
Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 11 September 2012
Subject: Quarter 1, 2012/13 Revenue Budget Monitoring Report - Corporate Resources directorate
Report of: Cllr M Jones, Executive Member for Corporate Resources
Summary: The report sets out the forecast outturn position at June 2012.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Phil Ball, Senior Finance Manager
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:

8. Not Applicable.

Sustainability:

9. Not Applicable.

Procurement:

10. Not applicable.

RECOMMENDATION(S):

The Committee is asked to:-

11. **Note and consider the report.**

12. Executive Summary

13. The report sets out the financial position to the end of June 2012 and the latest forecast position.

14. Introduction and Key Highlights (Appendix A2)

15. The full year budget for the directorate of £42.242m is made up of:

Corporate Services £28.097m

Corporate Costs £13.801m

Contingency & Reserves £0.344m

16. The directorate is currently forecasting an outturn pressure of £0.360m after use of earmarked reserves.

17. The key forecast variances identified are:

18. £68k within People & Organisation, Legal Services, the main items being £175k pressure as a result of increased Children's cases workload and a £118k saving in Members' Costs resulting from a new Executive structure and lower superannuation costs than budgeted.

19. £147k within People & Organisation, People, due to agency costs for maternity cover, additional costs within Health and Safety and unachievable income target within HR Traded Services following cessation of the service.

20. £470k within Resources, Finance, as a result of £300k Housing Benefit subsidy repayment for 2009/10 year, following audit, £132k due to the bursary service ceasing, reflecting an unachievable income target; at the time of budget setting, the continued provision of the bursary service was still under consultation, therefore included in the budget as continuing service, £145k insurance income shortfall largely as a result of fewer schools buying the insurance package and £118k underspend in Audit following a reduction in audit fees and salary savings following staff secondments. There are savings in debt management costs of £350k, managed within the Finance team, the benefits of which are recorded in Corporate Costs.

21. Under spend of £97k within Resources, ICT representing savings against superannuation costs.

22. Within Corporate Costs, the impact of non achievable budget efficiencies from prior years has been offset by lower than budgeted interest payable (£350k)

23. Under spend of £253k in Contingency & Reserves following a higher than budgeted New Homes Bonus award.

24. The YTD Department spend is currently £1.011m under the profiled YTD budget. Some of the material amounts that have been identified as contributing to this underspend are lower than budgeted Interest costs (-£262k), more than budgeted New Homes Bonus being received (-£240k) and Invest to Save budgets not yet being allocated in SAP to specific projects (-£137k).

25. Directorate Overall position

26. The position by service is included in Appendix A2

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

Expenditure type	Forecast (Before use of Reserves) £000
Staffing Costs	23,147
Premises and Transport	3,993
Supplies and Services	14,726
Third Party Payments	469
Other	74,955
Total Expenditure	117,290

Income	-84,108
Grants	-4,068
Total Income	-88,176
Net Expenditure	29,115

28. Narrative- Chief Executive (note 5), forecast outturn £0.355m.

29. Chief Executive

30. No material variances identified.

31. Narrative- People and Organisation (notes 6 to 12), forecast outturn £9.691m (After use of Reserves).

32. People and Organisation Leadership, forecast outturn £0.190m.

33. No material variances identified.

34. Communications, forecast outturn £0.726m

35. No material variances identified.

36. Customer Services, forecast outturn £1.888m.

37. No material variances identified.

38. Policy and Strategy, forecast outturn £0.333m.

39. No material variances identified.

40. Customer Insight and Risk, forecast outturn £0.91m.

41. No material variances identified.

42. People, forecast outturn £2.567m.

43. Forecast pressure of £147k after the use of reserves, key variances being:

44. A pressure around the cost of agency cover, Health & Safety provision has been identified and pressures on Schools HR. Plans are being formed to mitigate the risk.

45. Legal & Democratic, forecast outturn £3.895m.

46. Forecast pressure of £68k after the use of reserves, key variances being:

47. £175k pressure around the cost of children's legal provision has been identified. Plans are being formed to mitigate the risk.

48. £118k saving within members' costs due to the removal of special responsibility allowances for Vice Chairmen, and not all members being in the pension scheme.

49. Narrative - Resources (notes 13 to 18), forecast outturn £18.676m (After use of Reserves).

50. Programme and Performance, forecast outturn £0.988m.

51. **Operational**- No material variances identified.

52. **Non Operational**- No material variances identified.

53. E Procurement and Payments, forecast outturn £0.359m.

54. £38k pressure due to additional costs of Interim Head of Procurement.

55. Finance, forecast outturn £4.951m.

56. Forecast pressure of £470k after use of reserves, key variances being:

57. £132k pressure resulting from the withdrawal of the bursary service provision. At the time of budget setting, the continued provision of the bursary service was still under consultation, therefore included in the budget as continuing service. The risk relates to the income target which will not now be achieved.

58. £300k pressure due to the DWP now recouping more than previously estimated. This is following the final audit of the 2009/10 Housing Benefit Subsidy claim.

59. £146k pressure resulting from a shortfall in the budgeted level of Insurance Premium Recovery.

60. £93k saving against the External Audit Fee budget resulting from the revised Audit Commission Programme.

61. ICT, forecast outturn £6.652m.

62. Forecast under spend of £97k largely due to large number of staff not being in the superannuation scheme (-£79k).

63. Assets, forecast outturn £5.725m.

64. No material variances identified.

65. Corporate Costs, forecast outturn £13.790m.

66. Forecast under spend of £11k after use of reserves, key variances being:

67. A £350k saving due to the final settlement expected from the Bank of Credit and International Commerce (£100k) and lower than budgeted interest payable, largely as a result of reduced borrowing against the capital programme (£250k).

68. A £339k pressure against efficiencies due to unachievable efficiency in Customer Services Migration carried forward from 2011/12.

69. Contingency & Reserves, forecast outturn £0.091m.

70. Savings due to Additional New Homes Bonus (-£253k).

71. Reserves position (Appendix B)

72. The proposed Earmarked Reserves are detailed in Appendix B.

73. Debt Management (Appendix C)

74. Overall debt has decreased by £1.522m in the month. This large decrease is mainly due to invoices for payroll services that were included in May's figures and collected by DD at the start of June. There is currently £280k that is over 90 days old; this represents 16% of the current total debt.

75. A summary of debt ageing is appended.

76. Management Actions:

77. This month Finance has circulated to relevant Budget Managers details of Invoices that are over £10k and 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 B Earmarked Reserves

Appendix C Debt Analysis