
Meeting: Customer & Central Services Overview & Scrutiny Committee
Date: 25 July 2011
Subject: Provisional Outturn Budget Management Quarter 4, 2010/11 Report – Office of the Chief Executive
Report of: Deputy Leader and Executive Member for Corporate Resources
Summary: The report sets out the provisional outturn financial position for 2010/11

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.

Introduction

1. The report sets out the provisional outturn for financial year 2010/11.

Executive Summary Revenue

2. The provisional outturn position comprises of under spends of £200k against operational budgets which incorporates proposed transfers of £48k from the corporate redundancy reserve, and £33k against non-operational budgets (e.g. funds held by OCE, and passported to partners or other parts of CBC), which incorporates net contributions of £506k to earmarked reserves. The total outturn position is £233k (4.9%) under budget.
3. The following Table A shows a summary position for both operational and non-operational OCE budgets, with more detailed commentary in the following paragraphs. Appendix A1 provides a more detailed analysis by Head of Service and A2 the movement between the December forecast and the provisional outturn.
4. The provisional outturn variance is largely due to under spends against the staff budget and the postponement until 2011/12 of the implementation of the Customer Relations Management System, the Performance Management System, and the 2010 Residents Survey, together with the abandonment of the 2010 Place Survey.
5. The provisional outturn is unchanged against the forecast position reported in December.

6. Table A

Assistant Director	Budget	Provisional Outturn Variance	Movement since the December Forecast
	£000	£000	£000
Operational Budgets:			
Chief Executive	307	(13)	(1)
Communications	963	(64)	(39)
Strategy and Performance	2248	(123)	69
Sub Total Operational Budgets	3518	(200)	29
Non Operational Budgets:			
Pan Public Sector Working	0	0	0
Invest to Save	800	(24)	(24)
LAA PRG	0	0	0
Target Support Grant	0	0	2
Corporate Subscriptions	152	(9)	(6)
Sub Total Non Operational Budgets	952	(33)	(28)
TOTAL	4470	(233)	1

7. **Chief Executive**

The Chief Executive has a provisional outturn under spend position of £13k which includes a £3k under spend against the staff cost budget and a £10k under spend against the Supplies and Services budget.

8. **AD Communications**

AD Communications has a provisional outturn under spend position of £64k which incorporates proposed contributions of £16k from the corporate redundancy reserve. This under spend, which has decreased by £39k since the forecast position reported in December, includes a £9k over spend against the staff cost budget, a £78k under spend against the Supplies and Services budget and a £5k shortfall against the £25k income budget. The over spend against the staffing budget is due to the periodic employment of agency staff during the year to cover both vacant posts and posts that were temporarily vacant due to long term

sickness absences. The income shortfall relates to the budget for advertising income expected to be generated from New Central advertising revenue. This shortfall has been offset by a £20k reduction in the actual cost of the magazine giving a net under spend position of £15k against the £75k budget. The total £78k under spend against the supplies and services budget also includes a £35k under spend against the AD Communications training, staff advertising, professional services and printing and stationery budgets and a £20k under spend against the E Communications and Consultancy budget due to the postponement of the 2010 Residents Survey and the abolition of the 2010 Place Survey, and to a reduction in planned expenditure for the Web Project and E Communications.

9. The provisional outturn position has decreased by £39k since the forecast position reported in December. This is due to a reduction against forecast for the Web project, the News Central magazine and for training, staff advertising, professional services and printing and stationery.

10. **AD Strategy and Performance - Operational Budgets**

AD Strategy and Performance budgets are split between operational and non-operational, details of the non-operational budget are set out in paragraphs 13 to 15. The AD Strategy and Performance Operational budget has a provisional outturn under spend position of £123k which incorporates proposed transfers of £32k from the corporate redundancy reserve. The outturn position has increased by £69k since the forecast position reported in December.

11. The £123k provisional outturn position includes an £178k under spend against the staffing budget, an £115k under spend against the supplies and services budget, partly offset by an £170k income shortfall due to a year end accounting adjustment to transfer council tax revenue from second homes not being processed. The base budget assumed this adjustment would be made. The under spend against the staffing budget is due to the existence of 4 vacant posts; the Performance Head of Service post, the Performance Improvement Manager post and 2 further posts within the Planning and Programme Management Team. The £115k under spend against the Supplies and Service budget which includes a £5k under spend against the AD Strategy and Performance budget, a £42k under spend against the Performance and Partnership budget and a £68k under spend against the Planning and Programme Management budget is primarily due to:

- The postponement of the 2010/11 LSP forum until 2011/12
- A reduction in expenditure for Stakeholder, Third Sector and CBC Community Events
- A reduction in support and maintenance costs of the Customer Relations Management Systems due to the slippage of the Capital Programme to replace the Management System
- A reduction in subscription costs due to a senior management decision not to renew the subscription to the Local Government Information Unit
- A reduction in expenditure for staff training
- A reduction in for payments to Third Sector Organisations. £8k of funding set aside for SRRRC (Show Racism the Red Card) and BREC (Bedfordshire Race Equality Council) was not required as additional work undertaken by these organisations which would have resulted in further funding by the Council is not expected to be undertaken until 2011/12.

12. The provisional outturn position has increased by £69k since the forecast position reported in December. This is due to a £170k income shortfall relating to the end of year accounting transfer for council tax on second homes not having been processed offset by a £14k reduction in staff costs resulting from a decision not to fill the Head of Performance post and an £87k reduction against the Supplies and Services forecast which is primarily due to the postponement of the LSP Forum until 2011/12, a reduction in payments to Third Sector Organisations, a reduction in support and maintenance costs of the Customer Relations Management Systems and a decision not to renew the Local Government Information Unit (LGiU) subscription.

