
Meeting: Customer & Central Services Overview and Scrutiny Committee
Date: 16 April 2012
Subject: Corporate Services: Quarter 3 Budget Management Report (Revenue)
Report of: Cllr M Jones, Executive Member for Corporate Resources
Summary: The report sets out the financial position to the end of December 2011 and the latest forecast position.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Phil Ball, Senior Finance Manager (Corporate Resources)
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

1. Sound financial management contributes to the Council's value for money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Financial:

2. The financial implications are set out in the report.

Legal:

3. There are no direct legal implications arising from the report.

Risk Management:

4. Sound financial management and budget monitoring mitigates adverse financial risks.

Staffing (including Trades Unions):

5. Not Applicable.

Equalities/Human Rights:

6. Public Authorities must ensure that decisions are made in a way which minimises unfairness and without a disproportionately negative effect on people from different ethnic groups, disabled people, women and men. It is important that Councillors are aware of this duty before they take a decision

7. Equality Impact Assessments were undertaken prior to the allocation of the 2011/12 budgets and each Directorate was advised of any significant equality implications relating to their budget proposals.

Community Safety:

13. Not Applicable.

Sustainability:

14. Not Applicable.

Procurement:

15. Not applicable.

RECOMMENDATION(S):

The Committee is asked to:-

1. **Note and consider the report and associated appendices.**

Introduction and Key Highlights (Appendices A1-A3)

16. Following various Management Actions to address in year pressures, the full year forecast position, £26.547m net spend before Corporate Costs, contingency and reserves, but including planned use of earmarked reserves identifies under spend of £64k; this is the first time this financial year that Corporate Services have forecast to come within budget.

The key reasons for the forecast variance are due to:

Chief Executive (-£282k) – forecast under spend due to savings from the organisational restructure.

ACE People & Organisation (-£344k) – forecast under spend within staff costs in Committee Services, the release of the Elections reserve and higher than expected Local Land Charges income.

ACE Resources (+£562k) – forecast overspend due to the costs of interim staff, increased benefit claimants and the outcome of benefits audits, and non achievement of some rental income targets on various properties as well as budget shortfalls for NNDR costs.

Corporate Costs (+£138k), forecast outturn £12.144m - Pressures around non achievement of some cross cutting efficiencies, and a forecast reduction in debt management and premature retirement costs

Contingency & Reserves (+£1.616m), forecast outturn £2.638m -
Estimated calls on the contingency have been increased in recognition of the continuing net risks that have not been included in the detailed forecasts.

Directorate Overall position.

The position by service is included in Appendix A2.

Subjective Analysis – Corporate Services before Corporate Costs and Contingency & Reserves.

Expenditure Type	Forecast (Before use of Reserves) £000
Staffing Costs	25,016
Premises and Transport	3,331
Supplies and Services	11,639
Third Party Payments	-9,993
Other	83,959
Total Expenditure	113,953
Income	-84,056
Grants	-2,608
Total Income	-86,664
Net Expenditure	27,290

Narrative- Chief Executive (note 5), forecast outturn £0.240m

17. Chief Executive

Forecasting an under spend of £282k after use of reserves, key variance 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 6 to 12), forecast outturn £9.201m

18. ACE People and Organisation, forecast outturn £0.177m

Forecast over spend of £177k. This was a new post created following organisational restructure. No budget exists for this post; however the cost is largely offset by the savings reported within Chief Executive.

19. **Communications, forecast outturn £0.736m**

Forecasting an under spend of £46k, key variances being:

A £20k forecast under spend against the Consultation supplies and services 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 £10k forecast under spend against the Internal Communications media monitoring budget. This reflects a decision by the team to put this funding towards the cost of establishing a second graduate trainee post.

An £18k forecast under spend against the staffing budget partly due to vacant posts and further under spends against the car mileage and staff advertising budgets.

There is a £2k 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.

20. **Customer Services, forecast outturn £1.863m**

Forecast under spend of £191k including use of reserves, key variance being:

Holding staff vacancies, under spend of £188k.

21. **Policy and Strategy, forecast outturn £0.500m**

Forecast under spend of £37k, key variances being:

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

A £20k under spend against the staffing budget primarily due to a Research Officer post being vacant for the first few months of the financial year, a Corporate Advisor post being made redundant in January and to an under spend against the car mileage budget.

A £7k under spend against the supplies and services following an in-month review and re-alignment of forecasts and budgets.

22. **Customer and Community Insight, forecast outturn £0.125m**

Forecast under spend of £14k, key variances being:

A £21k under spend against the staffing budget primarily due to a member of the team being on maternity leave and to the team leader transferring to the Channel Shift Programme at the beginning of January. This post is expected to be vacant for one month.

A £4k over spend due to an unbudgeted requirement to procure Population Forecasting Software.

A £3k pressure for expected MFD recharges.

23. People, forecast outturn £2.416m

Forecast pressure of £195k after the use of reserves, largely due to a number of one off costs including winding up HEART, temporary staff associated with Recovery, and a temporary payroll expert to assist with payroll redesign and bringing payroll provision in house.

Management Action- A review of Training and Organisational Development budgets indicates that a £20k reduction to the forecast should be possible, to be confirmed and included in January forecast. Note that as the pressures are largely one off, the 2012/13 budget will not be impacted by them.

