

ONESOURCE JOINT COMMITTEE SUPPLEMENTARY AGENDA

18 October 2019

The following report is attached for consideration and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

6 ONESOURCE FINANCIAL FORECAST AT PERIOD 5 (Pages 1 - 8)

Andrew Beesley
Head of Democratic Services

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Appendix A: oneSource Period 5

Code	Service	COMBINED REVISED BUDGET	COMBINED YTD ACTUALS	FY COMBINED FORECAST	FY COMBINED FORECAST VARIANCE	REASON FOR COMBINED FY FORECAST VARIANCE
A7000B	oneSource Shared	33,552,318	18,403,532	33,984,685	432,367	The forecasted overspend is derived from agency spend; a permanent recruitment is underway to try and mitigate this pressure.
A7100C	oS Finance	9,691,569	8,863,804	9,771,025	79,456	
A7200C	oS Business Services	617,380	380,150	606,029	(11,351)	
A7300C	oS Exchequer & Transactional Serv	7,679,902	1,854,004	7,527,958	(151,944)	The period 5 forecasted underspend of £152k relates to an overachievement of income against target in relation to enforcement services of £50k and vacancy management/recruitment delays of £102k.
A7500C	oS Legal & Governance	2,711,490	102,312	2,712,934	1,444	The period 5 forecast has improved by £110k from a period 4 projected overspend of £111k to a projected overspend of £1k. Although the projected one-off pressures relating to agency costs still exist there has been an improvement in the amount of projected recharge income. The forecast contains within it an estimation regarding the level of court fee cost income awarded in 19/20; the amount and timing of this income is by its nature difficult to project and so the forecast will continue to be reviewed on a monthly basis and updated accordingly.
A7600C	oS ICT Services	8,027,032	5,251,285	8,021,735	(5,297)	
A7700C	oS Asset Management Services	2,048,625	893,485	2,355,325	306,700	Asset Management shared are forecasting a pressure at period 5 of £0.307m. This relates to a shortfall against income targets, largely around capitalisation due to a reduction in the amount of disposals taking place across the councils. There is also a shortfall in the amount recharged to the HRA against target regarding management of their commercial property portfolio. Work with finance is underway to make sure all possible costs are being recharged.
A7800C	oS Strategic & Operational HR	2,776,320	1,058,491	2,989,679	213,359	HR are forecasting a pressure of £213k as at period 5. This is following a detailed review of existing costs. It may be that this figure either increases or decreases as clarity over separate/additional funding streams is gained between now and period 6.

Splits:

Havering	138,447
Newham	223,038
Bexley	70,882
Total	432,367

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Appendix B: Newham non-shared Peri

	FY REVISED BUDGET	YTD ACTUALS	FY FORECAST	FY FORECAST VARIANCE	REASON FOR FY FORECAST VARIANCE
oneSource - Non Shared	5,792,197	9,481,721	5,964,442	172,245	As at period 5 the oneSource non-shared forecast is £172k overspend. This is an improvement of £487k compared to the period 4 forecast of £661k. The improvement is due to a reduction in forecasted apprentice costs of £200k in light of vacancies within this area; a recruitment drive will mean this budget is due to be fully spent as of 20/21. The remainder of the reduction in projected overspend is within Asset Management where a reprioritisation of corporate landlord compliance works has been carried out with a view to reducing the projected in year overspend by £500k and a reduction in carbon reduction payment costs of £97k. This improvement in forecasted overspend has been offset in part by an increase in the projected one-off litigation costs associated with Stratford Workshops of £161k and some increases in projected business rates costs associated with vacant premises.
Finance	568,200	311,967	644,700	76,500	The period 5 forecasted pressure of £76,500 relates to a shortfall on the pension deficit funding budget as compared to costs. The costs have increased beyond budget due to a number of bodies being externalised assuming fully funded pension costs. Work is being done to try and recover these costs where possible and any progress will be reflected in the forecast as and when it happens.
Human Resources	678,500	147,067	492,900	(185,600)	The period 5 forecasted underspend of £185,600 is made up of a forecasted pressure of £90k in relation to trade union costs and underspends of £74k and £202k in relation to the occupational health contract and apprenticeship budgets respectively. The occupational health contract is in the process of being retendered and so updated costs for this will be available by the end of the year. The underspend on the apprentice budget is due to trainee vacancies, however, a recruitment drive in the new year will see this budget being fully spend from 20/21 onwards.
Legal & Democratic	682,900	478,132	713,300	30,400	
Asset Management	3,372,997	7,243,470	3,623,942	250,945	As at period 5, Asset Management are forecasting a pressure of £251K. There has been a favourable movement of (£287K) from the period 4 variance due to a forecast underspend within Corporate Landlord of (£500K). Whilst condition surveys are due to be carried out this year, the remedial works are likely to slip into 2020/21. The CRC (carbon reduction commitment) payment due for 18/19 is also lower than anticipated, due to reduced carbon emissions and therefore the service are forecasting a further underspend of (£97K). These underspends have been offset in part from increased costs, including Stratford Workshop litigation fees of £161K, total cost of which is now £270K including the use of the legal provision created at the end of 2018/19. There has also been an increase in business rates, £160K, in relation to vacant properties due to an increase in the number of voids, particularly community centres. The Staircase Ruling affecting Dockside Business rates is still pending reversal and is due to be backdated, however timing of this is still unknown. The pressure remains at £530K.
LBN Transactional Services	(398,400)	610,516	(398,400)		
ICT Services	888,000	690,569	888,000		

