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

1. that the Committee

Notes and considers this report

Introduction

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

Executive Summary Revenue

2. The Director of Customer and Shared Services budget 2010/11, excluding Contingency & Reserves, is set at £37,885k.
3. The provisional outturn position following planned use of reserves identifies pressures of £2,696k (7.1%).
4. The main areas of overspend are in Assets, Finance, People and Systems. They can be identified as:
 - Systems: staffing and contractor cost pressures, IT support and maintenance costs;
 - staff cost pressures in Finance, as a result of maternity cover, restructuring delays, salary protection and the use of interims particularly in the Revenues and Benefits team to address backlogs and increased demands, together with a repayment of Housing Benefit subsidy from 2008/09;
 - in Assets income levels have proved difficult to achieve due to recessionary pressures and accommodation costs have increased where costs had previously been capitalised.
 - In People, staffing pressures due to the loss of transitional funding and has been reported since quarter 1.
5. This outturn represents an increase of £562k since the quarter 3 report.

The main changes are in Assets, due to the capitalisation and increased accommodation costs, and in Finance as a result of the repayment of a subsidy claim for 2008/09. The release of the single status provision, which is no longer needed has offset these pressures to some degree

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 detailed analysis by service budget and Appendix A2 the change in forecast position to Year End outturn since the last report.

7. Table A

Assistant Director	Budget	Provisional Outturn Variance	Movement since the December Forecast
	£000	£000	£000
Dir. Customer & Shares Services	457	(125)	(49)
AD Customer & Systems	9,117	368	(178)
AD Finance	3,825	992	346
AD People	1,833	538	(1)
Head of Legal & Democratic	2,633	(379)	(126)
AD Assets	4,583	1,650	854
Release of Single Status provision	0	(325)	(325)
Sub Total Customer & Shared Services Operational	22,448	2,719	521
Corporate Costs	15,437	(23)	41
Sub Total before Contingency & Reserves	37,885	2,696	562
Contingency & Reserves	4,077	(1,289)	(189)
Director of Customer & Shared Services	41,962	1,407	373

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

Head of ICT

Of the net pressures of £368k within AD Customer & Systems, £758k has been identified in ICT, of which £668k relate to staff and contractor costs; high consultancy costs are due to back fill for project work and SAP support to cover vacancies. There is a MFD pressure of £70k and an unachievable income target of £276k built into base budget for services no longer carried out by ICT. These pressures have been partly offset by furniture & equipment and other savings.

Head of Customer Services

There is an under spend in the region of £330k against staff costs in Customer Services as vacancies are not being filled to meet efficiency targets, and release of Contingency £22k and a pressure of £24k in Coroners Service due to under funding of HM Coroners post offset by an under spend of £26k within Registration Services due to an increase in income.

9. **Assistant Director – AD Finance**

AD Finance

There is an under spend of £70k following a review of expenditure, partly offset by a forecast net pressure of £30k for completion of IBS project.

Revenues & Benefits

Customer Accounts shows a net forecast pressure of £769k, mainly due to a £819k overspend on Contractor costs following the systems conversion; agency staff have been retained longer than anticipated whilst building on the skills base, and a pressure due to repayment of Mid Beds Benefit 08/09 Subsidy £214k together with an increase in Housing Benefit payments of £184k. This has been partially offset by salary slippage of £338k and increased Admin Subsidy £107k in line with DWP 2010/11 Mid Year Estimate Form.

In Revenues there is a pressure in staff costs of £115k due to posts previously funded from transitional budget together with an inability to achieve vacancy savings, and unbudgeted Appendix E costs. There is also a £72k pressure on bank and card charges. These are partly offset by an under spend in Printing and Stationery of £10k, additional income of £19k from DCLG for 'Efficiency on Council Tax bills' and 'New burdens business rate relief', and £17k income from credit card surcharges from customers.

Financial Management

There is a forecast pressure of £82k largely due to Agency Staff covering vacant posts and maternity leave, delay in implementing the restructure, salary protection associated with the restructure, and a loss of income £7k due to training facility not being available in Bursary Services.

Financial Strategy

There is a net forecast pressure of £75k mainly due to agency staff filling vacant posts, partly offset by additional income from commission from Schools buy back and legal insurance cover within Insurance Management.

Audit

There is a £7k pressure mainly due to a delay in the Senior Management review.

