funded are as follows:

- £225k has been awarded for invest to save posts in Commissioning. The funding has been used to cover the initial cost of staff needed to take on additional work in line with the expanded remit of the service and was agreed as part of the strategic management review recommendations. The posts are all now recruited to and a savings forward plan is in place for 2019/20 to cover the ongoing revenue costs of the posts. Of this award £103k was spent last year and £122k has been spent in 2018/19.
- An additional £41k has been awarded to Commissioning in July 2018, to extend a fixed term post for one year to support the Care Placement Team to move away from dependency on manual processes through the use of technological solutions. Of this £22k was spent in 2018/19.
- Human Resources has been awarded £74k to co-ordinate the apprenticeship levy work for 18 months to ensure we are in a position to fully utilise the money available in our digital account. Of this award £26k was spent last year.
- Legal Services has been awarded £12k to obtain advice regarding entering a shared service arrangement. This has now been transferred and spent.
- The New Ways of Working Project has been awarded £216k split between Finance & Property, Human Resources and Strategic Support. The funding is for additional resource requirements in order to run the project for the next three years.
- £169k has been awarded to Strategic Support in June 2018 for two sales and marketing officers to be employed for two years. The decision was made to only appoint to one of these posts for a year and to review the situation thereafter.