

- SUBJECT:** Budget Management Report for the period as at 30<sup>th</sup> September 2009
- REPORT AUTHOR:** Finance Manager on behalf of Director of Corporate Resources
- PURPOSE:** To provide information on the budget position at 30<sup>th</sup> September 2009 to enable decisions to be taken on resource allocation and service delivery.
- RECOMMENDATIONS:** The Service Management Team/Portfolio Holder/Executive is recommended to:
- a) Note the latest budget projections for the year and the associated service implications.
  - b) Agree to any management actions proposed at paragraphs 4.2 – 4.10(b) and determine whether any other changes to service provision need to be made in the light of these.
  - c) Note budget virements since last report.

## **1.0 Introduction**

- 1.1 The report sets out the financial position to the end of September 2009 and the latest forecast position at year end. Table A shows the net revenue position, Table B the forecast revenue movements to year and Table C the capital position

## **2.0 Executive Summary Revenue**

- 2.1 The full year forecast position for Corporate Resources is £486k over spend, against a budget of £34,399k. This is a decrease of £300k since the position reported last month. The key reasons for this forecast over spend are £915k for agency staff covering temporary vacancies, half of which £474k relates to Legal services, and the remaining is split equally within Property, HR and Financial services. This is partially being offset by the under spends within pay costs of £364k for unfilled vacancies. There is a £920k over spend within furniture & equipment, relating to Schools catering and milk costs; this will be offset by income to be received. This income is forecast to increase by £1,163k the majority relates to Schools catering and £157k to Procurement rebates income. Premises costs are also forecast to over spend by £289k of which £267k relates to building repairs and maintenance and £15k to cleaning supplies. There are some other minor pressures within the remaining service areas. The forecast have been further reduced this month due to the inclusion of savings plans which totals £281k. These will be monitored over the next months for achievements.

## **3.0 Executive Summary Capital**

- 3.1 The forecast capital position at the year end is currently showing a £1.1m over spend which related to the budget to be brought forward for the Accommodation Project. There is also the possibility of the HAZ Manor demolition from £340k slipping into 2010/2011. We are waiting for further information form the legal teams.

At present there are some schemes within Corporate Resources which will eventually transfer to other more appropriate service areas.

## 4.0 Detailed Revenue Analysis by Operational Group

4.1 Table A – Revenue Actuals to date and Forecast Year End position.

		Annual Budget	Profiled Budget	Actual to Date	Actual Variance C-B	Forecast Outturn	Forecast Adj	Proposed Trf to/from Reserves	Forecast Variance E - A
		£000	£000	£000	£000	£000	£000	£000	£000
<b>DCR</b>									
Director of Corporate Resource	Income	-	-	-	-	-	-	-	-
Director of Corporate Resource	Expenditure	444	222	(356)	(578)	444	(15)	-	(16)
Director of Corporate Resource	Net Inc/Exp	<b>444</b>	<b>222</b>	<b>(356)</b>	<b>(578)</b>	<b>444</b>	<b>(15)</b>	-	<b>(16)</b>
<b>Sub Total Director of Corporate Resource</b>		<b>444</b>	<b>222</b>	<b>(356)</b>	<b>(578)</b>	<b>444</b>	<b>(15)</b>	-	<b>(16)</b>
Financial Services	Income	(1,280)	(640)	(626)	14	(1,280)	-	-	1
Financial Services	Expenditure	3,856	1,928	4,033	2,105	3,822	-	-	(34)
Financial Services	Net Inc/Exp	<b>2,575</b>	<b>1,288</b>	<b>3,407</b>	<b>2,119</b>	<b>2,542</b>	-	-	<b>(33)</b>
Payroll Processing	Income	-	-	(236)	(236)	-	-	-	-
Payroll Processing	Expenditure	-	-	866	866	-	-	-	-
Payroll Processing	Net Inc/Exp	-	-	<b>630</b>	<b>630</b>	-	-	-	-
Fully Funded Schools Suspense	Income	-	-	(19,459)	(19,459)	-	-	-	-
Fully Funded Schools Suspense	Expenditure	-	-	22,942	22,942	-	-	-	-
Fully Funded Schools Suspense	Net Inc/Exp	-	-	<b>3,483</b>	<b>3,483</b>	-	-	-	-
Control & Suspense Accounts	Income	-	-	-	-	-	-	-	-
Control & Suspense Accounts	Expenditure	-	-	0	0	-	-	-	-
Control & Suspense Accounts	Net Inc/Exp	-	-	<b>0</b>	<b>0</b>	-	-	-	-
Procurement	Income	-	-	(90)	(90)	(153)	-	-	(153)
Procurement	Expenditure	560	280	253	(27)	572	(14)	-	(2)
Procurement	Net Inc/Exp	<b>560</b>	<b>280</b>	<b>162</b>	<b>(117)</b>	<b>419</b>	<b>(14)</b>	-	<b>(155)</b>
<b>Sub Total Financial Services (incl. proc)</b>		<b>3,135</b>	<b>1,568</b>	<b>7,682</b>	<b>6,114</b>	<b>2,961</b>	<b>(14)</b>	-	<b>(188)</b>
Head of HR and OD	Income	(730)	(365)	(966)	(601)	(755)	-	-	(25)
Head of HR and OD	Expenditure	2,537	1,269	1,682	413	2,537	-	-	(0)
Head of HR and OD	Net Inc/Exp	<b>1,807</b>	<b>904</b>	<b>716</b>	<b>(187)</b>	<b>1,782</b>	-	-	<b>(25)</b>
<b>Sub Total Human Resources &amp; Organisation</b>		<b>1,807</b>	<b>904</b>	<b>716</b>	<b>(187)</b>	<b>1,782</b>	-	-	<b>(25)</b>
Head of Service ICT	Income	(861)	(430)	(318)	112	(861)	-	-	-
Head of Service ICT	Expenditure	7,987	3,994	3,525	(468)	7,770	-	-	(217)
Head of Service ICT	Net Inc/Exp	<b>7,127</b>	<b>3,563</b>	<b>3,207</b>	<b>(356)</b>	<b>6,910</b>	-	-	<b>(217)</b>
<b>Sub Total ICT</b>		<b>7,127</b>	<b>3,563</b>	<b>3,207</b>	<b>(356)</b>	<b>6,910</b>	-	-	<b>(217)</b>
Head of Legal & Democratic Ser	Income	-	-	-	-	-	-	-	-
Head of Legal & Democratic Ser	Expenditure	133	67	71	4	133	-	-	-
Head of Legal & Democratic Ser	Net Inc/Exp	<b>133</b>	<b>67</b>	<b>71</b>	<b>4</b>	<b>133</b>	-	-	-
Legal Services	Income	(465)	(232)	(209)	24	(458)	-	-	7
Legal Services	Expenditure	1,610	805	918	113	1,809	(17)	-	182
Legal Services	Net Inc/Exp	<b>1,145</b>	<b>572</b>	<b>709</b>	<b>137</b>	<b>1,351</b>	<b>(17)</b>	-	<b>189</b>
Democratic Services	Income	(397)	(198)	(196)	2	(401)	-	-	(4)
Democratic Services	Expenditure	1,245	623	610	(12)	1,351	(10)	52	43
Democratic Services	Net Inc/Exp	<b>848</b>	<b>424</b>	<b>414</b>	<b>(10)</b>	<b>950</b>	<b>(10)</b>	<b>52</b>	<b>40</b>
<b>Sub Total Legal &amp; Democratic</b>		<b>2,126</b>	<b>1,063</b>	<b>1,194</b>	<b>131</b>	<b>2,434</b>	<b>(27)</b>	<b>52</b>	<b>229</b>