10. **Assistant Director – People**

AD People has a year end outturn pressure of £538k against a budget of £1,833k.

The Year End position includes a £607k pressure against the HR staff cost budget, a £42k pressure against the Heart Supply Agency budget, a £34k pressure against the Occupational Health budget and a £168k pressure against the Payroll Processing budget. These pressures are partly offset by Year End under spends of £155k against the Organisational Development and Corporate Training budget and £35k against the Health and Safety professional services budget.

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.

The pressure against the Heart Agency Supply budget is due to the loss of one of the Agency's key customers, Greys Education Centre.

The pressure against the Occupational Health budget is due to the actual costs for quarter one, quarter two and quarter three being higher than costs for 2009/10 upon which the reduced budget was based. This budget was reduced earlier in the financial year when £70k was transferred to the HR staffing cost to help mitigate the staff cost pressures.

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**

There is a year end outturn under spend of £379k against a budget of £2,633k.

The actual outturn includes savings of a part year salary cost for AD Governance and Head of Democratic Services posts, together with unbudgeted procurement rebates.

In respect of the Legal Services, there were in particular pressures on the salaries budget caused by the continuing need to employ a locum lawyer to cover the vacancy in the Adults, Children and Education team. Two of the posts were filled within the year but one still remains vacant. There was also a problem with the income target which was set for 2009/10 and had 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, a shortfall of £17k.

12. **Assistant Director – Assets**

AD Assets year end outturn pressure of £1,650k against a budget of £4,583k. This is due to a number of reasons:

A £495k pressure against 'Your Space' as a result of removal costs which could not be capitalised.

Pressures surrounding income achievement, £132k of Kingsland College income that will not be received and £73k of Farm Estate rent income that was overstated in the

forecast.

Unexpected rates charges of £141k on various properties throughout Assets.

Pressures surrounding staffing costs within Property Business and Maintenance and FM of £159k.

There are pressures within Surplus Properties and Bedford Square of £172k mainly due to cleaning contract within Bedford Square and the general running costs of the building within Surplus Properties.

Furthermore a pressure of £310k relates to costs associated with County Hall, Melbourne House, Vernon Place and Technology House

Additionally, there is a pressure of £152k in School Meals, partly due to an unrealisable income target transferred over from Children's Services.

13. **Corporate Costs and Contingency & Reserves**

The Single Status Reserve (£325k) has been released.

There is a pressure of £1M as a result of some PRC Pension costs being omitted from the budget.

Debt Management costs are £1.154M under budget (a minimum underspend of £1M had been forecast, to cover the PRC pressure).

Following a review, an additional £200k has been contributed to the insurance reserve.

There is a £83k saving in Audit Fees due to a reduced amount of work being carried out.

A release of old balances for uninvoiced goods receipts, together with additional HRA recharges has produced £1.3M, which has been used to make a contribution to the redundancy reserve.

Within Contingency & reserves, the transfer to reserves has been reduced by £1,100k. Of this, £400k is as a result of the 2009/10 accounts producing a higher general fund balance than expected, and £700k is a release of contingency, largely funding unbudgeted Appendix E costs. Additionally, there has been an underspend of £189k against Contingency Costs.

14. **Executive Summary Capital Position**

The following Table B shows a summary of capital outturn position for 2010/11 and Appendix B provides more detailed breakdown by scheme.

The following are currently proposed scheme slippages:

Enterprise Content Management (KEY ECM) £59k

Optical Character Recognition £84k

Legal Services Case Management System £11k

Corporate Property Block Budget £1,750k (of which £1,000k was assumed in the build of the 2011/12 capital budget)

T Gov Partnership & Partnership of Mid Beds (CRM) £279k (of which £75k was assumed in the build of the 2011/12 capital budget)

Additional Construction Works – Technology House £139k

Points of Presence £50K

Additionally, there is a under spend of £922k against the Medium Term Accommodation Programme (Your Space) including Relocation of Data Centre, a £5k under spend against Istop Kiosks, a £195k under spend against HAZ Manor Demolition, a £71k under spend against Corporate Property Block and a £45k under spend against the Legal Services Case Management System. ICT is forecasting a £601k overspend against budget, for commencement of the CBC Network Project which is included in schemes within the proposed capital programme for 2011/12.

