

Appendix F: Resources Directorate

2019/20 Quarter One Revenue Financial Performance

1. Summary

Resources	Current Net Budget	Net Forecast	Forecast (under)/over spend		
			Quarter One	Provided for in Reserves	Year End Forecast
	£000	£000	£000	£000	£000
Executive Director	91	91	0		0
Chief Executive	927	927	0		0
Commissioning	700	772	72		72
Customer Services & ICT	2,983	3,001	18		18
Finance & Property	2,284	2,398	114		114
Human Resources	1,440	1,447	7		7
Legal & Strategic Support	3,343	3,355	12		12
Total	11,768	11,991	223	0	223

1.1 The Directorate Quarter One forecast is £223k overspent which is 1.9% of the net budget of £12m.

1.2 The main variances are explained below.

2. Commissioning

2.1 Explanation for over or under spend

Changes to the contract catering costs which are unbudgeted will amount to £133k in total for the 19/20 academic year of which £72k will fall into 2019/20. This pressure has arisen due to issues in the tender process for the school meals service which were unresolvable in the time available to complete the work before the end of the 18/19 academic year. Action has been taken to reduce the pressure, address the issues, extend current arrangement for a further year and to move forward with a new tender process. The remaining pressure is as a result of extending the current contract for a further year at current rates.

2.2 Explanation of changes from last quarter

N/A

2.3 Remedial action being taken

Mitigation is being sought to fund this pressure from within the service through staff changes and other savings initiatives.

2.4 Implications for next year's budget

Costs of £61k will fall into next year and result in a one off pressure in 2020/21.

3. Customer Services and ICT

3.1 Explanation for over or under spend

The ICT schools traded service has seen reduced income over the years and this year will face an income pressure of £13k as Newbury Schools Academy trust has not bought into the service for 2019/20.

A smaller pressure of £5k has been identified against pensions as changes in staff resulted in more staff joining the pension scheme that was budgeted.

3.2 Explanation of changes from last quarter

N/A

3.3 Remedial action being taken

Mitigation will be sought during the year to cover off these pressures if possible.

3.4 Implications for next year's budget

These, unless mitigated are unavoidable pressures that will have an impact on next year's budget. They are not significant for the authority as a whole.

4. Finance and Property

4.1 Explanation for over or under spend

The current year investment income from commercial property budget of £1.5m was assumed to be delivered from an average property value totalling £75m in year. However, the current portfolio stands at £62m and there is uncertainty around whether the portfolio will increase any further in year resulting in a forecast income shortfall of £290k overall.

Other small pressures include £20k for external rent at West Point which is no longer receivable, but remains in the budget as an income target.

Vacancy savings within the housing benefits team are forecast to amount to £100k by the end of the year. The move to universal credit has seen reduced demand for the service.

There are two vacancies at the Finance Manager level in Accountancy, and other vacancies in the team, which will take some time to recruit to. As a result £100k savings are forecast.

4.2 Explanation of changes from last quarter

N/A

4.3 Remedial action being taken

Clarification of the position regarding the future of the commercial property investment strategy is required to ascertain if current pressures are one-off in

nature or are ongoing. Once this has been resolved, a plan of remedial action will be formulated.

4.4 Implications for next year's budget

If the portfolio remains at £62m, the shortfall will become an ongoing pressure and the target of increased income in the MTFS for 20/21 of £500k will be at risk.

A £170k MTFS savings relating to the Revenue and Benefits and customer services is included in for 20/21.

Loss of rental income at West Point, if unmitigated will require a pressure bid to be submitted for consideration for £20k.

5. Human Resources

5.1 Explanation for over or under spend

Reduced uptake of car leases by staff has resulted in a small pressure of £7K in the payroll service as the admin fee for providing this service has reduced.

5.2 Explanation of changes from last quarter

N/A

5.3 Remedial action being taken

Costs of this service are being reviewed and reduced where possible. Mitigation of this pressure in year will be sought.

5.4 Implications for next year's budget

A pressure bid for loss of income will be submitted for consideration.

6. Legal and Strategic Support

6.1 Explanation for over or under spend

The graphic design team are unlikely to meet their external income target this year. An internal recharge for graphic design services was removed for 2019/20 and external/traded services work has not increased insufficiently to cover the income lost from the removal of internal charges.

6.2 Explanation of changes from last quarter

N/A

6.3 Remedial action being taken

A new marketing strategy is being developed through the Marketing Officer post created earlier in the year. A draft strategy will be reviewed by the Marketing Officer, Communications Manager and Graphic Design and Multimedia team on

Wednesday 17 July. It is expected that implementation will begin immediately thereafter. These activities will generate further awareness of the graphic design and multimedia service and it is hoped generate further business for the team.

6.4 Implications for next year's budget

External marketing of the graphic design and multimedia service is a new area of activity as the focus last year was on internal recharges. Therefore there is no previous data on which to forecast future demand. It can take some time for new commercial ventures to establish themselves but hopefully the results of the new marketing plan will begin to emerge before the end of Quarter Two.

