

**From:** John Simmonds, Cabinet Member for Finance  
Susan Carey, Cabinet Member for Customers, Communications and Performance  
Eric Hotson, Cabinet Member for Corporate & Democratic Services  
Peter Oakford, Deputy Leader & Cabinet Member for Strategic Commissioning & Public Health  
David Cockburn, Corporate Director for Strategic & Corporate Services

**To:** Policy & Resources Cabinet Committee – 2 February 2018

**Subject:** Financial Monitoring 2017-18

**Classification:** Unrestricted

**Summary:**

The Policy & Resources Cabinet Committee is asked to note the October 2017-18 budget monitoring position which was presented to Cabinet on 15<sup>th</sup> January 2018.

**Recommendation(s):**

**The Policy & Resources Cabinet Committee** is asked to note the revenue and capital forecast variances from the budget for 2017-18 that are in the remit of this Cabinet Committee, based on the October monitoring to Cabinet.

**1. Introduction:**

1.1 This is a regular report to this Committee on the forecast outturn.

**2. Background:**

2.1 This report presented to the Policy and Resources Cabinet Committee shows extracts from the detailed monitoring report that is presented to Cabinet monthly. A draft final outturn report is also presented to Cabinet after the financial year end. The full reports outline the financial position for each directorate together with key activity indicators.

**3. Strategic and Corporate Services Variance:**

- 3.1 Table 1 shows the position specifically for the Strategic & Corporate Services Directorate for October 2017.

Table 1

| Budget Book Heading  | Net Budget      | Net Forecast Variance | Corporate Director adjustment | Revised Net Variance |
|--|-----------------|-----------------------|-------------------------------|----------------------|
|  | £'000s          | £'000s                | £'000s                        | £'000s               |
| <b>Strategic &amp; Corporate Services Directorate</b>                  |                 |                       |                               |                      |
| Contact Centre, Digital Web Services & Gateways                        | 4,544.2         | 230.4                 | 0.0                           | 230.4                |
| Local Democracy  | 4,083.6         | 0.9                   | 0.0                           | 0.9                  |
| Finance  | 8,107.2         | -131.9                | 0.0                           | -131.9               |
| Engagement, Organisation Design & Development (HR, Comms & Engagement) | 8,239.3         | -288.3                | 0.0                           | -288.3               |
| Other Support to Front Line Services                                   | 4,024.6         | 74.3                  | 0.0                           | 74.3                 |
| Strategic Commissioning  | 9,258.2         | -300.8                | 0.0                           | -300.8               |
| S&CS Management & Directorate Support Services                         | -2,385.2        | 20.5                  | 0.0                           | 20.5                 |
| Infrastructure (ICT & Property Services) & Business Services Centre    | 35,302.6        | 860.7                 | 0.0                           | 860.7                |
|  |                 |                       |                               |                      |
| <b>Total S&amp;CS</b>  | <b>71,174.5</b> | <b>465.9</b>          | <b>0.0</b>                    | <b>465.9</b>         |

- 3.2 The Strategic & Corporate Services figures in Table 1 contain both the forecast for the Directorate itself and the Corporate aspirational savings target for the Asset Utilisation programme, held against the Corporate Landlord budgets within the Infrastructure Division. The Directorate forecast (excluding the Asset Utilisation target) is an underspend of -£0.106m, the position on Asset Utilisation is +£0.572m, giving an overall overspend of +£0.466 as shown above.
- 3.3 The corporate aspirational savings target for Asset Utilisation is held within the Corporate Landlord budgets, its delivery depends on operational service requirements and Member decisions regarding the exiting of buildings. It should be noted that this in-year overspend is due to the delayed implementation of some plans, resulting in the £0.572m delivery slipping to 2018-19. Work is now on going on the 2018-19 savings target of an additional -£0.650. A number of initiatives have been identified; RAG rated and are now being worked up and costed.
- 3.4 The directorate underspend of -£0.106m includes variances of +£0.329m for the Contact Centre & Digital Web Services budget set in 2015 using a transformation plan suggested by Agilisys, predicting that the number of calls and average call duration would fall significantly. Although the call volumes and times have reduced, this is not in line with the original budgeted plan, hence resulting in a budget pressure. The commissioners of this service, together with Agilisys, are working with directorate services to

get these figures reduced further. This pressure is offset by an underspend of -£0.099m within Gateways and net underspend of -£0.288m across the units within Engagement, Organisation Design & Development relating primarily to staffing vacancies; -£0.132m for Finance arising from lower salary costs following a major restructure; -£0.301m for Strategic Commissioning due to staffing vacancies being held vacant pending restructure; +£0.289m Infrastructure controllable budgets, arising mostly from backdated Kier costs within the Corporate Landlord budgets and minor variances across all areas of Property and ICT commissioning budgets. In addition there are a number of minor variances totaling +£0.096 across the other divisions within the directorate.