24. Legal & Democratic, forecast outturn £3.265m

Forecast under spend of £428k after use of reserves, key variances being:

Overachievement of efficiency target in Committee Services restructure, under spending by £107k.

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

A review of Election Services has resulted in an under spend of £270k including the release of £180k reserve.

Additional service charges and property costs in Coroners Services, pressure of £43k.

A one off award of legal costs for a long standing legal case has been awarded in the authority's favour, total £60k.

Continuing increased demand for Local Land Charges services resulted in an increased forecast of £70k.

Narrative - ACE Resources (notes 13 to 18), forecast outturn £17.284m

25. ACE Resources, forecast outturn £0.115m

Forecast overspend of £115k. This was a new post created following organisational restructure. No budget exists for this post; however the cost is largely offset by the savings reported within Chief Executive. This post will be vacant from February 2012.

26. Programme and Performance, forecast outturn £1.086m

Operational- Forecasting an under spend of £65k, key variances being:

Staff costs for notice period working, not included in original budget, resulting in a pressure of £47k.

The Programme Manager post being held vacant, resulting in a forecast under spend of £56k.

A Senior Analyst post which has been vacant for part of the year and has resulted in a forecast under spend of £7k.

Net under spend of £24k due to differences between the budgeted and actual cost of posts.

Net under spend of £9k against the car mileage and civic hospitality budget.

The postponement of the purchase of a new Performance Management System resulting in an under spend of £10k.

A £7k under spend for Professional Services.

A £7k pressure for expected MFD recharges.

A £6k under spend against the subscriptions budget and various other supplies and services budgets.

Non Operational- including Invest To Save, Pan Public Working and Corporate Subscriptions, forecasting an under spend of £14k due to discounts against a number of subscriptions being received in year and to a reduction in forecast costs for the Director of Public Health.

27. **E Procurement and Payments, forecast outturn £0.464m**

Forecast over spend of £48k after use of reserves, largely due to the interim Head of Service cost.

Management Action- The majority of the pressures are resulting from the appointment of an interim Head of Service, with little opportunity to find compensatory savings. Spend is under continued scrutiny to reduce the overspend where possible.

28. **Finance, forecast outturn £4.597m**

Forecast pressure of £348k after use of reserves, key variances being:

Pressure against Chief Finance Officer post due to interim cover, of £46k.

Pressure against Head of Financial Strategy post due to interim cover, of £28k.

An increased income of £666k for recovery of overpaid benefits.

A provision of £200k re 2009/10 and £590k re 2010/11 Housing benefit subsidy claim, which are expected to result following the current audits.

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

Additional subsidy received 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 £59k.

Additional professional service costs and Bank charges in Income and Sundry Debt, resulting in a pressure of £64k.

Net increase in Insurance Premiums £106k.

Staff cost savings within Audit, resulting in an under spend of £49k.

Management Action- The majority of the pressures are resulting from earlier activity, with little opportunity to find compensatory savings. Spend is under continued scrutiny to reduce the overspend where possible.

29. **ICT, forecast outturn £6.417m**

Overall position of ICT is a forecast under spend of £79k to budget, key variance resulting from staff cost savings.

30. **Assets, forecast outturn £4.546m**

Forecast pressure of £208k after the use of reserves, key variances being:

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

Pressures around rental income achievement, £137k.

Pressures around property costs, including utilities, rates and professional services, £328k.

Underachievement against capitalised salaries budget £120k.

Savings against Development Disposals budget, £115k.

Staff costs savings, partly as a result of changes to print room service and deletion of vacant posts, £333k.

Management Actions:

The position in respect of Kingsland rents to establish if income can be increased has been confirmed, with an expected improvement to the forecast in the region of £90k.

Review remaining disputed amounts due to Bedford BC to establish any accrual releases.

Review rental income to confirm all rents are fully billed.

31. **Corporate Costs, forecast outturn £12.144m**

Corporate Costs has a forecast over spend of £138k. The key variances being

Non achievement of some cross cutting efficiencies, pressure of £670k.

Forecast reduction in Premature Retirement costs of £200k.

Forecast reduction in Debt management costs £332k.

The year to date variance against budget is as a result of non achievement of some of the cross cutting efficiencies and payments on account being made for pension costs, whereas the budget assumed full settlement in period 12.

32. **Contingency & Reserves, forecast outturn £2.408m**

Contingency is forecast to be over spent by £1.616m, reflecting a contingency of £2.100m for increased risks.

33. **Reserves position (Appendix B)**

The balance brought forward for Earmarked Reserves is £5.425m. This includes £2.117m Redundancy /Restructure Reserve, £3.059m Insurance Reserve £0.180m Elections Fund and £0.069m of Corporate Services reserves. To date, the forecast includes a planned £0.974m use of Reserves.

34. **Debt Management (Appendix C)**

Overall debt has increased by £295k in the month. There is currently £494k that is over 90 days old; this represents 34% of the total debt.

A summary of debt ageing is appended.

Management Actions:

Finance have circulated to Budget Managers details of debts over £20k that are more than 30 days overdue. Budget Managers are working to resolve recovery of these debts, and progress is being followed up at monthly budget meetings.

Appendices:

Appendix A1 Council Summary

Appendix A2 Directorate Position analysed by service

Appendix A3 Movement between Current and Previous Quarter Forecast Position

Appendix B Earmarked Reserves

Appendix C Debt Analysis