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**Report to: Partnership & Performance Committee**

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**Date of Meeting: 27 September 2018**

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**Subject: Financial Performance 2018/19 – June Outturn**

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**Report by: Chief Accountant (Interim)**

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## **1.0 Purpose**

- 1.1 This paper provides an update on the financial performance for the Partnership and Performance Division of the Council in respect of revenue spend for the current financial year, 2018/19. Capital expenditure will be reported to the Audit Committee as part of the overall Council's financial performance report.

### Recommendations

It is recommended that Committee notes the report, commenting and challenging as appropriate:

- The forecast General Fund revenue underspend relating to the Partnership and Performance Division for the year of £(0.675m).
- The forecast revenue overspend of the Integration Joint Board (IJB) for the year of £1.485m.
- Progress on delivering planned savings in the year.

## **2.0 Purpose**

This report summarises the draft financial position of the Partnership and Performance Division of the Council and forecasts the outturn position for the financial year ended 31<sup>st</sup> March 2019.

## **3.0 Background**

- 3.1 At the start of 2018/19 the old reporting structure was replaced with the new portfolios of People, Place and Performance. The exact make up of each has not yet been fully agreed, however the broad principles of which each would cover was set out below:

Table 1 – People, Place and Performance themes



Source: General Services Revenue & Capital Budget 2018-19

3.2 Based on these high level principles the table below gives a further breakdown of the elements which now make up the Partnership and Performance Division resource budget:

Table 2 – make up of the Partnership and Performance Division

| PARTNERSHIP & PERFORMANCE        |                      |                |
|----------------------------------|----------------------|----------------|
| Finance                          | Payments             | Communications |
| IT                               | Trading Standards    | Internal Audit |
| HR                               | Corporate            | Legal          |
| Procurement                      | Licensing            | Registrars     |
| Health & Social Care Partnership | Environmental health |                |
| RESOURCES                        |                      |                |
| STRATEGIC SUPPORT                |                      |                |
| RISK & GOVERNANCE                |                      |                |
| PARTNERSHIPS                     |                      |                |

Source: General Services Revenue & Capital Budget 2018-19

Since the approval of the 2018-19 General Services Revenue & Capital Budget in March 2018 there has been an amendment to the make up of the Partnership & Performance Division;

- Health & Social care Partnership has been moved from People Division to Partnership & Performance Division.

3.3 Now that the majority of the portfolio leads are in place, the exact make up of the finance budget will be agreed and this will ensure reporting is on a consistent basis from that point on. The report below takes the resource from

each broad area above and includes them in a single report for the Partnership and Performance Division. This is the first transitional report for the Partnership and Performance Committee, covering a budget of approximately £37.9m (32% of the Councils over all budget).

- 3.4 This report will be refined as the remit of the Partnership & Performance Division develops. The reporting below still follows the old reporting structure, as these currently still exist in the finance system and in service teams.

#### 4.0 General Fund Revenue

- 4.1 The Division's net service expenditure is forecasting an underspend of £(0.675m) for the year and the Integration Joint Board is forecasting an overspend of £1.485m for the year ended 31<sup>st</sup> March 2019.

- 4.2 Table 3 below provides an overview of the financial outturn position within each Service Expenditure area.

