

Appendix F: Resources and Chief Executive Directorate 2019/20 Quarter Two Revenue Financial Performance

1. Summary

			Forecast (under)/over spend				Change to Service Forecast from Last Quarter
			Quarter One	Quarter Two	Provided for in Reserves	Year End Forecast	
Resources and Chief Executive	Current Net Budget	Net Forecast	Service Forecast	Service Forecast			
	£000	£000	£000	£000	£000	£000	£000
Executive Director	91	91	0	0	0	0	0
Commissioning	782	842	72	60	0	60	(12)
Customer Services & ICT	3,059	3,050	18	(9)	0	(9)	(27)
Finance & Property	2,250	2,523	114	273	0	273	159
Human Resources	1,488	1,476	7	(12)	0	(12)	(19)
Legal & Strategic Support	3,281	3,289	12	8	0	8	(4)
Total Resources	10,951	11,271	223	320	0	320	97
Chief Executive	983	949	0	(34)	0	(34)	(34)
Total Resources and Chief	11,934	12,220	223	286	0	286	63

1.1 The Resources Directorate is forecasting a £320k pressure arising from under achievement of income, and the Chief Executive is forecasting a £34k under spend. The combined Directorate Quarter Two forecast is £286k overspent. This represents 2.4% 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 £135k in total of which £100k will fall into 2019/20. Salary savings have mitigated this cost to some extent so the outturn variance now stands at £35 over spent. 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. Small pressure of £5k has arisen in year due to lower levels of school 'buy back' than previous years.

2.2 Explanation of changes from last quarter

See above

2.3 Remedial action being taken

Action has been taken to address the issues, extend current arrangement for a further year and to move forward with a new tender process. The pressure is as a result of extending the current contract for a further year at current rates.

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

Costing model for school traded service to be revisited to determine potential to reduce costs and increase take up. Possible pressure (circa £5k) arising from ongoing reduction in school 'buy back' levels.

2.4 Implications for next year's budget

Costs of £35k 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 service is forecasting a small underspend. Vacancy savings in the contact centre are forecast to be £13k at the year end. Reduced schools buy back income of £20k identified at quarter one, mainly as a result of the loss of the Newbury Schools Academy trust as a customer this year, is mitigated in year by print and postage savings of £22k. The net underspend forecast for this service is not significant.

3.2 Explanation of changes from last quarter

See above.

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 £347k overall.

Rates revaluation, service charge and electricity bills at council offices have caused a pressure this year of £126k some of which is ongoing.

Insurance on leased cars – costs exceeding budget by £69k partly due to reduced contributions.

Other pressure of £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 £130k by the end of the year. The move to universal credit has seen reduced demand for the service.

There are a number of vacancies across Finance areas which together with a new funding stream as resulted in £170k savings being forecast.

4.2 Explanation of changes from last quarter

Additional pressure on the commercial rents budget of £87k. Rates revaluation, service charge and electricity bills at council offices have caused a pressure this year of £126k some of which is ongoing.

Insurance on leased cars – costs exceeding budget by £69k partly due to reduced contributions and also historically the budget has not been inflated as premiums have increased.

Revenue and benefits, vacancy savings are now estimated to be £130k by year end which is an increased estimate of £30k. This partly mitigates the reduction in income from cost and penalties relating to debt recovery of £62k which is both good and bad news.

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 2020/21 of £500k will be at risk. An unavoidable pressure bid of £290k has been submitted for consideration as part of the budget build process in 2020/21. This is in addition to the £500k pressure.

A £170k MTFS savings relating to the Revenue and Benefits and customer services is included in for 2020/21.

Loss of rental income at West Point along with the rates, service charge and electricity increases at council offices, if unmitigated will require a pressure bid to be submitted for consideration for £85k.

5. Human Resources

5.1 Explanation for over or under spend

Salary savings from a vacant post have mitigated overspends identified at quarter one. The net underspend for this service is not significant.

5.2 Explanation of changes from last quarter

See above.

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 has been submitted for consideration relating to reduced car lease contributions.

6. Legal and Strategic Support

6.1 Explanation for over or under spend

The overall overspend for the service is not significant. Pressures within the service are being mitigated from savings elsewhere with the service.

Pressures include - graphic design external income target is unlikely to be met 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. Other savings within corporate support are being used to mitigate this in year.

Local land charges income is down against target by £30k. Salary savings and favorable variances in legal services can mitigate this in year.

6.2 Explanation of changes from last quarter

No significant change.

6.3 Remedial action being taken

A new marketing strategy has been developed and post implementation should generate further awareness of the graphic design and multimedia service and it is hoped generate further business for the team.

Land charges income will continue to be monitored and pressures mitigated within the service.

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.

Local land charges - move of service to Land registry is flagged as a risk for the future.

7. Chief Executive

7.1 Explanation for over or under spend

Salary savings are forecast at Quarter Two of £26k, resulting from changes in corporate management staff through retirement and restructuring. Other savings across the service amount to £8k, none of which are significant.

7.2 Explanation of changes from last quarter

See above.

7.3 Remedial action being taken

None

7.4 Implications for next year's budget

None

8. 2019/20 Savings and Income Generation Programme – RAG

8.1 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	0	310	310	100%
Finance & Property	39	0	181	220	82%
Human Resources	9	13	36	58	63%
Legal & Strategic Support	0	0	172	172	100%
Total	48	35	843	925	91%

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

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Service	Description of Saving/Income	£k	£k	£k	Total £k	Comments
Commissioning	Renegotiation of the Children & Family Services arrangements for placement and advocacy, advice and information services.			99	99	
Commissioning	Renegotiation of the Education Service's arrangements for (1) special school arrangements (2) speech and language therapies, sensory hearing, independent fostering and children's residential placements.			13	13	
Commissioning	Category management for stationery			30	30	
Commissioning	Lottery income (net)			4	4	
Commissioning	Category management for agency			118	118	
Commissioning	Trading Commissioning support services with schools			3	3	
Commissioning	Category management for corporate catering			43	43	
Commissioning		-	-	310	310	

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

Service	Description of Saving/Income	£k	£k	£k	Total £k	Comments
HR	Reduction of non-staffing budgets			3	3	
HR	Introduce salary sacrifices AVCs to save on NI		4	3	7	NI savings on AVC, currently below target - benefit to be re-advertised
HR	Reduction in staffing		9	30	39	Reduction in staff hours not possible to be mitigated for the full year
HR	Increased income on Adult SCT short courses	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	£k	£k	£k	Total £k	Comments
L&SS	Legal review of online supply			7	7	
L&SS	Income generation incl reduction in counsels fees for pre-liminary hearings in Crown Court			50	50	
L&SS	Capitalisation			27	27	
L&SS	Remove the Chairman's budget			3	3	
L&SS	Reduce Funding to the Volunteer Centre			5	5	
L&SS	Corporate programme			25	25	
L&SS	Members Training			4	4	
L&SS	Reduction in Staffing Communication and Info Officer			17	17	
L&SS	Reduction in IT support			21	21	
L&SS	Reduction in hours in the PRC Team			8	8	
L&SS	Reduction in Members Travel			5	5	
L&SS		-	-	172	172	