
Meeting: Customer and Central Services Overview and Scrutiny Committee
Date: 26th July 2010
Subject: Budget Management Outturn Report Quarter ended 31st March 2010 for the Directorate formerly known as Business Transformation
Report of: Portfolio Holder for Finance, Governance and People
Summary: The report sets out the provisional outturn position as at the 31st March 2010.

Contact Officer: Director of Customer and Shared Services
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities.

Financial:

The financial implications are set out in the report

Legal:

None

Risk Management:

None

Staffing (including Trades Unions):

None

Equalities/Human Rights:

None

Community Safety:

None

Sustainability:

None

RECOMMENDATION(S):

1. that the Committee
 - (a) Notes and considers this report
 - (b) Considers any issues from this report that could form part of their work programme.

Introduction

1. The report sets out the provisional outturn for the financial year 2009/10.

Executive Summary Revenue

2. The provisional outturn is £460k (7.1%) over budget compared to December's forecast position of £231k over budget.
3. Table A below shows the provisional outturn net revenue position and the movements compared to December's forecast. A more detail table by operational area is shown at Appendices A1 and A2.
4. Table A Revenue Position Summary

Assistant Director	Budget	Provisional Outturn Variance	Movement since the December Forecast
	£k	£k	£k
Director of Business Transformation	242	(28)	8
Communications	785	(24)	(1)
Business Transformation and Customer Services	3,311	799	(243)
Policy, Partnership and Performance	2,134	(287)	8
TOTAL – Director of Business Transformation	6,472	460	(228)

5. The key reasons for the provisional outturn variances are:

- A £749k over spend against the Agency and staff cost budget in AD Business Transformation and Customer Service due to the requirement for additional temporary staff required to cover vacant posts and DWP grant funded work, under funded posts, and the 5% vacancy factor.
- A £208k over spend against the Registrars income budget due a reduction in anticipated recharge income, offset by a £71k under spend against Coroners in line with an increase in expenditure.
- These additional staff costs have been partially funded by additional DWP Administrative funding of £203k.
- The provision for bad debts, within Revenues & Benefits, has been increased by £300k. This is due to higher than budgeted debt levels at the year end as a result of lower than expected collection rates for Council Tax. Collection rates have suffered largely as a result of downtime, during the systems merge and ICT outages.
- A £200k under spend against the AD Policy, Partnership and Performance staff cost budget due to the existence of nine vacant posts at the beginning of the financial year reducing to three vacant posts at the end of the year. These 3 remaining vacant posts were all frozen as a result of savings measures and include the Community Intelligence Team Leader and Insight Officer posts and the Performance Team Leader post. This has resulted in a minimal capacity for development work on Customer and Community Insight.
- An £82k under spend against the AD Policy, Partnership and Performance Supplies and Services (AD PPP) budget resulting from various in year savings measures. These measures include the slippage of the procurement and implementation of Performance Management software and the Mystery Shopper toolkit refresh until 2010/11, a reduction in funding for external Overview and Scrutiny activity, the purchase of meters to extend the zap carbon project, use of external speakers and contributions to partner funding and sponsorship of equality events. In addition consultation work on Sustainable Community Strategy and budget consultation work for the 2010 budget was also reduced as a result of these measures. The residual £5k provisional outturn variance for AD PPP relates to the receipt of unbudgeted income.

Executive Summary Capital

6. The outturn position is £241k, against December's forecast position of £414k.

7. Table B below shows the overall forecast capital position and the movements compared to last month's forecast. A more detail table by scheme is shown at Appendix B.
8. Table B Capital position summary (net)

	Budget	Provisional Outturn	Variance	Change since Dec
Expenditure	588	346	(242)	(69)
Income	0	(105)	(105)	(105)
Net	588	241	(347)	(173)

9. Capital schemes amounting to £977k have been slipped into 2010/11. Schemes slipped to 2010/11 include the Performance Management System, £90k, DIP Systems (EDRMS), £39k, Points of Presence £50k, Istop kiosks £5k, Call Recording and Workforce Management £29k, BTS Switchboard Software and Wall boards £67k and LPSA reward grant, £697k.

