

**Meeting:** Corporate Resources Overview and Scrutiny Committee  
**Date:** 30 April 2013  
**Subject:** Quarter 3, 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 December 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 Quarter 3 (October to December 2012) and the latest forecast position.

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

15. The full year budget for the directorate of £42.558m is made up of:

Corporate Services £28.553m

Corporate Costs £13.801m

Contingency & Reserves £0.204m

16. The directorate is currently forecasting an outturn under spend of £53k after use of earmarked reserves.

17. The key forecast variances identified are:

18. £30k under spend within People & Organisation- Legal & Democratic Services, the main item being £169k pressure as a result of increased Children's cases workload. This has been wholly mitigated by various savings in other areas of Legal and Democratic Services.

19. £76k net pressure within People & Organisation, People, due to additional Health and Safety staffing needed (£28k pressure) and unachievable income target within HR Traded Services (£159k pressure). This has been

mitigated in part by other overall reductions in salary costs saving and bringing payroll in house (£111k saving).

20. £350k saving within People & Organisation, Programme and Performance, largely due to a lower than budgeted allocation to Invest to Save projects.
21. £289k net pressure within Resources, Finance, largely made up by the following variances: £133k pressure in Revs & Bens, mainly due to DWP now recouping £300k more Housing Benefit subsidy for 2009/10 partly mitigated by staff vacancy savings (£59k), £144k due to the bursary service ceasing, reflecting an unachievable income target; £250k insurance income shortfall largely as a result of fewer schools buying the insurance package and £147k under spend in Audit following a reduction in audit fees and salary savings following staff secondments. There are also other various savings of £89k across the rest of the Finance Department. There are savings in debt management costs of £1,074k, managed within the Finance team, the benefits of which are recorded in Corporate Costs.
22. Under spend of £150k within Resources, Information Assets (IA, formerly ICT) representing savings against superannuation costs and Software Maintenance contracts.
23. Within Corporate Costs, the impact of non achievable budget efficiencies from prior years has been mitigated by lower than budgeted interest payable and MRP costs (net £793k saving)
24. Pressure of £847k in Contingency & Reserves following a proposed £1.1m contribution to earmarked reserves in respect of expected future funding reductions partly mitigated by a higher than budgeted New Homes Bonus award.
- 25. Year To Date (YTD) Variance Position as at Period 9**
26. The YTD Department spend is currently £2.344m under the profiled YTD budget. Some of the material amounts that have been identified as contributing to this under spend are:
  27. Lower than budgeted Interest Payable on loans taken out and higher than budgeted Interest Received on deposits (-£719k). Also, lower than budgeted MRP costs due to reduction in Capital spend in 11/12 (-£170k). These have been included in the forecast.
  28. More than budgeted New Homes Bonus being received (-£258k)
  29. Invest to Save allocation to specific projects being significantly lower than budgeted (-£300k).
  30. There is a net under spend YTD in Communications of £69k. This is due to vacancy savings (-£35k) plus other various small under spends on supplies and services.

31. Within AD People there is a net under spend of £88k. This is made up of a number of elements:
32. Savings of £47k as a result of vacancies.
33. Under spend of £54k due to moving Payroll Services in-house rather than being externally provided. The service has had reduced costs from April 1<sup>st</sup> 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.
34. Pressure of £19k within CRB due to a shortfall of income from stopping trading to schools.
35. Pressure of £112k due to shortfall in income from the Schools HR service, this service ceased on 31<sup>st</sup> August.
36. Under spend of £107k due to delayed usage of the training budget. The service have indicated that there will be more training in the second half of the year so this is not expected to be transferred into a full year saving.
37. There is a net under spend YTD of £279k in Legal and Democratic Services. This is made up of pressure within Legal services around the child care cases causing a YTD variance of £85k, higher than budgeted Local Land Charges income (£61k), savings within Democratic Services of (£71k) which includes staff savings and additional income, lower than expected Members' Allowances & Superannuation costs (£116k), temporary reduction in staff working time in Committee Services (£21k), higher than budgeted income in Registrars Service (£82k) & lower than expected supplies & services costs in Coroners Service (£13k).
38. There is a net under spend YTD in IA of £743k. This is made up from Staffing Savings and lower than budgeted Superannuation costs (-£297k), MFD Contract costs paid in error in previous financial year (-£93k), higher than budgeted Professional Services costs (£147k) & lower than budgeted Software Maintenance and General Computer Costs (-£497k).

### **39. Directorate Overall position**

40. The position by service is included in Appendix A2
41. Subjective Analysis – Corporate Services before Corporate Costs and Contingency & Reserves

<b>Expenditure type</b>	<b>Forecast (BEFORE use of Reserves) £000</b>
Staffing Costs	23,622
Premises and Transport	3,949
Supplies and Services	14,793
Third Party Payments	558.4
Other	80,420
<b>Total Expenditure</b>	<b>123,342</b>
Income	-89,862
Grants	-4,199
<b>Total Income</b>	<b>-94,062</b>
<b>Net Expenditure</b>	<b>29,280</b>

**42. Narrative- Chief Executive (note 32 & 33), forecast outturn £0.298m.**

**43. Chief Executive**

**44.** Forecast under spend of £57k due to reduction in expected professional services costs.

**45. Narrative- People and Organisations (notes 35 to 61), forecast outturn £10.706m (After use of Reserves).**

**46. People and Organisation Leadership, forecast outturn £0.190m.**

**47.** No material variances identified. Forecast currently on budget after use of reserves.

**48. Communications, forecast outturn £0.721m.**

**49.** Forecast under spend of £3k after the use of reserves, key variance being:

**50.** Mainly due to a delay in getting the graduate post started this year.  
Pressure on Agency due to sickness within the Comms team.

