

Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 30 July 2013
Subject: Quarter 4, 2012/13 outturn Revenue Budget Monitoring Report - Corporate Resources Directorate
Report of: Cllr M Jones, Executive Member for Corporate Resources
Summary: The report sets out the revenue outturn position at March 2013.

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 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:-

1. **Note and Consider the report.**

11. Executive Summary

12. The report sets out the year end financial position as at 31st March 2013. This is the final outturn position.

13. Introduction and Key Highlights (Appendix A2)

14. The full year budget for the directorate of £43,028m is made up of:

Corporate Services £29,017m

Corporate Costs £13,801m

Contingency & Reserves £0.210m

15. The directorate outturn position is a pressure of £283k after movement to and from earmarked reserves.

16. The key outturn variances identified are:

17. £307k under spend within People & Organisation, People. There is a saving of £282k within HR Strategy due to various staffing savings (-£130k), increased HRA recharges for HR activities (-£59k) & savings due to bringing the Payroll function in-house (-£79k). A pressure of £100k in HR Operations mainly due to reduced income as a result of the cessation of the Schools HR service. £125k savings in Recruitment and Development is due to less than budgeted training activity in 2012/13.

18. A net pressure of £36k within People & Organisation - Legal & Democratic Services. The key variances are a £116k pressure in Legal Services due to increase Children's Services workload. A £184k pressure in Democratic Services largely caused by a provision for Local Land Charges repayable to customers following a legal ruling within the year. A saving of £138k in Members' Costs due to savings on Special Responsibility Allowances and Superannuation costs. A £92k saving within Registrars and Coroners mainly due to increased income within the Registrars Service.

19. £458k saving within People & Organisation, Programme and Performance, largely due to a lower than budgeted allocation to Invest to Save projects.
20. A net pressure of £1,127k within Resources, Finance. The key variances are an £853k pressure in Revenues & Benefits, mainly due to the creation of a £500k reserve for Housing Benefit Subsidy Audit findings. A saving of £146k in Chief Finance Officer due to higher than budgeted recharge to the HRA for general Finance activity (-£54k), savings on Professional Services (-£62k), Printing & Stationery (-£14k) & Subscriptions (-£10k). A pressure of £470k in Financial Control mainly as a result of reduction in Insurance Service Income (£270k) and changes in Insurance Reserves and Provisions following actuarial review (£234k). A pressure of £147k in Financial Performance & Support due to the cessation of the Bursary Service. A saving of £197k in the Audit section due to reduced external audit fees (-£147k) and staff savings as a result of internal secondments (-£50k).
21. Under spend of £370k within Resources, Information Assets (IA, formerly ICT) representing savings against superannuation costs, software maintenance contracts and general computer costs.
22. A net pressure within Resources, Assets of £250k. The key variances include £28k saving within the Estates section. There was a number of one off savings as well as greater than budgeted income generation, the benefit of which has been almost completely negated by compensation payments being made in reference to a release of tenancy in the Farm Estates. There is a pressure of £151k in Chief Assets Officer mainly due to the costs of using external consultants for the Assets Transformation Programme. A pressure of £74k in Facilities Management mainly caused by a settlement agreed with Bedford Borough in respect of a leased property.
23. Within Corporate Costs, the impact of non achievable budget efficiencies has been mitigated by lower than budgeted interest payable/receivable and MRP costs (net £1,083k saving).
24. Pressure of £1,150k in Contingency & Reserves due to the creation of additional earmarked reserves.
25. **Directorate Overall position**
26. The position by service is included in Appendix A2
27. **Narrative- Chief Executive (note 29 & 30), outturn £0.298m.**
28. **Chief Executive**
29. Outturn under spend of £56k due to reduction in expected professional services costs.
30. **Narrative- People and Organisations (notes 32 to 61), outturn £10.254m (After use of Reserves).**
31. **People and Organisation Leadership, outturn £0.249m.**
32. Outturn pressure of £59k mainly due to contribution to SAP Optimisation ear marked reserve (£55k).

