

Meeting: Corporate Resources Overview & Scrutiny Committee
Date: 18 December 2012
Subject: Quarter 2, 2012/13 Revenue Budget Monitoring Report - Corporate Services directorate
Report of: Cllr M Jones, Executive Member for Corporate Resources
Summary: The report sets out the forecast outturn position at September 2012.

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:

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 September 2012 and the latest forecast position.

14. **Introduction and Key Highlights (Appendix A2)**

15. The full year budget for the directorate of £42.541m is made up of:

Corporate Services £28.396m

Corporate Costs £13.801m

Contingency & Reserves £0.344m

16. The directorate is currently forecasting an outturn under spend of £0.126m after use of earmarked reserves.
17. The key forecast variances identified are:
18. £166k net pressure within People & Organisation, Legal Services, the main items being £189k 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. £82k net pressure within People & Organisation, People, due to additional Health and Safety staffing needed (£40k pressure) and unachievable income target within HR Traded Services (£150k pressure). This has been mitigated in part by other overall reductions in salary costs and vacancy savings (£102k saving).

20. £446k net pressure within Resources, Finance, made up from the following variances: £238k pressure in Revs & Bens, mainly due to DWP now recouping £300k more Housing Benefit subsidy for 2009/10 year, £132k due to the bursary service ceasing, reflecting an unachievable income target; £253k insurance income shortfall largely as a result of fewer schools buying the insurance package and £121k underspend in Audit following a reduction in audit fees and salary savings following staff secondments. There are savings in debt management costs of £685k, managed within the Finance team, the benefits of which are recorded in Corporate Costs.
21. Under spend of £98k 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 (net under spend of £404k).
23. Under spend of £253k in Contingency & Reserves following a higher than budgeted New Homes Bonus award.
24. **YTD Variance Position (as at Period 6)**
25. The YTD Department spend is currently £1.820m under the profiled YTD budget. Some of the material amounts that have been identified as contributing to this underspend are:
26. Lower than budgeted Interest Payable on loans taken out and higher than budgeted Interest Received on deposits (-£643k).
27. More than budgeted New Homes Bonus being received (-£253k)
28. Invest to Save budgets not yet being allocated in SAP to specific projects (-£200k).
29. There is a net underspend YTD in Communications of £51k. This is due to vacancy savings (£35k) plus other various small underspends on supplies and services.
30. Within AD People there is a net underspend of £58k. This is made up of a number of elements:
31. £27k vacancy savings within staffing.
32. £55k underspend due to moving Payroll Services in-house rather than being externally provided. The service has had reduced costs from April 1st and also received income for the first 5 months of the year. This YTD variance will reduce as the year progresses as there will be no more income.
33. £100k pressure due to shortfall in income from the Schools HR service, this service ceased on 31st August.
34. £100k underspend due to less than expected training being carried out. The service have indicated that there will be more training in the 2nd half of the ^{year} so this is not expected to be transferred into a full year saving.

35. There is a net underspend YTD of £277k in Legal and Democratic Services. This is made up of higher than budgeted Local Land Charges income (£115k), lower than expected Member's Allowances & Superannuation costs (£85k), temporary reduction in staff working time in Committee Services (£20k), higher than budgeted income in Registrars Service (£34k) & lower than expected supplies & services costs in Coroners Service (£20k).
36. There is a net underspend YTD in ICT of £450k. This is made up from Vacancy Savings and lower than budgeted Superannuation costs (£190k), MFD Contract costs paid in error in previous financial year (£93k) & Lower than budgeted Software Maintenance and General Computer Costs (£143k).
37. Use of Agency staff to cover vacant posts within Financial Control and Financial Performance and Support has caused a net YTD pressure of £85k.
38. **Directorate Overall position**
39. The position by service is included in Appendix A2
40. **Subjective Analysis – Corporate Services before Corporate Costs and Contingency & Reserves**

Expenditure type	Forecast (Before use of Reserves) £000
Staffing Costs	23,216
Premises and Transport	4,115
Supplies and Services	14,918
Third Party Payments	544
Other	78,733
Total Expenditure	121,526
Income	-88,020
Grants	-4,127
Total Income	-92,148
Net Expenditure	29,378