Key Management Actions

10. Budget managers with the assistance of Finance staff to review overspends and identify and address any issues that may reoccur in 2010/11. Finance and HR to address the pay mis-bookings issue.

Synopsis by Assistant Director

Director Business Transformation

11. The Director of Business Transformation provisional outturn position shows a £28k under spend against a budget of £242k. This under spend reflects a £23k under spend against staff costs due to the budget for each of the two posts held against the Director's budget being greater than forecast requirement and a £5k under spend against the supplies and services budget partly due to in year savings measures.

AD Business Transformation & Customer Services

12. AD Business Transformation & Customer Services is overspent by £799k. The majority of this is due to the £749k over spend against the Agency and staff cost budget, as discussed above. These additional staff costs have been partially funded by additional DWP grant funding of £27k and additional Administrative funding of £203k. In addition to this, there is a £208k over spend against the Registrars income budget due a reduction in anticipated recharge income, offset by a £71k increase in recharges within Coroners in line with an increase in expenditure. Supplies and Services are overspent by £203k, due to an increase in Bad Debts provision £300k due to a lower than budgeted collection rate, and an

increase in Post Mortem expenses £50k, Jurors/Witness expenses relating to long inquest costs and an increase in bank and card charges offset by a decrease in Bailiff/Court Fees, debt recovery fees, and Insolvency Fees £77k. These overspends have been partially offset by various savings measures undertaken. Additional Rates Referral Scheme Grant £14k in Revenues and a £15k Credit Card payment surcharge also in Revenues have helped offset the overspends.

Capital

13. Capital schemes for AD Business Transformation and Customer Services include:

- EDRMS is estimated at £70k. £39k will be slipped into 2010/11 for part funding of procurement of ECM.
- Istop Kiosks with an estimated cost of £35k. £5k will be slipped into 2010/11 to fund scheme expansion.
- T Government Partnership & Partnership Working has been re-phased, and is now to be spent on acquiring Call Recording & Workforce Management and BTS switchboard software and wall boards.
- Points of Presence with an estimated cost of £50k will be slipped into 2010/11.

AD Communications

14. The AD Communications provisional outturn position shows a £24k under spend against a budget of £785k. This under spend reflects a £73k under spend against staff costs, a £46k under spend against the supplies and services budget and a £95k over spend against Agency staff costs. The under spend against staff costs is due to 5 posts being vacant for part of the financial year and to variances between the actual and budgeted cost for a number of posts. The over spend against Agency staff costs is due to the use of Agency staff to cover vacant positions, giving a net staff cost over spend of £22k. The under spend against the Supplies and Services Budget is the result of an effort by the Communications Team to minimise this spend and to 3 savings measures amounting to £19k which were taken in year. These include a saving of £10k for reduced costs for the annual council tax leaflet, a saving of £4k for streamlined subscriptions to journals and newspapers and a procurement saving of £5k due to the actual cost of a tender being less than the budgeted cost. The provisional outturn position incorporates a £147k from reserve to cover redundancy costs

AD Policy Partnership and Performance

15. Agency Staff costs. The £5k unbudgeted income relates to the receipt of £2k from Bedford Borough for a Joint Health Overview and Scrutiny report and the receipt of additional unbudgeted income from the Area Based Grant. The £236k forecast under spend against staff costs is due to the existence of 9 vacant posts at the beginning of the year reducing to 4 vacant posts at the end of the year. Three of these four posts were frozen as a result of in year savings measures. The £36k forecast over spend against Agency Staff costs relates to 3 Agency Members of staff: a Performance Officer which is partly funded by Children's Services, an Administrative Support Officer for the Partnership and Community Engagement Team and a Data Protection/Freedom of Information Officer. The £82k under spend against the Supplies and Services budget is primarily due to various savings measures which are detailed at Appendix D. The provisional outturn position incorporates the following transfers from and proposed transfers to Earmarked Reserves:

- The use in 2009/10 of £43k of the £73k Community Engagement Reserve which is an existing Earmarked Reserve transferred from South Bedfordshire District Council. This funding has been used in year to cover the cost of a Sustainable Neighbourhood Manager. The residual £30k will be carried forward into 2010/11.
- A proposed new £6k reserve to support the implementation of the Council's Community Engagement Work.
- A proposed new £20k reserve to resolve the Corporate funding pressure arising from legacy commitments to Voluntary and Community Sector Organisations.
- A proposed new £18.3k reserve to cover staff costs for the management, administration and roll out of the Targeted Support for Empowerment Improvement Project.

Target Support for Central Bedfordshire Grant

16. In December, AD Policy Partnership and Performance received a revenue grant of up to £89k to help pay for the costs and activities associated with supporting improvement in empowerment and participation in Central Bedfordshire. The grant has been provided by the East of England Regional Empowerment Partnership. The actual amount of grant claimed at the end of the financial year amounted to £72k. As mentioned at para 5.4, a reserve request has been put forward to carry forward £18.3k of the £72k claimed. If the reserve is approved, this funding will be used to support the cost of this project in 2010/11.

Capital

17. Capital schemes for AD Policy Partnership and Performance include:

- The Safer Stronger Communities Capital grant of £83k which has now been spent on the replacement and enhancement of CCTV cameras in town centres in the South of the Region including Dunstable, Houghton Regis and Leighton Buzzard.

- The New Performance Management System with an estimated cost of £90k. This scheme has been slipped into 2010/11.
- The LPSA and LAA grant payout of £697k brought forward from previous financial years. The Budget Manager is working with our Strategic Partners to determine how this funding will be spend in 2010/11.
- The ZAP Carbon Project which has an estimated cost of £10k and costs incurred to date of £6k. This is a community carbon reduction project based around providing a community zap carbon website and energy efficient meters.