13. **AD Strategy and Performance - Non Operational Budgets**

The AD Strategy and Performance non-operational budget has a provisional outturn under spend position of £33k. This incorporates net proposed contributions of £506k to and from reserves. The outturn position has decreased by £28k since the forecast position reported in December.

14. The £33k outturn position includes a £24k under spend against the Invest to Save (ITS) budget and a £9k under spend against the Corporate Subscriptions budget. The under spend against ITS includes under spends against the Web Strategy Project and the Customer and Shared Services Recovery Programme. Further details of the budget and provisional outturn for each ITS project can be found in paragraph 15. The Targeted Support Grant, LAA Performance Reward grant and Pan Public Sector Working provisional outturn are all to budget.

15. The following table details the provisional outturn position and proposed transfers to reserves for the 2010/11 Invest to Save projects:

Project	Budget	Actual	Proposed transfer to reserves	Provisional Outturn
	£k	£k	£k	£k
Web Strategy	136	105	21	126
Passenger Transport Strategy	238	242		242
Revenue Income Optimisation Project	120	117		117
Customer and Shared Services Recovery Programme	259	243	5	248
Total	753	707	26	733
Unallocated:	47	0	43	43
Invest to Save budget:	800	707	69	776

The proposal for the £43k transfer of the unallocated budget to reserves is to support the Customer and Shared Services Recovery programme in 2011/12.

16. Grant Funding

The £11.657m Area Based Grant (ABG), the £1.547m LAA Performance Reward Grant (LAA PRG) and the £0.086m Target Support Grant are all coordinated within this Assistant Directorate by the Head of Partnerships and Performance.

17. Area Based Grant The total Area Based Grant received by Central Bedfordshire in 2010/11 amounted to £11,657m. This funding stream has now ceased and the Executive has agreed that where this has resulted in redundancies, the LAA PRG will be used to offset an element of these.

18. LAA Performance Reward Grant LAA Performance Reward grant now received to date amounts to £1.547m. Total revenue grant funding amounts to £792k and capital grant funding to £755k. A breakdown of expenditure and commitments against the revenue grant is set out in the table below:

LAA PRG Revenue Grant	
Expenditure to Date:	£
Volunteering Projects	86,500
Community Safety Projects	50,000
Total Expenditure in 2010/11	136,000
Planned Transfers to Reserves:	£
Corporate Redundancy Reserve	481,500
Strategy and Performance Reserve	174,057
Total Transfer	655,557
Total LAA PRG Revenue Grant	791,557

To date only £40k of the capital funding has been committed to the DisabledGo project. The remaining funding will slip into next financial year.

19. Target Support Grant This is a revenue grant of up to £86k 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. All claims for the year have now been submitted and £83k of the total £86k funding available has been claimed. This funding stream ceased to be available at the end of 2010/11. Funding to support this work stream in 2011/12 is however currently held in earmarked reserves.

20. Pan Public Sector Working A funding bid made to Improvement East now provides £200k for implementation activities for the two pilot themes (Phase 1), to further develop shared Customer Insight functionality across partners and to kick-start future Pan Public Sector Working opportunities. Monitoring information will need to be submitted to Improvement East in order to draw down the funding. To date £92k of the available funding has been utilised and claimed from Improvement East leaving a balance of £108k for use in 2011/12. In addition, £35k under spend from the pilot budget and £26k under spend from the shared Customer Insight pilot work (funded by IDeA and received in 2009/10) has been

ring-fenced and now carried forward into 2011/12.

21. Budget Transfers. There were no budget transfers during in the quarter.

Capital Position

22. Details of the OCE Capital programme is shown at Appendix B
23. The following Table B shows a summary of capital projects including the slippage into 2011/2012 and the LAA grant funded scheme.
24. Table B – Expenditure only (excludes grant funding)

Title	Budget Expenditure £000s	Provisional Outturn £000s	Slippage to 2011/12 £000s
LPSA and LAA Grant Payout – (Slippage of £697k from 2009/10). LSP agreement is required to use this grant.	697	40	657 *
LAA PRG Capital Reward Grant	690	0	690 *
Performance Management System	90	0	90
Web Strategy	170	55	115
Net Expenditure	1,647	56	1,552 *

* £1,347k (£657k plus £690k) is funded by grant, so has no net impact on expenditure. Net expenditure, after grant funding, of proposed slippage is £205k.

Revenue Virement Requests

25. There are currently no proposed virements over £100k.

Key Risks and Opportunities

26. During the year, a financial risk associated with the publication of News Central was identified. This risk was mitigated by the setting up a £75k budget in year drawn from existing resources. The final provisional outturn position for News Central is £15k under this budget.

Achieving Efficiencies

27. A number of efficiency savings are built into the 2010/11 base budget. A full analysis of efficiencies, all of which were delivered, is provided at Appendix C.

Reserves position

28. Appendix D shows the full list of reserves for OCE. The total balance that was available on the 1st April 2010 was £290k. There has been no in year movements against these reserves. Proposed end of year reserves transfers include £69k from the Invest to Save budget and £438k of LAA PRG grant. These proposed transfers would result in a reserve balance of £797k, £482k of which is being transferred to a Corporate Reserve to cover redundancy costs associated with staff funded from the Area Based Grant. Including proposed transfers, the closing balance against the OCE Earmarked Reserves is currently £315k.

Debt analysis

29. There is currently one debt greater than £10k. This debt is for £218k and relates to an invoice raised to Bedford Borough Council for LAA PRG income due.

Appendices:

Appendix A1 – Net Revenue Position Full Analysis

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

Appendix B – Capital Monitoring

Appendix C – Efficiencies

Appendix D – Earmarked Reserves

Background Papers: None

Location of papers: Technology House, Bedford