		Annual Budget	Profiled Budget	Actual to Date	Actual Variance C-B	Forecast Outturn	Forecast Adj	Proposed Trf to/from Reserves	Forecast Variance E - A
		£000	£000	£000	£000	£000	£000	£000	£000
Head of Property & Facilities	Income	(171)	(86)	(86)	-	(171)	-	-	-
Head of Property & Facilities	Expenditure	166	83	62	(21)	166	-	-	-
Head of Property & Facilities	Net Inc/Exp	(5)	(3)	(24)	(21)	(5)	-	-	-
Property Assets	Income	(2,045)	(1,023)	(853)	170	(1,970)	-	-	75
Property Assets	Expenditure	941	471	467	(3)	1,003	-	-	62
Property Assets	Net Inc/Exp	(1,104)	(552)	(386)	166	(967)	-	-	137
Property Capital Development	Income	-	-	-	-	-	-	-	-
Property Capital Development	Expenditure	184	92	104	12	217	-	-	33
Property Capital Development	Net Inc/Exp	184	92	104	12	217	-	-	33
Maintenance & Facilities	Income	(133)	(66)	(686)	(620)	(1,317)	-	-	(1,185)
Maintenance & Facilities	Expenditure	4,425	2,212	2,650	438	6,007	-	-	1,582
Maintenance & Facilities	Net Inc/Exp	4,292	2,146	1,964	(181)	4,689	-	-	398
Property Business	Income	-	-	-	-	-	-	-	-
Property Business	Expenditure	1,196	598	630	32	1,345	-	-	149
Property Business	Net Inc/Exp	1,196	598	630	32	1,345	-	-	149
<b>Sub Total Property &amp; Asset Management</b>		<b>4,562</b>	<b>2,281</b>	<b>2,288</b>	<b>7</b>	<b>5,279</b>	<b>-</b>	<b>-</b>	<b>717</b>
Internal Audit & Risk Manageme	Income	(356)	(178)	(111)	67	(243)	-	-	114
Internal Audit & Risk Manageme	Expenditure	967	484	443	(41)	987	(65)	-	(45)
Internal Audit & Risk Manageme	Net Inc/Exp	611	306	332	27	744	(65)	-	68
<b>Sub Total Audit, Risk and H&amp;S</b>		<b>611</b>	<b>306</b>	<b>332</b>	<b>27</b>	<b>744</b>	<b>(65)</b>	<b>-</b>	<b>68</b>
<b>Sub Total Director of Corporate Resources - Operational</b>		<b>19,813</b>	<b>9,906</b>	<b>15,064</b>	<b>5,158</b>	<b>20,554</b>	<b>(121)</b>	<b>52</b>	<b>568</b>
Corporate Costs	Income	(2,140)	(1,070)	(2,146)	(1,076)	(2,140)	-	-	-
Corporate Costs	Expenditure	16,727	8,363	8,773	409	16,725	(80)	-	(82)
Corporate Costs	Net Inc/Exp	14,586	7,293	6,626	(667)	14,584	(80)	-	(82)
<b>Sub Total Corporate Costs</b>		<b>14,586</b>	<b>7,293</b>	<b>6,626</b>	<b>(667)</b>	<b>14,584</b>	<b>(80)</b>	<b>-</b>	<b>(82)</b>
Non Specific Entitlement	Income	-	-	(182)	(182)	-	-	-	-
Non Specific Entitlement	Expenditure	-	-	-	-	-	-	-	-
Non Specific Entitlement	Net Inc/Exp	-	-	(182)	(182)	-	-	-	-
<b>Sub Total Non Specific Entitlement</b>		<b>-</b>	<b>-</b>	<b>(182)</b>	<b>(182)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sub Total Director of Corporate Resources - Non Operational</b>		<b>14,586</b>	<b>7,293</b>	<b>6,445</b>	<b>(849)</b>	<b>14,584</b>	<b>(80)</b>	<b>-</b>	<b>(82)</b>
<b>Total Director of Corporate Resources</b>		<b>34,399</b>	<b>17,200</b>	<b>21,509</b>	<b>4,309</b>	<b>35,138</b>	<b>(201)</b>	<b>52</b>	<b>486</b>