- 3.5 The Strategic & Corporate Services capital budget is £22.040m. The reported variance is -£4.816m made up of £1.861m real variance and -£6.677m rephasing variance.

There are no movements reported over £0.100m on real variances or £1.0m on rephasing.

#### **4. Whole Council Variance:**

- 4.1 As the Policy & Resources Cabinet Committee has overview of the whole Authority, Members of the Committee are asked to note the overall revenue position for the Authority shown in Table 2.
- 4.2 Overall the net projected revenue variance for the Council after Corporate Directors adjustments is £8.312m.
- 4.3 In the light of further government funding reductions in the short to medium term, it is essential that a balanced revenue position is achieved in 2017-18, as any residual pressures rolled forward into 2018-19 will only compound an already extremely challenging 2018-19 budget position. The Corporate and Directorate Management teams are confident that the forecast revenue pressure can still be significantly reduced without the need for blanket moratoria on spending.

Table 2

| Directorate  | Budget         | Net Forecast Variance | Corporate Director adjustment | Revised Net Variance |
|--|----------------|-----------------------|-------------------------------|----------------------|
|  | £m             | £m                    | £m                            | £m                   |
| Children, Young People & Education<br>- Education & Young People       | 58.792         | 2.180                 | -0.653                        | 1.527                |
| Children, Young People & Education<br>- Specialist Children's Services | 112.732        | 2.813                 | -0.200                        | 2.613                |
| Children, Young People & Education<br>- Asylum                         | 0.550          | 4.149                 | -0.137                        | 4.012                |
| <i>Sub Total Children, Young People &amp; Education</i>                | <i>172.074</i> | <i>9.142</i>          | <i>-0.990</i>                 | <i>8.152</i>         |
| Adult Social Care & Health<br>- Disabled Children Services             | 20.754         | 0.246                 |                               | 0.246                |
| Adult Social Care & Health<br>- Adults                                 | 396.298        | 0.148                 |                               | 0.148                |
| <i>Sub Total Adult Social Care &amp; Health</i>                        | <i>417.052</i> | <i>0.395</i>          | <i>0.000</i>                  | <i>0.395</i>         |
| Growth, Environment & Transport  | 166.756        | 1.281                 | -0.520                        | 0.761                |
| Strategic & Corporate Services - Excluding Public Health               | 71.175         | 0.466                 |                               | 0.466                |
| Strategic & Corporate Services - Public Health                         | -0.011         | 0.000                 |                               | 0.000                |
| <i>Sub Total Strategic &amp; Corporate Services</i>                    | <i>71.164</i>  | <i>0.466</i>          | <i>0.000</i>                  | <i>0.466</i>         |
| Financing Items  | 111.009        | -0.461                | -1.000                        | -1.461               |
| <b>TOTAL (excl Schools)</b>  | <b>938.054</b> | <b>10.822</b>         | <b>-2.510</b>                 | <b>8.312</b>         |
| <i>Schools (CYP&amp;E Directorate)</i>                                 | <i>0.000</i>   | <i>27.905</i>         |                               | <i>27.905</i>        |
| <b>TOTAL</b>   | <b>938.054</b> | <b>38.727</b>         | <b>-2.510</b>                 | <b>36.218</b>        |
| <b>Variance from above (excl schools)</b>                              |                |                       |                               | <b>8.312</b>         |
| Roll forwards - committed  |                |                       |                               | 0.000                |
| - re-phased  |                |                       |                               | 0.000                |
| - bids   |                |                       |                               | 0.000                |
| Total roll forward requirements  |                |                       |                               | 0.000                |
| <b>-ve Uncommitted balance / +ve Deficit</b>                           |                |                       |                               | <b>8.312</b>         |

#### 5. Recommendation(s):

**The Policy & Resources Cabinet Committee** is asked to note the revenue and capital forecast variances from the budget for 2017-18 that are in the remit of this Cabinet Committee, based on the October monitoring to Cabinet.

## 6. Contact details

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