**51. Customer Services, forecast outturn £1.922m.**

52. Forecast pressure of £35k mainly due to increase cost of agency staff covering vacant posts.

**53. Policy and Strategy, forecast outturn £0.312m.**

54. Forecast under spend of £21k after the use of reserves, key variance being:

55. £16k of residual funding after efficiency measure taken still remains within the budget. £5k of various small reductions to supplies and services.

**56. Customer Insight and Risk, forecast outturn £0.114m.**

57. Forecast pressure of £22k after the use of reserves, key variance being:

58. Pressure due to unbudgeted post within Customer Insight and Risk.

**59. People, forecast outturn £2.511m.**

60. Forecast pressure of £76k after the use of reserves, key variances being:

61. Additional costs within Health and Safety (£28k pressure) and unachievable income target within HR Traded Services (£159k pressure). This has been mitigated in part by other overall reductions in salary costs saving and bringing payroll in house (£111k saving).

**62. Legal & Democratic, forecast outturn £3.937m.**

63. Forecast under spend of £30k after the use of reserves, key variances being:

64. £169k pressure around the cost of children's legal provision has been identified. Plans are being formed to mitigate the risk.

65. £98k saving within members' costs due to the removal of special responsibility allowances for Vice Chairmen, and not all members being in the pension scheme.

66. £23k under spend on staffing due to two members of staff on reduced hours within Committee Services.

67. £30k of additional income within Democratic Services of which £17k relating to claiming money back from BBC & LBC for their share of Lord Lieutenant costs and the remaining £13k relating to claiming money back from various town/parish councils for the by-elections in Aug 2012.

68. £23k savings within Democratic Services due to not all staff being in the pension scheme.

**69. Programme and Performance, forecast outturn £0.642m.**

70. **Operational-** Forecast £35k under spend mainly resulting from the capitalisation of salaries for staff working on Customer First Project.

**71. Non Operational-** Forecast £315k under spend mainly due to less than budgeted allocations to Invest to Save Projects (-£300K) and CBC contribution for Director of Public Health expected to be less than currently budgeted (-£15k).

**72. E Procurement and Payments, forecast outturn £0.355m.**

**73.** £34k pressure due to additional costs of Interim Head of Procurement

**74. Narrative - Resources (notes 63 to 75), forecast outturn £17.444m (After use of Reserves).**

**75. Finance, forecast outturn £4.769m.**

**76.** Forecast pressure of £289k after use of reserves, key variances being:

**77.** £144k 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.

**78.** £133k pressure in Revs and Bens, mainly due to the DWP now recouping more than previously estimated (£300k). This is following the final audit of the 09/10 claim. Staff vacancy savings, small savings on a number of different elements and higher than expected 12/13 HB Subsidy income have mitigated part of this pressure.

**79.** £250k pressure resulting from a shortfall in the budgeted level of Insurance Premium recovery from schools.

**80.** £122k saving against External Audit Fees budget resulting from the revised Audit Commission Programme. There is also savings of £25k on salaries due to secondments of Internal Audit staff to other areas.

**81.** Other favourable variances include £27k in respect of a prior year VAT refund, a £26k saving against the total Car Mileage budget and a £50k saving against the Head of Service Professional Services budget.

**82. Information Assets (IA), forecast outturn £6.602m.**

**83.** Forecast under spend of £150k after use of Reserves. This is largely due to an expected under spend on Software Maintenance contracts and general computer costs (-£108k). There is also an in year saving expected due to a large number of staff not in the superannuation scheme (-£79k).

**84. Assets, forecast outturn £6.072m.**

**85.** Forecast pressure of £49k after use of reserves key variances being:-

86. A pressure of £282k for the E C Harris Transformation programme & an increase in running costs & postage of £55k
87. 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. There is a one off saving of £75k for electricity at Priory House and a further saving of £103k across the portfolio for additional income & lower business rates.

**88. Corporate Costs, forecast outturn £13.007m.**

89. Forecast under spend of £793k after use of reserves, key variances being:
90. A £1,074k saving across Financing costs. The significant variances in this area are the final settlement received from the Bank of Credit and Commerce International (-£98k), lower than budgeted interest payable, largely as a result of reduced borrowing against the capital programme (-£750k) & saving on Minimum Revenue Provision (MRP) due to reduced 2011/2012 Capital spend (-226k)
91. A £339k pressure against efficiencies due to unachievable efficiency in Customer Services Migration carried forward from 2011/12.
92. 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.

**93. Contingency & Reserves, forecast outturn £1.051.**

94. Under spend due to Additional New Homes Bonus income (-£253k).
95. Contingency of £140k has been applied to Legal Services, representing £50k for a legal case and £90k for costs relating to an inquest.
96. A proposed transfer to earmarked reserves of £1.1m in respect of future expected funding reductions.

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

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

**Debt Management (Appendix C)**

A summary of debt ageing is appended.

Management Actions:

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 A3 Movement since last month**

**Appendix B Earmarked Reserves**

**Appendix C Debt Analysis**