4.2 Table B – Movement on Forecast Year End Position (to previous month)

	Forecast Variance August	Forecast Variance September	Movement	Comments
	£000	£000	£000	
<b>DCR</b>				
Director of Corporate Resource	(2)	(16)	(13)	Movement due to £13k reduction in the staff cost forecast following review.
<b>Sub Total Director of Corporate Resource</b>	<b>(2)</b>	<b>(16)</b>	<b>(13)</b>	
Financial Services	(26)	(33)	(7)	Movement due to £7k reduction in the staff cost forecast within business support
Payroll Processing	-	-	-	
Fully Funded Schools Suspense	-	-	-	
Control & Suspense Accounts	-	-	-	
Procurement	(147)	(155)	(8)	Movement due to £14k reduction in pay costs due to freezing of vacant post which is offset by reduction in the staff cost forecast due to the pay award.
<b>Sub Total Financial Services (incl. proc)</b>	<b>(173)</b>	<b>(188)</b>	<b>(16)</b>	
Head of HR and OD	71	(25)	(96)	Movement due to a £80k reduction within corporate L&D and OD budgets. Also £9k increase in the CRB income forecast and £7k reduced costs.
<b>Sub Total Human Resources &amp; Organisation</b>	<b>71</b>	<b>(25)</b>	<b>(96)</b>	
Head of Service ICT	(29)	(217)	(188)	Movement due to reduction in the staff cost forecast due to the vacancy within ICT, mainly within Head. This under spend is to be used to offset the over spend within Property Business.
<b>Sub Total ICT</b>	<b>(29)</b>	<b>(217)</b>	<b>(188)</b>	
Head of Legal & Democratic Ser	(1)	-	1	
Legal Services	213	189	(24)	Movement due to a reduced forecast for training budget of £10k. £7k for frozen vacant post while on maternity leave, and the remaining costs are minor reductions in other areas.
Democratic Services	98	40	(58)	Movement due to reflection of the transfer from reserves for the £52k Election costs.
<b>Sub Total Legal &amp; Democratic</b>	<b>310</b>	<b>229</b>	<b>(81)</b>	
Head of Property & Facilities	(1)	-	1	
Property Assets	134	137	3	3 Pay forecasts need to be reduced for the pay award.
Property Capital Development	30	33	3	3 Pay forecasts need to be reduced for the pay award.
Maintenance & Facilities	369	398	29	29 Movement due to accurate forecasting for Ampthill Court House and Houghton Lodge, as costs have now been identified.
Property Business	(2)	149	151	151 Movement due to the accurate forecasting of staffing costs which is due to be offset this year by the under spend within ICT.
<b>Sub Total Property &amp; Asset Management</b>	<b>530</b>	<b>717</b>	<b>187</b>	
Internal Audit & Risk Management	81	68	(13)	Movement due to the correction of the pay forecasts to include the pay award and temporary cover for vacancies, which has been offset by the reduction of £65k for training, professional services, and a vacancy freeze.
<b>Sub Total Audit, Risk and H&amp;S</b>	<b>81</b>	<b>68</b>	<b>(13)</b>	
Corporate Costs	(2)	(82)	(80)	Movement due to the reduction of the forecast for the audit commission fees.
<b>Sub Total Corporate Costs</b>	<b>(2)</b>	<b>(82)</b>	<b>(80)</b>	
Non Specific Entitlement	-	-	-	
<b>Sub Total Non Specific Entitlement</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total DCR</b>	<b>786</b>	<b>486</b>	<b>(300)</b>	

#### **4.3 Director of Corporate Resources**

The Director of Corporate Resources has a year to date under spend of £578k against a budget to date of £222k which reduces to a £16k under spend at year end. This under spend is due to the payroll transfer of redundancy payments to transition costs in period 6 which was partly transacted in prior months. A re-alignment exercise to address these issues will need to be undertaken in October.

Management Actions – Budget Manager to review forecasts in preparation for the October monitoring report.

#### **4.4 Financial Services (including procurement)**

The AD of Financial Services has a year to date over spend of £6,114k against a budget to date of £1,568k, which reduces to a £188k under spend position at year end. This over spend is due to the inclusion of payroll processing, fully funded schools suspense and Mid & South Beds year end cut over accruals, which have not been budgeted for and should all be net nil at year end.

Procurement are forecasting a £155k under spend due to the recovery of rebate income which was not included in the original budget, The forecast includes management actions as follows: The Streamlining of the Vendor Creation process and the internal promotion to E-Procurement Manager will free up a Procurement Officer post which will be frozen making £14k savings this year.

The forecast rebate income is to be monitored regularly to ensure full recovery, therefore reducing the risk of any potential over spend.

Management Actions – Budget Manager to review forecasts in preparation for the October monitoring report.

#### **4.5 Human Resources & Organisation**

The AD of Human Resources & Organisational Development has a year to date under spend of £187k against a budget to date of £904k, which increases to a £25k under spend against a budget of £1,807k at year end. The forecast under spend is due to a £140k over spend for agency staff costs, a £12k over spend against the HR supplies and services budget, a £19k shortfall in predicted income for School's HR and the Heart Agency, offset by a £40k under spend against the forecast for permanent staff costs, a £9k increase in predicted CRB income, an £80k under spend against the Corporate Training and Organisational Development budget.

As noted above HR are forecasting a £140k over spend against the Agency staff cost budget offset by a £100k under spend against the permanent staff cost budget, which gives a net over spend position for total staff costs of £40k. It is important however to put this into context and to appreciate that the £2.69m HR pay budget for 2009/10 has been arbitrarily split between HR and Transition. The HR element of this budget amount to £1.89m for 42 funded posts and the amount held in transition amounts to £0.8m for 19 funded posts. Whilst the HR element of the forecast is showing an over spend of £40k, the transition element is forecasting an under spend of £334k. The net position is therefore an under spend of £294k. The over spend against the HR element is primarily due to the fact that the majority of the agency staff are being forecast against the HR budget. This is because a few of the Agency staff are filling established position and it has not therefore been

possible to differentiate for expenditure or forecasting purposes.