Table B

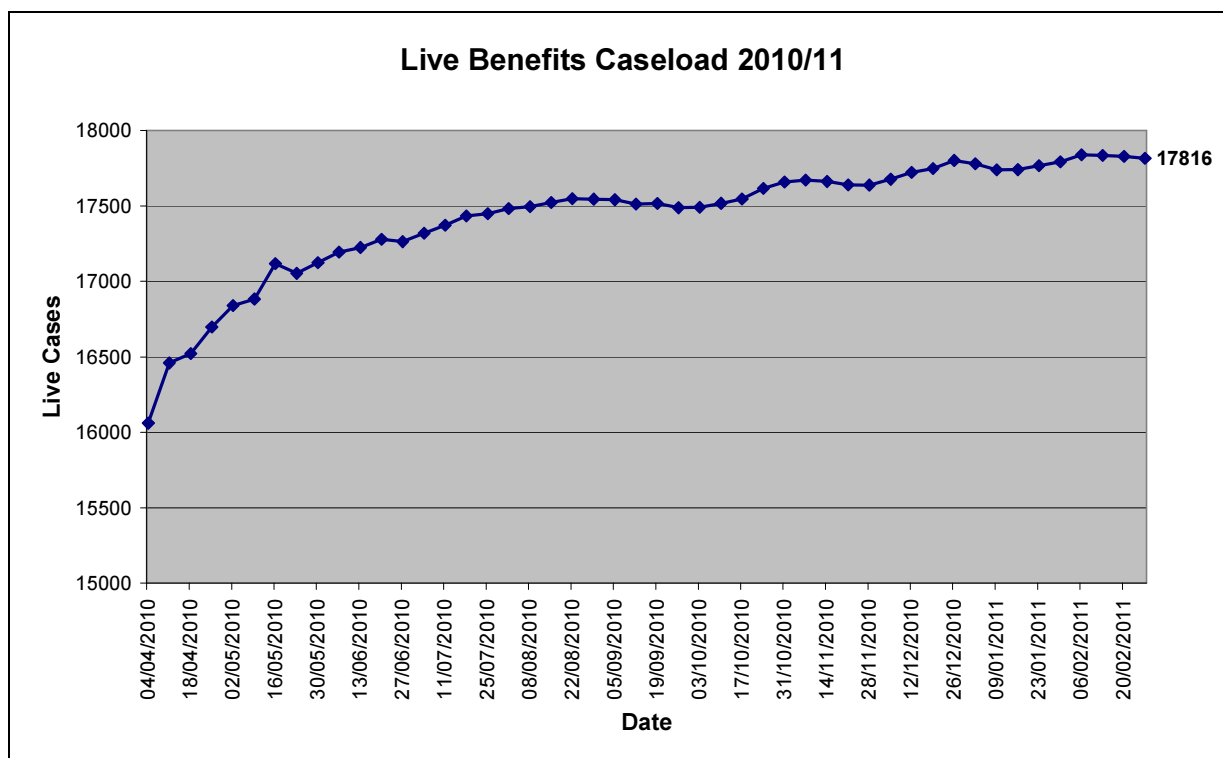
Title	Net Budget to date	Outturn	Slippage to 2011/12
	£000	£000	£000
Pre 2010/11 Starts	4,910	2,961	(1,348)
2010/11 Starts	2,883	1,823	(1,024)
Total	7,793	4,784	(2,372)

Revenue Virement Requests

15. There were no virements over £100k in March.

Key Cost Drivers

16. Benefits Caseload - The number of live Benefits cases within Customer Accounts has had a large impact on the budget. The chart below as at 28th February 2011 (March report not yet available due to a system issue) shows a large increase in the number of cases this year. This has resulted in additional posts being needed, which are currently being filled by contractors in order to meet the demand.



Achieving Efficiencies

17. A number of efficiency savings are built into the 2010/11 base budget. There is a shortfall in achievement of these efficiencies of £217k. A summary is provided in Appendix C

Reserves position

18. The reserve position is provided in Appendix D.

Debt analysis

19. The debt position is provided in Appendix E.

Appendices:

Appendix A1 – Net Revenue Position Full Analysis

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

Appendix B – Capital Monitoring

Appendix C – Efficiencies

Appendix D – Earmarked Reserves

Appendix E – Debt Analysis

Background Papers: None

Location of papers: Technology House, Bedford.