
Meeting: *Customer & Central Services Overview & Scrutiny Meeting*
Date: *13th December 2010*
Subject: **Budget Management Report Quarter ended 30th September 2010 for Customer and Shared Services**
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: Director of Customer & 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 financial position to the end of September 2010 and the latest forecast position.

Executive Summary Revenue

2. The full year forecast position following planned use of reserves identifies pressures of £1,445k (3.4%).
3. The Director of Customer and Shared Services budget 2010/11 is set at £42,018k.
4. The key reasons for the forecast variance are, firstly within AD Customers & Systems there are staffing and contractor cost pressures, and additional IT support and maintenance costs. Secondly, there are staff cost pressures within AD Finance, as a result of maternity cover, restructuring delays and salary protection. Thirdly, there are pressures around efficiency achievement and some uncertainty over property costs within AD Assets. Additionally pressures are being forecast, within AD People due to the loss of Transitional funding from 09/10 and within Head of Legal & Democratic due to a reduction in income together with the need for use of specialist agency staff.
5. The forecast has decreased by £348k since June mainly due to a review of vacant posts and overheads within AD Customer & Systems, AD Finance, and AD Governance (£433k), offset by a net increase in Contractor and Software maintenance costs £250k, pressures in AD Assets for cleaning contract, delay in recharges for County Hall and overtime pressures £264k, offset by an increase in income £153k due to rebates from Corporate contracts. There has been a forecast saving of £112k due to low level of corporate and organisational development training, and a saving of £113k following a review of the Members' Costs forecast pressures. A duplicate efficiency of £51k within Audit has been addressed by use of reserves.
6. The following Table A shows a summary position analysed by Assistant Director, with more detailed commentary in the following paragraphs. Appendix A1 provides a more detail analysis by service budget and A2 the change in forecast outturn since the last report.

7. Table A

Assistant Director	Variance to date	Forecast variance at year end (after use of reserves)	Management Actions	Forecast Outturn Variance
	£000	£000	£000	£000s
Dir. Customer & Shares Services	(38)	(76)	0	(76)
AD Customer & Systems	126	477	0	477
AD Finance	235	563	0	563
AD People	260	250	0	250
Head of Legal & Democratic	(30)	(265)	0	(265)
AD Assets	31	417	0	417
Corporate Costs	(769)	79	0	79
TOTAL	(186)	1,445	0	1,445

8. **Assistant Director – Customer & Systems**

Head of ICT

Of the net pressures of £477k within AD Customer & Systems, net Pressures of £600k have been identified in ICT, of which £506k relate to staff and contractor costs. High consultancy costs are due to back fill for project work and SAP support to cover vacancies. In addition to this, software licence and maintenance costs amounting to £220k have been identified by the business during the last 12 months, and general overspends of £8k. These pressures have been partly offset by £134k furniture & equipment saving.

Head of Customer Services

There is an under spend forecast in the region of £132k against staff costs in Customer Services as vacancies are not being filled to meet efficiency targets and a pressure of £23k in Coroners Service due to under funding of HM Coroners post.

9. **Assistant Director – AD Finance**

AD Finance

There is an anticipated saving of £30k following a review of expenditure, offset by a forecast net pressure of £28k for completion of IBS project.

Revenues & Benefits

Customer Accounts shows a net forecast pressure of £320k, made up of a £454k overspend on Contractor costs following the systems conversion, Agency staff have been retained longer than anticipated whilst building on the skills base, partially offset by salary slippage £142k, an increase in Housing Benefit payments of £125k, increased in Admin Subsidy £107k, in line with DWP 2010/11 Mid Year Estimate Form and HB Discretionary payment £9k.

In Revenues an increase in staff costs £72k due to posts previously funded from transitional budget, unable to achieve vacancy saving and Appendix E, a £23k pressure on bank and card charges offset by additional income of £17k from DCLG for 'Efficiency on Council Tax bills' and £17k income from credit card surcharges from customers.

Financial Strategy

There is a net forecast pressure of £30k as a result of Agency staff filling vacant posts.

Financial Management

There is a net forecast pressure £136k due to Agency Staff covering vacant posts and maternity leave, delay in implementing the restructure, and salary protection associated with the restructure.

Audit

There is a £17k pressure due to a delay in the Senior Management review.

10. **Assistant Director – People**

AD People has a year to date pressure of £260k and following planned contributions from reserves has a forecast pressure of £250k by the end of the year.

The forecast position includes a £380k pressure against the total staff cost budget offset by forecast under spends of £112k against the Organisational Development and Corporate Training budget and £18k of unbudgeted recharge income, £8k of which has been generated by the Schools HR service.

The pressure against the staff cost budget is due to a reduction in the staff cost budget since 2009/10 which has not yet been offset by a corresponding reduction in staff numbers. A planned restructure which will help to mitigate this position in future years will be in place on the 1st October 2010. Savings achieved as a result of this restructure in 2010/11 will however be determined by when redundant posts are vacated and posts in the new structure are populated.

Since 2009/10 the Income budget for the CRB team has increased by £15k. In order to generate this additional income, HR will need to ensure that they review the current level of their administrative charge which is applied to external customers and fully funded schools.