The forecast for both Corporate Training and Organisational Development have reduced by £80k since the previous report. This reflects a reduced capacity within the organisation to attend training courses and is in line with the identified corporate resources savings measures.

In view of the relatively low level of expenditure during the year to date; only £35k of the total £255k budget has been spent, it is important that the budget manager continues to monitor the forecast on a monthly basis.

The year to date £187k under spend is a result of the Heart Agency income to date being overstated by £193k. This will be corrected in time for the October report

Management Actions – To review the Corporate Training, Organisational Development and Agency staff forecasts to ensure that the forecasts remain robust and achievable.

#### **4.6 ICT**

The AD of ICT has a year to date under spend of £356k against a budget to date of £3,563k, which reduces to a £217k under spend position at year end. This under spend is due to the inability to recruit to vacant posts during the first 6 months of the year and also the intended non renewal, at the date of this report, of the Microsoft enterprise agreement. Since period close, new information has come to light and ICT are now negotiating with Microsoft and partners with a view to continuing the agreement at significantly reduced cost.

Some of the maintenance contracts will be renewed in the latter half of the year, which reduces the year to date under spend.

Management Actions – Budget Manager to review forecasts in preparation for the October monitoring report. ICT are to review the contracts and renewal dates to provide a comprehensive list for next year. There are some risks which have no financial impact at the moment. These are highlighted in 6.5.

#### **4.7 Legal & Democratic**

The AD of Legal & Democratic Services has a year to date over spend of £131k against a budget to date of £1,063k, which increases to a £229k over spend at year end. This over spend is due to £189k over spend within Legal Services and £40k over spend within Democratic Services.

Legal Services over spend can be attributed to a £474k over spend on agency staff that are covering vacancies within the establishment which is showing a £228k under spend. These vacant positions have been actively recruited to with no success to date. Also reduced income forecast of £18k due to limited contracts work, and reduction in section 106 due to downturn in the housing markets. The forecast includes management actions as follows: A reduction in training and development for all lawyers of £10k. Reductions in the contract hire costs of £10k. The freezing of a post while on maternity leave resulting in £7k saving this year. This provides a £26k saving this year.

Within legal services there is the possibility of reduced agency staff leading to

reduced expertise, knowledge and service provision.

Democratic Services are forecasting a £62k over spend in supplies and services the large part being £52k for Elections which will be fully funded from reserves once they are disaggregated. The remaining £16k includes printing & stationary, the Lord Lieutenant's support and professional services. There is a further £30k of establishment pressures across the services area. This provides an overall forecast over spend of £92k. The forecast includes management actions as follows: The deletion of a members development post should produced savings of £10k this year.

Management Actions – There is to be regular monitoring of the agency staff forecast to enable the Budget Manager to ensure robust forecasting and reduce the risk of increased over spends.

#### **4.8 Property & Asset Management**

The AD of Property & Asset Management has a year to date over spend of £7k against a budget to date of £2,281k, increasing to a £717k over spend year end position. This over spend is due to establishment budget pressures within all four areas and the reflection this month of the £149k pressure within Property Business, which is being offset by the establishment under spend within ICT above.

Management Actions – Budget Manager to review forecasts in preparation for the October monitoring report. Property to identify future funding or savings to support the above function moving forward.

The following is a breakdown of variances by area: Property Assets - £137k, Property Capital Development - £33k, Maintenance & Facilities - £398k, Property Business - £149k.

There are a number of risks surrounding the SLA's and recharges to be incurred, as yet we are still unable to quantify them and therefore have no reassurance that there is adequate budget provision.

Management Actions – Budget Manager to review forecasts in preparation for the October monitoring report and to ensure that both the forecasts and finance are fully updated. Further work is required around additional risks with a view to quantifying them. See 6.4 for detail.

#### **4.9 Audit, Risk and H&S**

The AD of Audit, Risk and H&S has a year to date over spend of £27k against a budget to date of £306k, which increases to a £68k over spend at year end. This over spend relates to £114k due to lower levels of income arising from insurance, health & safety and schools toolkit audit work, which is being offset by the management actions as follows: The staff recharge to the BCC insurance run off fund for the administration is £12.5k. A reduction in the professional services budget for specialists should save £30k. Another saving could be made by a reduction in the training budget of £2.4k. The Head of Strategic Risk is leaving at the end of December and a freeze on recruitment should save £20k.

Management Actions – Budget Manager to review forecasts in preparation for the October monitoring report.



#### **4.10 Corporate Costs**

Corporate Costs have a year to date under spend of £667k against a budget to date of £7,293k, which reduces to a £82k under spend at year end. This under spend is due to the following management action: The Corporate Costs budget has been reduced by £80k for the decreased Audit Commission Fees.

Management Actions – Budget Manager to review forecasts in preparation for the October monitoring report.

#### **4.11 Transitional Costs**

Transitional costs have a cumulative spend of £14,738k. Of this spend, £11,738k is included in the legacy authorities' 08/09 accounts and £3,000k in Central Bedfordshire 09/10 accounts. The reported figure in the accounts of £4,023k includes £1,023k of Capital Expenditure, which will be corrected in October.

The Transitional Costs area is under review.

The forecast for Transitional costs is £16,500k, against an original estimate of £15,500k.

#### **5.0 Revenue Virement Requests**

There are currently no proposed virements over £100k to report. A table detailing the virements and technical adjustments processed during the financial year to date can be found at Appendix B.