**Table 3: Summary of Service Budget Variances**

|                                       | <i>Annual Budget<br/>2018/19<br/>£'000</i> | <i>Forecast to<br/>March 2018<br/>£'000</i> | <i>Variance<br/>Forecast<br/>to Budget<br/>£'000</i> |
|---------------------------------------|--|---|--|
| Resource & Governance                 | 5,786                                      | 5,875                                       | 89   |
| Strategy & Customer Services          | 3,468                                      | 3,489                                       | 21   |
| Executive Team                        | 443  | 332   | (111)  |
| Development & Environmental           | 655  | 665   | 10   |
| Housing & Community Safety            | 2,262                                      | 1,578                                       | (684)  |
| Corporate Services                    | (996)                                      | (996)                                       | 0  |
| Misc Services - Non Distributed Costs | 1,312                                      | 1,312                                       | 0  |
|                                       | 12,930                                     | 12,255                                      | (675)  |
| less allocated to non general fund    | (1,305)                                    | (1,305)                                     | 0  |
|                                       | 11,625                                     | 10,950                                      | (675)  |
| Add Requisitions from Joint Boards    |  |   |  |
| Central Scotland Valuation            | 381  | 381   | 0  |
|                                       | 12,006                                     | 11,331                                      | (675)  |
| Add/Deduct                            |  |   |  |
| Interest on Revenue Balances          | (91)                                       | (91)  | 0  |
| Loans Fund Contribution               | 9,773                                      | 9,773                                       | 0  |
| Contribution to Bad Debt Provision    | 200  | 200   | 0  |
| <b>Division Total Expenditure</b>     | <b>21,888</b>                              | <b>21,213</b>                               | <b>(675)</b>   |
|                                       |  |   | Underspend   |
| Health & Social Care Partnership      | 16,014                                     | 17,526                                      | 1,485  |
|                                       |  |   | Overspend  |

4.3 The table below sets out the main variances which make up the table above:

Table 4 - variance

| Service                                 | Over/<br>(underspend)<br>£000s | Total        | Narrative  |
|---|--------------------------------|--------------|--|
| <b>Resource &amp; Governance</b>        |                                |              |  |
| Employee costs                          | 89                             |              | Vacancy management across Accountancy, IT & Legal underspend £(97)k, restructure savings not likely to be achieved £186k, resulting in an overspend  |
|   |                                | <b>89</b>    | <b>Overspend</b>   |
| <b>Strategy &amp; Customer Services</b> |                                |              |  |
| Employee costs                          | (37)                           |              | Vacancy management, business support underspend £(46)k, Superannuation overspend due to new entrants to pension scheme £9k   |
| Income                                  | 64                             |              | Underachieved income Scottish Certificates   |
| Supplies and Services                   | (6)                            |              | Various small underspends  |
|   |                                | <b>21</b>    | <b>Overspend</b>   |
| <b>Exec Team</b>                        |                                |              |  |
| Employee costs                          | (104)                          |              | Vacancy management underspend  |
| Supplies & Services                     | (5)                            |              | Recruitment expenses underspend  |
| Others                                  | (2)                            |              | Small rounding variance underspends  |
|   |                                | <b>(111)</b> | <b>Underspend</b>  |
| <b>Development &amp; Environmental</b>  |                                |              |  |
| IT costs                                | 10                             |              | Due to "Uniform" software, with no budget therefore overspent  |
| Employee costs                          |                                |              | Vacancy management Legal, £(12k underspend   |
|   |                                | <b>10</b>    | <b>Overspend</b>   |
| <b>Housing &amp; Community Safety</b>   |                                |              |  |
| Housing benefit                         | (495)                          |              | Housing Benefit paid by the Council is underspent by £(0.495m) in line with recent trends due to the impact of claimants on Universal Credit. This underspend will be impacted by the recent change in legislation around supported accommodation but the full effect is unclear at this time. |
| Income                                  | (34)                           |              | Additional DWP funding for new burdens   |
| Employee Costs                          | (70)                           |              | Vacancies  |

| Service                                     | Over/<br>(underspend)<br>£000s | Total        | Narrative  |
|---|--------------------------------|--------------|--|
| Payments to Individuals                     | (77)                           |              | Scottish Welfare Fund spend  |
| Others                                      | (8)                            |              | Various small variances  |
|   |                                | <b>(684)</b> | <b>Underspend</b>  |
|   |                                |              |  |
| <b>Division Total</b>                       |                                | <b>(675)</b> | <b>Underspend</b>  |
|   |                                |              |  |
| <b>Health &amp; Social Care Partnership</b> |                                |              |  |
| Staffing                                    | (579)                          |              | Vacancies across the service resulting in an underspend                              |
| Supplies & services                         | 140                            |              | Demand led minor adaptations and equipment overspend                                 |
| Homecare                                    | 1,508                          |              | Continuing high demands on care at home overspend                                    |
| Long term placements                        | 788                            |              | Demand for nursing home placements Including ordinary resident costs £376k overspend |
| Transport & Property costs                  | 37                             |              | Various small overspends   |
| Income target                               | (409)                          |              | Income in excess of budget due to client contributions for services                  |
| <b>HSCP total</b>                           |                                | <b>1,485</b> | <b>Overspend</b>   |

