

## Appendix D

### CORPORATE AND SUPPORT SERVICES

#### 1. Financial Outturn

Service	Total budget approval	2016/17 Outturn	Variance Underspend (-) / Overspend	Earmarked Reserves	Underspend (-) / Overspend	Use of Capital Receipt Flexibility	Local Authority Variance Underspend (-) / Overspend
	£m	£m	£m	£m	£m	£m	£m
Customers and Communities	1.592	1.311	(0.281)		(0.281)		(0.281)
Communications	0.582	0.585	0.003		0.003		0.003
Southwest One Services	11.614	11.668	0.055	(0.055)	-		-
Commercial Advisory and Procurement	1.355	1.845	0.490	(0.007)	0.483		0.483
Business Support	4.273	4.010	(0.263)		(0.263)		(0.263)
Business Change	-	2.611	2.611	(0.754)	1.857	(1.857)	0.000
Property	1.381	2.819	1.438	(1.225)	0.213		0.213
HR and OD	2.544	2.141	(0.403)	0.015	(0.388)		(0.388)
Senior Leadership Team	1.658	1.797	0.140		0.140		0.140
ICT	(1.104)	(0.321)	0.784		0.784	(0.531)	0.253
Members Budgets	1.730	1.478	(0.252)	0.250	(0.002)		(0.002)
Legal Services and Coroners	3.283	3.098	(0.185)		(0.185)		(0.185)
Finance	2.352	2.268	(0.084)	(0.034)	(0.118)		(0.118)
Planning and Performance	0.127	0.101	(0.026)		(0.026)		(0.026)
<b>Total</b>	<b>31.386</b>	<b>35.412</b>	<b>4.026</b>	<b>(1.806)</b>	<b>2.220</b>	<b>(2.388)</b>	<b>(0.168)</b>

#### Overall Summary:

Overall, Corporate and Support Services were underspent by £0.168m following the draw on earmarked reserves (£1.837m) and approved use of capital receipt flexibility (£2.388m)

#### Summary by Service

##### Customers and Communities

##### **Customers and Communities: (-) £0.278m underspend**

£0.025m of the £0.168 Community Invest-to-Save Scheme was spent in 2016/17 leaving a balance of £0.143m. Approval is sought to carry forward this balance to 2017/18 to cover the Panel awards committed (£0.025m) and to support and fund further successful applications.

The service was underspent by £0.135m, mainly due to an underspend on the Volunteers contract, Community Development Fund and the Fostering and Adoption Campaign. Approval is sought to carry forward £0.020m of this underspend to continue to support the Fostering and Adoption Campaign in 2017/18.

## **Business and Commercial Services**

**The overall overspend of £0.437m comprises the following variances:**

### **Southwest One Services: Nil Variance**

Although the end of year variance is nil, it is worth noting in this report that already progress is being made in terms of cost management. In the eight months up to the end of the SWOne contract, the Unitary Charge budget was overspent by £0.765m. Since the end of the contract the budget has been underspent by £0.710m, with the resulting net overspend of £0.055m covered by a drawdown from earmarked Equalisation Reserve.

### **Commercial Advisory and Procurement: (+) £0.483m overspend**

This Service area incorporates Building Schools for the Future (BSF) budgets which produced a (planned) underspend of £1.117m in 2016/17. This underspend has been transferred to the BSF earmarked Equalisation Reserve. As advised in previous reports, one-off costs were incurred as a result of end of the South West One contract resulting in an overspend of £1.607m. With £1.010m of this being covered by a drawdown from the remaining Unitary Charge earmarked Equalisation Reserve and £0.014m admin costs being transferred to the BSF earmarked Equalisation Reserve, it is requested that £0.483m is written off to General Reserves.

### **Business Support: (-) £0.263m underspend**

Business Support was underspent by £0.263m. Of this underspend, £0.027m was Public Health overhead contribution income received in 2016/17 and the remaining amount is a result of generating additional income, savings through staffing vacancies, savings in utility charges from unoccupied space within County Hall, savings in reprographics charges and an overall reduction in expenditure as a result of the Chief Executive's freeze on non-essential spend. Many of the savings this year are however one-off.