#### **6.0 Key Risks and Cost Drivers**

- 6.1 Total HR staff costs, including permanent and Agency are currently forecasting an over spend of £40k. This is due to the £2.69m HR pay budget for 2009/10 has been arbitrarily split between HR and Transition. The HR element of this budget amount to £1.89m for 42 funded posts and the amount held in transition amounts to £0.8m for 19 funded posts. Whilst the HR element of the forecast is showing an over spend of £40k, the transition element is forecasting an under spend of £334k. The net position is therefore an under spend of £294k. The over spend against the HR element is primarily due to the fact that all Agency staff costs have been forecast against the HR budget. The under spend against the transition element is due to the fact that a large number of vacant HR posts are budgeted for within the transition element and some of the filled posts have been over-budgeted for. Regular monitoring of the agency staff budget and forecast required to reduce the risk.
- 6.2 Legal Services increased over spend due to the increased use of agency staff to increase knowledge and to cover vacancies within establishment. Regular monitoring of the agency staff budgets and forecast to reduce the risk. Also, supported recruitment to vacant positions would reduce this cost. There are reduced income due to the cessation of anticipated contracts and the downturn in the housing market which has reduced the section 106 income.
- 6.3 Procurement under spend due to the recovery of rebate income. Regular monitoring is required to ensure income forecast is being met as it is being used to off set expenditure within supplies & services, which would otherwise result in an over spend position. To date the recovery has only achieved £21k.

6.4 Establishment Pressures - Property has a budget pressure within their establishment of £396k due to budgets being less than post on costs and extra inherited posts not originally budgeted for. This will be an ongoing issue which will need to be addressed in future budget setting. In a number of cases staff have been transferred into Property without the relevant staffing budget, this is currently being investigated and may reduce the staffing overspend.

Insufficient Budgets - There is no budget for surplus properties which will incur costs for legal & professional services, maintenance, security, NNDR on empty properties. There is no budget for the security of council buildings. There are issues being raised about centralised stationary, as there is no centralised stationary budget.

Reduced Income - There is risk around the income received from County Farms. BBC reported as wanting significant share, if this was to happen it would have a negative impact on the budget.

6.5 BBC Recharges - There is uncertainty over the expected hosting costs passed from BBC, re: the Mouchel contract. There are concerns over whether the £500k budget for the recharged costs for Borough Hall will be sufficient, particularly as there is no agreement yet as to how these will be calculated. Within ICT there are uncertainties surrounding the recharge expectations due to the lack of SLA's.

6.6 Insurance Fund - further work is needed on the insurance fund to determine what the ongoing contributions are going to be and therefore any potential shortfall, and how it will be funded

6.7 Interest Rate Risk - The Council is currently operating in an environment of extremely low interest rates, and returns on investments are consequently at a historically low level. Interest rates are now generally forecast not to increase for the remainder of the year. This interest rate environment was largely built into the 2009/10 budget; although rates are a little lower than anticipated. At present, indications are that overall investment interest should be around or slightly under budgeted levels.

6.8 Bursary Services Income – possible reduction in income due to the reduced uptake of the service by schools. Further clarification will be provided in the December monitoring.

#### **7.0 Achieving Efficiency Savings**

Corporate Resources has a 5% vacancy efficiency saving which equates to £417k. Of this savings target at present the directorate are achieving it, with £225k under spend being forecast on pay costs. Although the majority of this saving is being achieved it is offsetting over spends in other areas of the budget within Corporate Resources.

#### **8.0 Reserves Position**

This will be reported in the October monitoring report.

#### **9.0 Carry forward Requests – None**

## **10.0 Detailed Capital Analysis**

10.1 Table C – Capital Actuals to date and Forecast Year End position

Manual forecast were input to match the budgets. The forecasts and comments on variances will be updated for the October monitoring report.

CAPITAL MONITORING - Corporate Resources			14/10/2009							
Capital Payments	SAP Code Number	2009/10 Agreed Programme	Adds to Programme, due to 08/09 Slippage (unapproved)	2009/10 Full Year Revised Budget	YTD Actuals	Manual Adjustment Forecast	SAP Year End Forecast	SAP Full Year Forecast Variance	Comments on Variances	Responsible Officer
		£000	£000	£000	£000		£000	£000		
ICT										
LTP Access Improvemnt Plan	1/SA/0000144	0.0	88.0	88.0	0.0	88.0	0.0	0.0	To be transferred to Sustainable Communities	
Planning IT and Equipment	1/CT/0000038	0.0	256.0	256.0	0.0	0.0	256.0	0.0	Grant received needs to be reviewed.	Caroline Carruthers
Electronic Social Care Records 0809 (ESCR)	1/CT/0000022	0.0	107.0	107.0	0.0	107.0	0.0	0.0	The service area to confirm if these schemes are active and within the correct Directorate	
ICS Intergrated Childrens System 0809 (ICS)	1/CT/0000019	0.0	19.0	19.0	58.8	19.0	0.0	0.0	The service area to confirm if these schemes are active and within the correct Directorate	
ICS Swift System Training	1/CT/0000021	0.0	33.0	33.0	0.0	33.0	0.0	0.0	The service area to confirm if these schemes are active and within the correct Directorate	
SWIFT PHASE 3	1/CT/0000021	0.0	0.0	0.0	0.0	0.0	0.0	0.0	The service area to confirm if these schemes are active and within the correct Directorate	
Partnership Working	1/CR/0000002	54.0	282.0	336.0	0.0	336.0	0.0	0.0	Should sit within Business Transformation	Clive Jones
Capitalised Equipment	1/CR/0000001	75.0	0.0	75.0	0.0	0.0	75.0	0.0	infrastructure and replacement equipment.To be used to resolve immediate issues of replacement and additional equipment required by the business.	Caroline Carruthers