33. **Communications, outturn £0.645m.**
34. Outturn under spend of £79k after the use of reserves, key variance being:
35. £69k under spend within Consultation Manager due to less than budgeted Professional Services costs (-£19k) and staff savings/salary capitalisation (-£49k). There were also savings within News Central external printing costs and various under spends on supplies and services.
36. **Customer Services, outturn £1.912m.**
37. Outturn pressure of £24k mainly due to increase cost of agency staff covering vacant posts.
38. **Policy and Strategy, outturn £0.292m.**
39. Outturn under spend of £41k after the use of reserves, key variance being:
40. (-£16k) of residual funding after efficiency measure taken still remains within the budget. (-£15k) saving on MFD's and (-£10k) of various small reductions to supplies and services.
41. **Customer Insight and Risk, outturn £0.117m.**
42. Outturn pressure of £26k after the use of reserves, key variance being:
43. £30k pressure due to unbudgeted post within Customer Insight and Risk slightly offset by savings on MFD's (-£4k).
44. **People, outturn £2.143m.**
45. Outturn under spend of £307k after the use of reserves, key variances being:
46. £282k under spend within HR Strategy due to savings made from bringing payroll function in-house (-£75k), higher than budgeted HRA recharges for HR functions (-£59k), additional income (-5k), under spends on supplies and services (-£12k) and various staff savings (-£130k).
47. £100k pressure in HR Operations mainly as a result of reduced income due to the cessation of the Schools HR service (£114k) and less CRB income from schools (£27k). This was offset slightly by lower than budgeted Occupational Health costs (-£42k).
48. £125k under spend within Recruitment and Development mainly due to training expected to be carried out in Organisational Development in 2012/13 being delivered after March 2013 (-£89k). This was largely around the 360 PDR for Managers Programme. There were also lower than budgeted training activity in Corporate Training (-£14k) and Members' Development (-£22k).
49. **Legal & Democratic, outturn £3.998m.**
50. Outturn pressure of £36k after the use of reserves, key variances being:
51. A net £116k pressure within Legal services. There is a £138k pressure within Legal Services mainly caused by increased costs of children's legal provision. This pressure has been slightly mitigated by a savings within Education Appeals as a result of bringing service in house from Sep 2012 (-£25k).
52. A net £184k pressure within Democratic Services of which £366k provision for Local Land Charges (LLC) repayable to customers following a legal ruling within the year. The remaining (-£182k) savings relate to (-£70k) more income within

LLC than budgeted, (-£52k) savings within Democratic Services due to staff savings and not all staff being in the pension scheme. (-£17k) relating to claiming money back from Bedford Borough Council & Luton Borough Council for their share of Lord Lieutenant costs, (-£13k) relating to claiming money back from various town/parish councils for the by-elections in Aug 2012 and the remaining (-£30k) savings on various supplies and services.

53. (-£138k) saving within members' costs due to the removal of special responsibility allowances for Vice Chairmen, and not all members being in the pension scheme.
54. (-£33k) under spend on staffing due to two members of staff on reduced hours within Committee Services.
55. (-£89k) savings within Registrars & Coroners Services, of which (-£70k) within Registrars due to increase of income and under spend of Furniture and Equipment due to delay in building works and costs being charged to Capital. There was also a £19k saving within Coroners Services mainly due to lower than expected Post Mortem costs for the year.
56. **Programme and Performance, outturn £0.519m.**
57. **Operational** - Outturn under spend of £55k. Part of this is as a result of the capitalisation of salaries for staff working on the Customer First Project (-£20k). There were also staff savings mainly due to not all staff being in the superannuation scheme (-£10k), an under spend on Professional Services (-£20k) and savings on MFD recharges (-£2k).
58. **Non Operational** – Outturn under spend of £403k mainly due to less than budgeted allocations to Invest to Save Projects (-£385K) and CBC contribution for Director of Public Health expected to be less than currently budgeted (-£18k).
59. **E Procurement and Payments, outturn £0.378m.**
60. £57k pressure due to additional costs of Interim Head of Procurement (24k), less than budgeted income received from retrospective rebates (£20k) and unbudgeted costs for recruitment of new head of Procurement (£15k).
61. **Narrative - Resources (notes 63 to 76), outturn £18.734m (After use of Reserves).**
62. **Finance, outturn £5.607m.**
63. Outturn pressure of £1,127k after use of reserves, key variances being:
64. £853k pressure in Revenues and Benefits. There is a £95k under spend in Customer Accounts due to unbudgeted income received for reviews of eligibility for free school meals (-£33k) and staff not being in the superannuation scheme (-£62k). The additional income related to new activity that had not previously been provided by the Customer Accounts team. There is also an under spend of £304k within Revenues, this is mainly due to Collection Fund related charges being less than budgeted (-£313k). Uncontrollable Housing Benefit related transactions have resulted in a pressure of £1,252k. There is a pressure due to repayments of previous years Housing Benefit Subsidy as a result of Audit rulings (£1,531k). The net result of 12/13 HB transactions has produced a saving of £279k, this is caused by the payment of some benefits that the