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Appendix C: Havering non-shared P5

	FY REVISED BUDGET	YTD ACTUALS	FY FORECAST	FY FORECAST VARIANCE	FORECAST VARIANCE GROUP
					REASON FOR FY FORECAST VARIANCE
oneSource Non-Shared LBH	2,978,382	(143,564)	3,155,487	177,105	The period 5 forecasted pressure of £177k relates largely to the projected overspend within technical services of £208k which is due to a loss of transport income. Work is underway to try and increase route income and/or review operating costs. There is also an unmet savings target of £150k within ICT services which relates to borough wide wifi which the service are seeking to address as part of budget setting processes. There is a forecasted surplus of £54k within Asset Management which relates to some one off additional income within commercial property services which more than offsets a £244k shortfall of income against target in relation to Romford Market within this area. Furthermore, there is a forecasted underspend of (£225k) relating to Housing Benefit Subsidy where the adverse impact of Universal Credit on Housing Benefit Overpayment recoveries has not be experienced due to the slower than anticipated roll out of the system.
Exchequer Services	(1,026,930)	(2,270,404)	(1,251,600)	(224,670)	P5 £224k surplus variance due to HB overpayment income remaining steady within benefit subsidy.
Business Services	1,020		1,020		
Technical and Transport Services	536,618	413,153	745,394	208,776	Adverse shift since P4 reflects the loss of Thurrock PTS routes (Transport) and pat year effect from September 2019. Transport will continue to mitigate the impact by seeking additional trading opportunities within Thurrock and elsewhere
Asset Management	152,930	69,177	99,095	(53,835)	Asset Management are forecasting an underspend at period 5 of £0.054m. This is due to additional rental income plus unexpected backdated rent, the total of which equates to £0.302m. This is offsetting the Romford Market fee income pressure of £0.248m.
Strategic HR & OD	408,364	70,516	465,494	57,130	P5 - variance due to forecast overspend on TU facility time. Report for SLT to be drafted - options to increase funding for a time limited period linked to transformation.
Legal & Democratic Svs	2,249,530	1,232,312	2,289,234	39,704	
ICT Services	656,850	341,681	806,850	150,000	Forecasted pressure relates to non-achievement of borough wide wifi savings target - seeking to be addressed as part of ongoing budget setting processes.

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Appendix D: Bexley non-shared P5

	FY REVISED BUDGET	YTD ACTUALS	FY FORECAST	FY FORECAST VARIANCE	FORECAST VARIANCE GROUP
					REASON FOR FY FORECAST VARIANCE
oneSource Non-Shared LBB (Exchequer)	3,868,000	23,546,528	3,868,000	0	The period 5 forecast for Bexley non-shared is nil variance. There is a possibility that some new burdens grant income could be retained and that an assessor vacancy could be held to generate some in year savings, however, this won't be declared in the monitor until there is certainty on these two items. Actuals to date will appear more in line with budget when subsidy grant income has been journalled into the code.

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