CAPITAL MONITORING - Corporate Resources			14/10/2009								
Capital Payments	SAP Code Number	2009/10 Agreed Programme	Adds to Programme, due to 08/09 Slippage (unapproved)	2009/10 Full Year Revised Budget	YTD Actuals	Manual Adjustment Forecast	SAP Year End Forecast	SAP Full Year Forecast Variance	Comments on Variances	Responsible Officer	
		£000	£000	£000	£000		£000	£000			
ICT Infrastructure	1/CT/0000036	200.0	0.0	200.0	6.5	0.0	200.0	0.0	infrastructure and replacement equipment.To be used to resolve immediate issues of replacement and additional equipment required by the business.	Caroline Carruthers	
Mid & South Beds T-Government Partnership	1/CT/0000035	109.6	0.0	109.6	60.4	109.6	0.0	0.0	Residual budget to support Points of Presence and introduction CRM - Business Transformation	Clive Jones	
IT Infrastructure Project	1/CT/0000033	75.0	0.0	75.0	34.7	0.0	75.0	0.0	infrastructure and replacement equipment.To be used to resolve immediate issues of replacement and additional equipment required by the business.	Caroline Carruthers	
Microsoft Software Licensing Enterprise Agreement	1/CT/0000032	64.0	0.0	64.0	0.0	0.0	64.0	0.0	Ongoing annual capital cost of the MBDC Microsoft agreement. This is a committed item of spend for 09/10 only.	Caroline Carruthers	
Server & Disk Storage Refresh Programme	1/CT/0000031	30.0	0.0	30.0	1.3	0.0	30.0	0.0	infrastructure and replacement equipment.To be used to resolve immediate issues of replacement and additional equipment required by the business.	Caroline Carruthers	
Infrastructure refresh	1/CT/0000030	195.0	0.0	195.0	6.9	0.0	195.0	0.0	infrastructure and replacement equipment.To be used to resolve immediate issues of replacement and additional equipment required by the business.	Caroline Carruthers	
Desktop Refresh	1/CT/0000029	318.0	0.0	318.0	59.5	0.0	318.0	0.0	infrastructure and replacement equipment.To be used to resolve immediate issues of replacement and additional equipment required by the business.	Caroline Carruthers	
Members IT (Rolling Budget)	1/CT/0000034	15.0	0.0	15.0	24.4	40.0	15.0	40.0	Original budget was set up to support ongoing small change to equipment. CBC equipment has replaced previous arrangements and budgets have been brought together to provide the necessary support.	Caroline Carruthers	
<b>Total ICT</b>		<b>1,135.6</b>	<b>785.0</b>	<b>1,920.6</b>	<b>252.4</b>	<b>732.6</b>	<b>1,228.0</b>	<b>40.0</b>			

CAPITAL MONITORING - Corporate Resources			14/10/2009								
Capital Payments	SAP Code Number	2009/10 Agreed Programme	Adds to Programme, due to 08/09 Slippage (unapproved)	2009/10 Full Year Revised Budget	YTD Actuals	Manual Adjustment Forecast	SAP Year End Forecast	SAP Full Year Forecast Variance	Comments on Variances	Responsible Officer	
<b>Property</b>											
Priory House 0809	1/CP/0000108	0.0	0.0	0.0	0.0	30.1	0.0	30.1	It is intended to undertake the required hearing induction loop works. This will be funded from the 08/09 slippage.	Caroline Carruthers	
Haz Manor Demolition	1/CP/0000103	0.0	340.0	340.0	0.0	0.0	340.0	0.0	A lengthy court process has been taking place and the appellants have been granted leave to appeal, it is unclear wheter this will be resolved before the end of 2009/10.	Caroline Carruthers	
CBC Corporate Property Block Budget	1/CP/0000106 1/CP/0000107	4,000.0	101.0	4,101.0	0.0	(2,899.0)	4,000.0	(3,000.0)	Normally a planned programme of works is prepared with a set of priorities - the nature of the inherited ex County properties is that there is a backlog of activity and replacement required, the block budget allows decisions to be made based on need and priorities rather than artificial budget figures which was previously the case. This year has been unusual for two reasons firstly the caretaking arrangements with our property partner and Bedford has meant that planned works that would have been undertaken haven't been planned not helped by delays with property condition surveys which would have informed this process. Secondly decisions taken by Central Bedfordshire concerning the use of buildings and the move of staff in Bedford has meant that decisions on priorities were delayed. The funding of the Medium Term Accomodation Programme has resulted in a call upon the block budget of £3m leaving £1m. It is intended that a number of important works be considered for funding from this budget. This will include important improvement work	Clive Heaphy	
Access Improvements		0.0	8.0	8.0	0.0	8.0	0.0	0.0			
CBC Medium Term Accomodation Property		0.0	0.0	0.0	0.0	4,000.0	0.0	4,000.0	£3m of this budget has been agreed from the Property Block Budget above and £1m brought forward from the capital budgets 2010/2011. At this stage there is no more detail until the Medium Term Accommodation Programme high level budget has been considered by the Programme Board on Thursday of this week.	Clive Heaphy	
<b>Total Property</b>		<b>4,000.0</b>	<b>449.0</b>	<b>4,449.0</b>	<b>0.0</b>	<b>1,139.1</b>	<b>4,340.0</b>	<b>1,030.1</b>			
<b>TOTAL Corporate Resources</b>		<b>5,135.6</b>	<b>1,234.0</b>	<b>6,369.6</b>	<b>252.4</b>	<b>1,871.7</b>	<b>5,568.0</b>	<b>1,070.1</b>			

## 10.2 Detailed Commentary on Capital

There is a forecast variance of £1m within Property for the Accommodation project which is due to the revised funding from the CBC Property Blocked budgets 2010/2011.

The service implications are potentially a reduced CBC Property Blocked budgets for 2010/2011.

Management Actions - Budget Managers with the assistance of Finance staff to undertake a detailed review of their forecasts in preparation for the October budget monitoring report.

## 11.0 Workforce Data - TBA

## 12.0 Aged Debt Analysis

Corporate Resources currently have £316k of Aged Debts greater than 60 days to report. Detailed analysis can be seen in Appendix C. A breakdown by Directorate of Aged debt less than 60 days is still being analysed and is not yet available to report by service area.

## 13.0 Payments Indicator

This will be reported in the October monitoring report.

