
Meeting: *Customer & Central Services Overview and Scrutiny Meeting*
Date: 19th December 2011
Subject: Revenue Budget Management Report Quarter ended 30th September 2011 for Corporate Resources
Report of: Executive Member for Corporate Resources
Summary: The report sets out the Revenue financial position to the end of September 2011 and the latest forecast position.

Contact Officer: John Unsworth- Assistant Chief Executive Resources
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 the report

1. Introduction and Key Highlights (Appendices A1-A3)

1.1. The full year forecast position, before contingency and reserves, following planned use of earmarked reserves identifies pressures of £357k.

The key reasons for the forecast variance are due to:

Chief Executive (-£287k) – forecast under spend due to savings against AD Strategy & Performance and the Director of Customer & Shared Services largely due to the organisational restructure which has resulted in three funded posts being deleted part way through the financial year.

ACE People & Organisation (-£241k)

ACE People & Organisation (+£177k) pressure due to ACE People & Organisation interim costs, following restructure, the savings of which are included within Chief Executive.

Customer Services (-£161k) – forecast under spend as a result of vacant posts and the deletion of the Head of Service post.

People (+£82k) – pressures in Schools HR and Payroll provision due to a reduction in the number of schools buying back, and one off costs resulting from recovery work.

Legal & Democratic (-£284k) – pressure due to additional lawyers having to be recruited as a result of increases in child protection cases; staff savings in Committee Services and the release of the Elections earmarked reserve.

ACE Resources (+£798k)

ACE Resources (+£149k) pressure due to ACE Resources interim costs, following restructure, the savings of which are included within Chief Executive.

E Procurement & Payments (+£106k) pressure due to interim Head of Service cost and unachievable rebate income.

Finance (+£274k) - pressures in Customer Accounts due to an increase in the number of benefit claimants, together with an adjustment to previous years' benefit subsidy, partly offset by an additional subsidy receipt. There is a pressure within Finance due to the costs of interim staffing.

Assets (+£312k) – pressures surrounding rent income achievement on various properties, budget shortfalls for NNDR costs, shortfall against capitalised salaries and costs for interim cover of AD post.

Corporate Costs (+£87k)

Pressures around non achievement of some cross cutting efficiencies, partly offset by a forecast reduction in debt management and premature retirement costs.

Contingency & Reserves (+£316k)

A breakdown of Contingency and Reserves is included within Appendix A2.

2. Summary Table A: Directorate Overall position

Service Area	Approved Budget	Provisional Outturn Spend for Year	Full Year Forecast Variance (-under)/overspend	Full Year Forecast Variance after transfers to/from reserves (-under)/overspend
	£000	£000	£000	£000
TOTAL: Chief Executive	1,061	986	(74)	(287)
ACE People & Organisation:				
Communications	788	761	(28)	(38)
Customer Services	2,069	1,908	(161)	(161)
Policy & Strategy	543	528	(15)	(17)
Customer & Community Insight	140	140	(1)	(1)
People	2,268	2,350	82	82
Legal & Democratic Services	2,399	2,295	(104)	(284)
TOTAL: ACE People & Organisation	8,208	8,159	(49)	(241)
ACE Resources:				
Programme and Performance	1,200	1,254	54	(42)
E Procurement & Payments	421	550	130	(106)
Finance	4,319	4,641	322	274
ICT	6,545	6,545	0	0
Assets	4,325	4,636	312	312
TOTAL: ACE Resources	16,809	17,776	967	798
Corporate Costs	11,974	12,061	87	87
Contingency & Reserves	792	1,338	546	316
TOTAL: CORPORATE SERVICES	38,843	40,320	1,477	673

3. Table B – Subjective Analysis – Corporate Services Total

Expenditure type	Forecast (Before use of Reserves) £000
Staffing Costs	26,710
Premises and Transport	3,434
Supplies and Services	13,976
Third Party Payments	917
Other	84,909
Total Expenditure	129,946
Income	84,100
Grants	5,526
Total Income	89,626
Net Expenditure	40,320

Narrative- Chief Executive (note 4)

4. Chief Executive

4.1. Forecasting an under spend of £287k, key variances being:

The deletion of three posts within AD Strategy and Performance and the Director of Customer and Shared Services following the organisational restructure resulting in a forecast under spend.

Narrative- ACE People and Organisations (notes 5 to 10)

5. Communications

5.1 Forecasting an under spend of £38k, key variances being:

A £20k forecast under spend against the Consultation budget due to the Residents Survey and Budget Survey being combined as one survey and a decision to formulate the staff survey in house.

A £21k forecast under spend against the staffing budget primarily resulting from a decision not to fill an External Communications post before the end of the financial year and further under spends against the car mileage and car allowance budgets.

