

**Detailed Revenue Analysis by Directorate**

1. Business Transformation
2. The full year forecast position is £196k over budget. This is an increase of £242k since the position reported last month. Policy, Partnership and Performance is forecasting an underspend of £140k. This is due to a £221k forecast under spend against the staff cost budget resulting from all but 2 of the 10 vacancies that existed at the start of the financial year gradually being filled before the end of the financial year, a £42k over spend against Agency staff budget due to some of the posts being filled by agency personnel and a £39k overspend against the remainder of the Supplies and Service budget. This £39k overspend includes £20k of professional services costs associated with the Comprehensive Area Assessment (CAA) for which the budget provision was removed.
3. Business Transformation and Customer Services is forecasting an overspend of £344k, which is due to a £140k forecast overspend in salary costs because of the inability to achieve the vacancy savings. There is an additional £367k for agency costs due to covering vacancies, and further DWP grant funded work, which is being offset in part by £203k additional Admin Subsidy and £117k additional DWP grant for additional resources due to economic climate issues. There is also a net reduction in recharges for Registrars of £185k due to budget being overstated, offset by an increase in Coroners recharges of £26k in line with an increase in expenditure.
4. The overall position does show a movement from that reported in July. The Policy Partnership and Performance forecast has improved from an underspend of £46k previously reported to an underspend of £140k. This is primarily due to a reduction in the forecast for staff costs as a consequence of a decision to delay filling two vacant posts - one within the Policy and one within the Performance team and a reduction in the assumed pay award from 2% to 1%. Business Transformation and Customer Service are forecasting an overspend of £344k as set out above.
5. There is a significant variation between the actual to date variance £3.489m and the forecast outturn variance of £0.197m.
6. Children's Families & Learning
7. The full year forecast position is £2.2m over budget compared to last month's position of £2.6m. This represents a decrease of £0.4m. As corporate actions to date have not stabilised the financial data, CFL have initiated with Finance and HR an establishment reconciliation/clean-up and is reviewing with each of the Heads of Service the actuals, budgets and forecasts on all cost centres. This also includes a review of HR organisational structure. To date 21% of the work has been completed the target is to complete this work before the end of October 2009. The impact of the exercise is not reflected in the current month's

figures, but as the exercise progresses with greater clarity a positive impact is expected as from next month.

8. The areas contributing to this forecast overspend pressure are Children's Specialist Services - £1.3m (Intake & Family Support - £973k, Children with Disabilities Service – £216k, SEN & Inclusion - £104k) Transport - £458k, Leisure & Culture - £623k (Countryside & Archives – £382k, Adult & Community Learning – £190k).
9. The £309k decrease over the previous month is mainly made up of movement in the following areas- Transport £303k and a projected proposed savings of £203k as a result of a 1% pay award (excludes Leisure & Culture due to establishment reconciliation/clean-up required) while Leisure and Culture increased over previous month by £197k.
10. A proposed saving of £203k as a result of a 1% pay award has been adjusted for in the forecast and while some budget managers have started to reflect the effect of vacancy savings, this still appears to be understated across the board. Close scrutiny of budgets/salary budgets must continue in the following months to mitigate the overspend as much as possible.
11. During the month of August managerial responsibility of a number of cost/profit centres transferred from the Joint Strategic Commissioning Service to the Children's Specialist Services for administrative and strategic reasons. This has resulted in a change in the cash limits between the 2 service areas. The cost/profit centres transferred contain mainly the high risk demand led budgets. Closer monitoring of these budgets will be undertaken as cost may be very volatile with significant impact and changes in children numbers.
12. The actual variance to date excluding Schools is £157k over budget. This is at odds with the actual to date to the full year forecast and is due to seasonal expenditure patterns, vacancies, and accrual de minimus levels. A proposed saving of £203k as a result of a 1% pay award has been adjusted for in the forecast and while some budget managers have started to reflect the effect of vacancy savings, this still appears to be understated across the board. Close scrutiny of budgets/salary budgets must continue in the following months to mitigate the forecast overspend as much as possible
13. Corporate Resources
14. The full year forecast position is £785k over spend, against a budget of £19.826m. This is a decrease of £183k since the position reported last month.
15. There are pressures across the majority of the directorate offset by contract rebates in procurement of £147k There is a £530k over spend within Property, the majority of which, £369k lies within Maintenance & Facilities, £301k relating to establishment budget pressures, £44k relating to unavoidable costs with no budgets, and the remaining £28k relates to minor over spends across this area. The remaining £161k falls within Property Assets and Capital Development, of which £75k is due to reduced rental income, which has been affected by the present economic climate, and £86k is due to establishment cost pressures.

16. Legal Services is £213k which relates to agency staffing costs for professional expertise required to cover for vacant positions which are being actively recruited to. Also reduced income forecast due to termination of contracts when transferred to Central Bedfordshire Council, and reduction in section 106 due to downturn in the housing markets. Legal Services are working with Finance to identify savings in other areas to offset this over spend.
17. There is a 98k forecast over spend within Democratic Services, £54k of which relates to the Elections which will be fully funded from reserves once they are disaggregated and will reduce this over spend to £44k. Of the remaining over spend £5k is for the support for the Lord Lieutenant & High Sheriff, and £34k due to establishment pressures and £5k due to increased printing & stationery costs.
18. A £81k forecast over spend within Internal Audit & Risk Management of which £114k relates to lower levels of income arising from insurance, health & safety and school toolkit audit work, which is being offset by the reduced payroll forecasts within Corporate Risk due to vacant positions only being partly filled this year.
19. A £71k forecast over spend within HR, £140k of which relates to agency and permanent staff costs, £16k to a predicted income shortfall for School's HR and Heart Agency, which is offset by a £76k under spend against the forecast for permanent staff costs and a £9k increase in predicted CRB income.
20. This represents a reduction of £191k against the July position due to the agreement of the pay award nationally.
21. Social Care Health & Housing
22. The full year forecast position is £4.9m over budget, with variances over £100k detailed at paragraph below. The full year forecast would be reduced to £4.3m on the basis of the management actions detailed in the recovery plan. The overspend relates to the Directorate's adult social care budget – the table below analyses the current position.