### **Business Change: Nil Variance**

Core Council Programme expenditure in 2016/17 was £2.611m. This has been part-funded by a planned drawdown of £0.754m from the earmarked reserve, with the balance of £1.857m funded from approved use of capital receipt flexibility.

### **Strategic Property: (+) £0.213m overspend**

The overspend on Corporate Property functions was £0.034m. The Land Management account incurred higher (£0.179m) than expected running costs from surplus property and land, with delays in the sale of land and buildings. It is requested that this be written off from General Reserves as an off-target area.

The (non-schools) Repairs and Maintenance (R&M) Fund was overspent by £0.564m and BMIS (schools repairs and maintenance) was overspent by £0.661m. At the start of 2015/16 Skanska took over the provision of the Hard FM work on corporate buildings. The overspend has arisen, in part, because the cost of providing this service is part of a fixed price element which covers servicing costs and reactive repairs under £1,500. As stated in previous years, not all assets had

been recorded and including these in the new contract resulted in higher costs.

The non-schools R&M overspend was cleared to the earmarked reserve at year-end. The cumulative overspend balance has increased to £0.986m.

The BMIS overspend was transferred to the BMIS earmarked reserve and the cumulative overspend balance has now grown to £1.516m.

**HR and OD: (-) £0.166m underspend**

The HR and OD underspend is from savings within the 16/17 Pathway to Employment Scheme and savings against the approved carry forward, through only incurring necessary spend until year-end. This is offset by unplanned expenditure to cover the implementation costs of the e-recruitment programme and additional income generated.

**Learning and Development: (-) £0.222m underspend**

The Learning & Development underspend of £0.222m is mainly due to the Adult Social Care training plan for 2016/17 being reassessed, resulting in an underspend of £0.174m, together with a further saving of £0.048m as a result of the spending freeze applied to all other areas

**ICT: (+) £0.253m overspend**

Costs incurred in preparation for, and as a result of, the end of the South West One contract totalled £0.556m. Changes to NI regulations resulted in a £0.032m pressure, the implementation of essential new modules on the Capita One system caused a £0.016m pressure, a shortfall of income caused a pressure of £0.149m and some other minor variances of £0.031m resulted in an overall ICT pressure of £0.784m in 2016/17. £0.531m of this has been funded from capital receipt flexibilities as work associated with service improvement implementation costs, resulting in a net £0.253m overspend.

**Finance and Performance**

**Legal Services and Coroners: (-) £0.185m underspend**

The Legal Services underspend of £0.188m arose from staff vacancies (£0.146m) and reduced use of counsel (£0.082m), expert fees (£0.090m) and locum costs (£0.032m). This was offset by a reduction in internal income (£0.098m) and increased disbursements (£0.066m). The Coroners service was overspent by £0.003m, its lowest overspend for some years, its first full year under SCC management.

**Finance: (-) £0.118m underspend**

The Finance underspend in 2016/17 arose late in the financial year due to additional Treasury Management administration income (£0.102). Additional savings came from staff vacancies.

### **Business Cases for Carry Forwards (Annex A): £0.163m**

A carry forward of **£0.143m** is requested for the **Communities Invest-to-Save Scheme** to cover the awards committed (£0.025m) and to support and fund further successful applications in 2017/18.

A carry forward of **£0.020m** is requested for **Customers and Communities** to continue the support to the on-going Fostering and Adoption Campaign (£0.020m).

### **Drawdown from and transfer to Reserves (Annex B)**

#### **Earmarked Reserves Movement**

The Unitary Charge overspend of **£0.055** was cleared to the **Unitary Charge (Equalisation)** earmarked reserve at year-end, together with end of **SWOne contract negotiation** legal costs of **£1.110m**.

The non-schools **Repairs and Maintenance** overspend of **£0.564m** was cleared to the earmarked reserve at year-end. This has increased the cumulative overspend balance to £0.986m.