- Council are unable to claim subsidy from Central Government on (£483k pressure) and higher than budgeted recovery of overpayments of Housing Benefit (£762k saving).
65. A saving of £146k in Chief Finance Officer due to higher than budgeted recharge to the HRA for general Finance activity (-£54k), savings on Professional Services (-£62k), Printing & Stationery (-£14k) & Subscriptions (-£10k).
 66. A pressure of £470k in Financial Control. This has been caused by lower than budgeted Insurance Service income mainly through a reduction in services provided to schools due to a higher number of Academies (£284k). This has been mitigated slightly through a new service offered to Academies for which we receive an admin fee as income (-39k). The net changes in Year End Insurance Reserves and Provisions following actuarial review have caused a pressure of £234k.
 67. £147k pressure within Financial Performance and Support caused by 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 pressure relates to the income target which will not now be achieved.
 68. A saving of £197k within Audit Service of which (-£146k) relates to Audit Fees for reduced External Audit Fees budget resulting from the revised Audit Commission Programme. There are also savings of (-£51k) on Audit team budgets due to secondments of Internal Audit staff to other areas and less than expected professional services costs.
 69. **Information Assets (IA), outturn £6.382m.**
 70. Outturn under spend of £370k after use of Reserves. This is largely due to an under spend on Software Maintenance contracts, printing and general IA costs (-£244k). There was also an in year saving on staffing due to vacancy savings and a large number of staff not in the superannuation scheme (-£112k). These savings were reduced slightly by lower than budgeted IA activity being recharged to the HRA (£26k pressure) and higher than budgeted staff advertising due to a Penna recruitment campaign. There was also a saving of £69k on Chief IT Officer as a result of costs of the contribution towards the Project Director being less than the budget for the previous senior management arrangements.
 71. **Assets, outturn £6.691m.**
 72. Outturn pressure of £197k after use of reserves key variances being:-
 73. A saving of £28k for Estates. The major variances were a pressure of £429k in respect of compensation payment to be made for release of tenancy. This has been mitigated by £185k additional income across the estates portfolio & a benefit of £49k from the Mouchel settlement. A further saving of £58k on the PFI contract & a one off saving of £165k for rates at Russell House.
 74. There was a pressure of £151k for the Chief Assets Officer. The major variances were additional costs of £275k for agency & the E C Harris transformation programme & £22k lower HRA recharge. This was mitigated by £69k salary savings & £77k for the release of RPI for electricity.

75. There was also a pressure of £74k for Facilities & Management. The key variances being increased repair & maintenance costs of £171k and a further £156k for the settlement with Bedford Borough for Unit L Stephenson Court. This was mitigated by a one off saving of £131k for electricity at Priory House and £114k FM savings across the portfolio.
76. **Corporate Costs, outturn £12.718m.**
77. Outturn under spend of £1,083k after use of reserves, key variances being:
78. A £1,673k saving across Debt Management. The significant variances in this area are payments received from loans in previous years (-£194k), lower than budgeted interest payable largely as a result of reduced borrowing against the capital programme (-£828k) & higher than budgeted interest receivable (-£86k) due to greater level of cash balances than planned. There is also a saving on Minimum Revenue Provision (MRP) due to reduced 2011/2012 Capital spend (-£1,045k) and corporate adjustments to debt provisions and accruals totalling £480k.
79. A £58k saving against Premature Retirement Costs. After consultation with Beds Borough Council, who administers the scheme, there is an in year saving against the budget.
80. There was a saving of £13k due to final HRA rechargeable activity being higher than budgeted.
81. A £661k pressure against efficiencies due to unachievable efficiency in Customer Services Migration carried forward from 2011/12 (£339k) and cross cutting efficiencies identified as unachievable in 2012/13 (£345k). These pressures were off set slightly by a higher than expected saving generated due to unpaid leave (-£23k).
82. **Contingency & Reserves, outturn £1.360m.**
83. There is an outturn pressure in Contingency & Reserves of £1,150k. This is made up of:
84. Under spend due to Additional New Homes Bonus income (-£254k).
85. Contingency of £134k has been applied to Legal Services, representing £22k for a legal case and £112k for costs relating to an inquest.
86. A proposed release of contingency budget (-£2,010k) being less than the proposed transfer to earmarked reserves of £3,414k has resulted in a net pressure of £1,404k
87. **Reserves position (Appendix B)**
88. The proposed Year End Earmarked Reserves are detailed in Appendix B.
89. **Debt Management (Appendix C)**
90. A summary of debt ageing is appended.

Appendices:

Appendix A1 Council Summary

Appendix A2 Directorate Position analysed by service

Appendix A3 Movement since last quarter

Appendix B Earmarked Reserves

Appendix C Debt Analysis