	<b>Inherited legacy pressures</b>	<b>Pressures from budget build</b>	<b>TOTAL</b>
	£000	£000	£000
Learning disabilities pay – direct services	680	220	900
Mental Health packages	240	100	340
Unachieved efficiency targets	391	0	391
Older People - direct payments	161	639	800
Additional efficiencies	0	557	557
Undercostings on pay			
- Extra care sheltered housing	0	310	310
- Sheltered employment	0	110	110

	<b>1,472</b>	<b>1,936</b>	<b>3,408</b>
Current year operational pressures (balance)			1,545
<b>Total Forecast overspend</b>			<b>4,953</b>

In-year contract management issues have created pressure in the adult social care budget in relation to additional spot purchasing of residential and home care for older people. The management team has produced an action/recovery plan to address the forecast overspend which is appended to this report.

23. There are three risks that are not currently possible to quantify:
- On the 1<sup>st</sup> April 2009 Councils took responsibility for the commissioning of learning disabilities services from Primary Care Trusts. Central Bedfordshire is still in the process of negotiating the sum to be transferred. This includes the re-provision of services from BLPT (February 2008) and other funding responsibilities from 2009/10. The funding transfer has not yet been approved.
  - Central Bedfordshire has inherited a long standing funding dispute with the PCT which is principally around the funding of ex long stay patients of Fairfield and Bromham Hospitals and continuing health care customers. Current forecasts assume 2008/09 funding levels plus inflation. No invoices have been raised for 2009/10 for these “agreements”.
  - Contracts Compliance – there are some contractual disputes with both domiciliary and residential care providers which may have a financial impact requiring a settlement.
24. A nil variance is forecast in respect of expenditure against Housing budgets – for both the Housing Revenue Account (HRA - the local authority’s housing stock) and the Housing General Fund (homelessness, private sector housing stock, disabled facilities grants). There is also a healthy HRA reserve of £4m available to offset any potential overspends. The small overspend projected in housing management will be met from the HRA reserve.
25. Sustainable Communities
26. The full year forecast position for Sustainable Communities is £0.482m (1.23%) over budget on a net revenue budget of £39.36m. This represents a decrease in projected overspend of £152k from last month. The bulk of this forecast overspend relates to the budgeted use of £0.5m of transition funds throughout the directorate. During the budget process the sum was allocated with the intention of utilising it in 2009/10 to enable harmonisation of processes and systems during the year. To date, savings of £140k have been specifically identified by Assistant Directors to meet this shortfall and further work is ongoing. The remaining overspend is in the Passenger Transport service and relates to the support of public bus routes. This overspend represents 2.5% on a net budget of £4.9m and has arisen due to the original disaggregated budget not matching the operational reality of the service. The service have prepared a full paper for executive proposing alternative service provision that may

generate the required level of savings in year. In addition it should be noted that there are budgetary pressures on employee allowances (£220k) and travel (£70k) which are currently being met from an offsetting over performance in achieving vacancy targets and an expected pay award below budgeted levels (£290k). No provision was made for these elements during the budget setting process.

27. It should be noted that forecasting for this period was done at a high level reflecting the fact that budget realignment work has been ongoing. In addition, actual income postings have been limited to date due to processing problems in the new income system. There is currently £1.2m of unreconciled income within the system which particularly affects Development Management actual income postings making income forecasting difficult. Finance and Planning are currently working together to provide an estimate of how much Development Management income is currently outstanding.
28. Total pressures forecast to year end amount to £890k, comprising £500k transitional budget, £100k passenger transport subsidies and £290k inadequate budget for staff allowances and travel. The Directorate Action Plan has so far identified £683k of in-year savings for the full year. This leaves £207k further saving to be identified.
29. Transition Costs
30. £15.5m has been budgeted for transition costs, backed against limited General Fund balances, to be repaid over four years. Detailed work is being undertaken to assess the overall position on the Transition costs. There are two elements to this work. Firstly, ensuring that accrued expenditure for 2008/09 and commitments in 2009/10 are separately identified; and secondly, the identification and forecasting of ICT expenditure which can be capitalised. At this stage it is anticipated that the Transition costs will be circa £1m greater than planned. This is due to higher than expected transition staffing costs and voluntary redundancy costs. However it should be noted that these costs are one-off and enable immediate and on-going staffing revenue savings of £4.6m per annum.

	Forecast 09/10
Transitional Staffing HR	1,606,000
Accommodation/Property Advice	423,000
Training	9,250
Communications/Branding	622,000
Elections/Democracy	128,000
Recruitment	120,000
Early Retirement/Redundancy	808,000
Closedown of Accounts	196,000
ICT Costs	488,000
Change Management	407,000
Miscellaneous	32,000
Contract Novation	-85,712
Relocation (schedule E payments)	200,000
	<hr/> 4,953,538 <hr/>
Included in legacy accounts	11,738,000
TOTAL Transition costs	<hr/> 16,691,538 <hr/>

31. Invest to Save

32. To date £1.338m of the £1.5m identified in the Medium Term Financial Plan has been committed. There are a number of projects being progressed including the introduction of an integrated Environmental Management System, Web Self Service and a review of Passenger Transport. There are forecast savings of £0.315m in 2010/11 increasing to £0.355m in a full year which will be incorporated into the Medium term Financial Plan.