
Meeting: *Customer & Central Services Overview & Scrutiny Meeting*
Date: *13th December 2010*
Subject: **Budget Management Report Quarter ended 30th September 2010 for Office of the Chief Executive**
Report of: **Portfolio Holder for Finance, Governance and People**
Summary: The report sets out the financial position to the end of September 2010 and the latest forecast position

Contact Officer: Chief Executive
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 financial position to the end of September 2010 and the latest forecast position.

Executive Summary Revenue

2. The full year forecast position is £91k (2%) under budget and incorporates planned contributions of £313k from reserves.
3. The following Table A shows a summary position analysed by CE and Assistant Director, with more detailed commentary in the following paragraphs. Appendix A1 provides a more detailed analysis by Head of Service and A2 the change in forecast outturn since the last report.
4. The forecast under spend position of £91k consists of a £68k pressure against the supplies and services budget offset by an £159k under spend against the staff cost budget. The budget pressure against supplies and services is primarily due to £47k of inherited costs for the MKSM partnership and Director of Public Health. A budget to cover these costs has not yet been transferred to the Office of the Chief Executive. A further £16k relates to the core Voluntary and Community Sector Grants budget and is a result of an earmarked reserve not being approved. The forecast under spend against the staff cost budget is due to the existence of 3 vacant posts including the Performance Improvement Manager post and 2 further posts within the Planning and Programme Management Team. This forecast is based on the assumption that all three posts will remain vacant until the end of the financial year.
5. The forecast spend has increased by £15k since the June budget monitoring report. This is due a forecast increase of £47k for inherited costs for the MKSM partnership and Director of Public Health. These costs were not included in the June forecast. This increase is offset by a £27k reduction in the staff cost forecast which is primarily due to the 3 vacant posts within AD Strategy and Performance now forecast to remain vacant until the end of the financial year. The June forecast was based on the assumption that 2 of these posts would be filled during the financial year. A further £4k forecast reduction relates to the requirement for core Voluntary and Community Sector Grants.

6. Table A

Assistant Director	Variance to Date	Forecast variance at year end (after use of reserves)	Management Actions	Forecast Outturn Variance
	£000	£000	£000	£000
Chief Executive	(5)	0	0	0
Communications	(49)	0	0	0
Strategy and Performance	(38)	(91)	0	(91)
TOTAL	(92)	(91)	0	(91)

7. **Chief Executive**

The Chief Executive has a year to date under spend of £5k and is currently forecasting to spend to budget.

8. **AD Communications**

AD Communications has a year to date under spend of £49k and is currently forecasting to spend to budget. The total AD Communications budgets have now been re-aligned to new Communications structure and as part of this process a net budget of £77k has been set aside for costs associated with the production of the News Central magazine. This net budget includes income of £25k which is expected to be generated from advertising revenue.

9. The £49k year to date under spend consists of an £8k budget pressure against the staff cost budget, an £11k income target not yet achieved and a £68k under spend against the Supplies and Services forecast. The income target relates to advertising revenue associated with the New Central magazines which is expected to be generated in the second half of the financial year. The under spend against the supplies and service budget is due to planned expenditure for News Central Magazine, an internet project and E Communications and Consultancy work which is all due to fall in the second half of the financial year.

10. The full year forecast includes an identified pressure against the staff cost budget offset by a corresponding £4k under spend against the Supplies and Services budget. The pressure against the staffing budget is due to agency personnel covering vacant posts and staff absences due to long term sickness. An interim Corporate Communications Manager is currently covering both the vacant Internal and External Communications Manager posts. These posts are due to be filled later in the financial year. In addition, an Interim Communications Officer has been covering absences within the team resulting from long term sickness. A further Business Support Post is now being left vacant until the end of the financial year to help mitigate this pressure.

11. **AD Strategy and Performance**

AD Strategy and Performance has a year to date position of £38k under budget and following planned contributions from reserves has a forecast position of £91k under budget.

12. The forecast position includes a £68k pressure against the supplies and services budget offset by an £159k under spend against the staff cost budget. The budget pressure against supplies and services is largely due to £47k of inherited costs for the MKSM partnership and Director of Health. A budget to cover these costs has not yet been transferred to the Office of the Chief Executive. A further £16k relates to the core Voluntary and Community Sector Grants budget and is a result of an earmarked reserve not being approved. The forecast under spend against the staff cost budget is due to the existence of 3 vacant posts including the Performance Improvement Manager post and 2 further posts within the Planning and Programme Management Team. This forecast is based on the assumption that all three posts will remain vacant until the end of the financial year.