11. **Head of Legal & Democratic**

Full year spend is forecast at £2,519k, representing an under spend of £265k.

The forecast includes savings of a part year salary cost for AD Governance and Head of Democratic Services posts.

In respect of the Legal Services, there are particular pressures on the salaries budget caused by the continuing need to employ locum lawyer to cover vacancy in the Adults, Children and Education team. Two post have been filled but one still remaining vacant. The vacancy is currently being advertised nationally. There is also a problem with the income target which was set for 2009/10 and has been increased in 2010/11; the target assumes that income will be generated from legacy BCC external contracts which were not passed to CBC on 1 April 2009. In addition to this, income from section 106 agreements etc. has suffered as a result of the downturn in the housing market.

12. **Assistant Director – Assets**

AD Assets are currently forecasting a spend of £4,772k for the year with a pressure of £417k. This is due to a number of reasons:

The final agreement is still to be reached around some areas of recharges from Bedford Borough Council.

Pressures surrounding staffing costs within Capital Development, Property Business and Maintenance and FM.

There are pressures within Surplus Properties, Bedford Square, County Hall, and County Farms.

There is a forecast pressure in Development Disposals of £150k. An application has been made to fund this from reserves, however as this has yet to be approved the funding of this pressure is not included in the forecast.

13. Corporate Costs

There is a pressure as a result of some PRC Pension costs being omitted from the budget. This will be mitigated by better than budgeted savings in financing costs.

The provision for Members' Allowances remains insufficient to meet the budget requirement as well as there being no budget provision for Members' ICT allowances from when the new scheme was approved by Executive in 2009/10.

14. Executive Summary Capital Position

The following Table B shows a summary of capital position as at August and Appendix B provides more detailed breakdown by scheme.

Table B

Title	Net Budget to date	Net Expenditure to Date	Variance to date	Forecast Outturn variance
	£000	£000	£000	£000
Pre 2010/11 Starts	3,594	3,239	(355)	(200)
2010/11 Starts	962	(32)	(994)	0
Total	4,556	3,207	(1,349)	(200)

Revenue Virement Requests

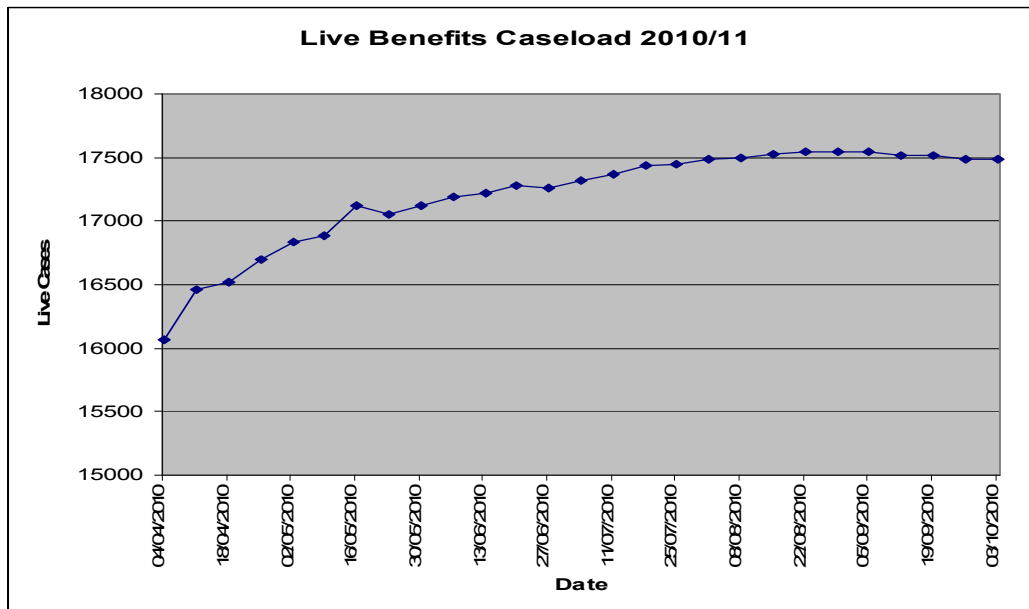
15. There are currently no virements over £100k to report.

Management Actions

16. AD Finance - Customer Accounts: Staff resource review under way. Review should be complete by October month end at which time benefits can be quantified.

Key Cost Drivers

17. Benefits Caseload - The number of live Benefits cases within Customer Accounts can have a large impact on the budget. The chart below as at 30th September 2010 shows a large increase in the number of cases this year. This could result in an additional pressure due to overtime in order to meet the demand, although none have been forecast as yet.



Achieving Efficiencies

18. A number of efficiency savings are built into the 2010/11 base budget. There is currently a forecast shortfall in achievement of these efficiencies of £133k. A summary is provided in Appendix C

Reserves position

19. The reserve position is provided in Appendix D

Debt analysis

20. The Debt position is provided in Appendix E

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
- Appendix E – Debt Analysis

Background Papers: None

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Location of papers: Technology House, Bedford.

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