4.4 The table above is now shown below by the 4 themes within the Partnership & Performance division of: Resources, Strategic Support, Risk & Governance and Partnerships.

| Service               | Over/<br>(underspend)<br>£000s | Total | Narrative  |
|-----------------------|--------------------------------|-------|--|
| <b>Resources</b>      |                                |       |  |
| Employee costs        | 101                            |       | Vacancy management across Accountancy, IT & Legal underspend £(85)k, restructure savings not achieved £186k resulting in an overspend  |
| Employee costs        | (37)                           |       | Vacancy management, business support underspend £(46)k, Superannuation overspend due to new entrants to pension scheme £9k   |
| Income                | 64                             |       | Underachieved income Scottish Certificates   |
| Supplies and Services | (6)                            |       | Various small underspends  |
| Housing benefit       | (495)                          |       | Housing Benefit paid by the Council is underspent by £(0.495m) in line with recent trends due to the impact of claimants on Universal Credit. This underspend will be impacted |

| Service                                     | Over/<br>(underspend)<br>£000s | Total        | Narrative   |
|---|--------------------------------|--------------|---|
|   |                                |              | by the recent change in legislation around supported accommodation but the full effect is unclear at this time. |
| Income                                      | (34)                           |              | Additional DWP funding for new burdens  |
| Employee Costs                              | (70)                           |              | Vacancies   |
| Payments to Individuals                     | (77)                           |              | Scottish Welfare Fund spend   |
| Others                                      | (8)                            |              | Various small variances   |
| <b>Resources Total</b>                      |                                | <b>(562)</b> |   |
| <b>Strategic Support</b>                    |                                |              |   |
| Employee costs                              | (104)                          |              | Vacancy management underspend   |
| Supplies & Services                         | (5)                            |              | Recruitment expenses underspend   |
| Others                                      | (2)                            |              | Small rounding variance underspends   |
| <b>Strategic Support Total</b>              |                                | <b>(111)</b> |   |
| <b>Risk &amp; Governance</b>                |                                |              |   |
| IT costs                                    | 10                             |              | Due to "Uniform" software, with no budget therefore overspent   |
| Employee costs                              | (12)                           |              | Vacancy management in legal Team resulting in an underspend   |
| <b>Risk &amp; Governance Total</b>          |                                | <b>(2)</b>   |   |
|   |                                |              |   |
| <b>Performance Total</b>                    |                                | <b>(675)</b> | <b>Underspend</b>   |
|   |                                |              |   |
| <b>Partnerships</b>                         |                                |              |   |
| <b>Health &amp; Social Care Partnership</b> |                                |              |   |
| Staffing                                    | (579)                          |              | Vacancies across the service resulting in an underspend   |
| Supplies & Services                         | 140                            |              | Demand led minor adaptations and equipment overspend  |
| Homecare                                    | 1,508                          |              | Continuing high demands on care at home overspend   |
| Long term placements                        | 788                            |              | Demand for nursing home placements including ordinary resident costs £376k overspend                            |
| Transport & Property costs                  | 37                             |              | Various small overspends  |
| Income target                               | (409)                          |              | Income in excess of budget due to client contributions for services   |
| <b>Partnerships Total</b>                   |                                | <b>1,485</b> | <b>Overspend</b>  |

4.5 This is a first pass at what the new structure might look like in reporting terms, and will be refined as the new teams develop.

## 5.0 2018/19 Savings Progress

5.1 The 2018/19 budget incorporated approved savings of £7.376m. Of this total £1.078m is attributable to the Partnership & Performance Division. Based on analysis to date, savings of £0.665m (61.7%) are forecast to be achieved, with up to a further £0.213m (19.8%) likely to be achieved in the year. Table 5 below sets out the position for each of the savings categories.