The **BMIS** overspend of **£0.661m** in 2016/17 was cleared to the earmarked reserve. This has increased the cumulative overspend balance to £1.515m.

The overspend of **£0.034m** on the **Supply Mutual Fund (SMF)** has been transferred to the SMF earmarked reserve at the end of 2016/17.

The **£1.117m** underspend on **Building Schools for the Future (BSF)** was transferred to the BSF earmarked reserve at year-end. This was offset by a **£0.014m** overspend arising from BSF administration within Client and Advisory.

Part of the cost of **Business Change** has been covered by drawing down the £0.754m remaining balance from the earmarked reserve, reducing the balance in this reserve to nil.

The underspend of **£0.251m** on **Elections** was transferred to the Elections earmarked reserve at the end of 2016/17 to fund election costs in 2017/18.

#### **Managed Overspends**

None

#### **General Reserves Movement**

Approval is sought for the clearance of the Land Management account overspend (**£0.179m**) to General Reserves at year-end, as an off-target area.

Approval is also sought to write off **£0.910m** to General Reserves to cover variances in Commercial Advisory and Procurement (**£0.483m**), Property operating budgets (**£0.034m**), Senior Leadership Team (**£0.140m**) and ICT (**£0.253m**)

Offsetting this, residual balances of **£1.094m** are available to transfer to General Reserves from variances in Customers and Communities (**£0.115m**), Business Support (**£0.263m**), HR and OD (**£0.388m**), Members Budgets (**£0.002m**), Legal Services (**£0.185m**), Finance (**£0.115m**) and Planning and Performance (**£0.026m**).

**Business Case for Writing-off Earmarked Reserve Balance to General Reserves**

None

**Business Case for a new Earmarked Reserve**

None

**Debt**

Debts owed to the service at 31<sup>st</sup> March 2017 are summarised below.

Aged Debt Analysis:

<b>31 March 2016 £m</b>	<b>Age of Debt</b>	<b>31 March 2017 £m</b>
0.059	Not Overdue	0.045
0.312	0-30 days	1.499
0.077	1-3 months	0.066
0.036	3-12 months	0.605
0.012	Over 12 months	0.087
<b>0.496</b>	<b>Total</b>	<b>2.302</b>
(0.004)	Unassigned Cash	(0.009)
<b>0.492</b>	<b>TOTAL</b>	<b>2.293</b>

Of the outstanding debt of £2.293m, £0.045m is not overdue and £1.499m is within 0-30 days.

The 1-3 months debt is £0.066m. A Finance debt of £0.012m relates to income gathered in advance by South West One for an ICT Request for Service, whereby that income is due to SCC. The invoice is on hold while the end of the South West One contract financial amounts are finalised. Other South West One debts here total £0.006m. There are 13 SSTEP debts with academies between 31 and 90 days old, amounting to £0.014m. At year-end there were three outstanding debts with Reed Specialist Recruitment in this category, totalling £0.014m, one of which has since been paid. There are 33 other debts in this category, all smaller than £0.010m.

The 3-12 months debt is £0.605m. A monthly invoice from August 2016 was only part paid by South West One due to a dispute over SCC's charge of pension deficit, leaving a balance of £0.471m on that debt. This shortfall was offset by an equivalent amount being netted off a payment to South West One, and the matter remains in dispute. Also included is a Property (carbon) debt of £0.076m relating to a charge to British Gas which, through administrative error on their behalf, is yet to be paid, and is in dispute. Five debts totalling £0.025m are outstanding with academies for Property Services. There are a further 40 smaller debts in this aged debt group.

The over 12 months total of £0.087m includes a £0.012m charge to Maltravers Properties that is on hold due to a dilapidation claim dispute. It also comprises a Property (carbon) debt of £0.046m similar to the British Gas debt mentioned above, and which is in dispute. The remainder is made up of 35 small debts, the biggest of which is £0.006m.

Bad debt provision of £0.012m was made at financial year-end in relation to the Maltravers Properties debt listed above.

Support Services wrote off 14 small value debts during the year, with a total value of £0.006m.

For further information please contact:

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