7. 2018/19 Savings and Income Generation Programme - RAG

7.1 The Resources Directorate savings and income generation programme is summarised below with explanations for unmet savings in the service tables.

Resources	Red	Amber	Green	Total	Achieved
	£k	£k	£k	£k	
Customer Services & ICT	0	22	144	166	87%
Commissioning	0	155	155	310	50%
Finance & Property	39	0	181	220	82%
Human Resources	9	13	36	58	63%
Legal & Strategic Support	0	0	172	172	100%
Total	48	190	688	925	74%

Service	Description of Saving/Income	Category	Red £k	Amber £k	Green £k	Total £k	Comments
Commissioning	Renegotiation of the Children & Family Services arrangements for placement and advocacy, advice and information services.	Efficiency		99	-	99	Reliant on the presentation of highcost placements for alternative arrangements and therefore possible the full amount will not be achieved - looking at alternative options to cover
Commissioning	Renegotiation of the Education Service's arrangements for (1) special school arrangements (2) speech and language therapies, sensory hearing, independent	Efficiency		13	-	13	Services are funded via DSG budgets and therefore not appropriate for revenue savings
Commissioning	Category management for stationery	Efficiency			30	30	
Commissioning	Lottery income (net)	Income			4	4	
Commissioning	Category management for agency	Efficiency			118	118	
Commissioning	Trading Commissioning support services with schools	Income			3	3	
Commissioning	Category management for corporate catering	Efficiency		43	-	43	Changes to planned tender arrangements possible saving may not now be achieved -
Commissioning			-	155	155	310	

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Service	Description of Saving/Income	Category	£k	£k	£k	Total £k	Comments
CSI	IT Helpdesk restructuring	Efficiency		8	10	18	Kevin
CSI	Staffing reduction/capitalise	Capitalisation			17	17	
CSI	Renegotiate BT call costs	Efficiency			4	4	
CSI	Move from physical remote access tokens to 'soft' tokens	Efficiency			4	4	
CSI	Postage cost savings due to driving down demand	Efficiency			7	7	
CSI	Delete vacant post in postal team/courier	Efficiency			33	33	
CSI	Reduce ICT Help Desk support costs by using fewer supplier support days, use inhouse expertise instead	Efficiency			3	3	
CSI	Delete vacant post Corporate Data Team	Disinvestment			15	15	
CSI	Move staffing to schools cost centres	Efficiency		14	-	14	Demand for ICT service from schools has reduced this year and this saving is unlikely to be achieved in full
CSI	Remove unused IT budget	Efficiency			8	8	
CSI	Network circuit cost reductions from supplier negotiations	Efficiency			30	30	
CSI	Reduce ICT training budget	Disinvestment			6	6	
CSI	Reduce ICT infrastructure maintenance costs	Efficiency			7	7	
CSI			-	22	144	166	

Service	Description of Saving/Income	Category	£k	£k	£k	Total £k	Comments
F&P	Insurance cover	Efficiency			15	15	
F&P	Universal Credit impact on housing benefit claims	Disinvestment			45	45	
F&P	Staffing	Efficiency			50	50	
F&P	Increase in summons (court) costs recovery of council tax debt	Income	39		-	39	Report yet to be written on the "reasonableness of increasing the costs"
F&P	Salary savings - move to risk based quarterly financial	Disinvestment			51	51	
F&P	Capitalisation of 0.25 fte finance manager	Capitalisation		-	20	20	
F&P			39	-	181	220	

Service	Description of Saving/Income	Category	£k	£k	£k	Total £k	Comments
HR	Reduction of non-staffing budgets	Transformation			3	3	
HR	Introduce salary sacrifices AVCs to save on NI	Transformation		4	3	7	NI savings on AVC, currently below target - benefit to be re-advertised
HR	Reduction in staffing	Efficiency		9	30	39	Reduction in staff hours not possible to be mitigated for the full year
HR	Increased income on Adult SCT short courses	Income	9		-	9	This target is to increase training fee income - demand is below target and increase in income will not be achieved
HR			9	13	36	58	

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Service	Description of Saving/Income	Category	£k	£k	£k	Total £k	Comments
L&SS	Legal review of online supply	Efficiency			7	7	
L&SS	Income generation incl reduction in counsels fees for pre-liminary hearings in Crown Court	Income			50	50	
L&SS	Capitalisation	Capitalisation			27	27	
L&SS	Remove the Chairman's budget	Disinvestment			3	3	
L&SS	Reduce Funding to the Volunteer Centre	Disinvestment			5	5	
L&SS	Corporate programme	Disinvestment			25	25	
L&SS	Members Training	Disinvestment			4	4	
L&SS	Reduction in Staffing Communication and Info Officer	Disinvestment			17	17	
L&SS	Reduction in IT support	Disinvestment			21	21	
L&SS	Reduction in hours in the PRC Team	Disinvestment			8	8	
L&SS	Reduction in Members Travel	Disinvestment			5	5	
L&SS			-	-	172	172	