There is a £3k pressure against the News Central budget due to an anticipated £10k shortfall in advertising income which has largely been mitigated by a reduction in forecast expenditure.

6. Customer Services

6.1 Forecast under spend of £161k, key variances being:

Holding staff vacancies, under spend of £144k

Deletion of Head of Service post, under spend of £31k

7. Policy and Strategy

7.1 Forecast under spend of £17k, key variances being:

A £10k under spend against the Professional Services budget resulting from a decision not to implement the new Customer Relation Management System until next financial year.

A £7k under spend against the staffing budget primarily due to a Research Officer post being vacant at the start of the year and then filled part way through the financial year.

8. Customer Insight and Risk

8.1 Forecasting a £1k under spend.

9. People

9.1 The quarterly movement of £82k, mainly due to Schools HR and payroll provision buyback income pressures; fewer schools buying back services following price increase.

10. Legal & Democratic

10.1 Forecast movement of a under spend of £284k over the last quarter is due to:

Overachievement of efficiency target in Committee Services restructure, under spending by £108k

Need to recruit two additional lawyers to meet demand in Children's Services, pressure of £77k

A review of Election Services has resulted in the release of £180k reserve.

Additional service charges and property costs in Coroners Services, pressure of £32k

Narrative - ACE Resources (notes 11 to 16)

11. Programme and Performance Operations

11.1 Operational- Forecasting an under spend of £33k, key variances being:

Staff costs for notice period working, not included in original budget, resulting in a pressure of £41k.

Programme Manager post being held vacant, forecast under spend of £57k.

The postponement of the purchase of a new Performance Management System resulting in reduction of £17k

11.2 Non Operational- including Invest To Save, Pan Public Working and Corporate Subscriptions, forecasting an under spend of £10k due to the termination of the LGIU subscription.

12. E Procurement and Payments

12.1 Forecast over spend of £106k, largely due to the interim Head of Service cost and unachievable rebate income.

13. Finance

13.1 Forecast pressure of £274k, key variances being:

Pressure against Chief Finance Officer post due to interim cover, of £42k.

Forecast additional irrecoverable benefit subsidy due to increased number of benefit claims, creating a pressure of £158k.

Repayment of 2008/09 SBDC Housing benefit subsidy claim, following audit- pressure of £104k.

Additional subsidy forecast as a result of fewer local authority errors, forecast benefit of £133k.

Salary protection and interim costs in Financial Management partly creating a pressure of £28k.

Interim costs in Financial Strategy partly offset by savings in vacant posts held, resulting in a pressure of £4k.

Additional professional service costs and Bank charges in Income and Sundry Debt, resulting in a pressure of £61k.

Net increase in Insurance Premiums £71k.

Staff cost savings within Audit, resulting in an under spend of £43k.

13.2 Year to date variance against budget is largely due a timing difference between the payment of benefits and receipt of the subsidy.

14.ICT

14.1 Overall position of ICT is forecast to budget.

15.Assets

15.1 There is a forecast pressure of £312k, with a quarterly increase of £63k, the key variances being:

Pressure against Chief Finance Officer post due to interim cover, of £81k.

Pressures around rental income achievement, £262k.

Pressures around property costs, £142k .

Underachievement against capitalised salaries budget £170k

Savings against Development Disposals budget, £117k

Staff costs savings, partly as a result of changes to print room service, £230k

16. Corporate Costs and Contingency & Reserves

16.1 Corporate Costs has a forecast pressure of £87k, and Contingency is forecast to be over spent by £316k, the key variances being:

Non achievement of some cross cutting efficiencies, pressure of £415k.

Forecast reduction in Premature Retirement costs of £200k.

Forecast reduction in Debt management costs £132k.

16.2 The year to date variance against budget is due to non achievement of some of the cross cutting efficiencies and a difference between the budget profile and actual achievement of the Terms and Conditions efficiency.

17. Reserves position (Appendix B)

17.1 The balance brought forward for Earmarked Reserves is £5.671m. This includes £2.117m Redundancy /Restructure Reserve, £3.059m Insurance Reserve £0.180m Elections Fund and £0.315m of Corporate

Services reserves. To date, the forecast includes a planned £804k use of Reserves.

18. Debt Management (Appendix C)

18.1 The level of debt less than 30 days old is largely as a result of school buy back invoices being raised. A summary of debt ageing is appended.

Appendices:

Appendix A1 Council Summary

Appendix A2 Directorate Position analysed by service

Appendix A3 Movement between Current and Previous Forecast Position

Appendix B Earmarked Reserves

Appendix C Debt Analysis