## 14.0 List of Appendices

Appendix A Overall Position for Central Bedfordshire Council by Directorate

Appendix B Details of Technical Adjustments and Virements

Appendix C Detailed Analysis of Aged Debt.

Appendix D Corporate Resources Update Savings Plan

Profit Centre Groups	Director	Original Budget	Annual Budget	Profiled Budget to date	Actual to date	Variance	Adjusted Forecast Outturn	Forecast Variance	Non Discretionary Carry Forwards/provisions	Revised Forecast Variance	Proposed Transfer to reserves/provisions	Forecast Variance after proposed new reserves.
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
200	Business Transformation	6,340	6,456	3,228	-2	-3,230	8,045	1,589		1,589	-1,427	162
100	Chief Executive	309	309	155	588	433	309	0		0		0
400	Children, Families & Schools (excluding schools)	38,925	37,985	18,992	18,553	-439	40,916	2,931		2,931		2,931
7800	Corporate Costs	14,713	14,587	7,293	6,626	-667	14,504	-83		-83		-83
700	Corporate Resources (Excluding 7800 Corporate Costs)	19,546	19,812	9,906	14,883	4,977	20,433	621		621	-52	569
500	SCH&H	46,651	46,651	23,326	24,353	1,027	51,478	4,827		4,827		4,827
600	Sustainable Communities	39,355	39,335	19,667	20,356	689	39,518	183		183		183
2002	Transitional Costs	0	4,600	2,300	4,023	1,723	4,600	0		0		0
	<b>TOTAL Excluding Schools</b>	<b>165,839</b>	<b>169,735</b>	<b>84,867</b>	<b>89,380</b>	<b>4,513</b>	<b>179,803</b>	<b>10,068</b>	<b>0</b>	<b>10,068</b>	<b>-1,479</b>	<b>8,589</b>
4600,4650, 4700, 4750, 4800, 4850,443430, 443520, 443530, 443540	Schools only	0	908	461	144	-317	908	0		0		0
	<b>Total</b>	<b>165,839</b>	<b>170,643</b>	<b>85,328</b>	<b>89,524</b>	<b>4,196</b>	<b>180,711</b>	<b>10,068</b>	<b>0</b>	<b>10,068</b>	<b>-1,479</b>	<b>8,589</b>



## Technical Adjustments/Virements for Corporate Resources

		2009/10	Apr/Mar	Apr/Mar	Apr/Mar	Apr/Mar	Apr/Mar	Apr/Mar	Apr/Mar	Apr/Mar	Apr/Mar	Apr/Mar	Budget
PC	Description	Opening Budget	Virement 5	Virement 11	Virement 12	Virement 13	Virement 14	Virement 18	Virement 21	Virement 22	Virement 23	Virement 25	May-09
710000	Director of Corporate Resource	232,607.00		128,334.00	204,000.00	153,147.35	-90,000.00				45,583.00	-2,481.00	671,190.35
720000	Head Of Financial Services & P	505,347.00											505,347.00
720100	Corporate Finance	792,615.00							-238,112.00				554,503.00
720200	Business Support	1,395,624.00											1,395,624.00
720500	Bursary	-238,593.00							238,112.00	481.00	-65,583.00		-65,583.00
720800	Procurement	559,334.00											559,334.00
730000	Human Resources	1,834,159.34				-142,134.35							1,692,024.99
730600	HEART	0.00				-11,013.00							-11,013.00
752000	Democratic Services	0.00						60,907.57					60,907.57
752100	Registration of Electors	320,245.00						-28,298.10					291,946.90
752120	Committee Services	360,790.00						-21,971.40					338,818.60
752130	Democratic Representation and	381,668.00											381,668.00
752200	Local Land Charges	-261,618.00						-10,638.07					-272,256.07
763000	Maintenance & FM - Staff & Ove	927,252.00											927,252.00
770000	Head of Internal Audit & Risk	-143,551.00	-70,500.00								22,000.00		-192,051.00
770100	Internal Audit	414,514.00	31,750.00										446,264.00
770200	Corporate Risk	318,045.00	38,750.00										356,795.00
780300	Members' costs	1,352,940.00		-128,334.00									1,224,606.00
	<b>TOTAL</b>	<b>34,258,853.28</b>	<b>0.00</b>	<b>0.00</b>	<b>204,000.00</b>	<b>0.00</b>	<b>-90,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>481.00</b>	<b>2,000.00</b>	<b>-2,481.00</b>	<b>34,372,853.28</b>

Technical Adjustments/Virements for Corporate Resouces

PC	Description	2009/10 Opening Budget	June Virement 26	June Virement 27	June Virement 28	June Virement 31	Budget Jul-09	Aug Virement 37	Sep Virement 41	Sep Virement 42	Sep Virement 43	Sep Virement 44	Budget Aug-09
710000	Director of Corporate Resource	232,607.00				-2,310.00	668,880.35			-40,000.00	-38,700.00	-146,000.00	444,180.35
720000	Head Of Financial Services & P	505,347.00		-378,540.00	-19,200.00		107,607.00			40,000.00		146,000.00	293,607.00
720100	Corporate Finance	792,615.00		378,540.00	5,500.00		938,543.00						938,543.00
720200	Business Support	1,395,624.00			13,200.00		1,408,824.00						1,408,824.00
720500	Bursary	-238,593.00					-65,583.00						-65,583.00
720800	Procurement	559,334.00			500.00		559,834.00						559,834.00
730000	Human Resources	1,834,159.34	40,000.00				1,732,024.99						1,732,024.99
730600	HEART	0.00					-11,013.00						-11,013.00
752000	Democratic Services	0.00					60,907.57	57,696.00					118,603.57
752100	Registration of Electors	320,245.00					291,946.90	57,796.00					349,742.90
752120	Committee Services	360,790.00					338,818.60	73,179.00					411,997.60
752130	Democratic Representation and	381,668.00					381,668.00	-188,671.00					192,997.00
752200	Local Land Charges	-261,618.00					-272,256.07						-272,256.07
763000	Maintenance & FM - Staff & Ove	927,252.00					927,252.00		25,266.26				952,518.26
770000	Head of Internal Audit & Risk	-143,551.00					-192,051.00						-192,051.00
770100	Internal Audit	414,514.00					446,264.00						446,264.00
770200	Corporate Risk	318,045.00					356,795.00						356,795.00
780300	Members' costs	1,352,940.00				2,310.00	1,226,916.00						1,226,916.00
	<b>TOTAL</b>	<b>34,258,853.28</b>	<b>40,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>34,412,853.28</b>	<b>0.00</b>	<b>25,266.26</b>	<b>0.00</b>	<b>-38,700.00</b>	<b>0.00</b>	<b>34,399,419.54</b>

1200200 Transition

**Note**

This table only includes virements between profit centres and excludes those that redistributes budget within profit centres.