**Table 5: Budgeted 2018/19 savings progress**

| <i>Savings Category</i>   | <i>Savings full year</i> |                       |                       |                     |
|---------------------------|--------------------------|-----------------------|-----------------------|---------------------|
|                           | <i>18/19<br/>£000</i>    | <i>Green<br/>£000</i> | <i>Amber<br/>£000</i> | <i>Red<br/>£000</i> |
| Policy Savings            | 249                      | 44                    | 5                     | 200                 |
| Management Efficiencies   | 451                      | 451                   | 0                     | 0                   |
| Service Redesign          | 15                       | 15                    | 0                     | 0                   |
| Corporate Redesign        | 289                      | 104                   | 185                   | 0                   |
| 17-18 cash savings year 2 | 70                       | 47                    | 23                    | 0                   |
| 18-19 cash savings        | 4                        | 4                     | 0                     | 0                   |
| <b>Total</b>              | <b>1,078</b>             | <b>665</b>            | <b>213</b>            | <b>200</b>          |
|                           |                          | <i>61.7%</i>          | <i>19.8%</i>          | <i>18.5%</i>        |

5.2 Of the above savings £0.200m (18.5%) are being forecast as possibly unachievable, this relates to project RGP02 staff T&Cs .

5.3 Where the saving is not to be achieved in year, the Accountancy team will be working in conjunction with the Services, to identify compensatory savings for those that will not be achieved during 2018-19. The Council, over the last 3 years, has a record of achieving approximately 70% of its planned savings. This needs to increase to ensure financial sustainability going forward and to achieve its balanced budget.

5.4 Any unachieved savings are reflected within Service spend and the overall spend for the Council. Appendices A to E provide further detail of the progress on delivering savings within each service.

## 6.0 Earmarked Reserves

6.1 Where an earmarked reserve has been provided for at the financial year end, it has been assumed within these forecasts, that the service will receive the budget and the forecasts have been adjusted accordingly.

## 7.0 Conclusions

7.1 The Partnership & Performance Division revenue spend is anticipated to record an underspend in Performance of £(0.675m) and an overspend in Partnerships of £1.485m.

- 7.2 Of the associated approved savings of £1.078m, £0.665m is forecast to be achieved and up to a further £0.213m is likely to be achieved in the year.
- 7.3 Services and the accountancy team are working to ensure the full savings are achieved by the end of the financial year.

## 8.0 Sustainability Implications

8.1 None

## 9.0 Resource Implications

9.1 *Financial Details*

9.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

9.3 Finance has been consulted and has agreed the financial implications as set out in the report. Yes

9.4 *Staffing*

9.5 None

## 10.0 Exempt Reports

10.1 Is this report exempt? No

## 11.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

## 12.0 Equalities Impact



- 12.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? Yes  
 No

**13.0 Legality**

- 13.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**14.0 Appendices**

- 12.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A-E Savings Position: Partnership & Performance Division

**13.0 Background Papers**

- 13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)  
 Yes  (please list the documents below) No

**Author(s)**

| NAME               | DESIGNATION | TEL NO / EXTENSION |
|--------------------|-------------|--------------------|
| Elizabeth Hutcheon | Team Leader | 6214               |

**Approved by**

| NAME            | DESIGNATION                           | SIGNATURE   |
|-----------------|---------------------------------------|---|
| Paula Tovey     | Chief Accountant (interim)            |  |
| Stuart Crickmar | Director of Partnership & Performance |   |