41. **Narrative- Chief Executive (note 42 & 43), forecast outturn £0.355m.**

42. **Chief Executive**
43. No material variances identified.
44. **Narrative- People and Organisations (notes 45 to 63), forecast outturn £9.640m (After use of Reserves).**
45. **People and Organisation Leadership, forecast outturn £0.190m.**
46. No material variances identified. Forecast currently on budget after use of reserves.
47. **Communications, forecast outturn £0.726m**
48. No material variances identified.
49. **Customer Services, forecast outturn £1.888m.**
50. No overall variances currently expected. Pressure caused by use of Agency staff to cover vacancies (£70k) has been mitigated by savings on Superannuation costs due to low take up of scheme.
51. **Policy and Strategy, forecast outturn £0.314m.**
52. Forecast under spend of £19k after the use of reserves, key variance being:
53. Reduction in one member of staff's hours following return from maternity leave.
54. **Customer Insight and Risk, forecast outturn £0.110m.**
55. Forecast pressure of £18k after the use of reserves, key variance being:
56. Pressure due to unbudgeted post within Customer Insight and Risk.
57. **People, forecast outturn £2.502m.**
58. Forecast pressure of £82k after the use of reserves, key variances being:
59. Additional costs within Health and Safety (£40k pressure) and unachievable income target within HR Traded Services (£150k pressure). This has been mitigated in part by other overall reductions in salary costs and vacancy savings (£102k saving).

60. **Legal & Democratic, forecast outturn £3.909m.**
61. Forecast pressure of £82k after the use of reserves, key variances being:
62. £189k pressure around the cost of children's legal provision has been identified. Plans are being formed to mitigate the risk.
63. £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.

64. **Narrative - Resources (notes 65 to 82), forecast outturn £18.932m (After use of Reserves).**

65. **Programme and Performance, forecast outturn £0.976m.**
66. **Operational-** No material variances identified.
67. **Non Operational-** No material variances identified.

68. **E Procurement and Payments, forecast outturn £0.352m.**
69. £30k pressure due to additional costs of Interim Head of Procurement.

70. **Finance, forecast outturn £4.927m.**
71. Forecast pressure of £446k after use of reserves, key variances being:
72. £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.
73. £238k pressure due in Revs and Bens, mainly due to the DWP now recouping more than previously estimated (£300k). This is following the final audit of the 2009/10 claim. Small savings on a number of different elements have slightly mitigated this pressure.
74. £253k pressure resulting from a shortfall in the budgeted level of Insurance Premium recovery from schools.
75. £93k saving against the External Audit Fee budget resulting from the revised Audit Commission Programme. There is also savings on salaries due to secondments of Audit staff to other areas.
76. Other saving include £27k in respect of a prior year VAT refund, a £27k saving against the total Car Mileage budget and a £50k savings against the Head of Service Professional Services budget.

77. **ICT, forecast outturn £6.652m.**

78. Forecast under spend of £98k largely due to large number of staff not being in the superannuation scheme (-£79k).

79. **Assets, forecast outturn £6.025m.**
80. Forecast pressure of £2k after use of reserves key variances being:-
81. A pressure of £115k for the E C Harris Transformation programme & an increase in running costs of £6k
82. The above has been partly mitigated by £51k of salary savings against the AD Asset post and additional income of £60k following the recent acquisition of Franklin Court shops.

83. **Corporate Costs, forecast outturn £13.397m.**
84. Forecast under spend of £404k after use of reserves, key variances being:
85. A £685k saving due to the final settlement expected from the Bank of Credit and International Commerce (£85k) and lower than budgeted interest payable, largely as a result of reduced borrowing against the capital programme (£600k).
86. A £339k pressure against efficiencies due to unachievable efficiency in Customer Services Migration carried forward from 2011/12.
87. A £58k saving against Premature Retirement Costs. After consultation with Beds Borough Council, who administer the scheme, there is an in year saving expected against the budget.

88. **Contingency & Reserves, forecast outturn £0.091m.**
89. Savings due to Additional New Homes Bonus (-£253k).

90. **Reserves position (Appendix B)**
91. The proposed Earmarked Reserves are detailed in Appendix B.

92. **Debt Management (Appendix C)**
93. A summary of debt ageing is appended.
94. Management Actions:
95. This month Finance has circulated to relevant Budget Managers details of customers who had debt of over £10k which was more than 60 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