13. The £38k year to date under spend consists of a £33k under spend against the £800k Invest to Save (ITS) Programme which is due a variation between profiled budget and actual expenditure to date, a £10k under spend against the Target Support Grant, a £3k under spend against the Supplies and Services budget and a £15k income receipt in advance of requirement. These under spends are offset by a £21k year to date pressure against the staff cost budget which is in contrast to the year end forecast under spend of £159k against the staff cost budget. Expenditure on staff costs has been greater during the first half of the financial year due to £28k of redundancy costs which is to be met by a transfer from the corporate redundancy reserve and salary costs for the eight Performance posts. The budget and actual costs for these eight posts has been transferred out from October onwards.

14. The full year budget of £800k for the Invest to Save Programme has been provisionally allocated to the following projects:
Passenger Transport Strategy
Web Strategy
Revenue Income Optimisation (RIO) Project
Customer & Shared Services Recovery Programme

15. Planned use of reserves by AD Strategy and Performance amounts to £297k. £270k of this reserve funding will be used in support of the Sustainable Neighbourhood Project, the Targeted Support for Empowerment Improvement Project, Implementation of Community Engagement Work and Local Area Agreement Targets. The remaining £27k planned use of reserves will be drawn from a corporate reserve and used to cover costs incurred as a result of redundancy.

16. Grant Funding

The £11.610m Area Based Grant (ABG), the estimated £1.328m LAA Performance Reward Grant (LAA PRG) and the £0.080m Target Support Grant are all managed within this Assistant Directorate by the Head of Partnership and Insight.

17. Area Based Grant As a result of the local government budget cuts announced on 10th June 2010 the Central Bedfordshire ABG allocation has been reduced from £13.115m to £11.610m. The reductions overall include £1.172m from Department for Education revenue, £0.104m for Supporting People Administration revenue, £0.204m for Road Safety revenue and £0.025m from the Home Office. The Executive have agreed that each Director will manage their own reductions and where this may involve redundancy costs, the LAA PRG may be used to offset an element of these.
18. LAA Performance Reward Grant LAA Performance Reward grant received to date amounts to £1.330m with a further £218k expected to be received at the end of the financial year. This additional reward grant is the result of a further claim made to Communities and Local Government (CLG) in respect of the Volunteering Target. As a condition of the grant 50% of the total grant must be used for capital expenditure and 50% for revenue expenditure.
19. Target Support Grant This is a revenue grant of up to £87k from the East of England Regional Empowerment Partnership to contribute towards the cost of activities associated with supporting improvement in empowerment and participation in Central Bedfordshire. The grant is claimed quarterly in arrears.
20. Budget Transfers. In Year budget transfers amounting to £150k were processed in September. These relate to the transfer of 6 months of salary plus other associated costs for eight performance posts. Seven of these posts were transferred to Children's Services and a further one posts to the Director of Social Care Health and Housing.

Capital Position

21. Details of the OCE Capital programme is shown at Appendix B
22. The following Table B shows a summary of capital projects including the slippage from 2009/2010 which is still subject to approval and the LAA grant funded scheme.

23. Table B

Title	Budget £000s	Expenditure to Date £000s	Forecast Expenditure £000s
EDRMS – (Slippage of £39k from 2009/10)	39	-7	39
Implementation of ECM – (Slippage of £36k from 2009/10)	36	0	36
LPSA and LAA Grant Payout – (Slippage of £697k from 2009/10)	697	0	697
LAA PRG Capital Reward Grant	690	0	690
Performance Management System	90	0	90
Net	1,552	-7	1,552

Key Management Actions

24. To review and re-align the AD Communications Supplies and Services budgets. This action was completed in September.
25. To review and profile the Invest to Save Programme Budget. This action was completed in September.

Revenue Virement Requests

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

Key Risks and Opportunities

27. There is a financial risk associated with the publication of News Central, however the expected pressure has been included in the forecast and a budget drawn from existing resources has also now been put in place.

Achieving Efficiencies

28. A number of efficiency savings are built into the 2010/11 base budget. A full analysis of efficiencies is provided at Appendix C. Currently these are all on track to be delivered which is borne out by the forecast outturn position.

Reserves position

29. Appendix D shows the full list of reserves for OCE. The total balance available as at April was £290k. £270k of these reserves is currently planned to be used in year.

Workforce Data

30. Total forecast expenditure for pay including agency and interims is £3.158m. This constitutes 72% of the total forecast.

Debt analysis

31. There are currently no outstanding debts greater than £10k.

Appendices:

Appendix A1 – Net Revenue Position Full Analysis

Appendix A2 – Movement between latest expected variance and June forecast variance

Appendix B – Capital Monitoring

Appendix C – Efficiencies

Appendix D – Earmarked Reserves

Background Papers: None

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Location of papers: Priory House, Chicksands