

RESOURCES AND PERFORMANCE REPORT – MARCH 2016

To: **General Purposes Committee**

Meeting Date: **31st May 2016**

From: **Director of Customer Service and Transformation
Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To present to General Purposes Committee (GPC) the March 2016 Finance and Performance Report for Corporate Services and LGSS Cambridge Office.**

The report is presented to provide GPC with an opportunity to comment on the projected financial and performance outturn position, as at the end of March 2016. The final outturn position will be presented to Committee in July.

Recommendation: **The Committee is asked to:-**

- (i) review, note and comment upon the report**
- (ii) note the previously agreed use of Corporate Services underspend. All other proposals for use of service underspends, endorsed by Service Committees, will be reported to General Purposes Committee in July for final approval.**

| <i>Officer contact:</i> | |
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| Name: | Chris Malyon |
| Post: | Chief Finance Officer |
| Email: | Chris.malyon@cambridgeshire.gov.uk |
| Tel: | 01223 699796 |

1. BACKGROUND

- 1.1 At its meeting in May 2014, the Committee was informed that it will receive the Corporate Services and LGSS Cambridge Office Finance and Performance Report at its future meetings, where it will be asked to both comment on the report and potentially approve recommendations, to ensure that the budgets and performance indicators for which the Committee has responsibility, remain on target.

2. MAIN ISSUES

- 2.1 Attached as **Appendix A**, is the March 2016 Finance and Performance report.
- 2.2 At the end of March, Corporate Services (including the LGSS Managed and Financing Costs) was forecasting a year-end underspend on revenue of £2,542k.
- 2.3 The LGSS Operational budget was expected to break-even by year-end. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.
- 2.4 There are three significant forecast outturn variances by value (over £100,000) to report for Corporate Services / LGSS Managed.

There is a predicted underspend of £320k on Digital Strategy, an increase of £144k on last month, which is due to further slippage on projects that will not now be completed in 2015/16.

There is a predicted overspend of £132k on Building Maintenance, an increase of £90k on the figure reported last month. This takes into account expected year end accruals totalling £213k.

An underspend of £162k is currently predicted on Authority-wide Miscellaneous budgets although the position may change due to adjustments in the course of closing the accounts. This variance is due to a number of factors including an estimated Eastern Shires Purchasing Organisation (ESPO) rebate for 2015-16 which exceeds the budget set by £159k, and an adjustment of £150k in respect of Adult Social Care accruals 2014-15. These items are offset by a pressure of £149k due to additional employer's pension contributions.

- 2.5 The forecast underspend on debt charges has decreased by £30k since last month due to a lower receipt than anticipated in respect of a Grafham Water Centre loan. The underspend is now predicted to be £2,800k and is largely as a result of a decision to continue with a strategy of internal borrowing as the health of the balance sheet has been stronger than anticipated. As a result investments have been drawn down as a surrogate for expensive long term borrowing.
- 2.6 At the end of March, Corporate and LGSS Managed was forecasting a year-end underspend on capital of £8.8m in 2015-16.
- 2.7 There is one significant forecast underspend by value to report on capital for Corporate Services / LGSS Managed. Due to contractor delays, work on the

Effective Property Asset Management (EPAM) – Renewable Energy Soham project will now commence in 2016-17, and therefore the scheme is now showing an underspend of £0.2m in 2015/16.

- 2.8 At the end of March, LGSS Operational was forecasting a year-end overspend on capital of £0.3m in 2015-16.

This overspend is due to rephasing of the Cambridgeshire County Council share of costs for the implementation of the Next Generation Enterprise Resource Planning (ERP) amounting to £515k, and partly offset by an underspend of £184k on the R12 Convergence scheme. This will not affect the total scheme cost of the Next Generation ERP project. This element of the capital budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.

- 2.9 Corporate Services / LGSS have eleven performance indicators for which data is available. Nine indicators are currently at green status, and two at amber.
- 2.10 The Scheme of Financial Management permits Service Management Teams to propose “carry-forwards” from year-end underspends (operational savings) which can be held in reserve for specific earmarked purposes. These plans need to be endorsed by Service Committees and then forwarded to General Purposes Committee for approval in July. The use of carry-forwards is intended to support tactical investments and service trials (alongside the wider and larger transformation fund).
- 2.11 At the beginning of 2016 GPC considered two significant aspects for the future funding of the Customer Services and Transformation Directorate.

At its meeting on 14 January 2016 GPC approved the following recommendation regarding the funding for transformation resources within the Directorate:

“That operational reserves from within Corporate Services are used to retain the “transformation” functions within the directorate whilst the Corporate Capacity Review is underway so that those working within transformation teams in Corporate Services are able to be included within the Corporate Capacity Review. The Corporate Capacity Review will be fully implemented during 2016/17.”

At its meeting on 2 February 2016 GPC agreed “the use of transitional funding of £382,309 to underpin the current operation of the Contact Centre, whilst a business case for the transformation of the Contact Centre is developed as part of a wider review of our Customer Strategy.”

It is now confirmed to GPC that these decisions have been actioned for the new financial year 2016/17. The breakdown of this is as follows:

| | £000 |
|--------------------------------------|---------------|
| Operational Savings Reserves (total) | -417.3 |
| Corporate service outturn 2015/16 | <u>-792.6</u> |
| Total funds available | -1209.9 |

2016/17 budget

| | |
|--|---------------|
| Contact centre, transformational funding | -382.3 |
| Smarter Business team aligned with CCR | -137.9 |
| Service Transformation team aligned with CCR | -272.3 |
| Web Strategy team aligned with CCR | <u>-114.4</u> |
| | -906.9 |

As the implementation of the above is confirmed it is expected that any remaining reserve funding will transfer to the General Reserve to support the Council's 2016/17 base revenue position. As the Directorate's work as part of the Council's Transformation Programme is developed the investment required to deliver this transformation will be presented as a business case for consideration for support through the Transformation funding.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

| Source Documents | Location |
|---|---|
| There are no source documents for this report | 1st Floor, Octagon, Shire Hall, Cambridge |