| Schedules of Savings    |      |   |                |                |                       |       |     |
|-------------------------|------|---|----------------|----------------|-----------------------|-------|-----|
| Management Efficiencies |      |   |                | APPENDIX A     |                       |       |     |
| Service Reference       |      | Description of Saving   | 2018/19        | 2018/19        |                       |       |     |
|                         |      |   |                | Achieved       | Likely to be achieved | Amber | Red |
| RGME01                  | PERF | Release Fraud manager on VR. Backfill governance officer vacancy with fraud skilled officer at G6 | 52,643         | 52,643         |                       |       |     |
| RGME02                  | PERF | Release 2XICT CSO (G6)  | 34,954         | 34,954         |                       |       |     |
| RGME03                  | PERF | Release 2XG6 (ICT Technical Support Officers) and create 1XFTE Project Support Officer (G7)       | 35,449         | 35,449         |                       |       |     |
| RGME04                  | PERF | Release Committee Service officer post (G6) on retirement of post holder                          | 31,345         | 31,345         |                       |       |     |
| RGME05                  | PERF | Release unused budget from governance manager post that is not required to fund new L&DSM         | 10,859         | 10,859         |                       |       |     |
| RGME07                  | PERF | NEW Procurement Income  | 2,000          |                | 2,000                 |       |     |
| SCSME01                 | PERF | Reduce Emergency Planning Budget  | 18,000         | 18,000         |                       |       |     |
| SCSME02 prev 3          | PERF | Budget realignment of health policy officer budget  | 10,000         | 10,000         |                       | -     |     |
| CORPME02                | PERF | Mileage and Expenses efficiencies   | 78,000         |                | 78,000                |       |     |
| CORPME03                | PERF | no increase in superann contri 2018/19  | 178,000        |                | 178,000               |       |     |
|                         |      |   | <b>451,250</b> | <b>193,250</b> | <b>258,000</b>        | -     | -   |
|                         |      |   |                |                |                       |       |     |

Schedules of Savings

Policy

APPENDIX B

| Service Reference |      | Description of Saving   | 2018/19        | 2018/19       |                       |              |                |
|-------------------|------|---|----------------|---------------|-----------------------|--------------|----------------|
|                   |      |   |                | Achieved      | Likely to be achieved | Amber        | Red            |
| RGP01             | PERF | Charge for legal services when advice or work done on behalf of third parties   | 5,000          | -             |                       | 5,000        |                |
| RGP02             | PERF | Removal/reduction of terms and conditions not prescribed by national agreements | 200,000        | -             |                       |              | 200,000        |
| RGSR01            | PERF | Cancel mobile phone insurance.  | 13,894         | -             | 13,894                |              |                |
| RGSR02            | PERF | Reduce corporate training budget  | 25,000         | 25,000        | -                     |              |                |
| DEP04             | PERF | Reduce subsidy to Banded stray dog shelter                                      | 5,000          |               | 5,000                 |              |                |
|                   |      |   | <b>248,894</b> | <b>25,000</b> | <b>18,894</b>         | <b>5,000</b> | <b>200,000</b> |

Schedules of Savings

Redesign

APPENDIX C

| Service Reference |                 | Description of Saving               | 2018/19       | 2018/19  |                       |          |          |
|-------------------|-----------------|-------------------------------------|---------------|----------|-----------------------|----------|----------|
|                   |                 |                                     |               | Achieved | Likely to be achieved | Amber    | Red      |
| SCSR01            | PERFORMANC<br>E | Redesign Member Services Support    | 3,150         |          | 3,150                 |          |          |
| SCSR02            | PERFORMANC<br>E | Redesign Kilncraigs Reception model | 11,513        |          | 11,513                |          |          |
|                   |                 |                                     | <b>14,663</b> | <b>0</b> | <b>14,663</b>         | <b>0</b> | <b>0</b> |

Cash savings 2018/19

APPENDIX D

| Reference                        |             | Saving description | 2018/19 saving | Achieved     | Likely to be achieved | Amber | Red |
|----------------------------------|-------------|--------------------|----------------|--------------|-----------------------|-------|-----|
| CASH                             | PERFORMANCE | External Audit Fee | 4,000          | 4,000        |                       |       |     |
| <b>New savings added in year</b> |             |                    | <b>4,000</b>   | <b>4,000</b> | -                     | -     | -   |

Year 2 savings (2018/19 savings agreed in 2017/18)

APPENDIX E

| Reference               |             | Saving description    | 2018/19 saving | 2018/19  |                       |               |          |
|-------------------------|-------------|-----------------------|----------------|----------|-----------------------|---------------|----------|
|                         |             |                       |                | Achieved | Likely to be achieved | Amber         | Red      |
| Managed contraction R&G | PERFORMANCE |                       | 46,843         |          | 46,843                |               |          |
| MCB SCS 006a            | PERFORMANCE | Roll out of hub model | 23,000         |          |                       | 23,000        |          |
|                         |             |                       | <b>69,843</b>  | <b>0</b> | <b>46,843</b>         | <b>23,000</b> | <b>0</b> |