Revenue Virement Requests

18. There are currently no proposed virements over £100k to report

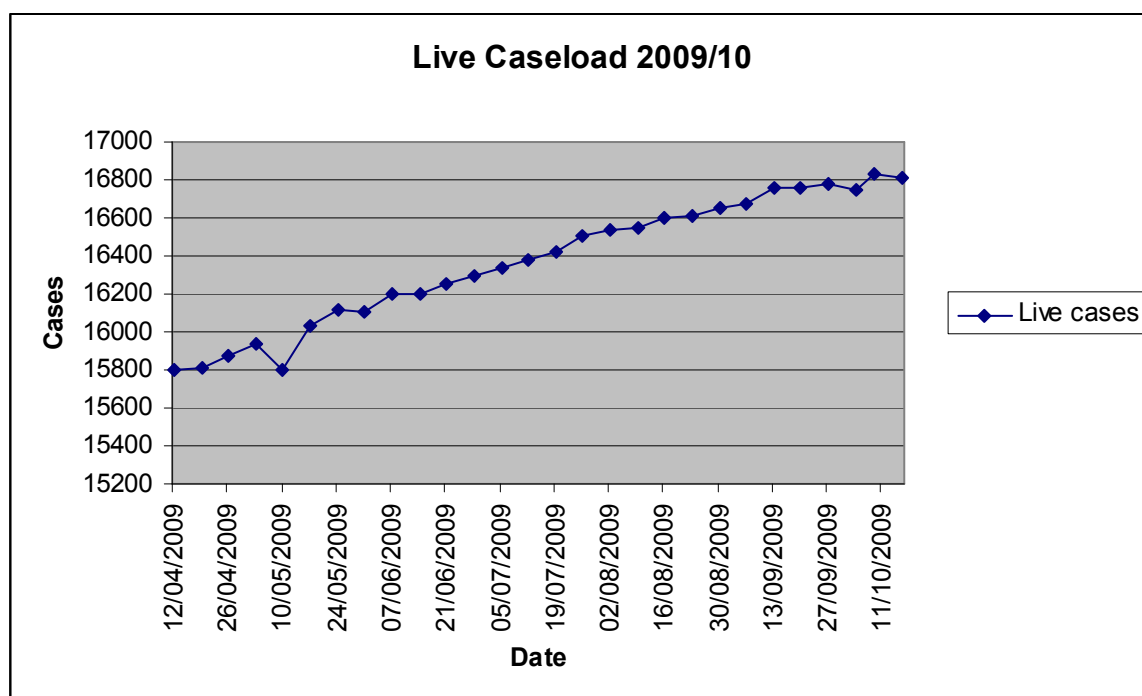
Key Risks and Opportunities

Key Risk - Pay Costs.

19. The inclusion of a 5% budget reduction for a vacancy factor together with harmonisation issues associated with 3 Councils merging into one, have resulted in a risk of our pay cost budget not being sufficient to meet forecast demand. It is therefore imperative that budget managers with the assistance of Finance Support staff carefully monitor staff costs and identify any shortfall that cannot be mitigated within the Service Areas.

Key Cost Drivers– Benefits Caseload.

20. The number of live Benefits cases within Customer Accounts can have a large impact on the budget. Up to date figures are not currently available, but the chart below, as at 30th November 2009 shows a large increase in the number of cases within the year, which has resulted in an increase in Overtime, and Agency costs in order to meet the demand.



Achieving Efficiency Savings

21. Savings Measures identified within the Directorate together with a year to date progress report can be found in Appendix D.

Reserves Position

22. Reserves currently earmarked for transfer into the Directorate include:

- A £13,200 Mid Beds Council Earmarked Reserve transfer to AD Policy, Partnership and Performance. The funding is to cover Climate Change policy work that is now due to be undertaken in 2010/11.
- A £73,000 South Beds Council Earmarked Reserve transfer to AD Policy, Partnership and Performance. This funding is to cover the cost of a Sustainable Neighbourhood Manager post and other costs associated with the provision of this service. It is currently planned that £30,000 of this reserve will be carried forward into 2010/11.
- A £5,000 Beds County Council Earmarked Reserve transfer to AD Policy, Partnership and Performance. This funding is to cover costs associated with the completion of a Multi Area Agreement feasibility study which was started in 2008/09 and is now forecast to be completed in 2010/11.
- An £239,000 transfer from reserves for Housing Benefit Subsidy.

23. Proposed Reserves:

- The Business Transformation Programme will be funded from an Earmarked Reserve. The current forecast is £708k.
- The revenue element of the IBS Project (£545k) will be funded the Equalisation Reserve, the capital element being funded from Transitional costs (Capital).

Carry forward Requests and Proposed New Reserves:

24. • A £6k Reserve to support the implementation of the Council's Community Engagement Work (AD PPP).
25. • A £20k Reserve to resolve the Corporate funding pressure arising from legacy commitments to Voluntary and Community Sector Organisations (AD PPP)
26. • A £18.3k reserve to cover staff costs for the management, administration and roll out of the Targeted Support for Empowerment Improvement Project (AD PPP)

Workforce Data

27. See Appendix E for Workforce Data information.

Aged Debt Analysis

28. See Appendix F for list of Outstanding Debts greater than £10k for BT as at 31 March 2010.

Appendices:

Appendix A1 – Net Revenue Position

Appendix A2 – Net Revenue Position with Commentary

Appendix B1 – Overall Capital Monitoring - Summary

Appendix B2 – Capital Position for Directorate payments and receipts

Appendix C – Earmarked Reserves

Appendix D - Efficiencies

Appendix E – Workforce Data

Appendix F – Outstanding Debts over £10k

Background Papers: (open to public inspection)

Location of papers: Priory House, Chicksands