The following movement to the budgets occurred within September:

- Virement 37 - Realignment of payroll budget within Democratic Services
- Virement 41 - Temp Virement - Transfer 3 Receptionist posts from Customer Services to Facilities Management from Sept - March
- Virement 42 - Virement for legal fees to HoS Financial services
- Virement 43 - Virement to AD PPP for CAA and Corporate subscriptions
- Virement 44 - Temp virement for Capita works



Details of planned action	Expected Savings £k	Savings Reflected in Forecast £k	Status (RAG)
<b>Financial Services</b>			
<b>Streamline Vendor Creation process.</b> Internal promotion to E-Procurement Manager will free up Procurement Officer post which will be frozen. Possible full year efficiency for 2010/11.	14	14	Agreed.
<b>Vacancy Freeze</b> Will review all posts becoming vacant. None appropriate at this time.			
<b>Debt Restructuring</b> Plans are in place to convert seven fixed rate loans totalling £26m to variable over the short term. The rates are being monitored on a daily basis to assess to right time to move.			Discount rates have started moving in Central Beds' favour and rumour of reduced premiums do make this feasible.
<b>Total</b>	<b>14</b>	<b>14</b>	

Details of planned action	Expected Savings	Savings Reflected in Forecast	Status (RAG)
<b>Internal Audit and Risk Management</b>			
Staff recharge to the BCC Insurance run off fund	12.5	12.5	This represents staff time spent on claims for BCC.
Reduce the professional services budget	30	30	Removes any contingency for any additional or specialist internal audit work.
Freeze Staff vacancies	20	20	Head of Strategic Risk leaving at the beginning of December, so freeze recruitment
Reduce training budget	2	2	Not all PDR's are completed but this would impact on the development of the new team.
Insurance admin.	15	0	There is a possibility that we will receive further fees in respect of insurance admin. fees payable by schools, highways claims and maybe H&S training courses
<b>Sub Total</b>	<b>79.5</b>	<b>64.5</b>	
Reduce Central Costs budget for the Audit Commission Fees	80	80	Not really a saving but Audit Commission fees under projected budget by £80k
<b>Total</b>	<b>159.5</b>	<b>144.5</b>	
<b>Human Resources and Organisational Development</b>			
Project and under spend (rather than current full spend forecast) on L&D / OD budgets (saves £50k on L&D and £30k on OD)	80	80	May limit the development work we are able to do across directorates, particularly as we begin to engage with employees, ensure PDR's are completed, and obtain a clearer mandate for OD
Reduce projection for HR training spend	5		Reduced capacity to commission L&D – half year remaining.
<b>Total</b>	<b>85</b>	<b>80</b>	

Details of planned action	Expected Savings	Savings Reflected in Forecast	Status (RAG)
<b>Property – Asset Management</b>			
Additional work to be undertaken around associated charges so as to maximise income. The existing shortfall is less than 4% of the existing budget and in the current climate represents good value. This is subject to existing resource levels continuing as current.	None	None	
Reduce spend on Depots and Storage facilities – dependent upon review.	33		
<b>Total</b>	<b>33</b>	<b>0</b>	
<b>Property – Capital Development</b>			
Continuing to not backfill post caused by Maternity leave	14	none	Amber
<b>Total</b>	<b>14</b>	<b>0</b>	
<b>Property – Facilities and Management</b>			
Identify and arrange for budgets for the two staff at Dunstable who were mapped into other areas to be transferred into Property. Not a saving as such but this will reduce overspend.	58		
<b>Total</b>	<b>58</b>	<b>0</b>	

Details of planned action	Expected Savings	Savings Reflected in Forecast	Status (RAG)
<b>ICT</b>			
Software Enterprise arrangement not renewed one off partial costs in 2009/10. Full year costs included within the 2010/2011 Budget Reductions. This will meet part of the forecast overspend by Property.	450		
<b>Total</b>	<b>450</b>	<b>0</b>	
<b>Total Savings for ICT and Property</b>	<b>555</b>	<b>0</b>	
<b>Business Management</b>			
<p>The revenue budgets cover two costs, staff and Mouchel Fees.</p> <p>Mouchel Fees represents one of the currently unquantified risks, or an opportunity, because of the unresolved contractual position. CBC are liable for the costs of the contract.</p> <p>Staff forecast costs are showing as being on Budget. As Business Management now straddles both Property &amp; ICT, a structure has been agreed to accommodate this development, which would naturally lead to an overspend against original Budget. This has now been agreed to be supported by ICT under spends, the forecast remains as Budget.</p>			

Details of planned action	Expected Savings	Savings Reflected in Forecast	Status (RAG)
<b>Legal and Democratic</b>			
Reduction in training and development for all lawyers	10	10	
Contract hire costs	10	10	Finance amendment as over costed
Freeze post 35022 whilst on maternity leave	7	7	Reduce conveyancing capacity
Delete Member Training/Development post	10	10	No dedicated Training Development Officer
Chairman's/Council Hospitality Budget	3		Reduce teas and coffees at meetings
Chairman's car	1		Car to be used only at major events
<b>Total</b>	<b>41</b>	<b>37</b>	